Total Ownership Costs

Affordability from an Industry Perspective

Jim O’Neill
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Global Services & Support
Spectrum of Support

Traditional Organic Support

Customer Holds All Risk

Traditional Support
- Government buys transactional service, not performance
- No performance metrics
- Government manages supply chain
- Government maintains full configuration management
- Government provides O/I/D level maintenance
- Government provides organic training

Contractor Supply Role
- Accountable for Supply Chain Management
- Supply related metrics
- Limited configuration management
- Supplier warehouses customer owned spares
- Direct spares support to maintenance lines
- Possible public/private partnerships

Supply Chain & Engineering PBL
- Accountable for defined support systems
- Performance metrics on Supply Chain effectiveness
- Long term performance contract
- Profits at risk vs performance
- Configuration control
- Supplier owns spares, SE, training systems
- Supplier provides all I/D level maintenance
- Possible public/private partnerships

PBL at System-Level
- Single point of accountability for all/most support
- Performance metrics at weapon system level
- Long term performance contract
- Profits at risk vs performance
- Configuration control
- Supplier owns spares, SE, training systems
- Supplier provides all I/D level maintenance
- Possible public/private partnerships

Support concept can be tailored to specific needs of the customer

Traditional Organic Support

Performance Based Support

Customer / Industry Share Risk

Support concept can be tailored to specific needs of the customer
C-17 GSP: Dollar Per Flight Hour Cost Reduction

GSP DPFH FY2004 – 2010
FY2004=100%

$~1.1B Cum Cost Reduction
Apache Program Cost Reduction

DoD 2010 PBL Award recognized Boeing for Apache Cost Savings
Reduced cost and exceeded Key Performance Indicators for Availability & Mission Capability

- Decreased cost by greater than 10% since 2006
- Increased aircraft availability by over 12%
- 50% increase in flying hours from historic norm

- Maintenance cycle time significantly reduced
  - 58% reduction in major overhaul cycle time
  - 28% reduction in minor overhaul cycle time
Current Partnerships

Boeing Defense, Space & Security | Global Services & Support

F/A-18E/F FIRST

C-17 GSP

UK TLCS

CCAD

DLA & NAVICP

FRC

Jacksonville     North Island     Cherry Point

Boeing is partnered with Depots to create affordable solutions
PBL Value Proposition - What Makes it Work

- Long Term Partnerships
- Concurrent Procurements
- Refined Modeling and Forecasting Tools
- Access to Customer and Industry Demand Data
- Reliability Improvements
- Obsolescence Risk Mitigation
- Proven efficiency & Readiness Improvements

Through PBLs, Customer and Contractor have a Shared Destiny
Summary

• PBL sustainment strategies support DoD Efficiency Targets

• PBLs motivate the right behavior throughout the sustainment value stream

• Contract structure & metrics are key for win-win results

• Long term partnership is critical