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A Calgary company's updated black-box technology aims to transform the way airlines operate

If Darryl Jacobs has his way, *Cast Away*, a movie where Tom Hanks's character is stranded on a tropical island after an airplane crash, will never again be plausible. Jacobs, president of Calgary-based Aeromechanical Services Ltd., is the brains behind a piece of equipment that monitors both the location of an airplane, via a network of satellites, and its operating condition to make sure that Robinson Crusoe-like scenario never occurs.



The system, nicknamed the blue box, is touted by Research Capital analyst Jacques Kavafian, among others, as a force that may change the way airlines operate. Some pending deals look to make 2008 a breakout (or at least break-even) year for Aeromechanical. But success for this small, publicly traded > company (TSX.V: AMA), which lost \$4.5 million in 2006 on revenues of \$1.1 million, has been a long time coming.

Aeromechanical's beginnings can be traced to Jacobs' childhood. A shy person by nature, Jacobs spent much of his time as a kid hanging out in airplane hangars. His family invented some of the world's first helicopter simulators during the 1950s and '60s. In the early 1990s Jacobs moved from his hometown of Edmonton to Calgary, where he began working for an airplane repair and overhaul company. Over the years he's run four different businesses, all of which have dealt with the development, repair and overhaul of aeronautical equipment. In 1996 he used that expertise to start a small consulting business which two years later became Aeromechanical. "Our philosophy then and now has always been to set up a business which looks at the industry's problems and finds technology solutions for them," he says.

That approach brought Aeromechanical to the problem of flight tracking and maintenance. The radar system in most airports only tracks aircraft to about 200 nautical miles off any coast, so there is typically no radar coverage until the plane is about 30 minutes away from its destination, Jacobs says. Often an airplane will land, but there's no ground crew to meet it due to delays during the journey and because the crew can't be mobilized in that small 30-minute time window. Those delays cost airlines a bundle, he continues. "Every minute of delay costs an airline about \$100 for the first 15 minutes and it goes up exponentially from there."

To solve that problem, Aeromechanical came up with the blue box, officially known as the Automated Flight Information Reporting System. Unlike the now-universal "black box," which simply records conditions in the aircraft for retrieval later, the blue box system communicates with a land station via satellite phone networks while in flight, can track an airplane from pole to pole and has added features to improve on maintenance. Anywhere from 2,000 to 3,000 sensors monitor an aircraft's health and report back, in real time, anomalies that help an airline reduce its maintenance costs. "We have some metrics we've got from airlines who say that by not using our

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system it costs them about \$1,000 a day," Jacobs says.

More than 24 major carriers, including Aloha Airlines, Skyservice and Canadian North, are currently using the blue box. United Kingdom-based Meggitt PLC markets the product directly to aircraft manufacturers and is in the midst of sealing a deal in China, scheduled to go through sometime in February, which could see all of the country's aircraft using the blue box.

"We've spent the last two years putting in place all the certification," Jacobs says of the Chinese deal. "Once that goes through, we'll be in a sole-source position." If that transpires as planned, the only limit will be the sky. —*Jesse Semko*

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