BearingPoint
Management
&Technology
Consultants

Asset Life Cycle Management
03.06.2009

Jarmo Vahtervuo
BearingPoint 2009

Quote

“The more extensive a man's knowledge of what has been done, the greater will be his power of knowing what to do”

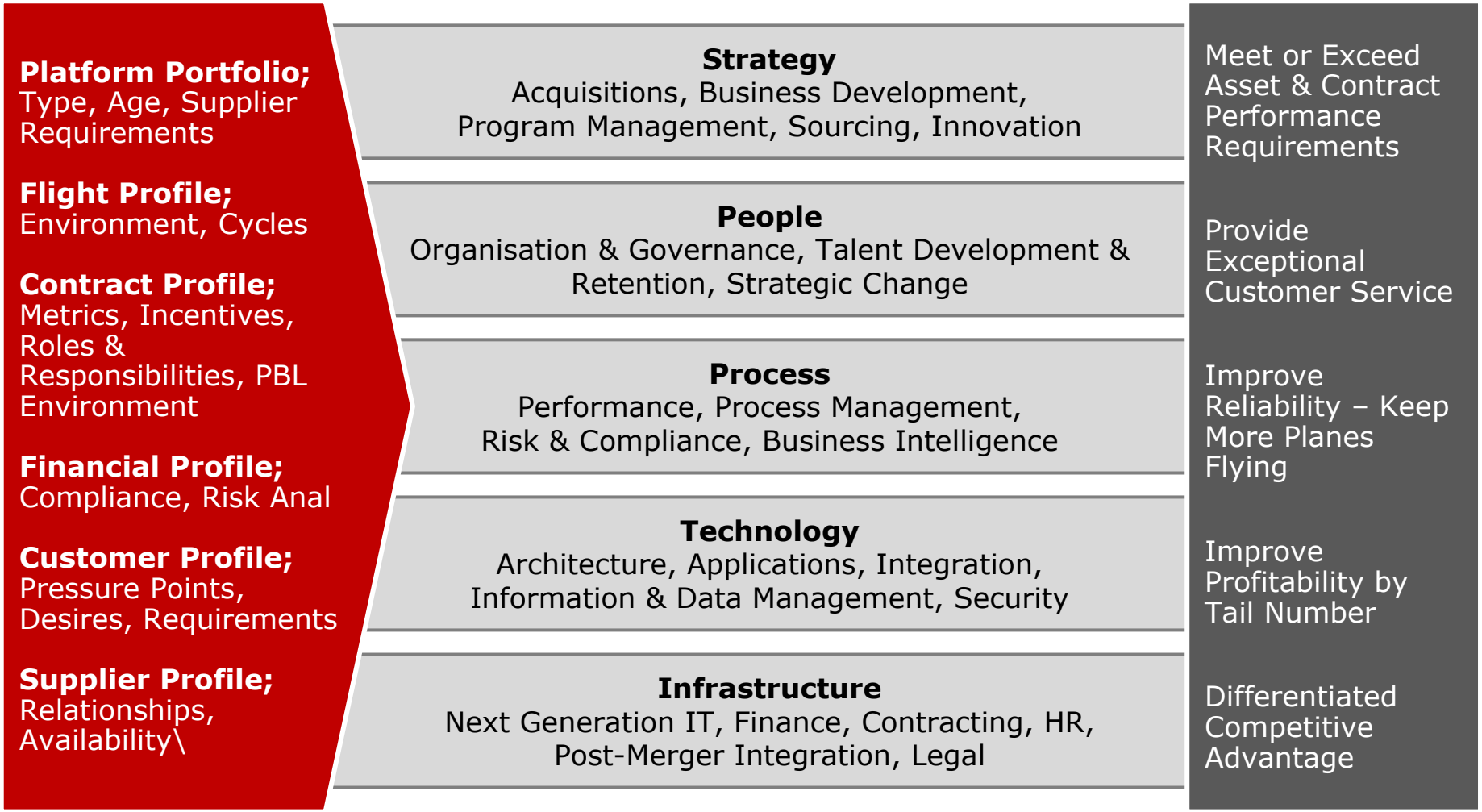
Benjamin Disraeli (1804 - 1881), British Prime Minister

Asset Life Cycle Management

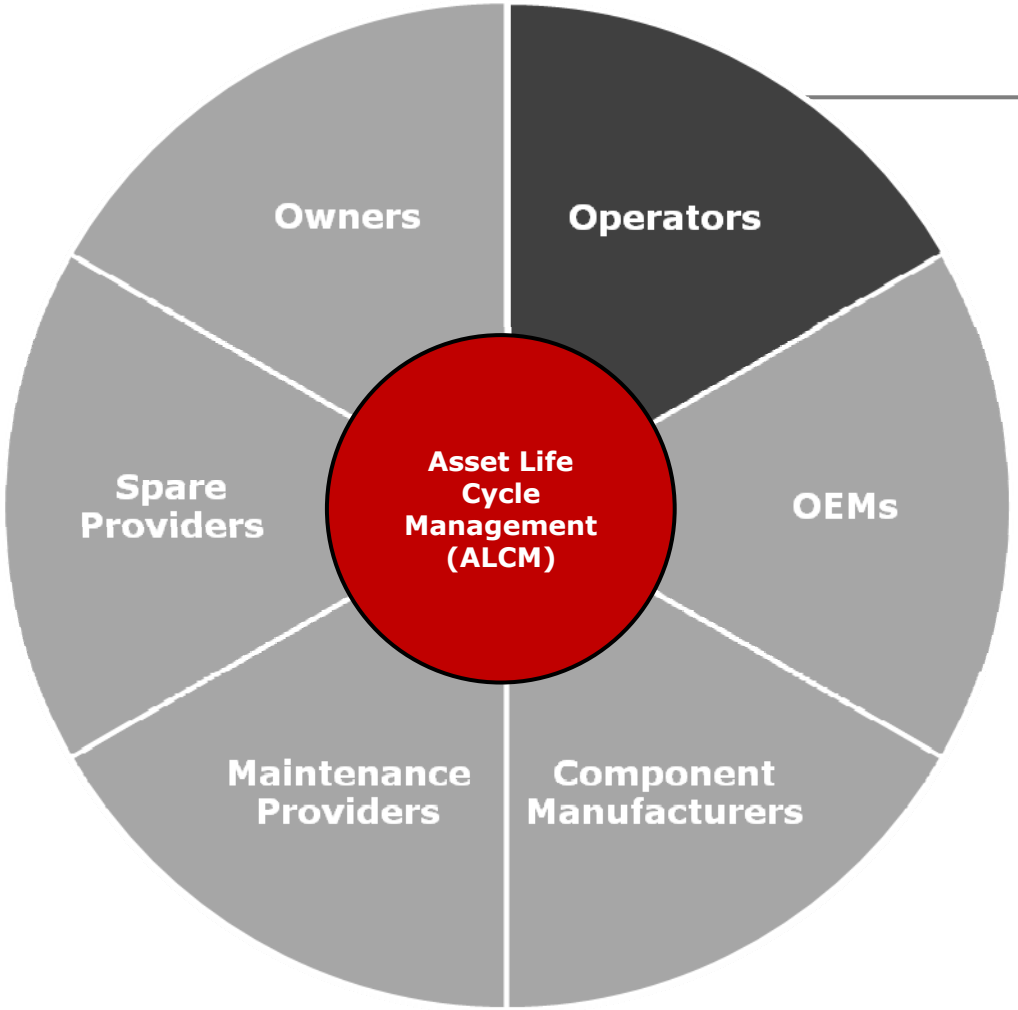
Asset Life Cycle Management balances **costs** and **risks** across an asset's entire life span. In Aerospace and Defence, this pursuit is more challenging due to many factors;

- Long useful asset life
- Increasingly effective new platform launches
- Traceability and serialization requirements
- Regulatory and compliance issues (e.g., ITAR)
- Warfighter and Operator support and reclamation
- Network capacity and aircraft availability
- Asset value chain spanning commercial & defence
- IT infrastructures that have not kept pace

What are the key challenges driving the need for better Life Cycle Management?

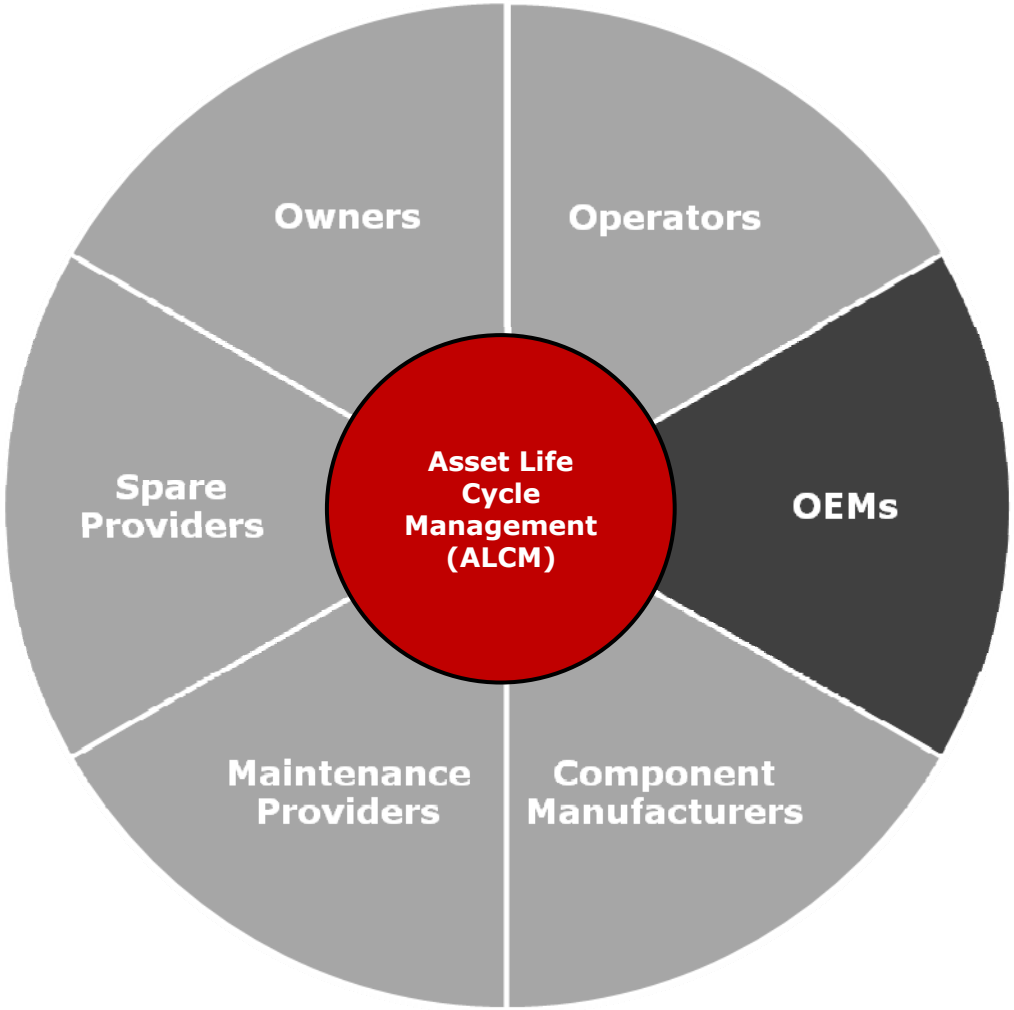


What are the primary benefits?



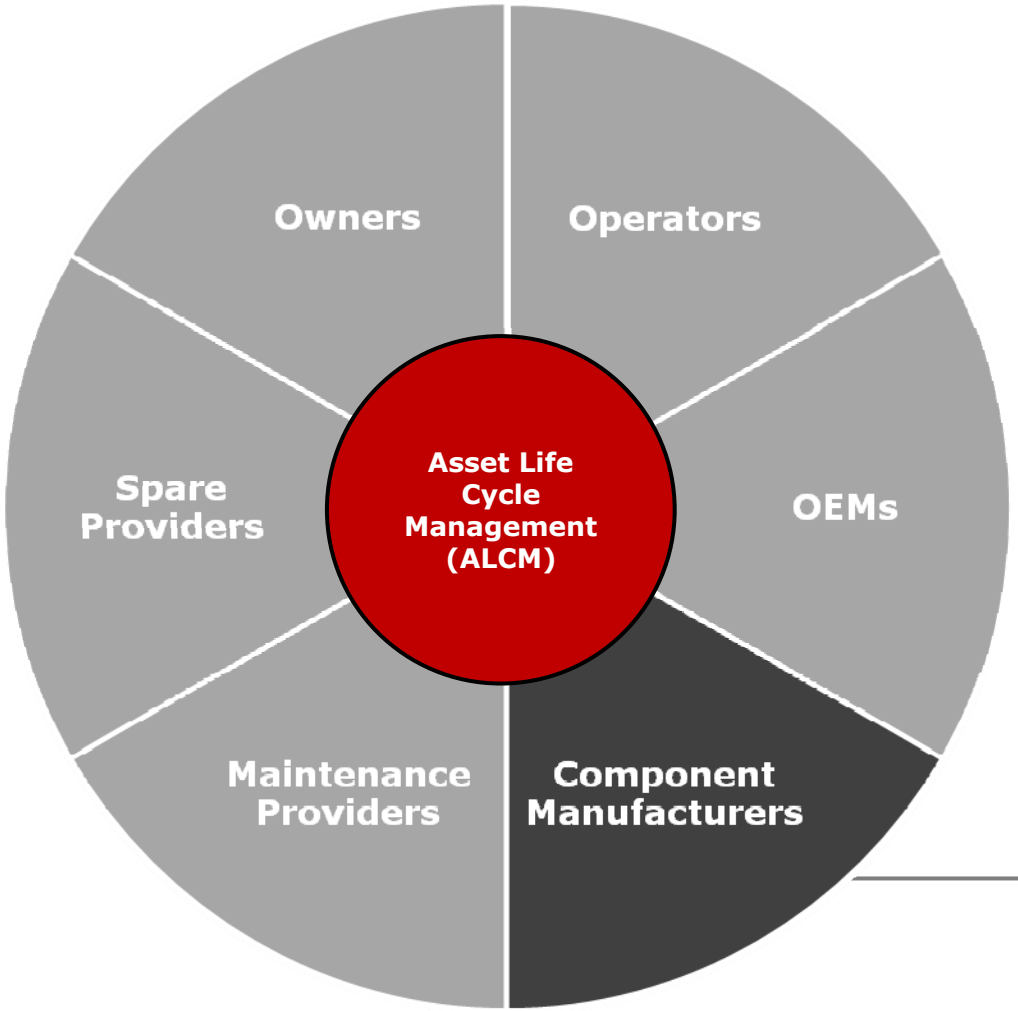
- Reduced operating costs / cost caps
- Improved availability and predictability
- Maximise asset value
- Streamline operations

What are the primary benefits?



- Expanded market potential
- Reduce competitive inroads
- Improved customer satisfaction
- Increased involvement with operators

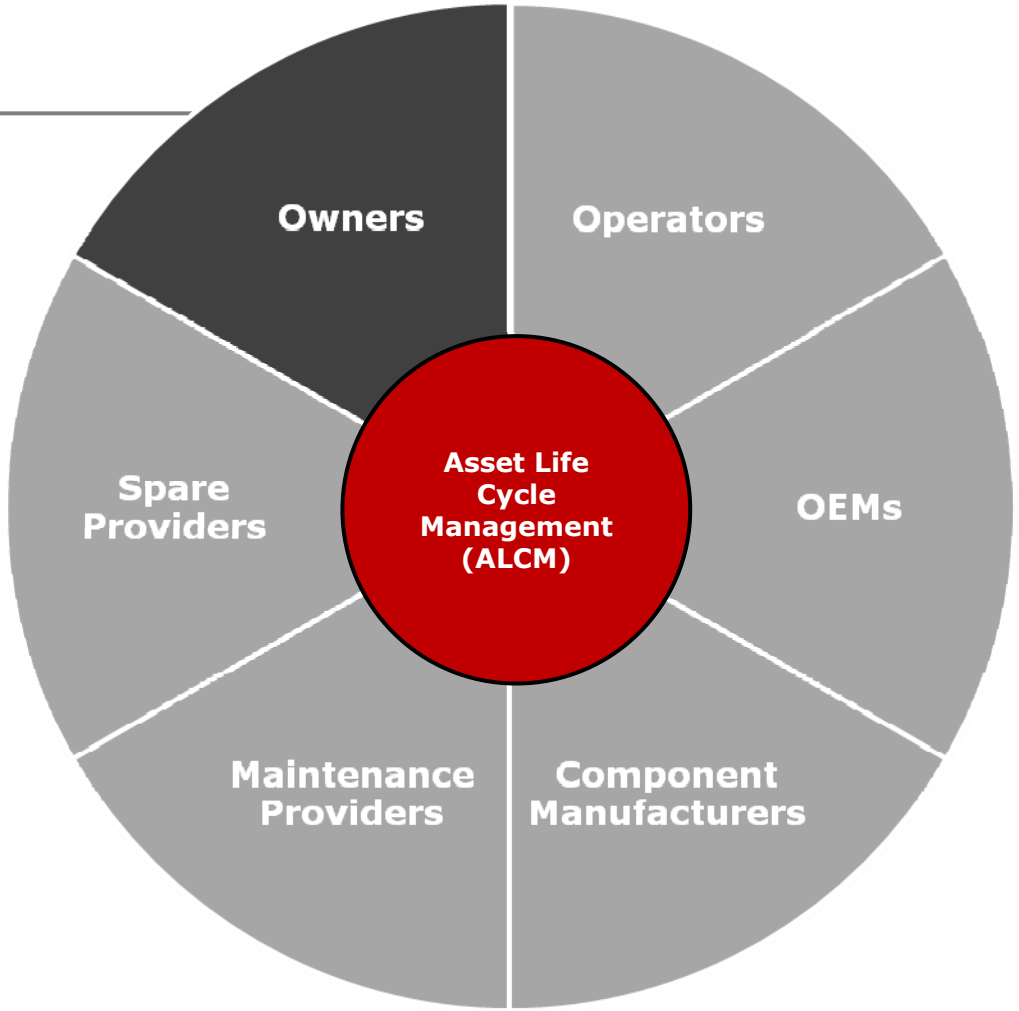
What are the primary benefits?



- Expanded market potential with OEMs
- Increase product reliability
- Improved customer satisfaction
- Increase OEM business

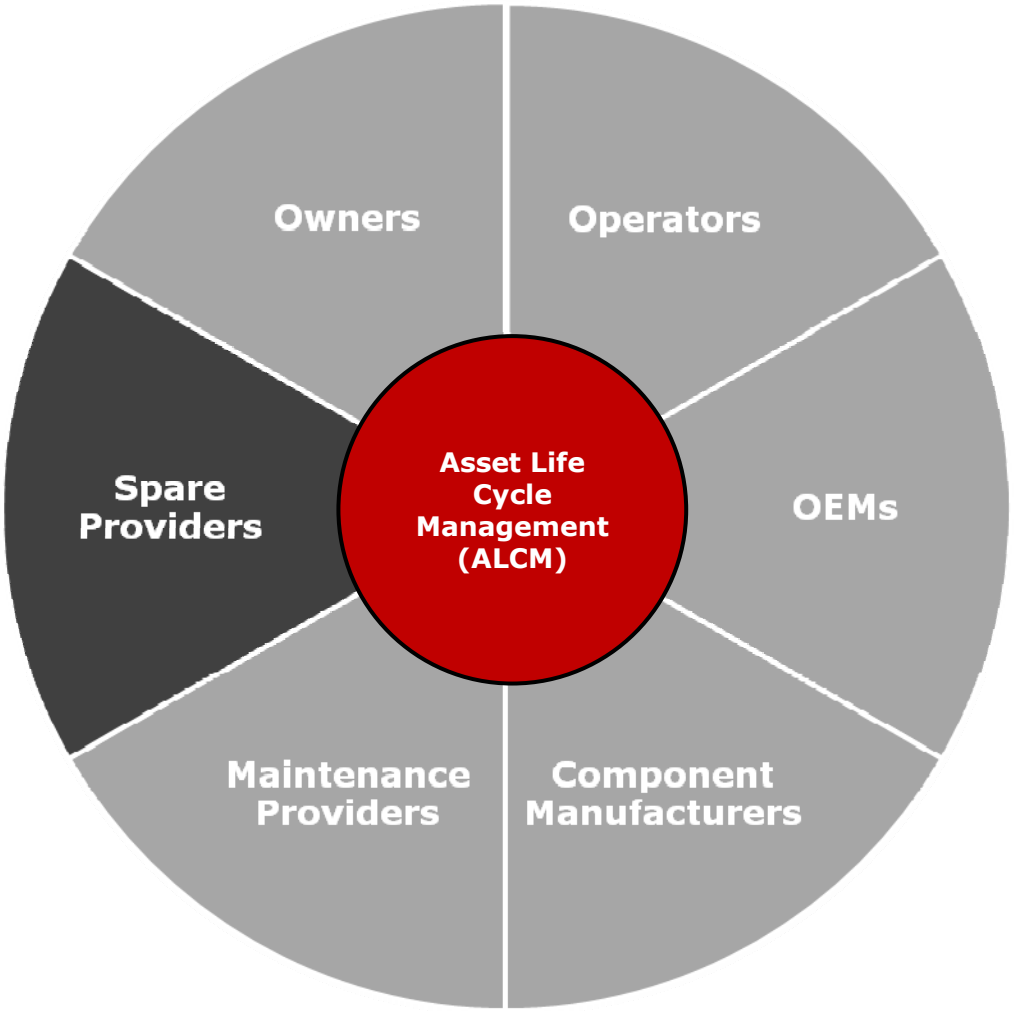
What are the primary benefits?

- Maximise asset value retention
- Better ability to re-lease / re-sell



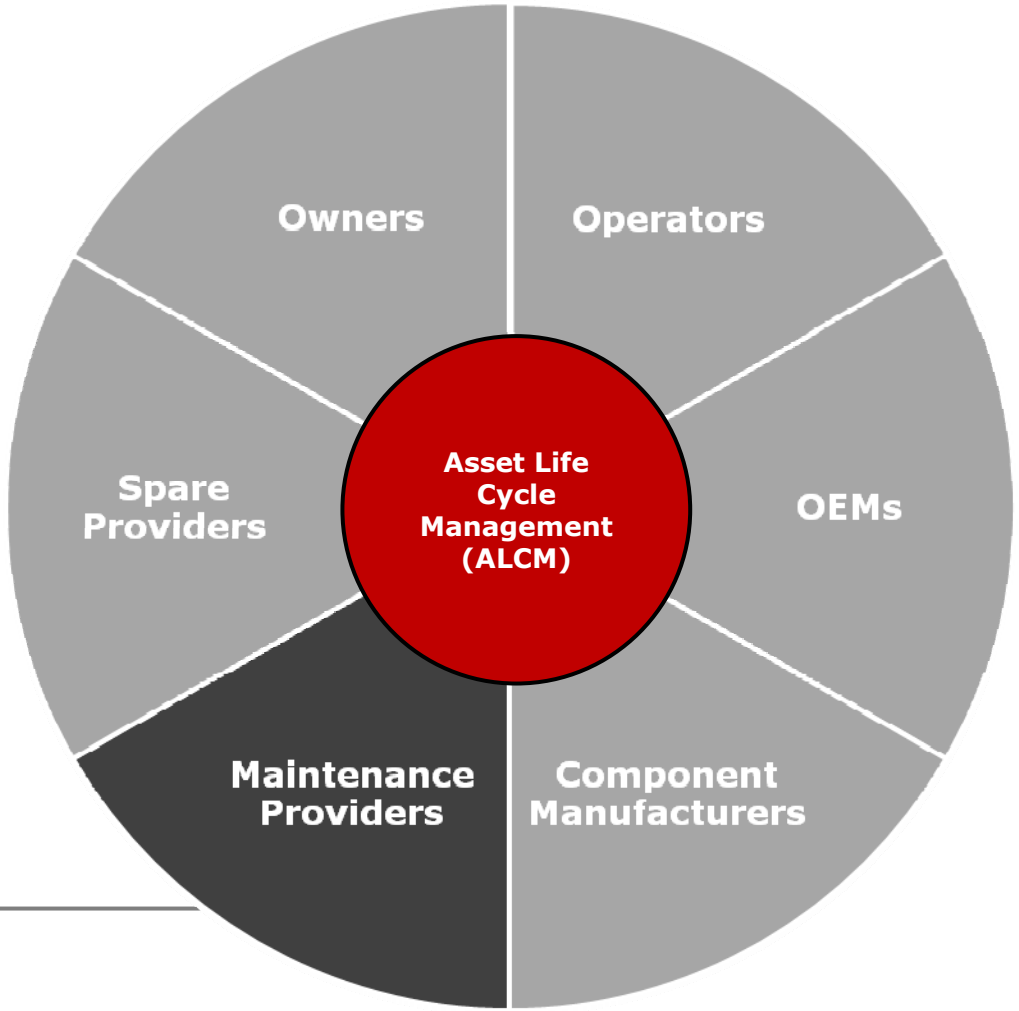
What are the primary benefits?

- Optimize inventories at depots
- Increased business potential
- Improved market penetration
- Greater bulk purchasing power



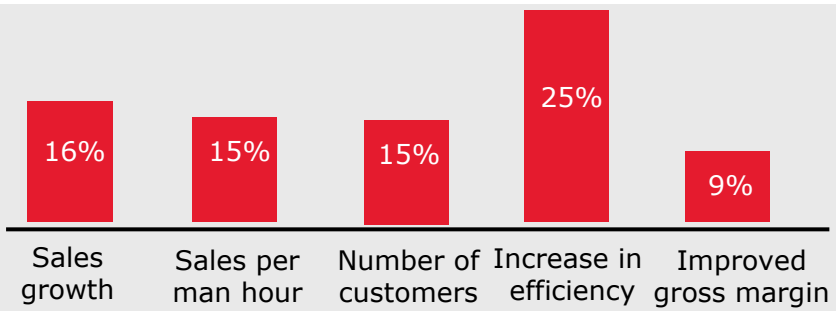
What are the primary benefits?

- Automated configuration management
- Increased business potential
- Steady workflow and execution



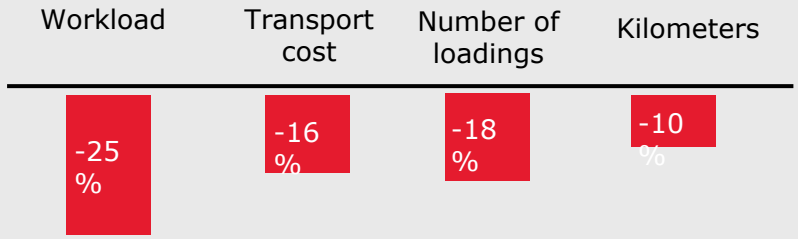
What do CxOs expect – results!

ALCM in Retail

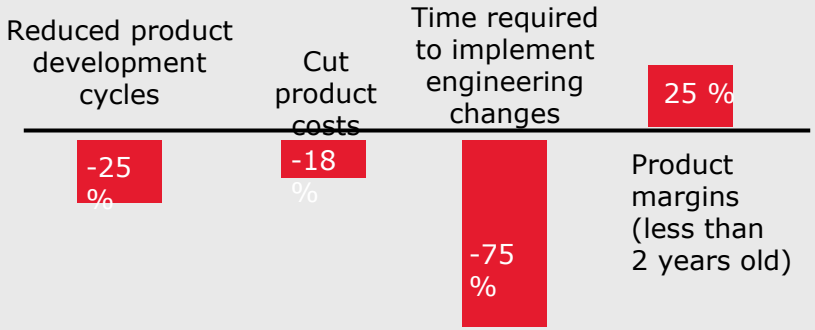


ALCM in Manufacturing

ALCM in Transportation / Logistics



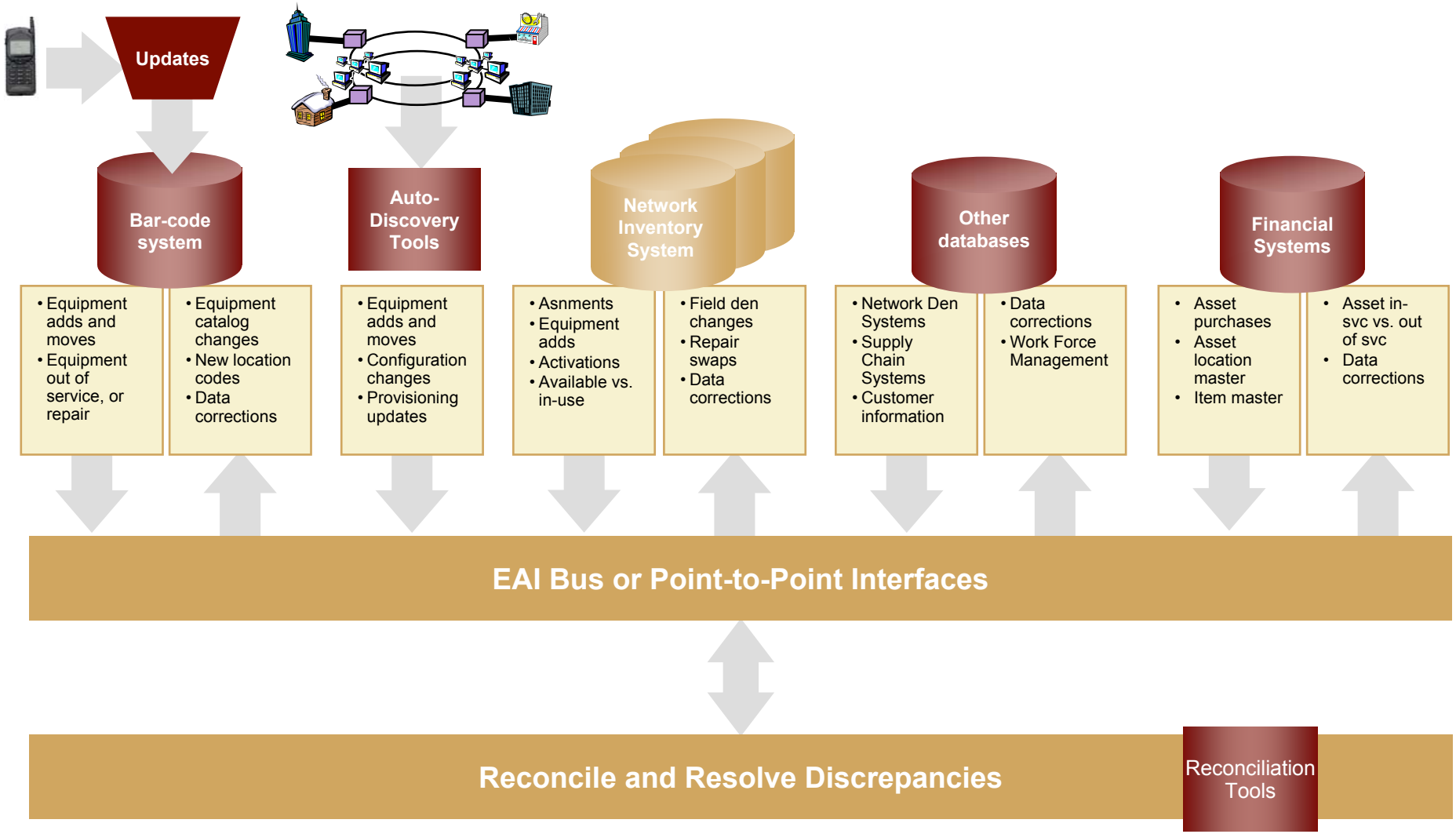
ALCM in New Product Development



ALCM is a cross functional issue impacting both Finance and Operations organizations

Challenge / Risk	Finance	Operations
Spares management – excess inventory due to fear of shortage or delivery delays	Yes	Yes
Audit exposure - tax and financial	Yes	
Time-consuming reporting processes	Yes	Yes
Lack of support documentation for taking advantageous tax positions or disputing assessments	Yes	
Manual processes to record assets placed in service causing data quality to be in doubt		Yes
No central tracking of warranty provisions or equipment repair history		Yes
Fragmented or non-cost effective purchasing	Yes	Yes
Difficult to reconcile Operations data		Yes
KPIs do not include capital-relate metrics	Yes	Yes

Sample of ALCM architecture supporting continuous data integrity



Key considerations when initiating ALCM

1. Asset Denation
   - What will be tracked?
   - What will be bar coded / RFID'd vs. tracked by quantity (serialized or not)?
   - Is positional information required?
2. System Configuration
   - Part Categories and Subcategories
   - Locations (Naming conventions: types, status codes and groupings)
   - Users (Security profiles, types and transactions)
   - Repair/Return Codes
   - Device Software (Scan routines and User profiles)
3. Reporting Plan/Den
   - Review standard reports
   - Identify additional reporting needs
   - Den reports
4. Change Management – "Keep it Simple"

One Golden Rule….

Focus on getting the small things right. It is much easier than trying to tackle the bigger issues.


BearingPoint®
Management
&Technology
Consultants