



# Partnership Challenges



*22 April 2009*



# Partnerships

## Benefits/Opportunities/Challenges

### BENEFITS

- 4 Partnerships, Sikorsky, Boeing, GE, Honeywell – Performance Based comprised of Materials and Services ( Technical Engineering & Logistics Support Services (TELSS))
- Technical Engineering & Logistics Support Services (TELSS)
  - Contract vehicle to purchase needed parts from OEM directly
  - CDRL provides written input / suggestions on process improvements and changes
  - On the ground OEM engineers actively supporting work in process and planning
  - Receives/stores and Issues OEM parts on hand at the depot
  - Generates basis for efficiencies/cost savings as described below
- Efficiencies achieved
  - Repair Turn Around Time (RTAT) Reductions – FY 2003 - 2008
    - Sikorsky – 34%
    - Boeing – 45%
    - Honeywell – 45%
    - GE – 70%
  - Component Output
    - Sikorsky – Increased by 70% (03 – 08)
    - Boeing – Increased by 25% increase (03-08)
  - Cost Savings





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### BENEFITS (continued)

- Boeing
  - » CCAD Manhours - \$17M since Nov 2005
  - » Parts - \$59.3M since Nov 2006
  - » Storage, Analysis Failure Evaluation & Reclamation (SAFR) - \$24.9M in parts
  - » Cost Savings - \$56M
- Sikorsky
  - » A to L Recap RTAT reduction from 426 to 299 days
  - » A to A airframe RTAT reduction – 34.1%
  - » Cost Savings - \$56M
- Honeywell – Unit Funded Cost reduced by 50% in FY 08
- Reliability Improvements
  - GE – increased time on wing between overhaul from avg 300 to 1,450 hours
  - Review of 23 parts indicates that a minimum of 15 reflect increase in reliability –projecting an approximately 50% improvement for all NSNs. Projects to ~\$53M cost avoidance over 10 year period





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### OPPORTUNITIES

#### ■ Cost Reduction Initiatives

- Boeing
  - Follow-On Contract plan to reduce parts costs by an estimated \$95M over 5 year contract
  - Follow-On Contract plan to reduce Engineering/Logistics costs by 37%
- Sikorsky
  - Current contract has goal to reduced RTAT by 27% and decrease material costs by a minimum of 10% over life of contract







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### CHALLENGES

- AMC/DA G-8 – notes from Ms Gerton’s visit to CCAD
  - Not convinced we’re as fiscally responsible as we can be
  - Perception is Partnerships very expensive
  - Where is the tradeoff between readiness and cost
  - What are we (LCMC) doing to drive down costs
  - Should be financial input into contracts – current contracts drive high ULO / inventory accountability challenges, don’t interface with standard financial systems
  - Very concerned about LMP transition of Partnerships

AMCOM is working on all of these

