

# 2006 REQUIREMENTS SYMPOSIUM



**Communications/Electronics  
Commodity Council**

**762d  
Combat Sustainment  
Group**

**Briefer: Mike Coley 327-3619**



# Commodity Council Overview



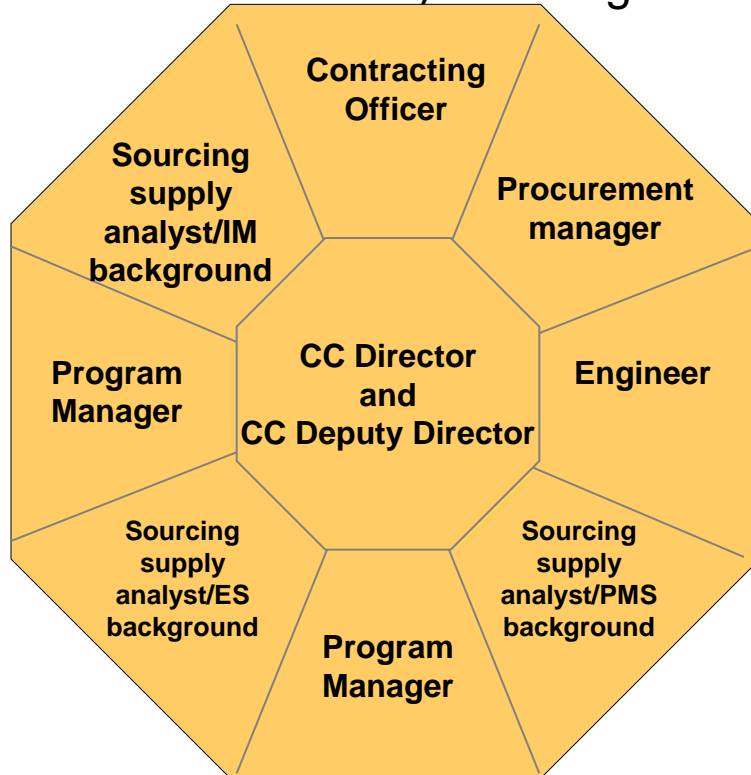
- Provide overview/refresher of Commodity Council structure
- Provide understanding of AF Sustainment Goals
- Provide profile of CECC
- Provide understanding of CECC ongoing efforts, plans, and goals



# Commodity Council Overview



Commodity councils are cross-functional teams that will develop and execute AF-wide commodity sourcing strategies



*Illustrative Commodity Council*

## ***Responsible For:***

- Developing AFMC-wide commodity sourcing strategy
- Executing commodity sourcing strategy
- Establishing supplier performance requirements
- Managing supplier relationships
- Researching commodity market

## ***Not Responsible For:***

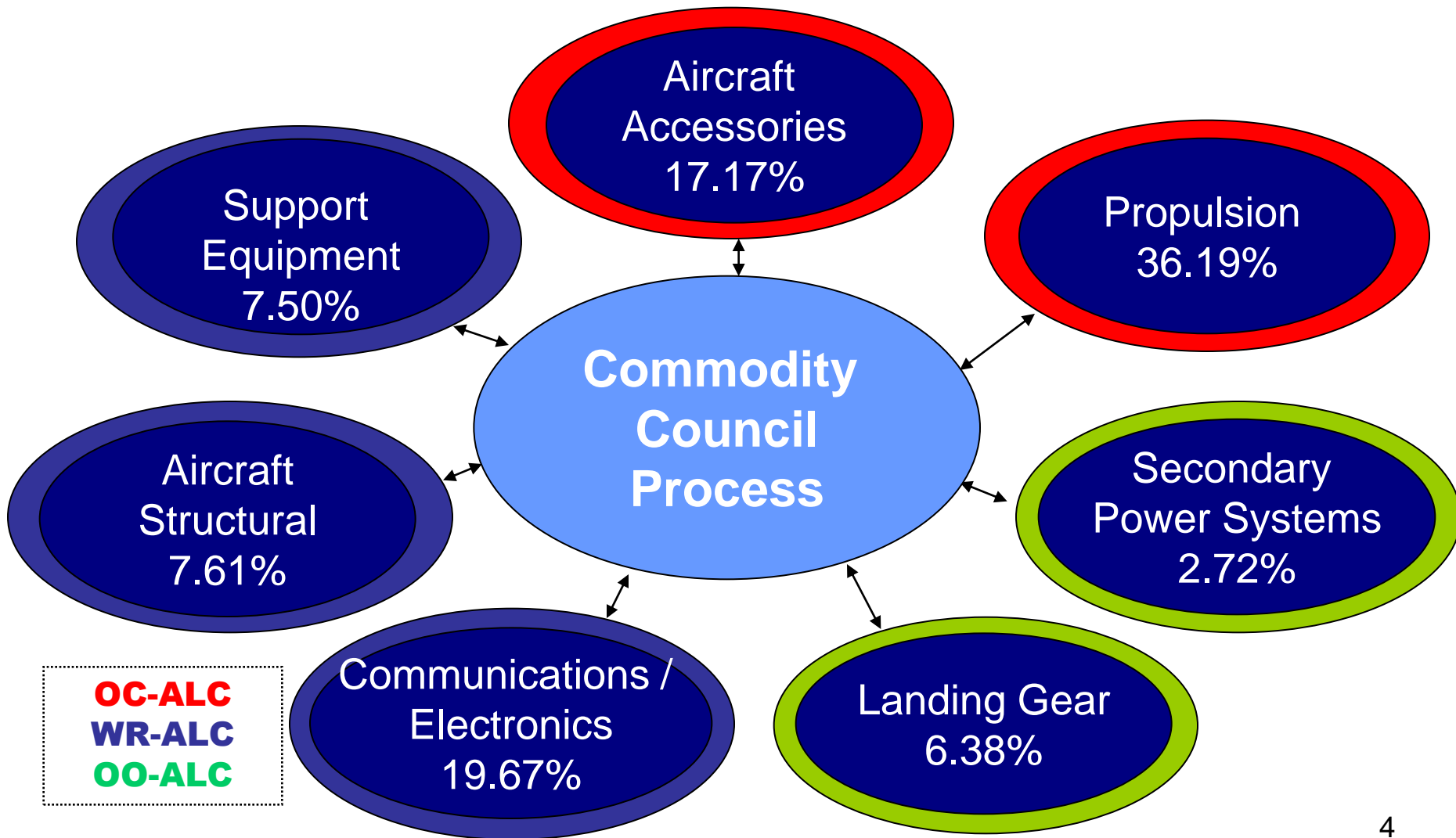
- Developing the demand planning forecast
- Managing weapon systems or items
- Conducting tactical planning, scheduling and asset management
- Performing tactical contract management activities

**Commodity councils are enterprise wide and cross-functional**



# Commodity Groups

(97% Enterprise Spend\*)





# Sustainment Transformation Goals



## Goals

### Depot MX

- 25% ↓ in Flow Days
- 100% On Time Delivery
- 10% ↓ in Costs
- 20% ↑ in A/C Avail



### Product Support

- Max System Capabilities
- Reduce Logistics Footprint
- Min Total System Sust Cost
- Satisfy Warfighter Req



### PSCM

- 50% ↓ Sourcing Cycle Time
- 20% ↑ Supply Materiel Avail
- 10% ↓ Supply & Repair Cost



## eLog21 Goals

10% Decrease in Annual Operating Support Cost by FY 2011

20% Increase in Equipment Availability



# Required Savings Goals



- 11 Aug 02 memo from Grover Dunn directed AFMC/LG & FM to “reflect material savings resulting from PRPS and APS....”
- Savings numbers were subsequently pulled from MAJCOM accounts with the promise of “no loss of buying power”
- Required savings: \$806M (all of AF) through FY11
  - WR-ALC required savings: \$282M
  - Comm/Elec Community FSCs savings: \$143M



# Commodity Council Goals



- Improve supply support to the War Fighter
  - Reduce MICAPS, Backorders, Customer Wait Time
- Reduce total ownership costs
  - Reduce pipeline inventory
  - Reduce administrative lead time
  - Eliminate duplication of effort
  - Improve reliability
  - Reduce item cost (leverage buying)



# Future Business Practices



- Enterprise-wide procurement strategies
  - Reducing duplication of effort
  - Integrating customers and suppliers in strategy development
  - Driving commonality and standardization
  - Leveraging purchasing volume
- Strategic contracts & supplier relationships
  - Fewer contracts, more NSNs/contract, more orders/contract
  - Proactive planning, flexibility
  - Joint forecasting, sharing of data, partnerships
  - Win-Win opportunities
- Technology, innovation, new business practices
  - Electronic ordering, automatic payment, direct shipment

**Communicate, Collaborate, and Coordinate**



# CECC Commodity Management Plan (CMP)



- **Commodity Profile**
- **Spend and Forecast Analysis**
- **Metrics and Performance Baselines**
- **Roadmap**
  - **Current Initiatives**
  - **Future Initiatives**
- **Challenges/Opportunities**



# Commodity Description/Profile



- Extremely diverse spectrum of electronics and communications technologies
  - Spares, Repair, Services
  - Organic, Contract & Dual – Sole Source & Competitive
  - Affects all ALCs (as suppliers and customers)
  - Affects nearly every USAF weapon system
- Covers 74 FSCs within 8 FSGs
  - 63 Active FSCs (Spend or Forecast FY02-07)
  - \$3.2 B in Spend History
  - 12,291 active items
- Largest active item population of AFMC Councils
- 2nd highest total spend of AFMC Councils



# Customers and Suppliers



## Customer Issues

- Commodity Council's processes must not adversely affect current Warfighter support
- Web survey sent to 22 Supply Chain Managers representing 94% of total forecast spend
  - #1 Issue: Forecast/Demand Data Management
  - #2 Issue: Obsolescence/Diminishing Manufacturers

## Supplier/OEM Profile

- 640 Total Suppliers
- Top 15 Suppliers = 49% of Contract Spend
- 12.6% of total spend with Small Businesses
- Large Organic Repair component (51% of History)



## 63 Active FSCs within CECC



FSC	FSC DESCRIPTION	FSC	FSC DESCRIPTION
1220	Fire Control Computing Sights & Devices	5950	Coils and Transformers
1240	Optical Sighting and Ranging Equipment	5955	Oscillators & Piezoelectric Crystals
1260	Fire Cntl Designating & Indicating Equip	5960	Electron Tubes & Assoc Hardware
1265	Fire Control Transmitting & Receiving Eq	5961	Semiconductor Devices & Assoc Hardware
1270	Aircraft Gunnery Fire Control Components	5962	Microcircuits, Electronic
1280	Aircraft Bombing Fire Control Components	5963	Electronic Modules
1285	Fire Control Radar Equip, Except Airborne	5970	Elec Insulators and Insulating Material
1290	Miscellaneous Fire Control Equipment	5975	Electrical Hardware and Supplies
5805	Telephone and Telegraph Equipment	5977	Electrical Contact Brushes & Electrodes
5815	Teletype and Facsimile Equipment	5980	Optoelectronic Devices & Hardware
5820	Radio & TV Comm Equipment, Except Airborne	5985	Antennas, Waveguides & Related Equipment
5821	Radio and TV Comm Equipment, Airborne	5990	Synchros and Resolvers
5825	Radio Navigation Equip, Except Airborne	5995	Cable, Cord, Wire Assemblies
5826	Radio Navigation Equipment, Airborne	5996	Amplifiers
5831	Intercomm & Public Address Sys, Airborne	5998	Electrical & Elct Boards, Cards
5835	Sound Recording & Reproducing Equip	5999	Misc Electrical & Electronic Components



# 63 Active FSCs within CECC (cont'd)

FSC	FSC DESCRIPTION	FSC	FSC DESCRIPTION
5836	Video Recording and Reproducing Equipment	6130	Converters, Electrical, Nonrotating
5840	Radar Equipment, Except Airborne	6135	Batteries, Nonrechargeable
5841	Radar Equipment, Airborne	6140	Batteries, Rechargeable
5850	Visible & Invisible Light Comm Equipment	6145	Wire and Cable, Electrical
5855	Night Vision Equipment, Emitted and Reflec	6150	Misc Electric Power & Distribution Eq
5860	Stimulated Coherent Radiation Devices, Com	6160	Miscellaneous Battery Retaining Fixtures
5865	Elct Cntrmsrs, Cntr-Cntr-Msrs & Qck Rctn C	6210	Indoor & Outdoor Electric Lighting Fixture
5895	Miscellaneous Communication Equipment	6230	Electric Portable & Hand Lighting Equip
5905	Resistors	6240	Electric Lamps
5910	Capacitors	6340	Aircraft Alarm and Signal Systems
5915	Filters and Networks	6350	Misc Alarm, Signal and Security Detection
5920	Fuses, Arrestors, Absorbers, and Protectors	6710	Cameras, Motion Picture
5925	Circuit Breakers	6720	Cameras, Still Picture
5930	Switches	6740	Photo Developing and Finishing Equip
5935	Connectors, Electrical	6760	Photographic Equipment and Accessories
5945	Relays and Solenoids		



FSC



## Top 10 Active FSCs Ranked by Total FY02-07 \$

FSC	FSC DESCRIPTION	Totals
1270	Aircraft Gunnery Fire Control Components	\$ 799,991,632
5895	Miscellaneous Communication Equipment	\$ 740,351,400
5998	Electronic Assemblies, Boards and Cards	\$ 679,547,290
5865	Electronic Countermeasures	\$ 672,665,658
5985	Antennas, Waveguide and Related Equipment	\$ 608,847,901
5841	Radar Equipment, Airborne	\$ 490,349,720
6130	Converters, Electrical, Nonrotating	\$ 397,270,821
5996	Amplifiers	\$ 294,650,386
5821	Radio and Television Equipment, Airborne	\$ 255,293,536
5960	Electron Tubes and Associated Hardware	\$ 233,168,713

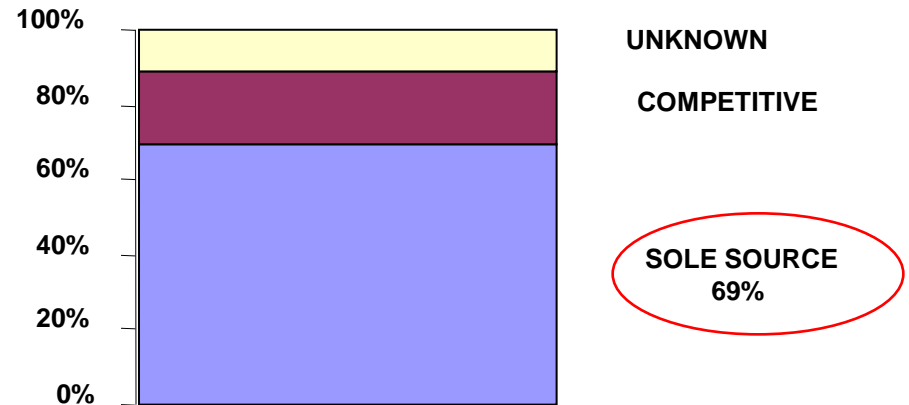
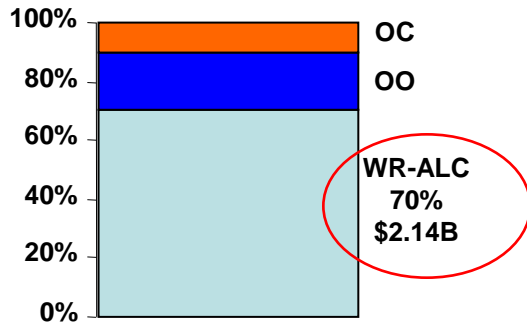


# FY02-04 Spend (History) 9233 NIIN's Totaling \$3.06B

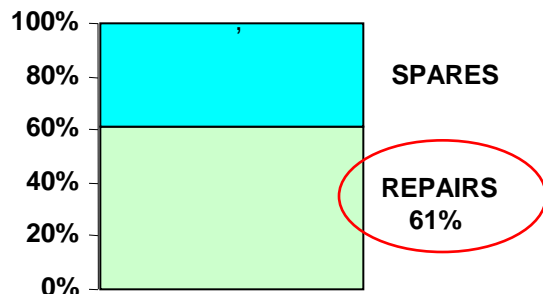


## SPARES SPEND HISTORY BY SOURCE OF SUPPLY

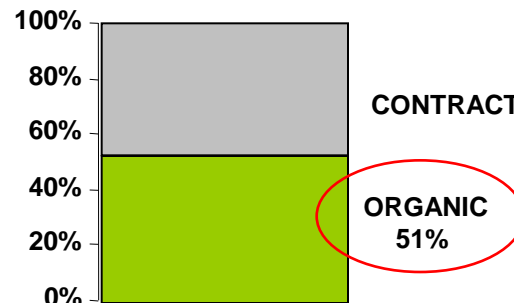
### SPARES SPEND HISTORY BY ALC



### HISTORICAL SPARES V. REPAIRS



### HISTORICAL SOURCE OF REPAIR



## CECC Indications

- WR-ALC leads spend
- Mostly Sole-Source
- Mostly Repairs
- Significant Organic

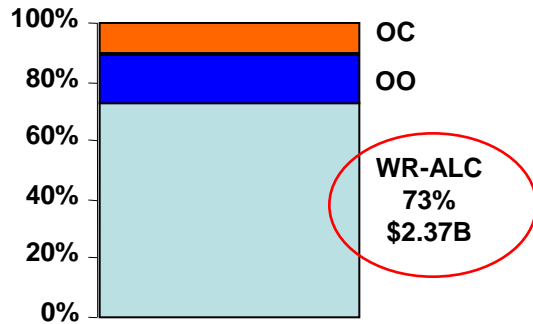


# FY05-07 Forecast

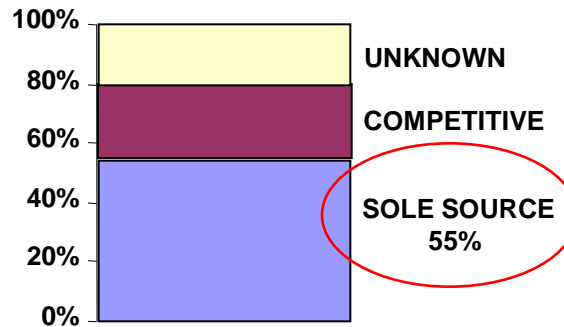


## 8,996 items totaling \$3.25B

### SPARES FORECAST BY ALC



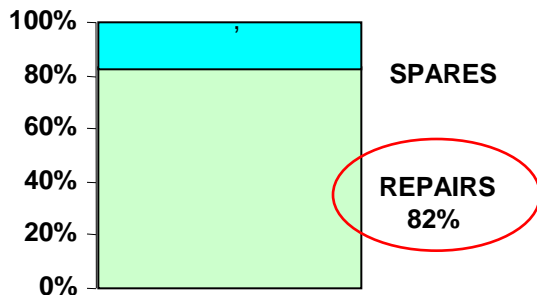
### SPARES FORECAST BY SOURCE OF SUPPLY



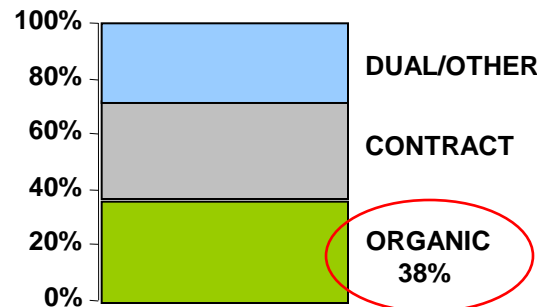
### CECC Indications

- WR-ALC leads spend
- Mostly Sole-Source
- Mostly Repairs
- Significant Organic

### FORECAST SPARES V. REPAIRS



### FORECAST SOURCE OF REPAIR





# Baseline Indicators

## Contracting Activity

Contracted NIINs = 5,785  
Number Contracts = 3,541 *1.63 NIINs per Contract*  
Number Contract Actions = 5,829 *1.65 Actions per Contract*  
Unique CAGE codes = 737

## Cycle Times

Average ALT = 124.4 days  
Average PLT = 290.6 days  
Average of Document CWT = 10.4 days  
Average Shop Flow Days = 69.2 days

## Performance

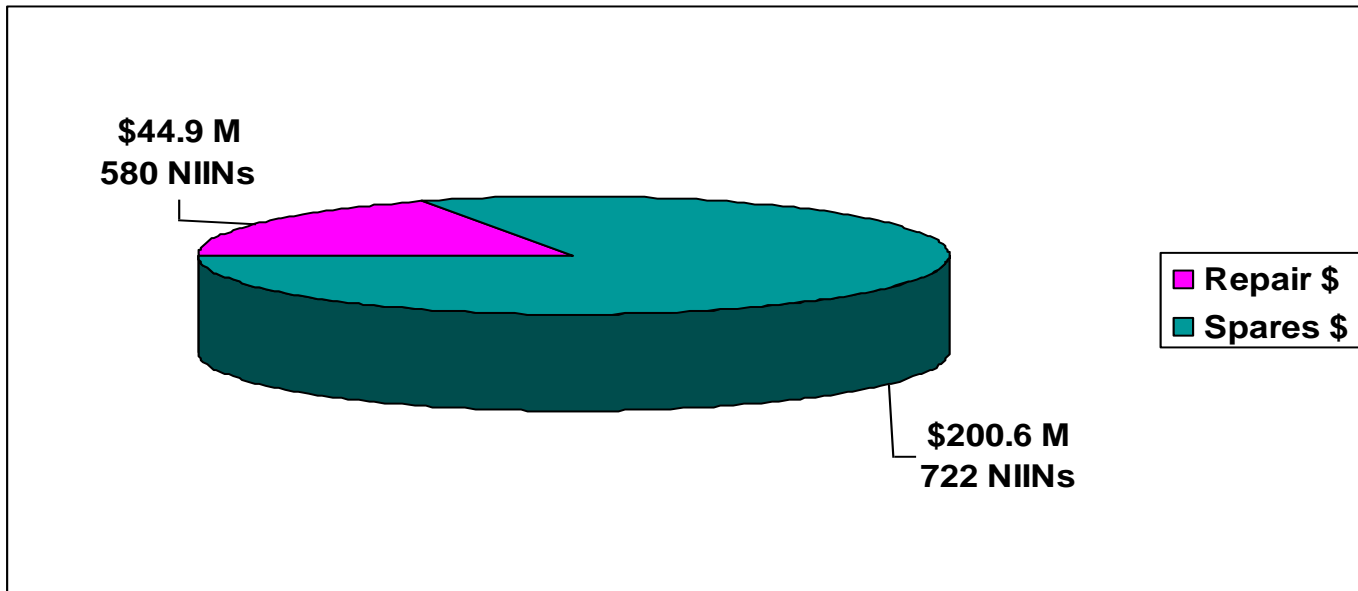
MICAP Hours/Month = 542,000  
MICAP Hours/Month/NIIN = 129.1  
Backorder Requisitions/Year/NIIN = 1.5



# Sourcing in Spend History: Small Business



**FY02-05**  
**Total \$245 M**



Small Business based on Socio-Economic qualifications provided by  
Central Contractor Registry and Small Business Administration

Small Business Opportunities



# Sole Source Corporate Contract Summary



## Contractors:

**BAE**

**BOEING**

**CPI**

**HONEYWELL**

**NORTHROP GRUMAN**

**PARKER HANNIFIN**

**RAYTHEON (ALL)**

**ROCKWELL COLLINS**

**TELEDYNE**

### SPARES

**TOTAL NUMBER OF  
NIINs: 400  
TOTAL FORECAST \$:  
\$183 M**

### REPAIRS

**TOTAL NUMBER OF  
NIINs: 738  
TOTAL FORECAST \$:  
\$134 M**



# Current Spiral



- Teledyne Corporate Contract (sole source)
  - 66 Items, \$370M
  - 10 years
  - Award date: 28 Sep 06
- Chelton Corporate Contract (sole source)
  - 28 items, \$28M
  - 5 years
  - Projected Award date: Dec 06



## Next Strategy



<b><u>Sole Source Contracts</u></b>	<b><u>3-year Forecast</u></b>
– EDO	\$155M (IPT Executed)
– DRS	\$29M
– L-3 Communications	\$20M
– Lockheed Martin	\$13M
– ITT Industries	\$9M
– Navcom Defense	\$6M

**Note: 10-year contracts and adding engineering services will mean higher contract \$ values**



# Next Strategy Con't



- **Competitive Items**

- 73 NIINs across the centers
- Forecast \$56M
- Small business opportunity

ALT	130.0
PLT	258.4
MICAP Incidents Per Month	0.82
MICAP Hours per Month	37.38
CWT Days	41.1



# Performance Based Logistics



- The **Purchase** of support as an integrated, affordable, performance package.
- **Designed** to optimize system readiness and meet performance goals for a weapon system.
- **Long-term** support arrangement

The Essence of PBL is Buying Performance Outcomes,  
Not individual Parts & Repair Actions



# Performance Based Logistics



<b>Stage</b>	<b>1: Delivery Agreement</b>	<b>2: Parts Availability Focus</b>	<b>3: System / Platform Lifecycle Focus</b>	<b>4: Mission assured Support</b>
<b>Performance Objective</b>	Delivery Speed	Availability	Operational Availability	Mission Reliability
<b>Functional Scope (responsibility of the provider)</b>	Planning Logistics	Planning Logistics Value Engineering	Planning Logistics Value Engineering Config. Mgmt. Maintenance	Planning Logistics Value Engineering Config. Mgmt. Maintenance Operations
<b>Typical Weapon System Scope</b>	Parts Components	Components Assemblies	Systems Platforms	Platforms



# Program Challenges / Opportunities



- Parts Obsolescence and Diminishing Suppliers
  - Need to broaden supplier base
- Corporate Acquisitions
  - CAGE code validation
- Funding Constraints
  - Performance Based Logistics
  - Flexibility and Responsiveness to Changing Requirements
- Developing Win-Win Strategies
  - Public/Private Partnering with Depot
  - Incentivizing reliability improvements in a repair environment
  - Improving performance in a sole source environment



# Summary



Questions, Comments, Discussion



# Government Focal Points



- **Janice Gillen- Acting Director** **478-327-3609**
- Jackie Booze- Program Manager 478-327-3611
- Celia Hohnadel- Program Manager 478-327-3614
- Belinda Mitchell- Program Manager 478-327-3586
- Jeff Morgan- Program Manager 478-327-3618
- Donna Walcott- Contracting Officer 478-327-3616
- Carla Clark- Contracting Officer 478-327-3588
- Victor Rozeboom- Engineer 478-327-3617
- Mike Coley- Sourcing Analyst 478-327-3619
- Pam Cook- Sourcing Analyst 478-327-3289
- Debra Hester- Sourcing Analyst 478-327-3587
- John Stewart- Sourcing Analyst 478-327-3615