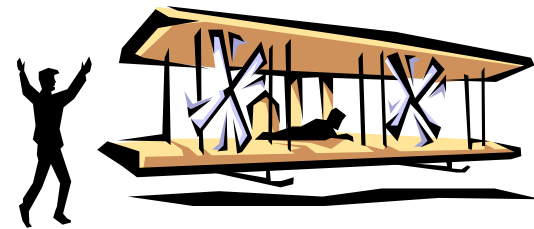


2006 REQUIREMENTS SYMPOSIUM

WR-ALC



AIRCRAFT STRUCTURES COMMODITY COUNCIL (ASCC) BRIEFING



583rd Combat Sustainment Squadron (CBSS)

Briefer: George Kalebaugh

**Director
Aircraft Structures Commodity Council**



583 CBSS

Overview



ASCC

- Background
- Forecast
- NSN Breakout by strategy
- Current Strategy status
- Summary



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Background



ASCC

- Mandate \$800M savings through the use of supply chain efficiencies.
 - PSCM (Purchasing and Supply Chain Management) program was born
- Commodity Councils are recognized as an industry best practice
- Commodity Councils purchasing through commodity centric approaches at all centers
- 2400 NIINs in ASCC universe
- Possible approaches to achieve the greatest possible savings are termed strategies
- Strategies ranked into groups called spirals.
- Overall the Aircraft Structural Commodity Council is responsible for 15 strategies



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Background Cont'd



ASCC

- Aircraft Structures Commodity Council (ASCC) Stood Up Feb 05
- Last of the Councils Established (others at Oklahoma and Ogden)
- Has Highest Concentration of Organic Repair Spend Amongst All Councils
- Items are Managed by All Three Air Logistics Centers
 - Oklahoma City, Warner Robins, Ogden
 - Provides Support to 19 Supply Chain Managers
- Path-Finder for Collaboration With Defense Logistics Agency
 - Developing methodology for future actions



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ASCC Structure



ASCC

George Kalebaugh – Director
Anthony Dunn – Deputy Director
Ricky Schultz – Logistics Manager
Sarah Harrell – Logistics Manager
Gary Foy – Commodity Expert (ENG)
Denise Pollard – Contracting Officer
Franklin Kee – Contracting Officer
Doug Mitchell – Sourcing Analyst (PMS)
Shelia Butler – Sourcing Analyst (IM)
Rick Presley – Sourcing Analyst (ES)
Patrick Ryan – IBM Consultant
Gary Schlageter – Logistics Manager



BACKGROUND

ASCC Commodity Profile



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ASCC

Encompasses 4 FSCs

- 1560 - Airframe Structural Components
- 1610 - Aircraft Propellers & Components
- 1615 - Helicopter Rotor Blades, Drive Mechanisms & Components
- 5342 - Hardware, Weapon System

- Total active items - 2,370
 - 2,263 items (95%) are FSC 1560
- Management of active items nearly an even split amongst ALCs
- 73% of total repair forecast is for organic repair
- 25,044 DLA NIINs with purchase history over last 3 years



Identification of Focus Population Active NIINs



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ASCC

Population Segmentation	NIINs
Aircraft Structural NIINs	115,163
Army/Navy/DLA/Contractor Managed	-102,482
No history, no forecast (FY 02-07)	-10,171
Coded AAC "V", "X" or "Y"* or NIMSC "4" or "5"	-140
Total Adjusted Population	2,370

*AAC = Acquisition Advice Code: V, X, and Y values indicate items which won't be procured

Initial focus is on Active NIINs



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FY05-07 Forecast Summary



ASCC

1,497 items totaling \$1.63B
39% Spares, 61% Repair

- ***Source of Supply Forecast***
 - Total Forecast \$\$
 - **WR-ALC \$804M**
 - **OC-ALC \$648M**
 - **OO-ALC \$174M**
- **Spares Forecast:**
 - 46% Sole Source; 51% Competitive; 3% TBD
- **Repair Forecast**
 - 73% Organic; 15% CN/DMISA; 12% Dual/Other



INDUSTRY DAY INPUTS



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ASCC

Industry Day 6 Jun 05

- Too Many First Article Contracts
 - Manpower Intensive, Lack of Communications, Cost-Prohibitive
 - Qualify by Process
- Need Joint Forecasting
- Titanium, Steel and Aluminum Hard to Acquire

Industry Day 26 Jan 06

- Forecasting accuracy
- Economies of scale
- Contract types
- First Articles
- Raw Material availability

Summary

- First Articles process broken
- Collaborative forecasting a must
- Structure contracts to allow for supplier leveraging



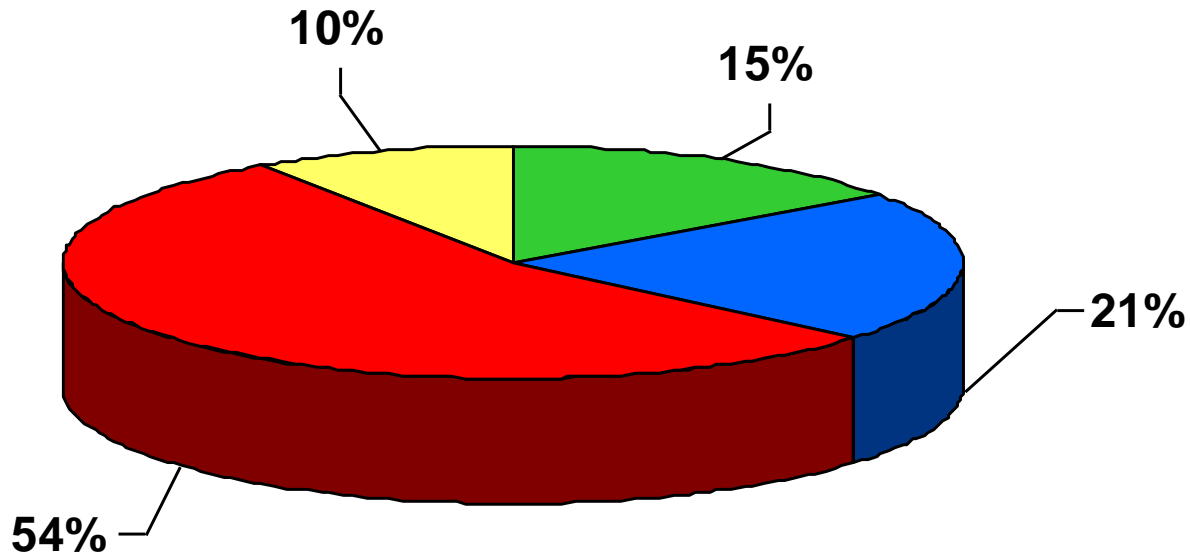
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Total Forecast \$\$ by Spiral



ASCC

- Spiral One: Corp/Sole Source Contracts \$251M
- Spiral Two: Competitive Spares \$343M
- Spiral Three: Organic Repair \$882.7M
- Spiral Four: Contract Repair/Other \$155.5M





ASCC Strategies

Spiral One: Corp/Sole Source Contracts



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ASCC

- Additions to existing corporate contracts, new contracts where feasible
- Strategies may or may not require CAMP
- Deployment depends on resources outside ASCC
 - Pathfinder for integrating DLA items
- Top drivers – customer support metrics & cycle times

Strategy 1: Boeing - Sole Source*

Potential Expansion: 74 NIINs, \$100M - 3Yr Forecast

Strategy 2: Hamilton-Sundstrand-Sole Source*

Potential Expansion: 12 NIINs, \$ 14.2M – 3 Yr Forecast

* Possible DLA Collaboration

Spiral
One



ASCC Strategies

Spiral One: Corp/Sole Source Contracts



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Spiral
One

Strategy 3: Northrop-Grumman – Sole Source*
Potential Expansion: 14 NIINs, \$ 61.4 M – 3 Yr Forecast

Strategy 4: Textron – Sole Source
Potential Expansion: 21 NIINs, \$ 9.13M - 3 Yr Forecast

Strategy 5: Lockheed-Martin – Sole Source*
New contract: 17 NIINs, \$ 2.8M – 3 Yr Forecast

Strategy 6: Goodrich/Rohr – Sole Source
Potential New contract: 7 NIINs , \$ 63.9M – 3 Yr Forecast

* Possible DLA Collaboration



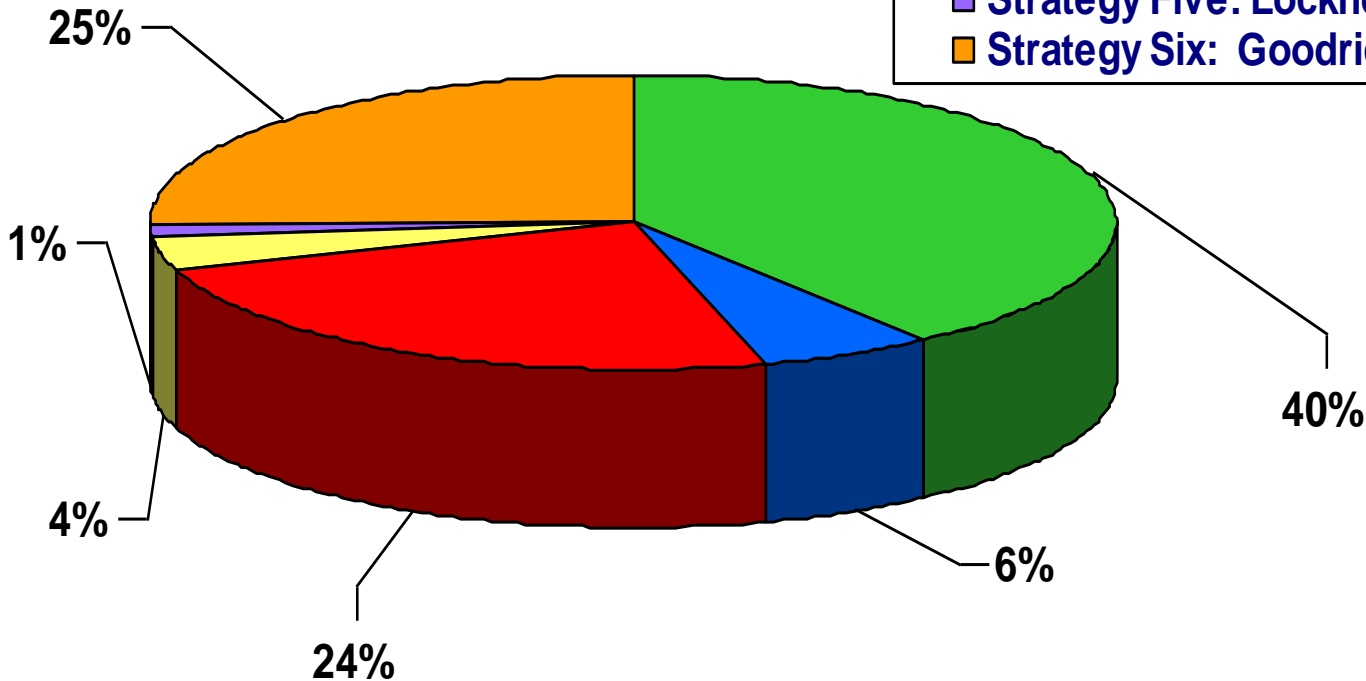
Spiral One Strategies Corp/Sole Source Contracts



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- Strategy One: Boeing \$100M
- Strategy Two: Hamilton-Sundstrand \$14.2M
- Strategy Three: Northrop-Grumman \$61.4M
- Strategy Four: Textron \$9.13M
- Strategy Five: Lockheed-Martin \$2.8M
- Strategy Six: Goodrich/Rohr \$63.9M





ASCC Strategies

Spiral Two: Competitive Spares



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Spiral
Two

- Top drivers – forecasted dollars, cycle times & customer support metrics

Strategy 7: Full & Open Items (1G & 2G only)

- 395 NIINs, \$129M - 3Yr Forecast
 - OO-ALC 160 NIINs \$5M
 - OC-ALC 119 NIINs \$18M
 - WR-ALC 116 NIINs \$106M

Strategy 8: Limited Competition (all other 1 & 2)

- 222 NIINs, \$214M - 3Yr Forecast
 - OO-ALC 78 NIINs \$44M
 - OC-ALC 106 NIINs \$138M
 - WR-ALC 38 NIINs \$32M

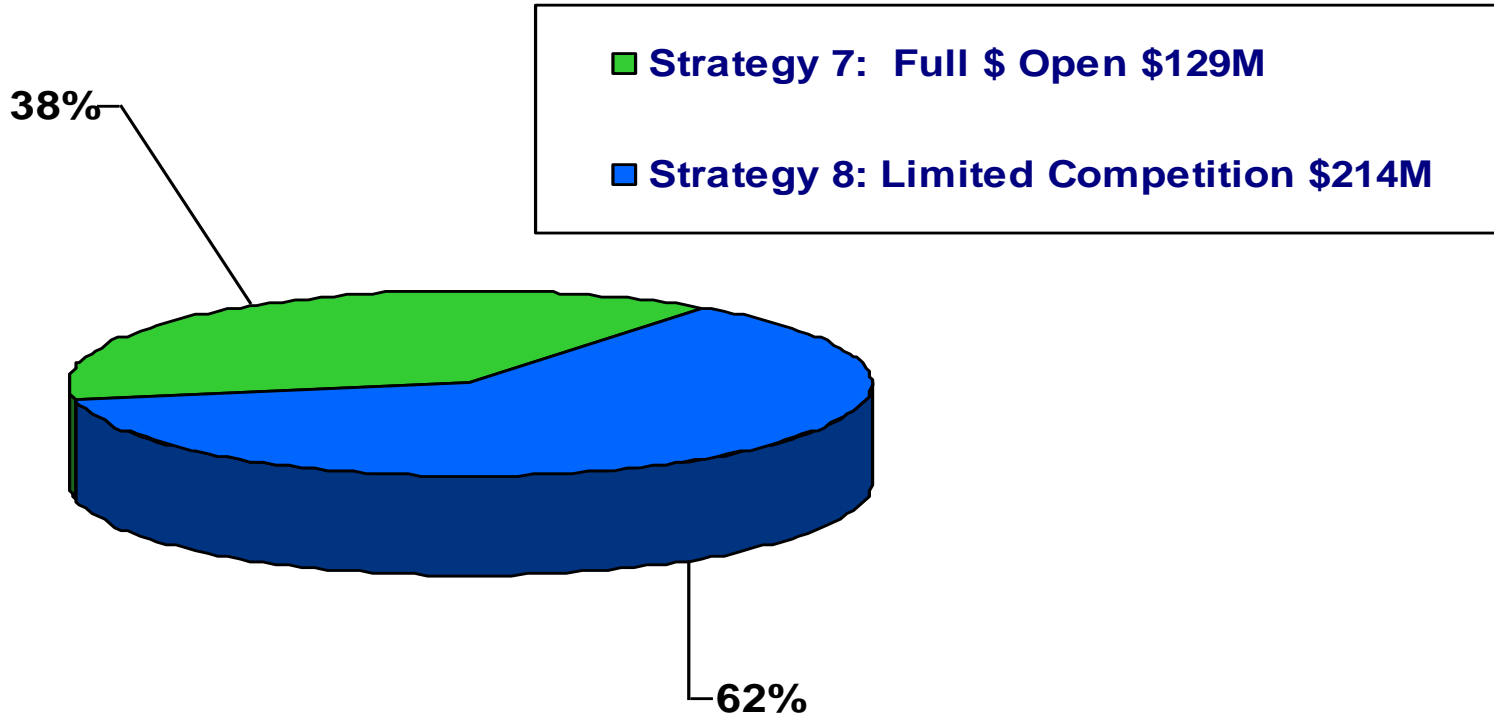


Spiral Two Strategies Competitive Spares



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Proposed Spiral Two Strategies of \$343M for 617 NIINs
Represents 21% of Total Forecast Dollars



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ASCC Strategies

Spiral Three: Organic Repair



ASCC

Spiral
Three

Strategy 9: Warner-Robins ALC

253 NIINs, \$359M - 3Yr Forecast

Sub-Strategies cover:

- F-15 - 23 NIINs, \$142.4M Forecast
- C-5 - 115 NIINs, \$115.5M Forecast
- C-130 - 91 NIINs, \$98.8M Forecast
- Other Organic - 24 NIINs, \$2.3M Forecast

Top Drivers For Organic Strategies at WR-ALC were Forecasted dollars & customer support metrics



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ASCC Strategies

Spiral Three: Organic Repair



ASCC

Spiral
Three

Strategy 10: Oklahoma City ALC
395 NIINs, \$351M - 3Yr Forecast

Sub-Strategies cover:

- C-135/KC-135 -134 NIINs, \$156.2M Forecast
- B-52 - 89 NIINs, \$123.9M Forecast
- E-3 - 86 NIINs, \$43.9M Forecast
- B-1/B-2 - 86 NIINs, \$27.3M Forecast

Top Drivers For Organic Strategies at OC-ALC were
Forecasted dollars & customer support metrics



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ASCC Strategies

Spiral Three: Organic Repair



ASCC

Spiral
Three

Strategy 11: Ogden ALC

155 NIINs, \$140M - 3Yr Forecast

Sub-Strategies cover:

- A-10 – 80 NIINs, \$104.4M
- F-16 – 59 NIINs, \$29.9M
- F-4 – 17 NIINs, \$2.0M
- Other Organic - 6 NIINs, \$4.1M

Top Drivers For Organic Strategies at OO-ALC were Forecasted dollars & customer support metrics



ASCC New Strategies Spiral Three Organic Repair



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ASCC

Spiral
Three

Strategy 12: DMISA Contracts
(Cherry Point, Corpus Christi)

38 NIINs, \$36.7M - 3Yr Forecast

Sub-Strategies cover:

Corpus Christi

- H-1 – 9 NIINs, \$8.5M
- H-60 – 4 NIINs, \$2.4M

Cherry Point

- H-53 – 25 NIINs, \$25.8M

Top Drivers For DMISA Strategies were Forecasted dollars
& customer support metrics

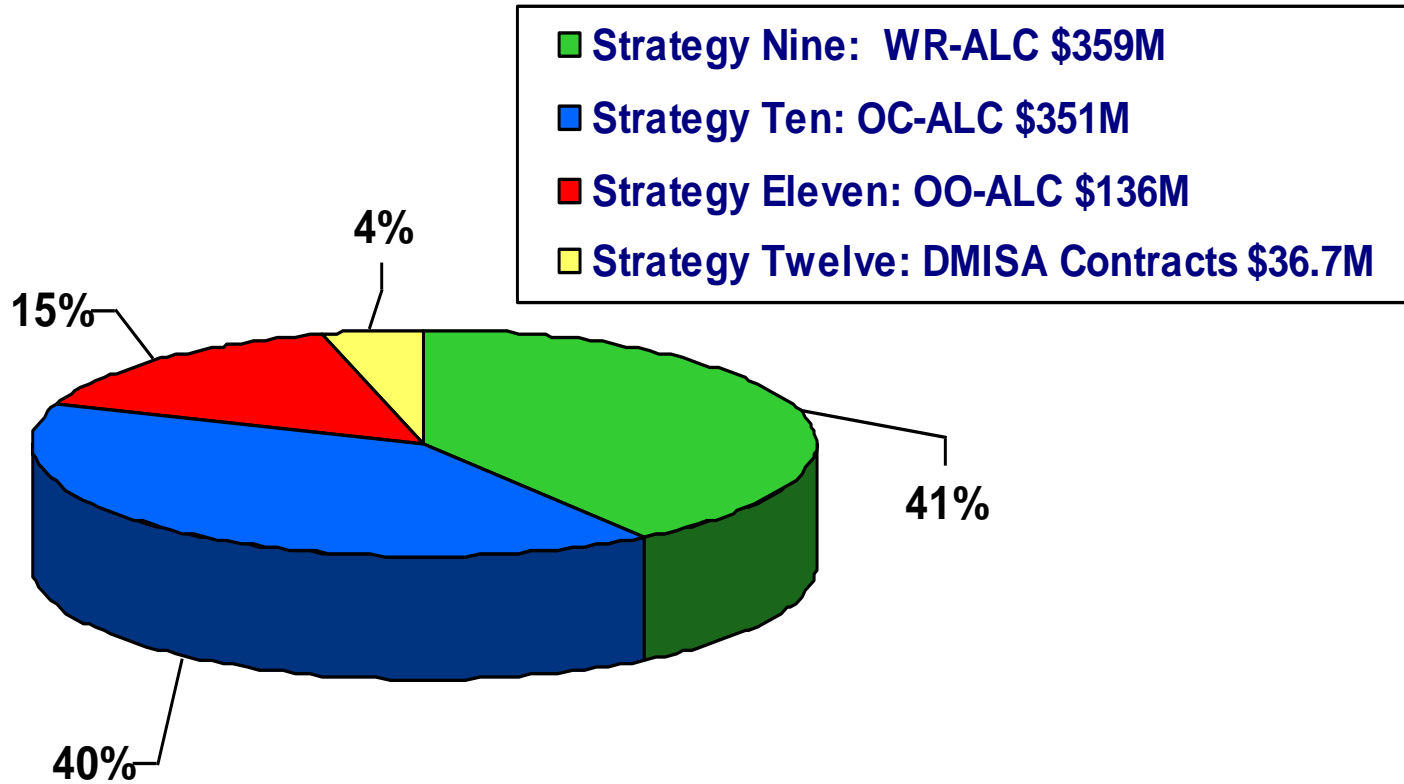


Spiral Three Strategies Organic Repair



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Proposed Spiral Three Strategies of \$882.7M for 841 NIINs, Represent 88% of Total Forecasted Repair Dollars, and 50% of the Total Forecast Dollars.



ASCC Strategies

Spiral Four: Other Sources



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Spiral
Four

Strategy 13: Other Sole Source Spares

23 NIINs, \$27.8M - 3Yr Forecast

WR-ALC: Meggitt

OC-ALC : Amfuel, Bridgestone/Firestone,
Trelleborg

Strategy 14: Contract Repair

37 NIINs, \$112M - 3Yr Forecast

Strategy 15: 3PL, Pre-Qualifications & Tactical Buys

66 NIINs, \$15.7M - 3Yr Forecast

Possible 3PL/Prime Vendor Candidates for Strategies 13, 14, and 15



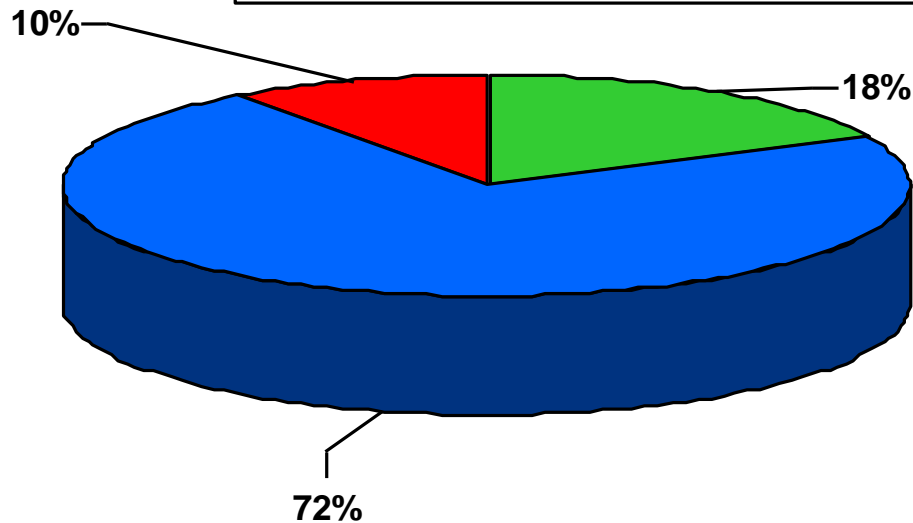
Spiral Four Strategies Other Sources



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- Strategy: 13 Other Sole Source Spares \$ 27.8M
- Strategy: 14 Contract Repair \$112M
- Strategy: 15 3PL, Pre-Qualifications & Tactical Buys \$ 15.7M



Proposed Spiral Four Strategies of \$155.5M for 126 NIINs, Represent 9.7% of Total Forecasted Dollars



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SUMMARY



ASCC

- Successful Strategies Are Those That Meet the Customer's Needs
- Our Schedule is Aggressive, but Focused
- ASCC Needs Continuous Industry Involvement
- Give Us Your Feedback
- Questions/concerns can be directed to George Kalebaugh, DSN 497-3659 (Commercial (478) 327-3659) or via email at George.Kalebaugh@robins.af.mil

2006 REQUIREMENTS SYMPOSIUM



Aircraft Structures Commodity
Council
Spares Competitive Strategy
“Bonded Structures”

**762 Combat
Sustainment Group**

**Briefers: Ms. Denise Pollard
Mr. Ricky Schultz**



Aircraft Structures Commodity Council Spares Competitive Strategy



Commodity Acquisition Management Plan (CAMP)
11 September 2006
Briefers: Ricky Schultz & Denise Pollard, ASCC



Strategy Profile

•Strategy Profile

•Recommended Strategy

•Source Selection Considerations

•Before / After Indicators

•Return on Investment

•Risks / Mitigation Strategies

•Spiral Implementation Schedule

•Stakeholder Coordination Checklist

•Alternative Strategy Matrix

•CAMP Compliance w/ FAR 7.105

Competitive Spares Strategy Population Analysis

- 1G and 2G AMC/AMSC coded Spares only
- FSCs 1560, 1615, 5342
- NSNs: 327 FY06-08 Forecast \$ 99.9M
 - 317 NSNs 1560 FSC
 - 6 NSNs 1615 FSC
 - 4 NSNs 5342 FSC
- Enterprise Scope
 - WR-ALC: 144 NSNs, \$75.6M Forecast
 - OC-ALC: 86 NSNs, \$20.8M Forecast [Slides 53-54](#)
 - OO-ALC: 97 NSNs, \$3.5M Forecast
- 15 Weapons Systems [Slide 68](#)
- Forecasted items w/ High Procurement Lead-time
 - ALT of 121 days
 - PLT of 337 days
 - Additional impact of First Article Test cycle time



Recommended Strategy

- Spiral Profile
- Recommended Strategy
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- Process Group Approach
 - Nine process groups identified
 - Drawings reviewed to define primary process [Slides 61-64](#)
 - Initial contracting effort focusing on three Process Groups [Slides 51-52](#)

Process Groups: Initial Contracting Efforts		
Process Description	# NSNs	FY06-08 Forecast
Bonded Structures	84	\$28,404,570
Flight Control Components	36	\$48,571,439
Machined Parts	125	\$7,950,097
Totals	245	\$84,926,106

- Subsequent contracting of six remaining Process Groups [Slide 59](#)



Recommended Strategy

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- Bonded Structures Process
 - Scope includes all 1G & 2G items FSC 1560
 - 474 Air Force managed NSNs have been identified as bonded structures
 - 84 NSNs forecast for FY06-08
 - Limited number of vendors chosen as “Preferred Providers”
 - Best value source selection used to choose Preferred Providers
- Long-term IDIQ contracts with each Preferred Provider for each Process Group
 - Competitions among awardees requiring proposals on all forecasted items
 - Incentives and Disincentives focused on lead-time
 - Award based on low price unless government elects to use best value
 - Centralized mini-competitions
 - Decentralized ordering

[Slide 67](#)



Recommended Strategy

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Acquisition/Contracting Strategy

- FAR 15 procedures
- Technically Acceptable-Risk Performance Price Tradeoff procedures (TA-RPPT)
- Competitive/partial small business set-aside [Slide 31](#)
 - Award up to 3 Small businesses
 - Award up to 2 Full and Open [Slide 74](#)
- FFP contract: multiple award, IDIQ
- 10 year value \$88M [Slide 60](#)
- Period of performance – 10 years
 - 3 year basic ordering period
 - 2 three-year optional ordering periods
 - Option for additional 1 year ordering period
- Key terms and conditions/enablers
 - FFP prospective pricing initially for 3-yrs, subsequent mini competitions establish FFP in 3-yr increments
 - Preferred provider for 3 years
 - Mini-competitions conducted on best value
 - Poor performers may not receive awards after minimum
 - Potential FA reduction

[Slide 65](#)



Source Selection Considerations

•Spiral Profile

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•Source Selection Considerations

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•CAMP Compliance w/ FAR 7.105

- Recommended Source Selection Authority:
 - 542 CSW/CL
- Award to suppliers with process capability
- TA-RPPT
- Technical discriminators
 - Technical capability (interpreting loft data, re-baseline data)
 - Manufacturing capability (laminating, curing, machining)
 - Tooling design and production capability
 - Comprehensive sample task
- Evaluation criteria relative importance
 - Technically acceptable (Pass/Fail)
 - Proposal Risk* (based on technical proposal)
 - Past performance*
 - Price

*Proposal risk and past performance are equally important and when combined significantly more important than price



Before / After Indicators Bonded Structure



- Spiral Profile
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Benefit Driver	Baseline	Goal	Result	Comments
Reduce Cycle Time				
Average OTD %	50%	95%	90% improvement	• Motivated to improve performance to maintain preferred provider status
Average ALT Days	136days	30 days	79% decrease	• Order against prepriced IDIQ contract • Streamlined ordering procedures IAW basic contract.
Average PLT Days	430 days	253 days	42% decrease	• Lead-time component of competition • Long-lead materials may impact realization of goal
Reduce Work Effort				
Contracts over 3 yrs	41	5	88% decrease	• Estimated at average five suppliers per Process Group
Suppliers over 3 yrs	17	5	70% decrease	•Estimated at average five suppliers per Process Group

\$12K one-time cost reduction per day



Strategy Return on Investment Bonded Structures



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Benefit Driver	Baseline	Goal	Result	Comments
Reduce Inventory				
One Time Savings due to Procurement Lead-time Reduction	566 days	283 days	\$3.3M Slide 66	<ul style="list-style-type: none"> • Averages for bonded structures 1G/2G Forecasted Items • \$ Calculation estimate based on A4 guidance
Reduce Price				
3-yr Forecast and 10-yr Savings Estimate	\$28.40M 3-yrs	5% reduction	\$3.31M Over 10-yrs Slide 69	<ul style="list-style-type: none"> • Represents phased-in contracting of population • 1/3 population 1st 3yrs • 2/3 population 2nd 3yrs • 100% of population last 4yrs
First Articles	\$4.23M over FY03-05	25% reduction	\$2.82M realized over 8-yrs Slide 70	<ul style="list-style-type: none"> • Due to contractor qualification by process FA may be waived per FAR 9.306(c) and 9.304 (d). • Preferred provider status for 3 years Slide 71



Risks / Mitigation Strategies

- Spiral Profile
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Risk	Probability			Consequence			Driver	Strategy
	H	M	L	3	2	1		
Technical	H	M	L	3	2	1	•Interpreting drawing package	•Stable design build to print •Tech prop eval prior to award
Cost / Funding	H	M	L	3	2	1	• Increased unit cost • Funding level less than forecast	•FFP •Requirements budgeted •MSD funds at order level
Schedule	H	M	L	3	2	1	•Long lead material •Planning workload in plant	•Level loading •Share forecast information •DCMA oversight •Contractor reports
Performance	H	M	L	3	2	1	•Contractors workload management techniques	•Evaluate past performance prior to award. •Multiple contractors for each manufacturing process

- Legend:
- H High Probability
 - M Medium Probability
 - L Low Probability
 - 3 High Impact / Unachievable Requirements
 - 2 Medium Impact / Can Achieve Requirements with some degradation
 - 1 Low Impact / Can achieve requirements with minimal degradation



Spiral Implementation Schedule

- Spiral Profile
- Recommended Strategy
- Source Selection Considerations
- Before / After Indicators
- Return on Investment
- Risks / Mitigation Strategies
- Spiral Implementation Schedule**
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	TA-RPPT
PRE AWARD ACTIVITIES	
CAMP BRIEFING TO ASP PANEL	11-Sep-06
SYNOPSIS	20-Sep-06
DRAFT RFP	05-Oct-06
PRE-PROPOSAL CONFERENCE	19-Oct-06
RELEASE FINAL RFP	21-Nov-06
PROPOSALS DUE	05-Jan-07
START SOURCE SELECTION	
INITIAL EVALUATION COMPLETED	05-Feb-07
DISCUSSIONS COMPLETE	20-Feb-07
CONTRACT CLEARANCE REVIEW	16-Mar-07
FINAL PROPOSAL REVISIONS	20-Mar-07
CONGRESS NOTIFICATION	03-Apr-07
CONTRACT AWARD	06-Apr-07
POST AWARD ACTIVITIES	
DEBRIEFINGS COMPLETED	20-Apr-07

2006 REQUIREMENTS SYMPOSIUM



Aircraft Structures Commodity Council BOEING SPARES FOLLOW-ON

583 CBSS/GBMRA

Briefer: Ms Sarah Harrell 327-3627



Overview



-
- Introduction
 - Strategy One Description
 - Benefits Using DLA Existing Boeing Contracts
 - Required Actions
 - Summary



Strategy One Description



- Population description
- Includes all Air Force managed items for which the government does not own the procurement data package
- Federal Stock Class (FSC) 1560
- Three Year Forecast \$247M (FY06-08)
- Three Year Spend History \$100M (FY03-05)



Benefits Utilizing DLA Existing Boeing Contracts



- Provides DOD additional leverage in dealing with contractor
- Saves Air Force resources
 - Reduces contract development time compared to starting new effort
 - Pathfinder for processes and protocols for AF/DLA integration (BRAC)
 - No DLA surcharge



Required Actions

- DLA amended Justification and Approval (J&A) and Acquisition Plan
- Select NSN candidates to prototype process
- ASCC provides screening worksheets to DLA
- ASCC Primary Contracting Officer review terms and conditions for existing DLA contracts
- Contract(s) modification accomplished to accommodate FY08 requirements
- Add all ASCC NSNs candidates prior to 30 Nov 08



Summary



-
- Pressing on with strategy