



Industry's Challenge

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 **BOEING**

Supply Chain Services

Why I have gray hair !

- ◆ over 30,000 contracts
- ◆ ~ \$2B in sales + \$2B “in house” support
- ◆ > 1.5 million parts delivered annually
- ◆ 1,500 + suppliers around the globe
- ◆ operations in 154 countries
- ◆ support a global fleet of over 9,000 platforms
 - *some in service for over half a century*
 - *each a little different than its siblings*
 - *all require individualized attention*



The Business Challenge

Risk



Optimize

Traditional

- Management intensive
- Transaction-based
- Numerous "bottlenecks"

Integrate

Transitional

- Administrative consolidation
- Performance focus
- Investment

Accelerate

Transformational

- More investment!!!
- Exponential growth
- Unknown end-state

Business Model Complexity



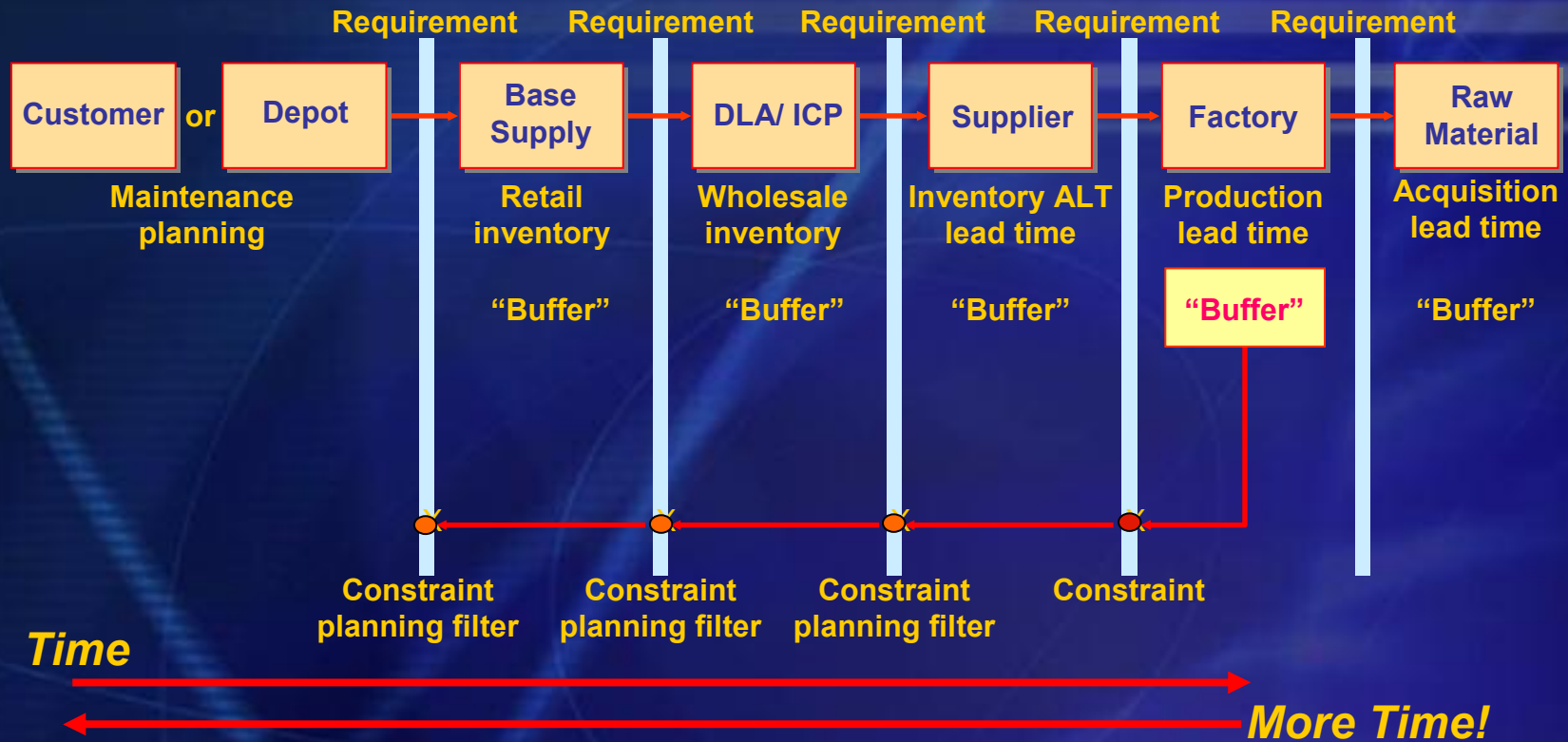
Optimize

Traditional Business

Requires -

- ◆ a reduction in the number of contracts
- ◆ improved forecasting – for everyone!
- ◆ access to relevant information
- ◆ identification of roadblocks that inhibit information velocity
- ◆ continued focus on solutions for:
 - **aging fleets**
 - **loss of manufacturing capability**
 - **obsolescence**
 - **technology migration**

Traditional Support Value Chain



Characteristics

- sequential planning
- slow execution – not responsive to operational dynamic
- large inventory investment
- build up of Administrative Lead Time (cumulative effect)
- multiple hand-offs require buffer stocks

Integrate

Transitional Business

Requires -

- ◆ a better understanding of enabling technologies
- ◆ elimination of non-value added “white space”
- ◆ aggregation of administrative actions
- ◆ internal financing to bridge the challenge “gaps”
- ◆ a grounded “vision” of the end state
 - **Know where we are, but not exactly where we’re going**
- ◆ the right information - when needed!
- ◆ a vetted plan for technology maturation & infusion

A Transitional Support Chain



Characteristics

- fully integrated material planning
- closed loop system responsive to change
- has a bias for velocity
- reduced inventory investment
- capacity driven supplier base

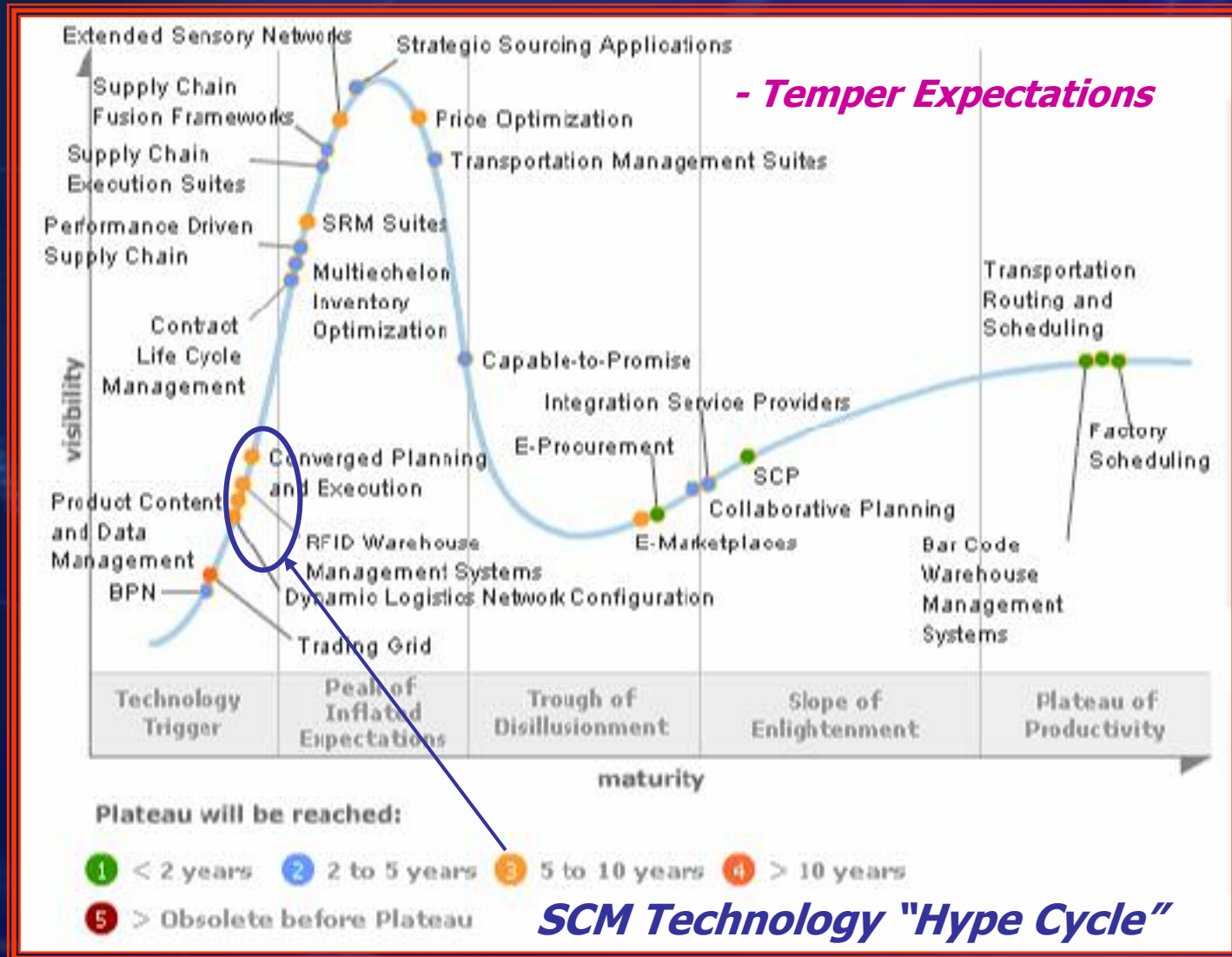
Accelerate

Transformational Business

Requires -

- ◆ an end state that is inclusive
- ◆ open information lanes for collaboration
- ◆ a focus on rapid infusion of enabling technologies
 - **RFID / UID**
 - **Sea-basing**
- ◆ investment in resources
 - **people, processes & tools**
- ◆ an achievable global vision
 - **a seamless supply chain to the “user”**

Technology Acceptance Curve?



Source: Gartner Research '04

