



DIFFERENT LOCATIONS
DIFFERENT SECTORS
ONE CUSTOMER
ONE GOAL...

IT TAKES A PARTNERSHIP

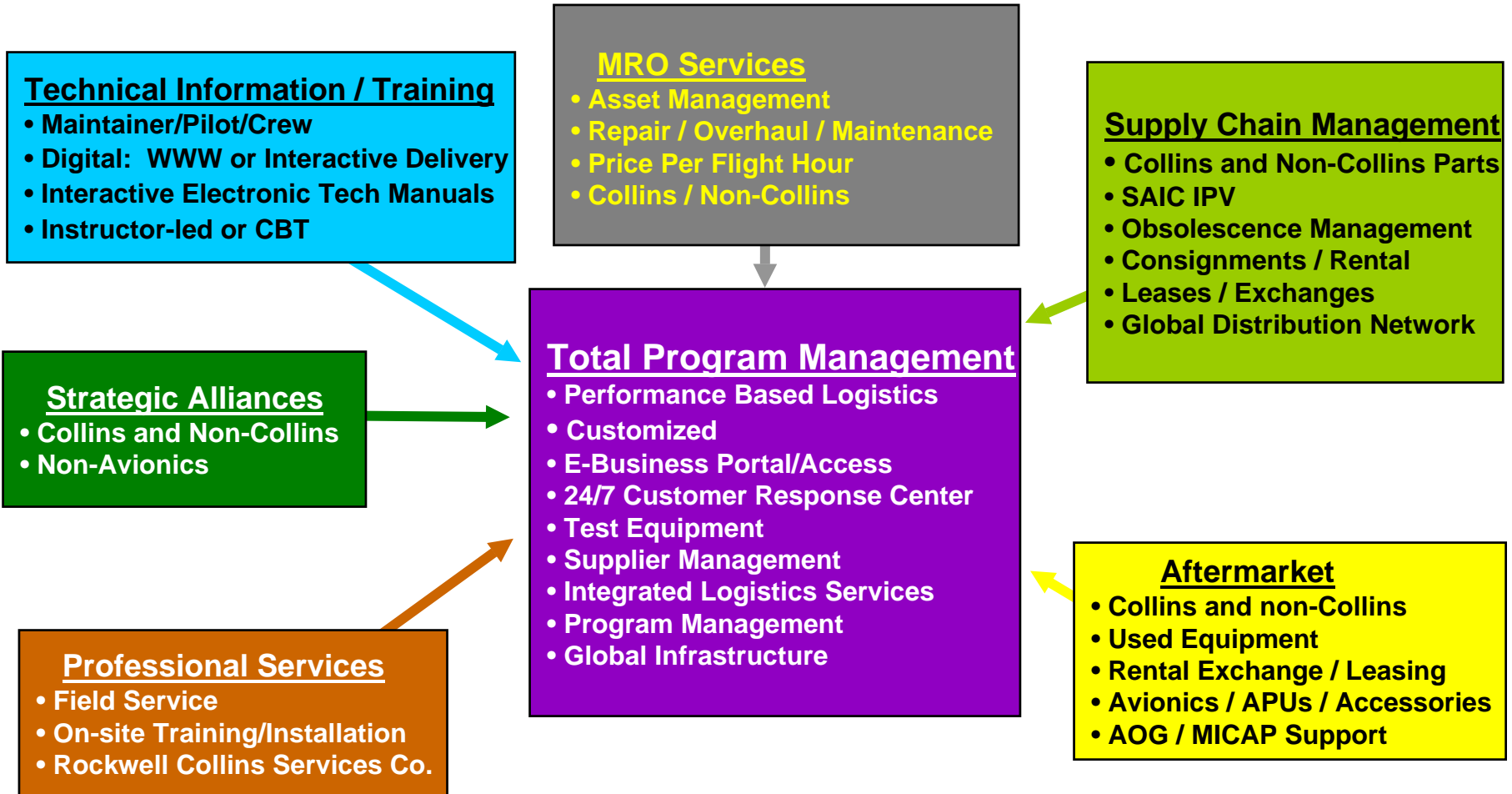
Harry Gregory
VP/GM
Collins Aviation Services
October 30, 2002

**Rockwell
Collins**



Collins Aviation Services

Service Capabilities

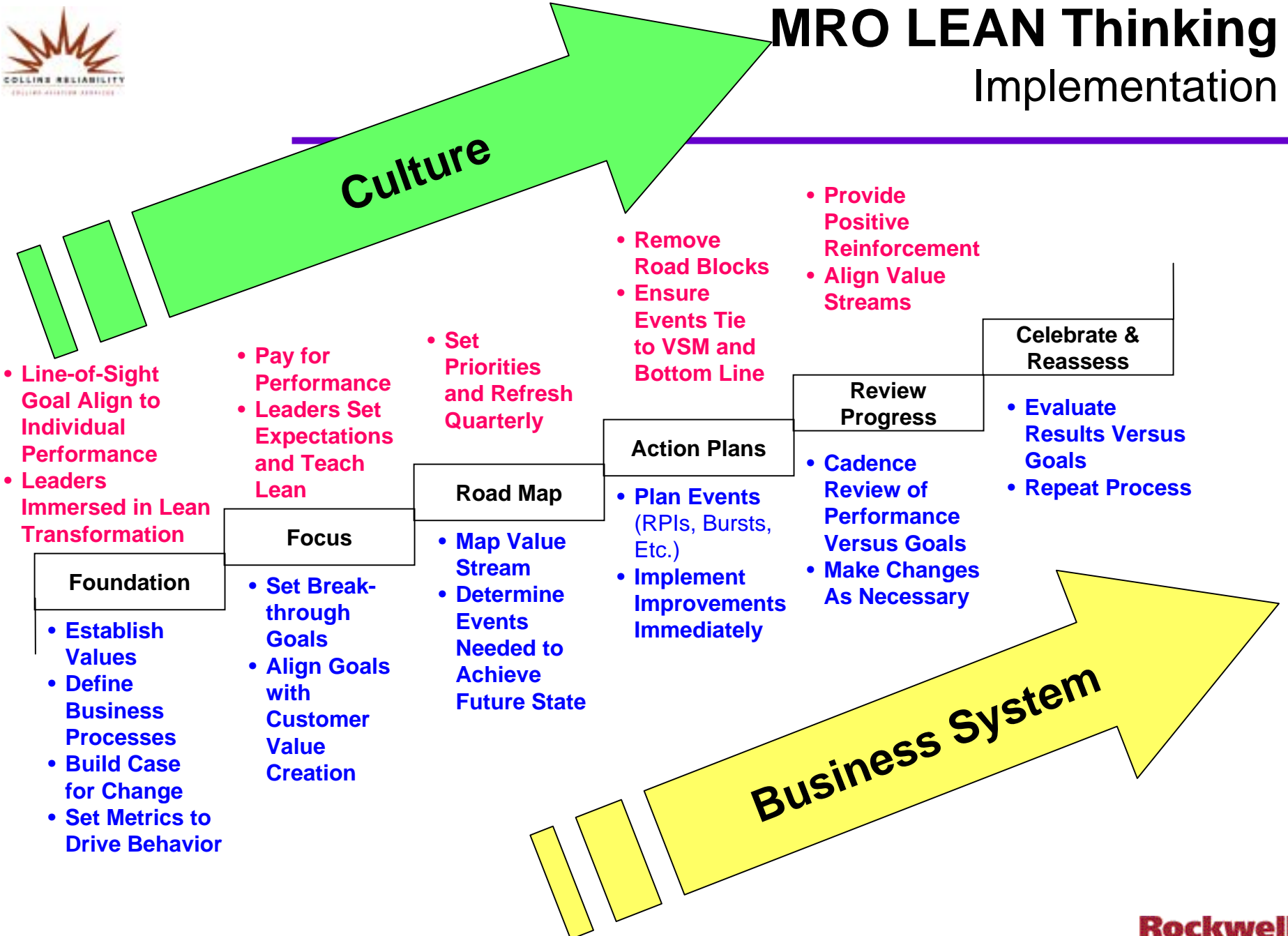


Life Cycle Total Service Solutions





MRO LEAN Thinking Implementation





Collins Aviation Services

MRO Performance Execution

	<u>99</u>	<u>00</u>	<u>01</u>	<u>02</u>
Quality	96.3	97.9	98.4	99.7
On-Time Delivery	90.6	95.4	95.3	98.6
Repair Turnaround Time	16.7	8.1	7.2	4.2

LEAN Performance = Mission Capability

Changing Environment

- **Speed, Agility, Lethality of Modern Battlefield**
- **Changing Service Economics**
- **DOD Budget Priorities vs Cost Depot Modernization**

**Traditional Support Approaches Need to
be Transformed**

“ It is **DOD policy to use public-private partnerships** for depot maintenance.... Depot maintenance operations in DOD can benefit from **public-private partnerships** that combine the best of commercial processes and practices with the Department’s own extensive maintenance capabilities...principal focus improved support to depot maintenance customers (war fighters)... Depot maintenance partnerships can be an effective tool to implement **Performance Based Logistics (PBL)**. ”

***Diane K. Morales
Deputy Under Secretary of Defense for
Logistics and Material Readiness
30 January 2002***

Performance Based Logistics (PBL)

Description

PBL Includes:

- Distribution
- Inventory
- Component Repair and Overhaul
- Component Reliability Management
- Program Management
- Availability Guaranteed
- Fixed Price Per Operating Hour



Best Commercial Practices in Tailored DOD Customer Solutions



Sample Commercial Performance Contracts

Commercial Platforms	Customers	Owned Spares	Target Dispatch	Actual Dispatch
CRJ	3 Regionals	Collins	95-98%	98%
SAAB	3 Regionals	Collins	95-98%	99%
Fractionals	3 Operators	Collins	95%	99%
B737	3 Majors	Collins	94% - 98%	99%
B747	3 Majors	Collins	98%	99%
B757	1 Major	Customer	98%	99%
B767	3 Majors	Collins	95-99%	99%
B777	4 Majors	Collins	98.5%	99%
Other	Various	Customer/Collins	95%	99%

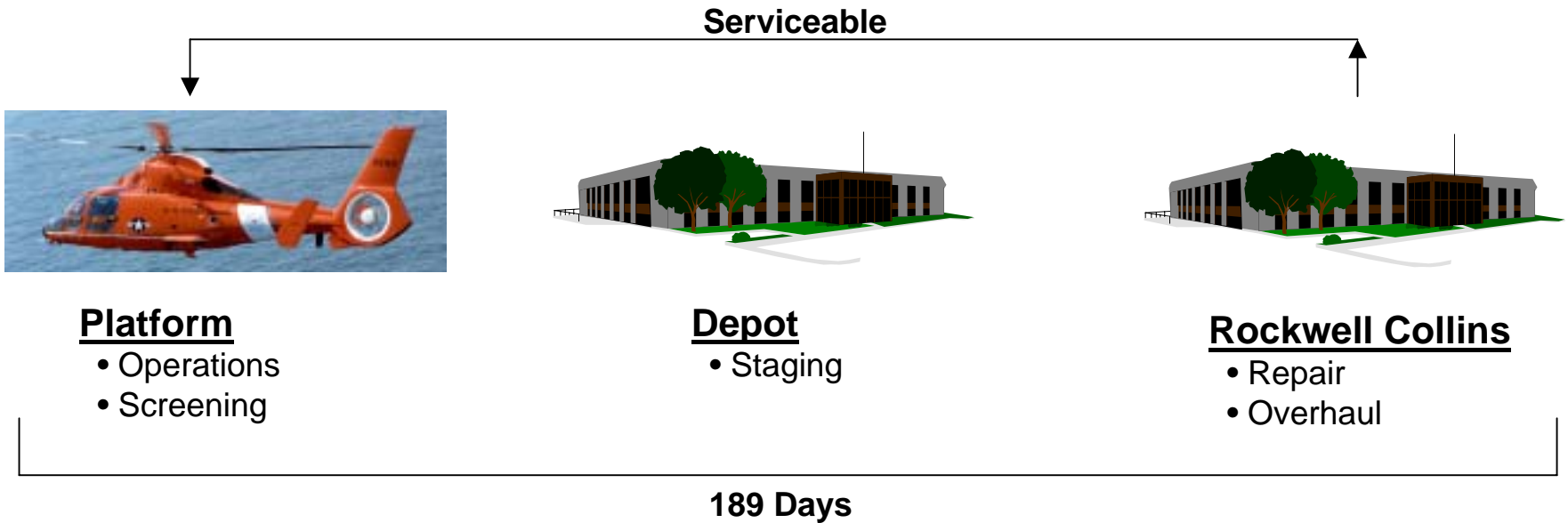
Cost Savings : 20-35%



Sample DOD Performance (PBL) Contracts

Military Customers	# of Aircraft	Owned Spares	Target Availability	Actual Availability
U.S.N. (ARC-210)	2,163	Customer	90%	100%
<i>U.S.N. - Estimates 25% Saved on 5 Year Contract</i>				
U.S.C.G.	110	Customer	90%	100%
<i>U.S.C.G. - 20% Cost Reduction</i>				

Rockwell Collins/USGC Supply Chain Before

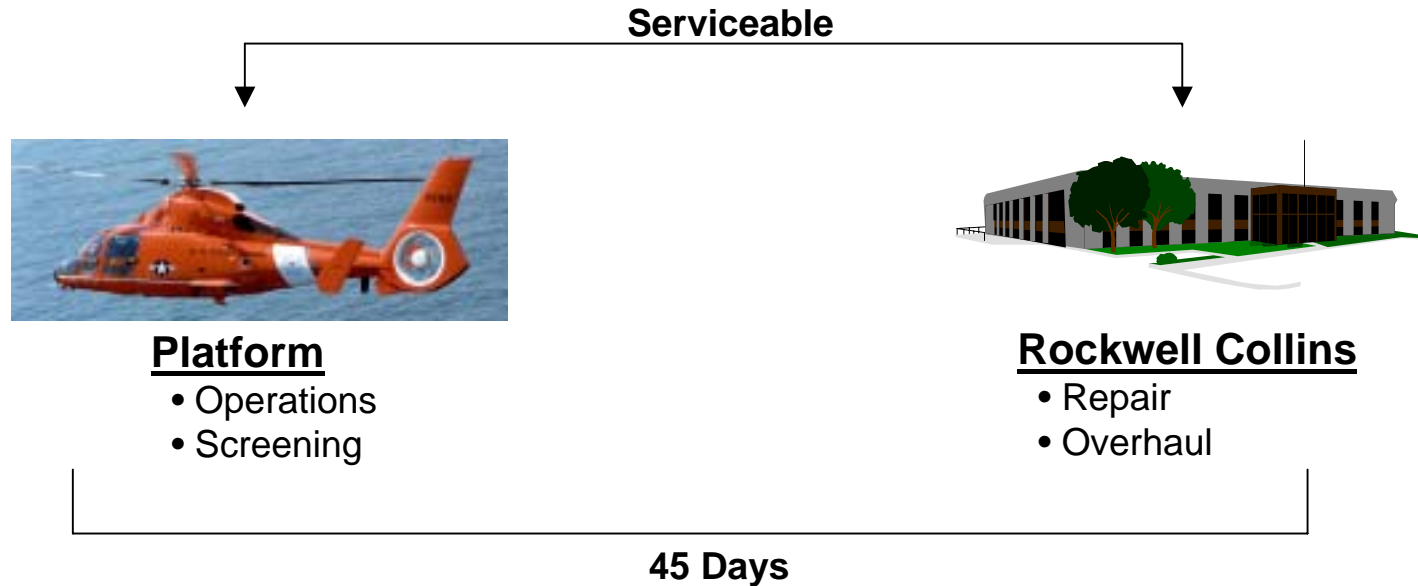


Characteristics:

- Fixed Price Repair Contract
- 80+ NMCS Monthly
- 70 Average Invoice Transactions Monthly

Rockwell Collins/USGC

Supply Chain After



Characteristics:

- Performance Based Logistics Contract
- 30% Increase in MTBUR (Reliability)
- Less Than 5 NMCS Per Year
- 1 Invoice Per Month

- **Single Point Performance Management**
- **Guaranteed Availability**
- **Improved Mission Capability**
- **Lower Costs:**
 - **Operations**
 - **Investment**
 - Test Equipment
 - Spares (Option)
 - Mechanic Training
 - **Administrative**

It Takes a PARTNERSHIP

- **PBL Key Enabler**
 - Performance Guarantees
 - Predictable Costs Per Flying Hour
- **Working Together: Leveraging Respective Core Competencies**
 - **DOD**
 - Operations Planning
 - Depot Infrastructure
 - **Industry**
 - Support Infrastructure
 - Lean: Speed, Flexibility, Quality
 - **Partnership Synergies**

**Objective: Maximum Warfighter Readiness
Minimum Cost**