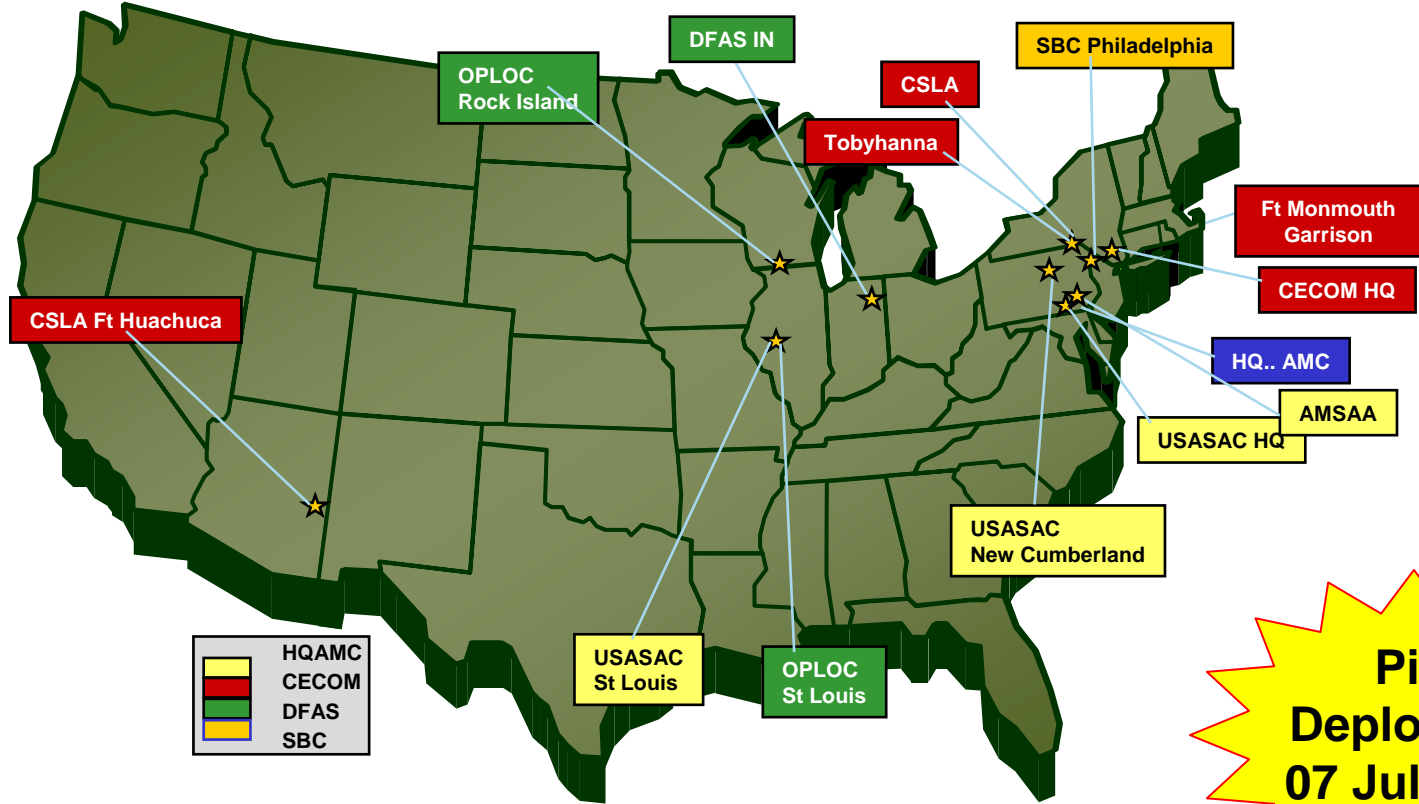
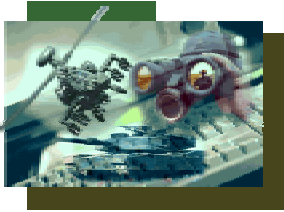


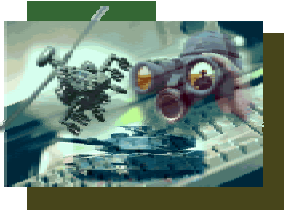
LMP 1st deployment Sites



**Pilot
Deployment
07 July 2003**

LMP

Sizing 2nd Deployment



1st Deployment:

- ◆ 4000 users
- ◆ 1 IMMC, 1 Depot
- ◆ Single instance of CCSS/SDS
- ◆ 2 DFAS sites (2 teams)
- ◆ 1.2 million R/3 material masters converted
- ◆ 8.5 million open R/3 documents converted
- ◆ Training
- ◆ \$1.2B of OA

2nd Deployment:

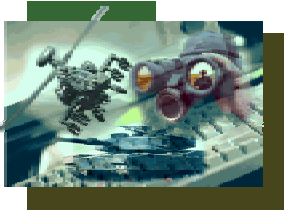
- ◆ 5000 users
- ◆ 1 IMMC, **2 Depots**
- ◆ **2 instances each of CCSS/SDS**
- ◆ 2 DFAS sites (3 teams)
- ◆ Anticipate similar R/3 material master volume – **converting into live system**
- ◆ Anticipate similar open R/3 document volume - **converting into live system**
- ◆ Training
 - Additional users
 - Additional sites
 - Additional courses and workshops
- ◆ \$3.3B of OA

Increased complexity:

- +1000 users
- **2 Depots**
- **Multi-instance legacy conversion**
- **Conversion into live system**

LMP

Deployment Planning
Underway for Feb 05 Go-Live



Follow-on Deployments

- ◆ 2nd Deployment Planning Underway for Feb 05 Go-Live
 - Assessment focused on Solution Development Lab Workshops with 2nd Deployment site personnel
 - Enhanced functionality will include aviation safety of flight, zero tech loop and increased serial number tracking solution
 - Developing integrated plan with improved processes based on lessons learned in business area integration, training, data, testing and much more
- ◆ 3rd Deployment Planning to start this fiscal year, but Stabilization and 2nd Deployment activities take precedence

LMP

Timing is right to ensure LMP enhancements will support future deployment users and is the right Enterprise solution

Industry Observations

Three Major Challenges:

- ◆ Stabilization after go-live
- ◆ Achieving benefits long-term
- ◆ Organizational change management

Resulted In:

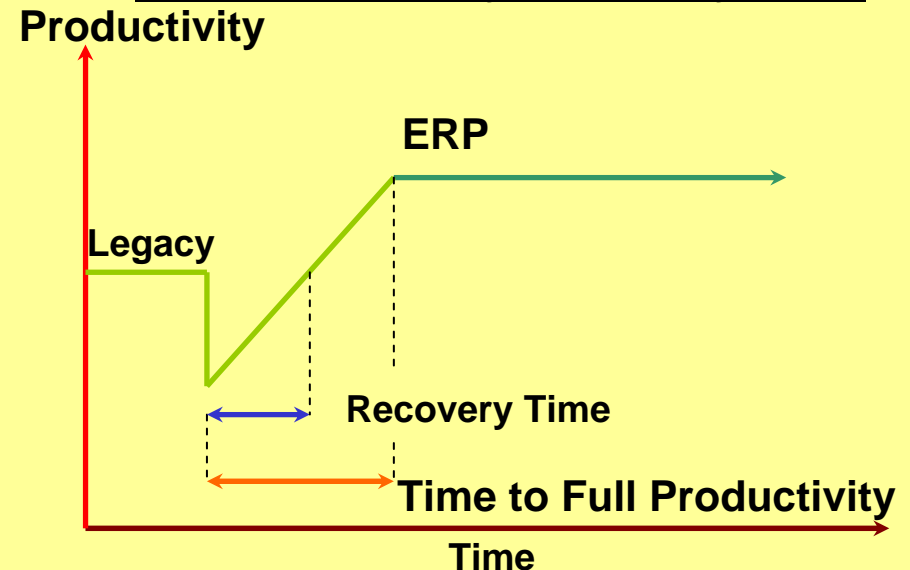
- ◆ Post Go-Live productivity dip
- ◆ Conference Board (2001) survey found
 - 75% experience a moderate to severe productivity dip
 - 24% report no dip in productivity
 - 25% report a dip lasting one year
 - >50% report a dip of less than six months

*Dr. Baba—Consultant/Michigan State University—Conducted Study (Managing Human, Organizational and Cultural Factor in AMC's LMP)

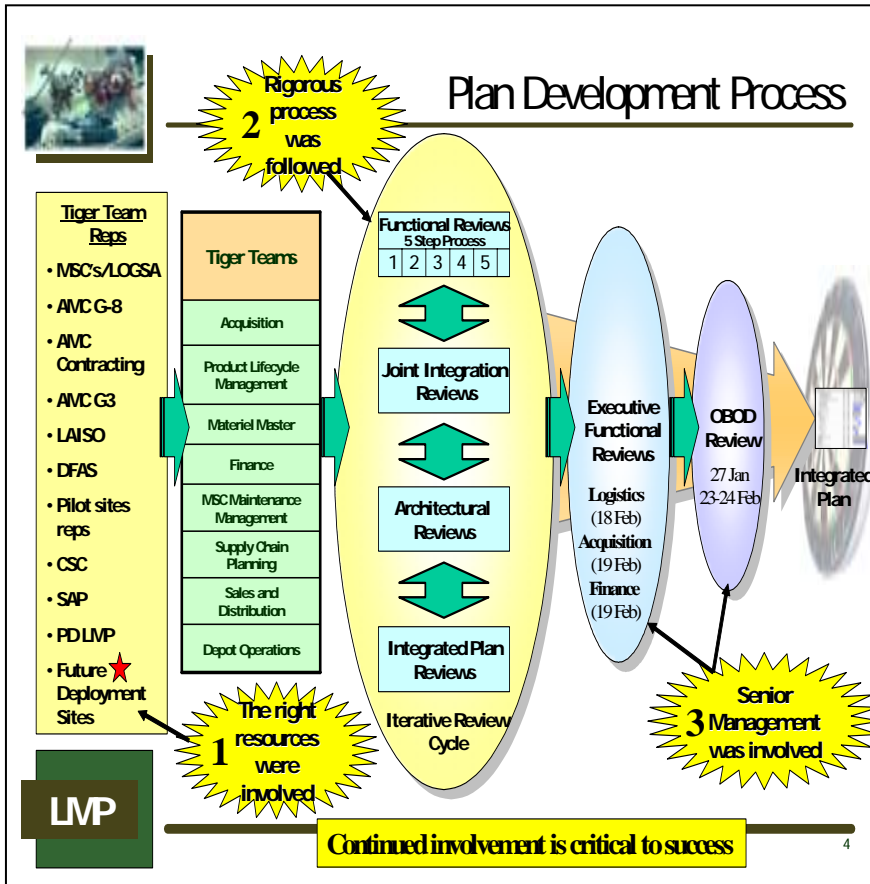
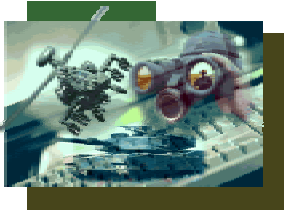
The Productivity Dip:

- ◆ Regardless of testing, some glitches are inevitable when a new system meets the real world
- ◆ Stabilization or “tuning” period
 - Bugs in the system
 - Data conversion issues
 - Process bottlenecks
 - Implementation compromises
 - Documentation and training
 - Linkages, upgrades and extensions

Full Productivity Recovery Time



Pilot Stabilization Process



- ✓ Established Stabilization Baseline on 22 Mar 04
- ✓ Executing against the Stabilization Plan
- ✓ Management control processes in place
- ✓ Governance body engaged
- ✓ Weekly executive review sessions keep the pressure on Tiger Teams

LVP