

AAAE
Spatial Airport Asset Management System (SAAMS)
October 22, 2010

As an AAAE Board Member and Chair of the AAAE Corporate Committee, I have a unique position and responsibility to address a topic that is of concern to many within the corporate membership. I have prepared this paper in an attempt to describe AAAE's SAAMS based upon discussions with AAAE staff and numerous corporate members. Both AAAE staff and several corporate members have had an opportunity to comment on a preliminary draft of this paper. I have tried to write it to be neither a positive promotion nor critically negative. The dialogue leading to this paper as well as the review of the preliminary draft have helped to refine the vision of SAAMS, but this paper is not intended as a solution to concerns of all interested parties. This paper is intended to provide information only.

Background

As part of FAA's NEXTGEN, the agency made the decision to transform from "disconnected information systems" to a "net-centric information access" to retain all data in a common location in a common format that is reusable and consistent. As part of this transformation, the FAA released three Advisory Circulars to describe the requirements pertaining to airport mapping data:

- 150/5300-16A: Geodetic Control
- 150/5300-17B: Imagery Requirements
- 150/5300-18B: Data Acquisition and GIS Schema

The AAAE GIS Committee's airport members discussed concerns that primarily small airports could have difficulty complying with the new standards due to limited in-house expertise; limited funding to establish a system; and a lack of computer systems to store, maintain and use the data.

AECOM, an AAAE corporate member, approached AAAE staff with a suggestion to utilize AAAE's "cloud computing" infrastructure to provide mapping data storage and web-enabled software tools. AAAE has developed and utilized for decades a powerful web-based computer infrastructure to benefit airport members. Well known examples of services include training, and security back-ground checks.

AAAE then issued a Request For Information (RFI) in "Aviation News Today", "Airport Report Express" and "AAAE This Week" to solicit information and proposals on the subject. Two firms submitted proposals, and AAAE staff selected AECOM to further develop the firm's original idea, and SAAMS was initiated.

It is thought by AAAE that even though FAA requires data storage on the agency's system, that a SAAMS-based system will provide enhanced user-friendly applications for the data to airport members.

In the future, AAAE staff has committed that when considering acquisition of services that may be offered by corporate members, staff will send an e-mail RFP to all corporate committee members in addition to public distribution in AAAE's general publications. This will serve to improve the distribution and transparency of future selections, as well as encourage corporate members to join and become active with AAAE's corporate committee.

AAAE Goal for SAAMS

The primary goal of SAAMS is to assist airports in storing the data collected to comply with the new FAA requirements, as well as provide them access to user friendly applications. Particular focus is on smaller airports which will be most benefited by the system, but any size airport can utilize it.

A secondary goal includes providing another "business line" to earn revenue for AAAE from their cloud computing infrastructure. The Association has long followed a policy of keeping member dues low by "offering cost-effective IT, security and training services demanded by airports". SAAMS will offer another such opportunity because users will pay for a software license. It is intended to keep the licensing cost low enough that airport members will realize a benefit from using the system by using group rates to keep overall costs the lowest possible.

Explanation Of SAAMS

SAAMS is intended to provide technology tools to airport members related to storage and application of the mapping data required by FAA. It provides web-based cloud computing for GIS and other related software applications.

Airports that subscribe to SAAMS will store their GIS data on AAAE's system. They will have available basic software to access their data and perform basic functions.

Add-on software applications will be available to airport members at an extra cost. These applications will provide additional computing capabilities. AECOM is currently in the process of developing and placing on the system such applications. Any AAAE corporate member may also provide applications. SAAMS application development specifications will be provided to third-party developers. Such applications can reside outside of AAAE or within the AAAE cloud system. All software, including third-party applications, will have its source code protected and kept proprietary. Revenues generated from airport member software licenses on applications will go to the third-party provider. A integration fee will be paid to AAAE and the SAAMS developer (AECOM) who will be integrating the applications and sustaining overall SAAMS software.

The GIS data must be provided by the airport to AAAE for loading into SAAMS. It is thought by AAAE that each airport will need to retain expert consultants to survey and develop the base data required by FAA, as well as add supplemental data over time.

The SAAMS license agreement does not include data development. Neither AAAE nor AECOM will provide such service through SAAMS. AECOM will be permitted to compete with other firms to win contracts with airports to develop such data. The airport members own their data. Neither AAAE nor AECOM will have access to use the data other than for loading and sustaining SAAMS operations.

Utilization of SAAMS data will be the responsibility of the airport, which owns the data and can use it as they wish. Some airports may have capable in-house staff to utilize and apply their data for basic airport management functions through the SAAMS software and add-on applications. It is thought by many corporate members that most airports should, and ultimately will, seek professionals with experience and judgment on specific applications. Airports may allow their consultants to access SAAMS to utilize the data and software for which the airport licenses. The SAAMS license does not include data application professional services, or any other professional services to airport members. It is not the intention of AAAE to provide professional services through SAAMS. AAAE does not intend to offer professional service assignments outside of SAAMS associated with the system. AECOM will be allowed to compete outside of SAAMS to win utilization service with airports, but it should be understood the data and applications of SAAMS is available to any consultant the licensing airport retains and designates for access.

Impacts of SAAMS

AAAE is endeavoring to fulfill its role to support airport executives. It is interested in providing service to airport members that AAAE believes it can uniquely provide or that it can provide at a cost beneficial rate. When it does so, AAAE fully realizes it can impact some facets of the aviation community. The Association believes such decisions are correct, and that airport members benefit. AAAE believes this is a traditional, accepted role of many not-for-profit associations that combine member numbers to use purchasing power volume to provide added value in services.

Many AAAE corporate members have strongly voiced concerns with SAAMS. Several have organized a campaign to withdraw membership from the Association. Some of the campaign is based upon misunderstandings, some basic principal. It has also been pointed out to AAAE that corporate members are concerned with the Association entering into an endeavor that cause impacts to corporate members while corporate members are asked by airport members to provide sponsorships to the Association.

It has been pointed out to AAAE that SAAMS impacts GIS professionals. These firms are experts in the large GIS world-wide market, and were prepared to compete among themselves to implement the new FAA standards. They did not anticipate AAAE becoming involved, and see it as unfair competition.

Conversely, SAAMS might open increased services to some aviation consultants, by giving their clients more accessibility and interest in developing a robust data base and

in applying it for various uses. It should also be noted that some (but fewer) corporate members have stated a belief that SAAMS might be beneficial to their firm.

Many of the concerns seem to relate to continued uncertainties. Since AAAE is entering into a service traditionally provided by many of its corporate members, virtually all consulting members are concerned with “what is next” or “where will this go”, and “unfair competition by AAAE or AECOM”. Specifically, there is concern that even though AAAE has stated it does not intend to provide professional services, it may indeed be slipping into the arena. This is occurring first with the basic technology of SAAMS and secondly by the applications that are traditionally provided by corporate members. Stepping into assisting airports in utilizing the applications is a barrier of great interest to most consultants, and many of AAAE’s largest partners. Similarly, some consultants are concerned that AECOM, as the SAAMS ongoing supporter, will have direct access to airports utilizing the applications, and may market small piecemeal services directly that would be under the typical qualifications based selection threshold, thereby giving them an unfair advantage enabled solely by their position with AAAE and SAAMS. Continued monitoring and dialogue is necessary on these concerns. Again, AAAE has stated they do not intend to provide consulting services.

The full impacts from SAAMS will be determined over time, but AAAE is committed to serve airport members and implementing it.

Attached is a letter dated October 21, 2010 from AAAE President Charles Barclay A.A.E. addressing three concerns directly.

Conclusion

AAAE is committed to serving airport members and will do so with a new initiative called SAAMS. The system will provide technology related to airport GIS to assist airports in complying with new requirements of the FAA and provide them with a system possibly useful in airport management. SAAMS will store data, provide basic GIS and related software, as well as offer additional software applications for use by airport licensees and their selected support professionals.

Brian P. Reed
Sr Vice President - RS&H
And
AAAE Corporate Committee Chair



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PRESIDENT
CHARLES M. BARCLAY
Alexandria, Virginia

October 21, 2010

Mr. Brian Reed
Chair, AAAE Corporate Committee
RS&H
10748 Deerwood Park Blvd.
Jacksonville, FL 32068

Dear Brian,

I want to thank you for your time and effort with the AAAE Corporate Committee on AAAE's Spatial Airport Asset Management System (SAAMS) product and the concerns it has raised with some consulting firms. AAAE's relationship with our corporate community is very important to the association and staff, so I want to respond to three of the fundamental concerns we've heard raised: 1) The selection of AECOM as the platform developer as a "fair" process; 2) The issue that SAAMS competes with services offered by private consulting firms; and 3) the claim that AAAE offering SAAMS creates a "conflict of interest with regard to AAAE being able to effectively represent ongoing regulatory concerns."

Item 1. As a non-profit association, rather than a public agency, AAAE utilizes flexibility and a number of approaches in determining appropriate partners for our business programs. We have utilized everything from a public bidding process for formal joint venture and co-ownership in a biometrics services company to confidential, negotiated terms with other associations and companies. AAAE certainly believes in "fairness" when dealing with business opportunities that may generate interest from multiple companies, but as you know, that qualitative opinion is often in the eye of the beholder.

In the specific case of SAAMS, it was AECOM's original idea to merge the capabilities of its basic GIS software with AAAE's unique IT infrastructure in networking airports for application service provider, or "cloud computing", delivery. AAAE's investment in this infrastructure is more a decade old and financially in the tens-of-millions of dollars. AAAE has a long record of successfully delivering applications and protecting data for airports in security, biometrics and computer-based training. AAAE consistently has invited our corporate members to approach us with ideas for utilizing this unique resource. In fact, I personally made that pitch to ACC members at our last two breakfast meetings at the AAAE annual conferences in Philadelphia and Dallas.

In the case at hand, AAAE purposely went beyond simply adopting AECOM's original idea and published an RFI to ask if other firms were interesting in offering competing ideas for partnering in the use of our IT infrastructure. While several companies responded, only AECOM offered a professional GIS proposal, and AAAE determined that AECOM was the

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appropriate partner for SAAMS. I have no hesitation whatsoever in defending the “fairness” of AAAE’s approach to partnering on SAAMS. While I understand the disappointment of firms that now see potential value in the “AAAE as an application service provider” model for GIS services, it is clear that fair opportunity existed for all interested consulting firms to be as far-sighted and responsive as AECOM.

Item 2. Competition will continue to be a sensitive area. AAAE does not and will not seek to offer professional services as a general consultant to airports. AAAE does and will continue to offer network services that take advantage of airports’ group purchasing power in response to airport member requests, especially for products and services beyond the economic reach of smaller airports. There exists an overlap in these realities and AAAE is today, and will continue to be, in competition with some corporate members in some limited areas.

As a non-profit organization, AAAE will stay within its not-for-profit purposes and will focus primarily on services that build on its robust, system wide IT network, as well as airport-specific training. Our priority will be responding to airport members’ needs that are not being met, as members request the organization to try to overcome economic barriers to entry with a network approach. Unlike a profit-driven concern, AAAE does not seek the largest and most lucrative markets in which it can compete. Rather, it attempts to respond to members’ needs and requests, which come primarily in under-served markets. But that does not preclude competition with corporate members in markets that may bridge those two approaches.

Most associations seek non-dues revenue with group purchasing efforts, including I’m sure, trade associations to which many corporate members belong. AAAE has been remarkably successful among its peers in the non-profit world at successfully offering its members optional services rather than relying on charging high membership dues (Dues only account for 4% of AAAE’s budget). Our successful business model of low dues and optional member services is one that has the strong commitment of AAAE’s leaders and airport members, and has served the association well for more than three decades. While it is not our goal to compete with corporate members, it will continue to happen occasionally in the limited areas noted above.

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Item 3. Contrary to the notion that AAAE's business programs in security, training or now GIS, somehow conflict with our regulatory representation of airport executives, the opposite is reality. AAAE currently subsidizes its legislative and regulatory operations with more than \$2 million dollars every year from its business operations. This is the subsidy over-and-above what is provided by general and specific dues for legislative and regulatory work. An enormous amount of airport work before federal legislative and regulatory bodies would go undone if not for AAAE's successful business operations. I'd point out that this includes AAAE's significant legislative work on AIP and PFC funding, which directly benefits our corporate members.

SAAMS in particular offers very limited opportunities, if any, to create conflicts of interest with regulatory policy. And, while any are difficult to foresee, if they should occur, AAAE always takes the position that airport members' regulatory positions trump consideration of any effects on business lines. Whether in security, training, GIS or any other business area, AAAE never loses sight of the fact that it is "owned" by airport executives and their priorities are the association's priorities. As a non-profit organization, when we make some profit on a business line, rather than rewarding shareholders or owners, we reward our not-for-profit purposes that don't pay for themselves – such as legislative and regulatory representation of airport executive views before government. So if SAAMS is a successful business program, it will a) fill an unmet need for smaller airports seeking low cost GIS tools, b) help with the new GIS regulatory compliance and c) enhance resources for AAAE to represent airport interests before government.

Before AECOM originally approached us, our smaller airport members asked AAAE to help find a solution to the problem that their GIS needs could not be met at a price point they could afford. More recently, as you heard, at least a half-dozen members from smaller airports spoke up at our Board of Directors meeting in San Diego stating how important the SAAMS effort will be to their airport and their future need for economical GIS tools. This is, and must be, AAAE's top priority in weighing the issues surrounding this business area. But I want to add that missing among most expressions of concern is a recognition that if AAAE through SAAMS and its Web-Based applications can deliver GIS access to many, many more airports than the handful that can afford customized GIS tools and applications today, the expanded market opportunities for corporate members are significant. If GIS tools can be made available over the Web at a small fraction of the cost of custom GIS installations, the increased business opportunities for corporate members will far outweigh any losses.

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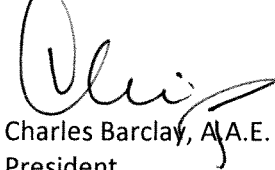
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In addition, the lion's share of the savings at airports will come from the substantial IT hardware, network and staffing costs associated with custom GIS installations, rather than from airports' consulting budgets.

We regret any angst that the SAAMS program is creating for some corporate members, but this effort is a response to a previously unmet airport member need and is a program that has our Board's endorsement and commitment. AAAE staff looks forward to working with corporate members on SAAMS to expand the GIS market for the benefit of all in the airport system. Further, we look forward to working with the AAAE Corporate Committee, under your leadership, to enhance communications and understanding with our corporate community.

Best regards,

A handwritten signature in black ink, appearing to read "Charles Barclay", with a stylized flourish at the end.

Charles Barclay, A.A.E.
President

CC: AAAE Corporate Committee

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