

Adacel gets bigger slice of niche market



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By **MARTY KAUCHAK**

Montreal-based Adacel is winning major contracts for supplying state-of-the-art, high-fidelity simulators and related products for aspiring military and civilian air-traffic controllers. The company's success, in part, is bolstered by its use of the latest technologies, including voice-recognition software, to enhance the utility of its product line. At the same time, Adacel has established partnerships with technology companies on both sides of the Atlantic.

DECREASING COMPETITION

Adacel is not a publicly traded company; its parent company, Adacel Technologies Ltd. (ADA) is listed on the Australian stock exchange. In February, one share of the firm's stock was listed at 78 cents. This compared with 51 cents per share last October. The parent company reported a loss of 11.8 million Australian dollars (\$7 million) through its fiscal year that ended June 30, 2002. One year earlier, Adacel reported a loss of 27.5 million Australian dollars (\$16.4 million).

The parent company's 2002 financial report states that Adacel received about 145 million Australian dollars (\$86.5 million) in contracts to supply air-traffic-control simulation to the U.S. Air Force and U.S. Army.

Richard Stoneman, a defense analyst at Toronto-based Dundee Securities Corp., said that since Ada-

cel is not publicly traded in Canada, he was unable to adequately assess the company's business performance.

In spite of its parent company's overall performance, however, Adacel is winning its fair share of global air-traffic-control simulation contracts, including a U.S. Air Force program valued at \$72.5 million that was announced in April 2002. The agreement is the largest air-traffic-control simulation award on record and covers the purchase of up to 94 systems. In December, the Air Force exercised an option on the April contract to buy 46 additional systems for U.S. and overseas bases.

More than 100 other organizations in more than 30 countries use the company's training products, said Michael Asch, an Adacel vice president. Users include the U.S. Federal Aviation Administration, the U.S. Army, the Canadian Defense Department and the Brazilian civilian aviation agency Infraero. Significantly, the company's successes in the air-traffic niche come at a time when some of the firm's major competitors are abandoning that market segment. For instance, AAI Corp. of Hunt Valley, Md., known for providing various military products outside of the training-and-simulation field, said in January that it no longer is pursuing the air-traffic-control market. But others, including Raytheon, remain in the fray.

SIMULATION PRODUCTS

The crown jewel of Adacel's training system lineup is its MaxSim Tower Simulator System (TSS), which is what the U.S. Air Force purchased. While the system has been fielded for 10 years, system improvements, including voice-recognition software, have been added recently.

TSS trains air-traffic-control students from military and civilian organizations. Gary Pearson, an Adacel product manager, demonstrated the system for T&S. The system's six channels furnish a 270-degree horizontal, three-dimensional field of view that assists students in learning and honing their air-traffic-control skills.

The visual database contains an extensive archive of aircraft models. The TSS also has a complete range of weather and special effects, including fog, hail, rain, snow and sandstorms. Sound effects, including wind and jet engines, increase the scenarios' fidelity.

But it is TSS' advanced voice-recognition technology about which Pearson is most enthusiastic. Adacel uses the Scottish company's Rhetorical's rVoice text-to-speech software product to help simulate student controller scenarios. rVoice can reproduce authentic-sounding male and female voices in different languages and regional accents.

"The Tower Simulation System program office has been very satisfied with Adacel's performance to date," said Thomas L. Harris, the U.S. Air Force's program manager, at the Aeronautical Systems Center, Wright-Patterson Air Force Base, Ohio. ■