
How SATS is weathering the storm

By **Rick Lundstrom** on June, 18 2020 | Catering



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April saw meal production for airlines drop precipitously in April, but the company has made up for it in its Food Solutions division

When [SATS](#) President and Chief Executive Officer Alex Hungate looked back on the months the company has gone through since the beginning of the year, he paraphrased the beginning of a lengthy classic poem by T.S. Eliot.

“April was the cruelest month,” Hungate tells *PAX International*. Air traffic across the Singapore-based company’s vast area of influence dropped 95 percent, hitting hard in its moneymaking segments of catering and ground handling that account for 80 percent of its business.



SATS President and Chief Executive Officer, Alex Hungate

April has been cruel across the board this year. However, in the poem, the month also breeds lilacs out of the dead land, mixes memory and desire and stirs dull roots with spring rain. In dealing with the fallout of the COVID-19 virus, SATS has also seen the challenging situation yield other, more positive results.

The company's cargo operations have held up and innovation can be seen from its airline customers. Where airline catering operations have fallen off, the company has partially made up by supplying restaurants in China and Singapore. It has also seen the resiliency and spirit of employees in action as they pitched in to help the country weather the crisis.

The company's SATS Academy has also come to the aid of the Singaporean government, training

some 8,000 workers and giving employees the chance to “upskill and re-skill” by attending government supported training assignments and online programs.



SATS handles food and cargo throughout its operations. It has stepped up its work with restaurants in China and Singapore

As a result, jobs have been saved by the government and the company. Ten-thousand of the company’s employees have been deployed to other parts of the SATS operations, often to its Food Solutions division to help with a surge in demand for meals in essential services and in the community. Another 700 employees volunteered in public health care and services. Those officials at the top of the company’s management have also taken pay reductions to help the company whether the financial hits that are now worldwide.

In aircraft cabins of SATS customers, passengers are now finding some new seatmates in the form of cargo. In the past, Hungate says that up to 60 percent of an aircraft’s cargo is stored in the belly hold. But with vastly fewer aircraft in the air, the demand for cargo needed to be met to keep supply chains moving, particularly with perishable products. Thus, Hungate says that airlines are converting seats within the aircraft to hold cargo. SATS employees are often strapping supplies securely to seating.

“Our food trading business is procuring large quantities of eggs and meat supplies, uplifted by our cargo operations to stock the shelves of supermarkets in Singapore,” Hungate says.



SATS' Rice Line produces 600 kilograms of product per hour

At SATS Academy, the down time for employees is also allowing them to train for what Hungate calls the “digital and technology transformation.” Long before the virus hit, SATS was investing in new technologies in the form of robotics and other solutions in the airline catering units and airport operations. In the spring of 2017, SATS opened a S\$110 million (US\$78 million) Technology Innovation Centre and unveiled its TechnIC@SATS program that drives improvements in automation for the company’s units at its headquarters and beyond.

The technology has helped the company supply dormitory meals and meals for delivery drivers as well as a range of ambient meals that are found in supermarkets around the city. One of the early developments in the technology shift was SATS unit’s rice line that turns out 600 kilograms of the staple of Asian cooking per hour. While the automated process is helpful, Hungate says that it still needs 12 ovens to meet demand for rice.

“Our investments in new food technologies and large-scale capabilities for our central kitchens over the last few years have been validated during the crisis,” he says.

SATS has made another, more recent investment. This year, it concluded its acquisition of [Monty's Bakehouse](#), a longtime supplier to travel catering. The sustainably packaged handheld snacks that are the company’s specialty will be especially important in a post-COVID-19 cabin, says Hungate.

“We believe the post-COVID-19 world could involve a ‘low-touch’ Economy [Class,” he says. “The ability to use packaging ingeniously to minimize contact between flight crew and passengers in a sustainable and hygienic way will be a critical success factor for caterers.

“Together, SATS and Monty’s Bakehouse are already working closely with our customers to reimagine how inflight meals will be served,” says Hungate.

When asked when air travel could return to some levels of normalcy in the region, Hungate, like most everyone else, said the industry will have to wait. Government travel restrictions need to be lifted and the traveling public needs to feel confident. In the week this story was completed, Singapore had eased some of its movement restrictions and transit flights through Changi Airport were expected to resume sometime in June.

“We are in close contact with our customers as they make plans to reinstate their flights,” he says. “Many of them are projecting a full recovery in two to three years.”