

High Flying Start-up

We talk to Jonny Nicol from Stratajet about disrupting the traditional private jet landscape, its challenges and the business's growth milestones

Tell us about Stratajet and where the idea came from?

Stratajet is basically an app which allows consumers to interact with private jets in 'real-time', providing the means - for the first time - to book an airline ticket instantly and cost-effectively.

The idea came about when I was a corporate jet pilot and started to realise that the private-jet industry was very out dated. It's made up of highly fragmented small companies and private members' clubs, and seen, on the whole, as an elitist way of travelling. In actual fact, private-jets are efficient and affordable to a much wider group if managed in the right way.

Traditionally, the way to hire a private jet has been through a broker. But, it can take days for the costs to come back in, because there is so much information gathering to be done. And by the time the quote does come back, it's pretty much already out of date. Stratajet quotes in 'real time'.

Private jet travel is incredibly time efficient. One of the biggest time savings is around airports. You go straight to the plane as opposed to having to queue for security and baggage.

Our slogan is; 'Changing the Way People Travel'. It's not about making it easier for rich people to book a private jet; it's about appealing to large swathes of the travelling population, who wouldn't ordinarily think of flying by private aircraft.

We also enable aircraft operators to monetise so-called 'empty legs', where an aircraft flies without passengers because it needs to be repositioned. 40% of all private jet flights are 'empty legs' but by including them in flight searches and adapting them to suit passengers we can reduce this wastage. Stratajet is alone in the world in being able to offer this service. There are several companies calling themselves online brokerages, meaning they have an app or website where you can type in your details and your route but, in

reality, it then becomes the same old manual quoting process. Stratajet is the only place you take out your credit card and instantly book a private jet online.

Disrupting a legacy industry is hard to do. How did you get traction with the operators and consumers?

Resistance to change exists everywhere. If you take aviation, which is a safety-orientated industry, you get even more resistance. Our aim was to get people to see they didn't need to go through online brokers and spend huge amounts of time logging details and waiting for quotes. Once consumers started to see that Stratajet offered a totally different way of booking private jets, quickly, with no membership fees and with real-time pricing, we started getting traction. In fact, we have so much traction in Europe now, operators are knocking our door down.

To get the US on board though, we had to really pull the stops out, because no matter how we tried to sell the idea, no one was interested. So, we bought a 1983 cargo plane, called a 'Chieftain', which was falling to pieces, but airworthy, and flew it across the Atlantic. We pitched up at the front door of the airfield, walked into the meeting and suddenly they're saying, "Okay, you understand us!"

Does the operator pay you?

No, it's free for operators. The entire industry is paid for by the charter customer. We just take a small commission, but a much lower one than that of the traditional broker.

What have been the biggest challenges and milestones for the business?

So, here's a bit of background. I was flying a jet back from Nice to Oxford and there was a BA flight next door to me on the tarmac on its way back to London. Two ideas for Stratajet immediately occurred to me. One, if we made private jets accessible online, then those BA passengers could take advantage of an

empty private jet heading back over to where they want to go. They'd probably have spent more money on their tickets to get onto that BA flight than they would have to pay us. And, they'd be able to fly only with people they know. We never put strangers on a plane together - it's always one aircraft per booking.

The second thing I realised was that we had to have an 'adaptive' empty leg,

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which meant thinking, "Okay, well the aircraft is going back to Oxford, can you drop me off in London and then head on to Oxford. It's not going to cost much more in terms of fuel."

So, these were the two things we started working on. It wasn't just about price and accessibility; it was also about automation and professionalising the service.

As a pilot, I knew all about the process, but I had no idea about the complexity of working out how much everything costs. And this is when we entered the most technically challenging time I've ever experienced. There are so many individual fees you have to pay, including noise emissions, airways charges, passenger duties, etc, which is why up until now, everything has had to be quoted manually. Nobody had ever put the process of booking a private jet online, so we had to build the system

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Jonny Nicol - CEO of Stratajet

from scratch.

One example of the complexity of the charging process is calculating runway performance. Every aircraft has a different weight, and they all fly at different altitudes and speeds. All these things affect the amount of runway needed to take off. Now, that's technical pilot stuff and something I'm

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familiar with but things like then taking into account wind direction and the effects of that, that's outside my realm of knowledge. We are not a company that sells tech. We are a company that fulfils people's desires to fly privately. To build an app that was going to provide the kind of customer service we were aiming for was going to require massive amounts of highly intricate calculations and calibration.

And did you build that yourself?

I wrote all the code, but there were six of us in the early stages. It took nearly two years to build the algorithm, but when we first ran a flight search of around 500 aircraft, it still took about 17 minutes to work out all the prices and

compliance. And that's obviously not an attractive proposition for consumers. Over the next two and half years, we went through countless rounds of optimisation - shaving milliseconds off this operation, rewriting the code, simplifying, just constantly working at them, until we got it down to about six minutes - still far too long.

At this point, the investors lost all confidence. They were really nice and it was an interesting lesson as a founder because your biggest fear is letting down your investors. I was working to the point of exhaustion by now, but my investors were saying, “It's okay, we don't mind, we expect things to go wrong.” They didn't give me any more money, but I was on a mission and wasn't going to give up. I'd decided I was going to work on alone, so I got the other guys together, told them they'd be paid for a couple of months and then they should get out. But, they stayed with me and we lived on virtually nothing for the next six months. Their loyalty was incredible.

Then, I had this idea about how we could use multithreading [the ability of a processor to execute multiple processes] to speed up the queries. Our aim was to get the process down to two minutes max. This single tweak actually enabled us to cut the time down to about 12 seconds. When we ran it the first time, we thought we must have not cleared

the cache, so we re-ran it and got 12 seconds again. We retried it for about an hour before we realised we hadn't broken it and we'd actually got it right. I can't describe how emotional that moment for us was - it was such a huge relief.

What effect did that have on the business?

We went from a worthless company to one whose evaluation was increasing by a million a day. It was just nuts. We started talking to VCs and eventually teamed up with Octopus. The business rocketed and just four months later we raised what must be one of the fastest rounds ever. We went back to Octopus and asked for £5 million. They were really supportive and we quickly agreed terms - I remember doing the paperwork for the deal in the back of a 787 flying from Seattle.

We've executed much quicker than I'd hoped, and left £2.5 million open on the last round that we could fill at any time we wanted, though we didn't take it at the time. We will get three months of data following our recent launch in the US and then we'll be doing our fundraising starting in January next year. And it'll be for a very substantial amount.