

How To Mitigate The Risks Of An
Outcome/Performance-Based
Maintenance Parts Program
For Sustaining Legacy And New Weapon Systems

A comprehensive 2-day seminar for DOD Contractors that will enable them to create/fine-tune a program which is viewed by the customer as being of value, as well as the Contractor's Leadership Team as being able to deliver profitability commensurate with risks

Who should attend?

- Program Managers to better understand the many options that are available to efficiently and effectively sustain a weapon system
- Business Developers who seek to capture a parts program for a weapon system
- Accountants who need to create a set of financial data that can be effectively utilized to identify unfavorable risks
- Logisticians who are tasked to create a parts program to sustain a weapon system
- Engineers who can develop an appreciation of their value in improving parts reliability and their impact upon profitability
- 3PLs who can gather a better understanding of the cost drivers of a program
- Application Software Suppliers who can obtain an assurance that their product's software enables a user to effectively and efficiently manage a program
- Others

This seminar will cover the following risk mitigation areas:

1. Accurately forecasting the current and future market size and market share of a potential program' parts sales and integration services
 - a. Market size
 - i. Installed/fielded units
 - ii. Age of units
 - iii. Drivers of demand (i.e. use, cycles PM, environment, etc)
 - iv. Actual and/or like-kind demand history
 - v. Parts sales: non-repairables, repairables and consumables
 - b. Market share
 - i. Outsourced by PM to organic base
 - ii. Outsourced by PM to contractor
 - iii. Outsourced by organic base to contractor

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2. Selecting a program type
 - a. PBL-Pure
 - b. PBL-Lite
 - c. PBL-Transition
 - d. CLS-Plus
 - e. FAR 15 or FAR 12

3. Selecting a pricing/payment option
 - a. Costs for parts sold and/or process integration and
 - b. Fees for parts sold and/or process integration and/or
 - c. Awards/incentives for parts sold and/or process integration
 - d. Parts-as-a-Service (i.e. power-by-the-hour, pay-per-unit-supported) for parts sold and/or process integration

4. Establishing outcome/ performance based metrics
 - a. Availability
 - b. Reliability
 - c. Footprint
 - d. Ease-of-doing-business

5. Protecting part design Intellectual Property (IP) through retaining market share for following part types (with Title X constraints)
 - a. OEM unique parts
 - b. M-COTS (Modified-Commercial Off The Shelf)
 - c. L-COTS (Limited-Commercial Off The Shelf; specific program primary user of part)
 - d. Strategies for cataloging of part numbers

6. Understanding the impact upon supply availability due to a part's lifecycle stage
 - a. Currently employed by system manufacturing
 - b. Currently not employed by system manufacturing
 - c. Diminished Manufacturing Sources (DMS)

7. Classifying the financial accounts of parts; its impact upon profitability
 - a. Current asset: inventory
 - b. Fixed asset: rotatable pool
 - c. Long-term asset: inventory

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8. Structuring the parts ownership and the location-site network
 - a. Contractor owned and/or
 - b. DoD owned and/or
 - c. Contractor-supplier owned and/or
 - d. Distributor owned and/or
 - e. Others owned

9. Selecting the "right" issue transaction type for a part
 - a. No-return
 - b. Return-for-disposal
 - c. Like-kind-exchange-with-return-for-renewal; supplier forward
 - d. Like-kind-exchange-with-return-for-renewal; customer forward
 - e. Loaner-and-return
 - f. Loaner-and-return/Renew-and-return
 - g. Others

10. Choosing a revenue transaction type for a part delivered
 - a. Pay-per-transaction when employed for a maintenance process
 - b. Pay-per-transaction when received from supplier
 - c. Warranty; cost accrued
 - d. As-a-service
 - i. Subscription per period
 - ii. Per usage per period

11. Provide parts buyback
 - a. Unlimited quantity, unlimited period
 - b. Limited quantity, unlimited period
 - c. Limited quantity, limited period

12. Select the "right" organization to execute program
 - a. Personnel background
 - b. Salaries
 - c. Signing authority

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13. Analysis of cost elements of integration
 - a. Processes performed
 - i. Manage customer demand: entry and fulfillment
 - ii. Balance demands/supplies
 - iii. Acquire parts and repair services
 - iv. Store/control
 - v. Others
 - b. Resources employed per process
 - i. People
 - ii. IT network
 - iii. Materials
 - iv. Equipment
 - v. Facilities
 - vi. Intangibles
 - vii. Others
14. Putting it all together with what-if financial modeling
 - a. Creating the proforma income statement
 - b. Creating the proforma balance sheet
 - c. Creating the proforma cash flow