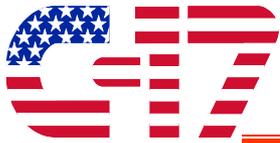


A formation of C-17 Globemaster III military transport aircraft flying over a vast, hazy landscape. The aircraft are arranged in a staggered formation, with one prominently in the foreground. The text "C-17" and "FLEXIBLE SUSTAINMENT" is overlaid in large, bold, yellow letters.

C-17

FLEXIBLE SUSTAINMENT

Gregg A Sparks
Colonel, USAF
Director of C-17 Logistics

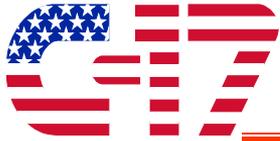


OVERVIEW

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Flexible Sustainment**
- **Performance**
- **Public-Private Partnerships**
- **Site Activation**
- **Flex Next**
- **Challenges**

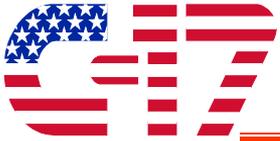




FLEXIBLE SUSTAINMENT

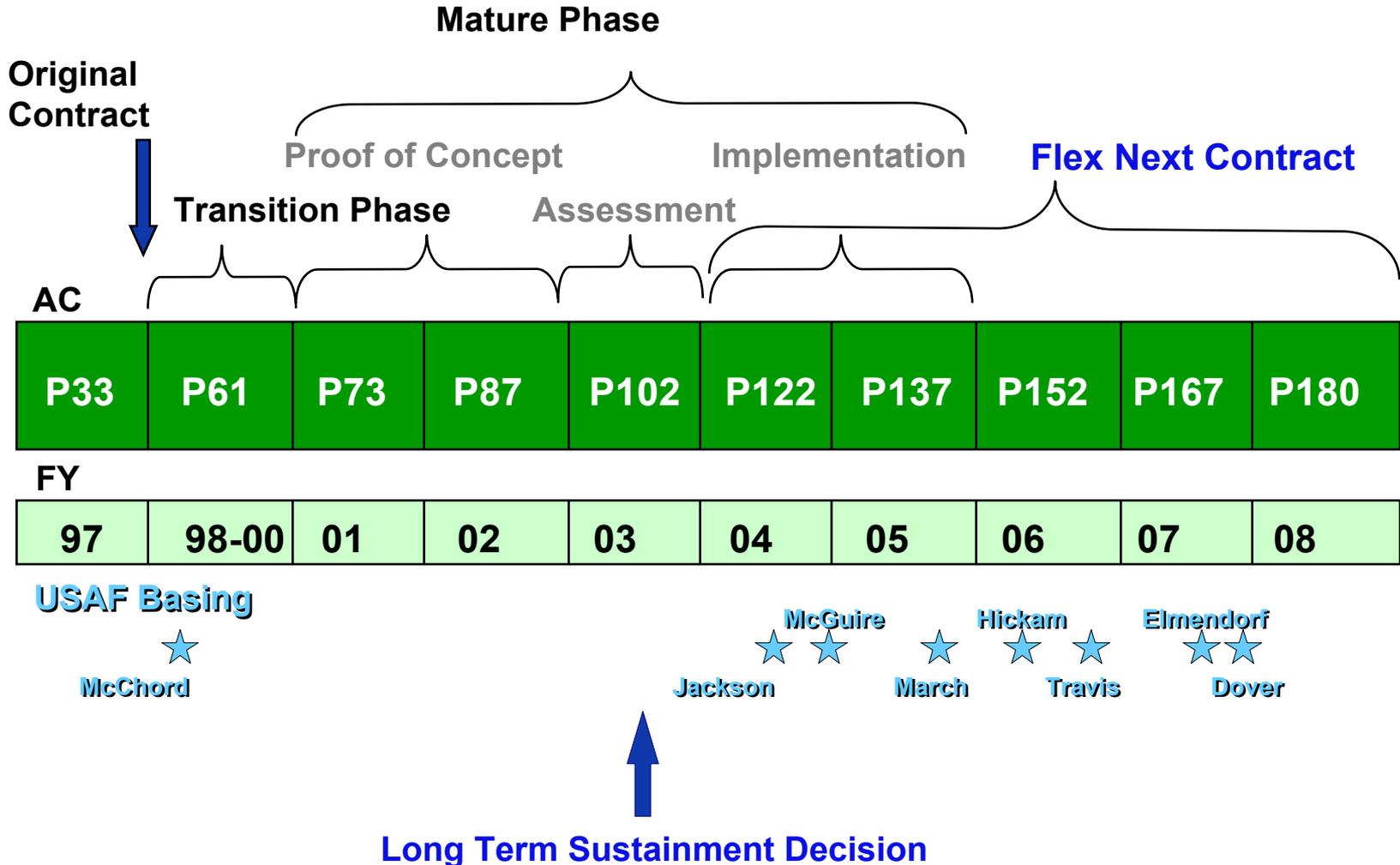
SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

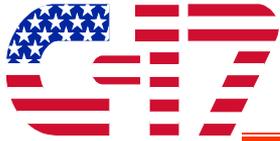
- **Innovated Government Acquisition Initiative**
 - Boeing is the Single Point of Responsibility for Support of the C-17
- **Performance Based with Award Fees**
- **Integrated Organization Providing Full Continuum of Aerospace Support**
 - Integrates Three Contracts
 - Drives Total Ownership Costs Down
 - Maintains High State of Readiness



PROGRAM TIMELINE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

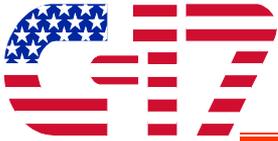




STATEMENT OF OBJECTIVES

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Total Sustainment Support - FY04 to FY11**
 - **Prime Contractor Total System Support Responsibility (TSSR) for the Aircraft Life-Cycle**
- **Prime Contractor to Enter into Partnerships with the ALCs**
 - **Core Directed**
 - **Non-Core Based on Boeing Best-Value Decision**
- **Accommodate Fleet/Base Growth**
 - **124 to 184 Aircraft**
 - **4 to 11 Bases**
- **Systematically Reduce the Cost Per Flying Hour**

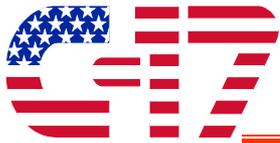


ACQUISITION STRATEGY

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

What Flex Sustainment is...*and becoming...*

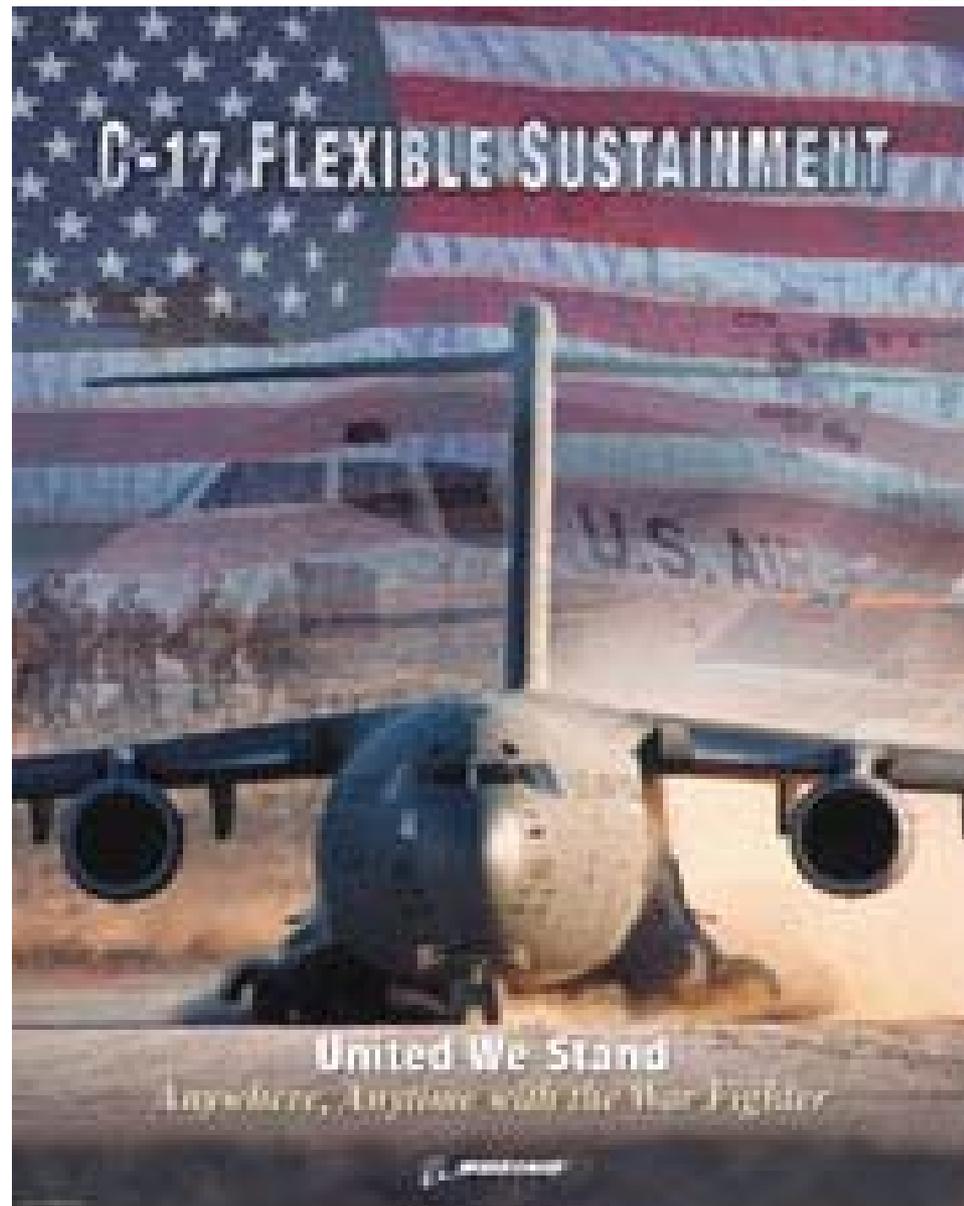
- **Major Performance-Based Support Contract...*to include partnerships with the ALCs***
- **Team Approach to Performance (Boeing/SPO/ALC's/DLA/MAJCOM's)**
- **Strategy to Support the Operational Fleet While Still in Production...*and beyond through the C-17 life cycle***
- **Integrated Support for Both the Engine and the Airframe**
- **Combination of Interim Contractor Support, CLS and GFE Aircraft Hardware/Support...*evolving to CLS and GFE support***
- **Closely Monitored Program Based on Mission Needs and Performance Metrics**

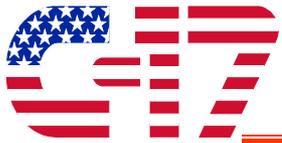


FLEXIBLE SUSTAINMENT

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Program Management**
- **Sustaining Logistics**
- **Material Management**
- **Sustaining Engineering**
- **Depot Level Maintenance**
- **Engine Management**
- **Partnership Planning**

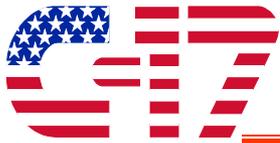




PERFORMANCE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM



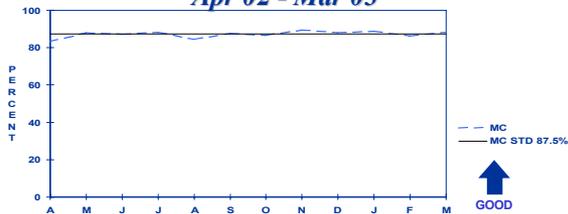


PERFORMANCE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

C-17 MC Rate AMC

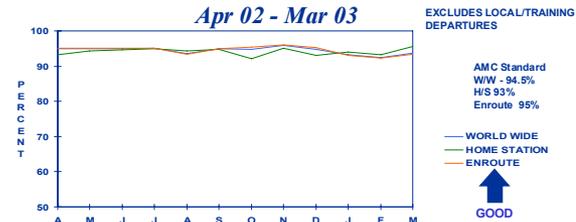
Apr 02 - Mar 03



12 Mo. Avg: 87.1%

C-17 Logistics Departure Reliability

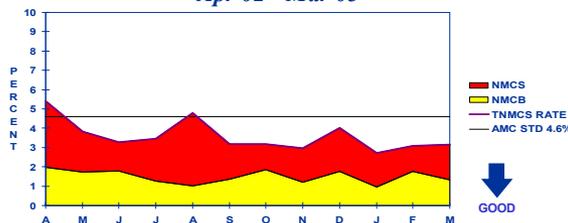
Apr 02 - Mar 03



12 Mo. Avg: 94.4%

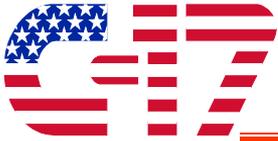
C-17 TNMCS Rate AMC

Apr 02 - Mar 03



12 Mo. Avg: 3.6%





PERFORMANCE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

Flex Aircraft Availability
SOE

LRU Issue Effectiveness
SOE

Consumable Issue Effectiveness
SOE



Flying Hours Achievable
Requirement 95% - Actual 97.1%

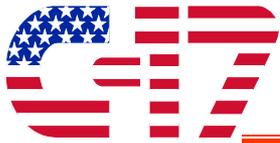
FSLR
Requirement 85% - Actual 95%

MICAP - USAF
Requirement 80% - Actual 91.4%

MICAP - RAF
Requirement 80% - Actual 100%

DMSE
Requirement 98-101% - Actual 100%

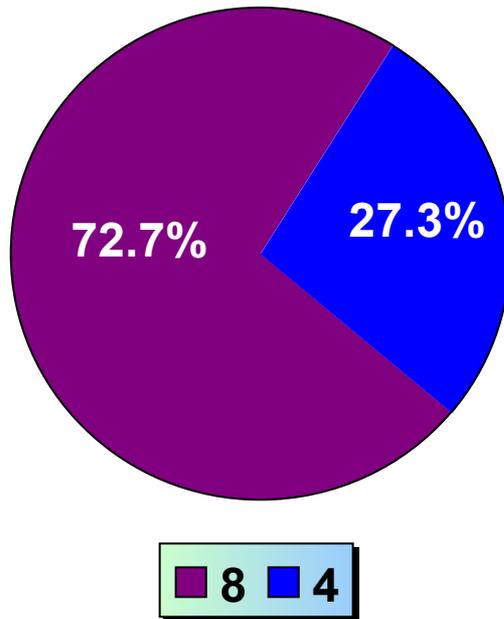
SUPPORT TO THE WARFIGHTER - ANYWHERE, ANYTIME



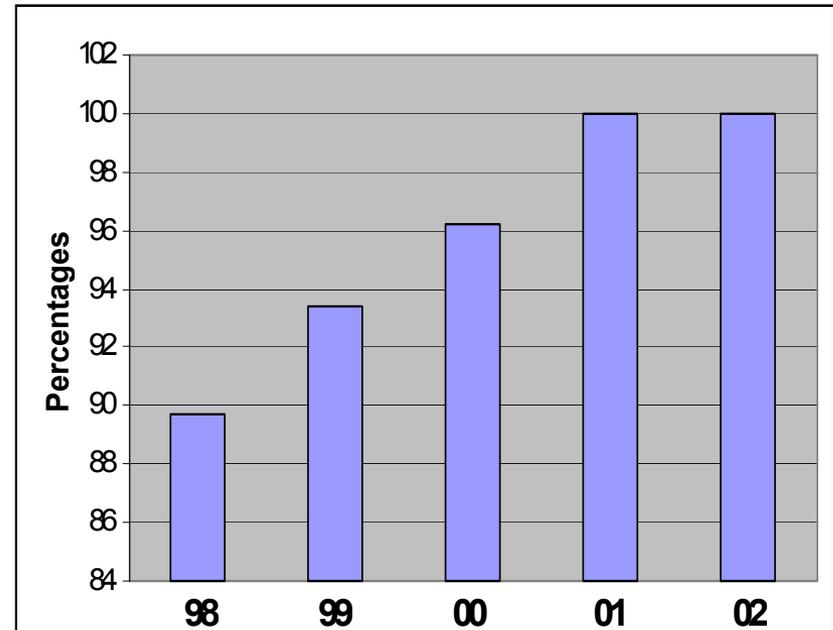
CUSTOMER SATISFACTION

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

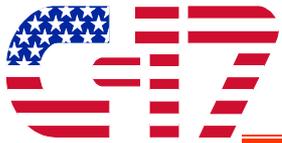
FY02 Final CPAR



Award Fee Capture



SUPPORT TO THE WARFIGHTER - ANYWHERE, ANYTIME

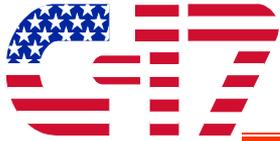


PUBLIC-PRIVATE PARTNERSHIP

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM



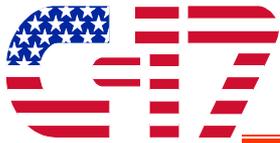
Oklahoma City ALC
Ogden ALC
Warner Robins ALC



PUBLIC-PRIVATE PARTNERSHIPS

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **C-17 Flexible Sustainment “Harnessing and Integrating the Best in Industry with the Best of the ALC Centers of Excellence”**
 - **Key Characteristics**
 - **Public-Private Partnership with ALC Infrastructure**
 - **Biennial CORE Review**
 - **FY03 C-17 Long-Term Sustainment Decision**
 - **Current Efforts**
 - **Executing Expanded Airframe Workload with WR-ALC**
 - **Developing Implementation Agreements and RFPs**
 - **Identifying ALC and Boeing Non-Recurring Items**
 - **Refining Current Processes to Include Partnerships**

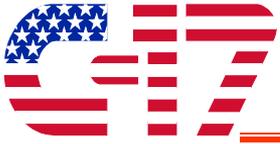


PARTNERING PHILOSOPHY

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Benefits Depots with Skill/Capability Retention and Workload Base**
- **Benefits Boeing through Alternate Sources at Competitive Prices**
- **Benefits Program by Providing a Cost Neutral Way to Achieve CORE**

Challenge is to Identify the Commodities and Approaches

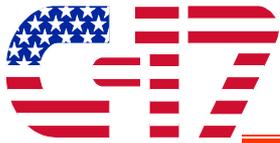


PARTNERING APPROACHES

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Approaches Vary Depending on:**
 - **Availability of Tech Data, Tooling, etc.**
 - **Depot CORE Requirements**
 - **Availability of Non-Recurring Funds**
 - **Prime/Sub-Contractor Work Available for Off-Load**

- **Boeing Developed Three Primary Partnering Approaches**
 - **Direct Shift of Work from Boeing to ALC**
 - **Shift Work from Supplier to ALC**
 - **Require Supplier Partnering with ALC's**

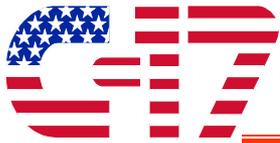


MAINTENANCE AT WR-ALC

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM



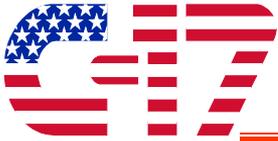
- **Transferred Tech Data and Work Instructions**
- **C-17 Unique Parts Provided by Boeing**
- **Training & Tech Support Provided**
- **14 C-17's Worked at WR-ALC Since Oct. 1999**
- **Project 57,000 Hours at WR-ALC in FY03**



SUPPLIER PARTNERING WITH ALC

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Good Approach when Tech Data Available and Limited Start-Up Costs Involved**
- **Boeing Requires Supplier to Partner with ALC to Include:**
 - **Share Tech Data**
 - **Provide Repair Parts and Training**
 - **Assist in Start-Up/Transition Tasks**
- **Best to Implement when Competition Possible**

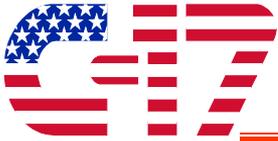


APU PARTNERING

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Recent C-17 APU Competition Resulted in Supplier Commitment**
 - **Manage Transition with Dedicated On-Site Employees**
 - **Aid in Implementation of Equipment and Design of Workshop**
 - **Provide Technical Manuals**
 - **Responsible for Top-Level Training**
 - **Provide On-Site Technical Support Once Production has Commenced**





ALC Partnering

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

Supplier/ALC/OEM Collaboration

SUPPLIER

- Repair/Overhaul of LRUs/SRUs
 - Surge Requirements
 - Product Reliability Improvements
- TCTO/Service Bulletin Incorporation
- Technical/Engineering
- Technical Data/Information
- Material Management
 - Consumable
 - Repair Part
 - Rotables
- Special Services

Transition Toward

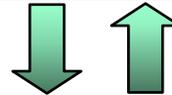
Assist in ALC Organic Capability Assessment
Assist in Establishing Organic Repair Capability

SUPPLIER

- Shared LRU/SRU Repair Efforts
- Material Mgmt
- Technical Support

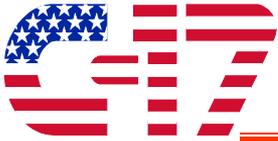
ALC

- Shared Repair/Overhaul of LRUs/SRUs



OEM Retained Efforts:

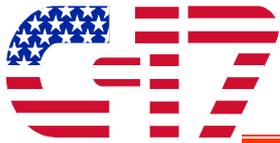
- MIP/DR Investigations
- Spares
- Obsolescence
- Engineering Data
- Logistics Data
- Service Bulletins



PARTNERING CHALLENGES

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **Often Tech Data and Tooling Proprietary to OEM**
- **Supply Support and Differences in Contractor and Government Supply/Inventory Systems**
- **Cost Accounting and Accumulation Differences make it Difficult to Determine Best Value**
- **Unique Requirements when buying from the Government**
 - **Advanced Payments**
 - **Limited Flow Down of Prime Contract Terms**
 - **Cultural Changes**



SITE ACTIVATION

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

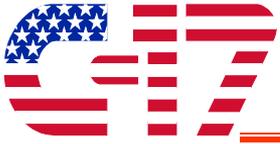
BOEING

C-17 Flexible Sustainment

World-Class Support to the Warfighter

- Boeing is capable.
- Boeing is proven.
- Boeing is cost effective.

The advertisement features a large image of a Boeing C-17 Globemaster III military transport aircraft on a runway. The aircraft is shown from a low angle, emphasizing its size and power. The background is a bright blue sky with scattered white clouds. On the left side of the image, there are five military logos stacked vertically: the Air Force Materiel Command logo, the Air Force Reserve Command logo, the Air Force Reserve Center logo, the Air Force Reserve Center logo, and the Air Force Reserve Center logo. The Boeing logo is at the top left. The text 'C-17 Flexible Sustainment' is prominently displayed in the upper left. At the bottom right, there is a section titled 'World-Class Support to the Warfighter' with three bullet points: 'Boeing is capable.', 'Boeing is proven.', and 'Boeing is cost effective.'

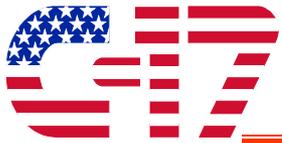


SITE PRESENCE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

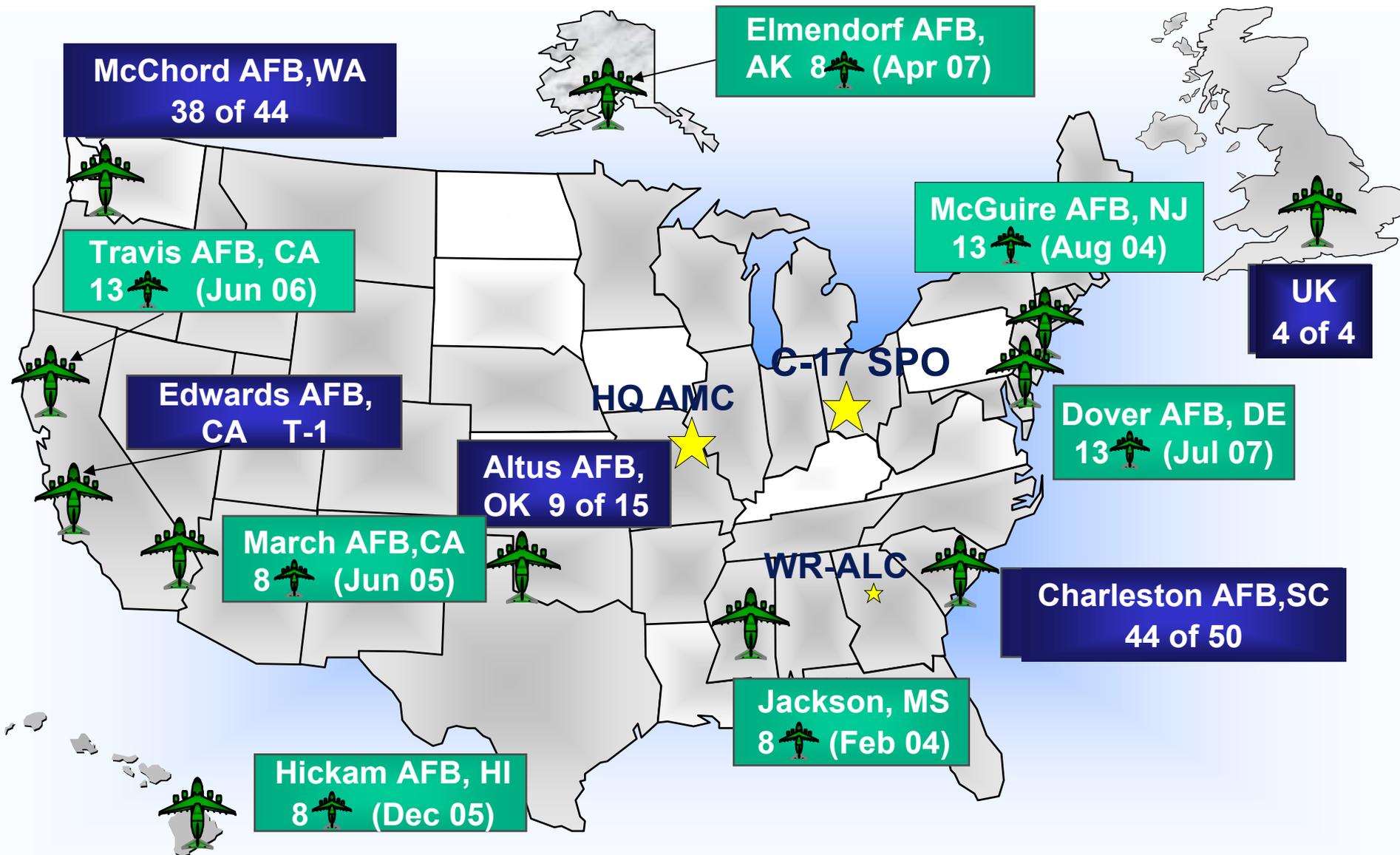
- **Personnel Located at:**
 - Charleston, McChord, Altus AFBs and RAF Brize Norton
 - Yokota AB and Ramstein AB
 - Teams on Standby with Equipment, Tools, and Clearances to Deploy with AF Personnel Anywhere in the World
 - Teams Deployed in Support of Current Operation
- **On-Site Engineering Expertise**
 - Increased Mission Capable/Departure Reliability Rates
- **Engine Test Cell Operations**
- **Supply Personnel Integrated with our Customer**
- **Program Integration Office (PIO)**
- **Repair & Maintenance (RAM's)**

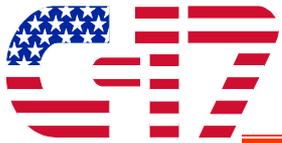




KEY LOCATIONS

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

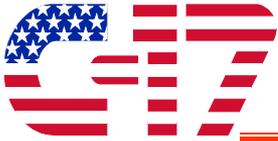




Flex Next 2004 - 2011

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

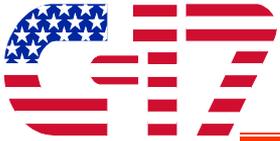




CONTRACT STRUCTURE

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

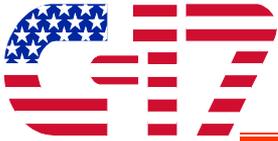
- **FY98-00 was the Flexible Sustainment Transition Phase (CPAF)**
 - Service oriented approach (ICS+)
- **FY01-03 was the Flexible Sustainment Mature Phase (FFP/AF, CPAF)**
 - Weapon System Management (ICS+) approach
- **FY04 & On is the Flexible Sustainment Long Term Support Phase (FFP/AF)**
 - Total Support System Responsibility (TSSR) Approach
 - Incentives to Exceed Performance Requirements
 - Stand-up “CORE” Requirements through Partnerships
 - Weapon System Reliability Improvements
 - Cost Per Flying Hour Contracting



ACQUISITION STRATEGY

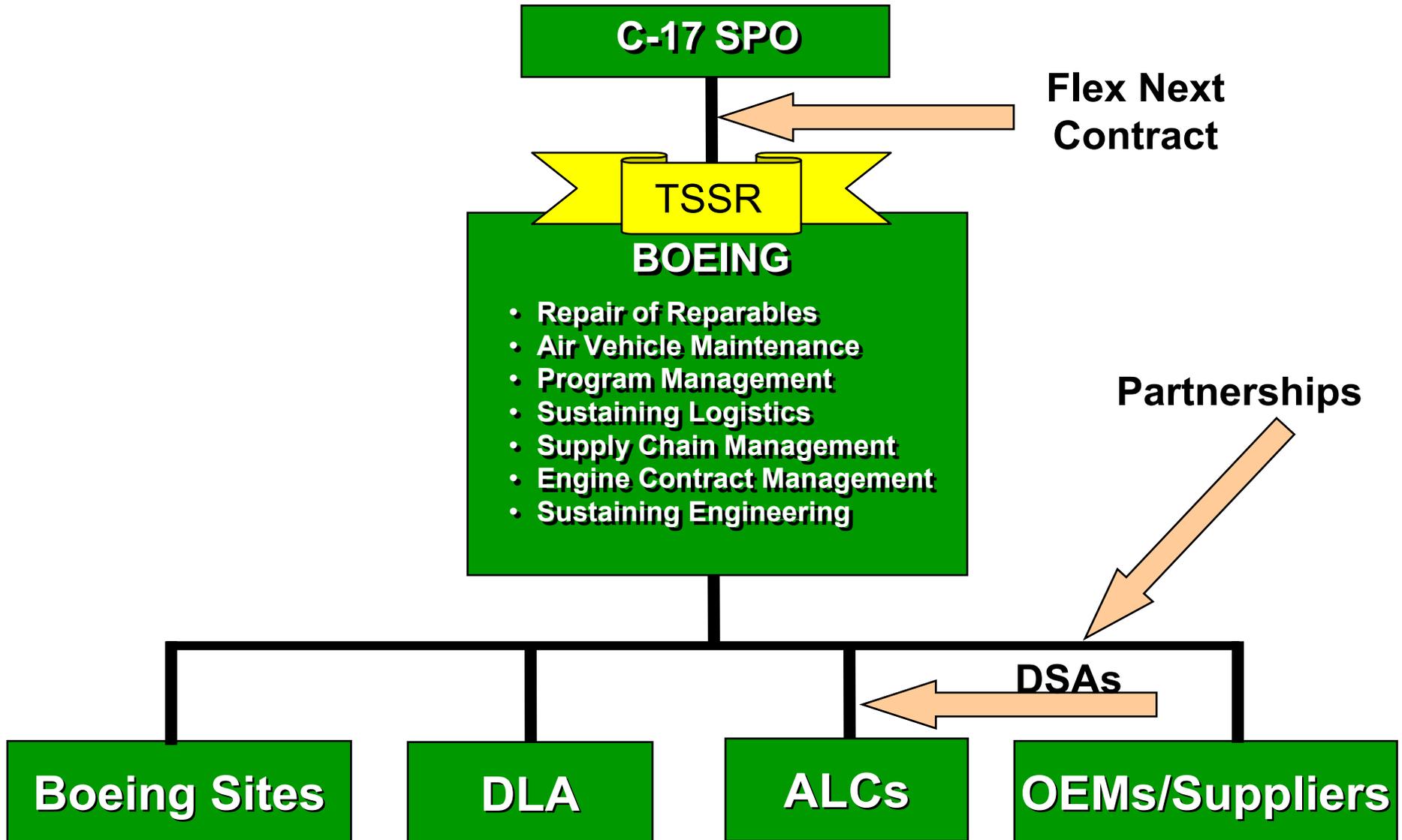
SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

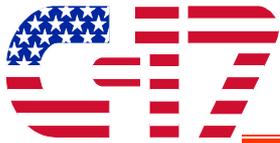
- **PERFORMANCE BASED CONTRACT**
- **METRIC DRIVEN**
 - **MINIMAL AMOUNT OF METRICS AS DEFINED BY THE CUSTOMER**
- **SOLE SOURCE TO BOEING**
- **BOEING HAS “TOTAL SYSTEM SUPPORT RESPONSIBILITY”**
 - **REPARABLES**
 - **PRODUCT SUPPORT**
 - **SUPPLY CHAIN MANAGEMENT**
- **PERFORMANCE-BASED PARTNERSHIP BETWEEN BOEING AND AF**
 - **BOEING COMMITS TO CONTRACTUAL PERFORMANCE GUARANTEES**
 - **“CORE” WILL BE RESERVED FOR ORGANIC PERFORMANCE**



FLEX NEXT RELATIONSHIPS

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM





SUMMARY

SUPPORT SYSTEMS INTEGRATED PRODUCT TEAM

- **1998 - 2002 Proven Success**
 - Team Approach
- **OEF & Iraq War Challenges**
 - Maintained Superior Performance
- **7 New Bases in 5 Years!!!**
- **ALC Partnerships**
 - Challenging but Achievable
- **Flex Next On-Track for FY 2004**

