

Overview

- Introduction to Honeywell
- Environment
- Honeywell's Public-Private Partnerships
- Partnership Challenges
- Performance-Based Logistics Challenges
- Opportunities

Honeywell Technology Solutions Inc. Overview



Space, Networks & Communications

Logistics Services

Technical Services

PROFILE

- Wholly-owned subsidiary headquartered in the Washington-Baltimore Corridor
- Approximately 5,000 employees
- Over 100 locations: 22 countries, 33 states, the District of Columbia
- More than 100 active contracts

HERITAGE

- Bendix Radio (1950)
- Bendix Field Engineering Corporation (1961)
- AlliedSignal Technical Services Corporation (1993)
- Honeywell Technology Solutions Inc. (2000)
- Dimensions International Acquired (2007)

Primarily Government Technology-Oriented Solutions

Challenging Environment

Combat Operations

- Warfighting operation tempo 5 to 10 times greater than peacetime
- Deployed equipment “aging” faster than it can be replaced
- Continued combat and logistics mission in Iraq and Afghanistan

Budget

- Procurement programs appear at risk – deferred or cancelled
- Requirement to “sustain” legacy systems
- Defense budgets appear to be leveling off or declining

How do we do more with less?

Public Private Partnering

Leverage depot resources

Improve performance



ANNISTON ARMY DEPOT
WEAPONS □ COMBAT VEHICLES □ AMMUNITION

A photograph showing a large military vehicle component being hoisted by a crane at an outdoor depot.

Share best practices

Improve product reliability



Honeywell



TOBYHANNA
ARMY DEPOT
EXCELLENCE
IN ELECTRONICS



Strengthen Industrial Base Core Capabilities



Best Value for Government

Army Total InteGrated Engine Revitalization (TIGER)

Army Maintenance Support

- Partnership with Anniston AD – depot artisans provide touch labor
- Increased life of the M1 Abrams tank engine to 1,000 hours (2X over baseline)

Logistics Management

- Supply chain management and reclamation of repairable parts
- Condition-Based Maintenance
- Field Service Engineering and Support

Exceeding Award Fee Requirements

- 2006 SECARMY Award for Excellence in Contracting
- \$32 million in cost avoidance at field repair locations
- First pass yield increased from 60% to 93%



Proven Performance, Quantifiable Results

Other Key Public-Private Partnerships

- **Army T-55 Engine at CCAD (Corpus Christi, Texas)**
 - Life-cycle management on CH-47 Chinook engine and improved component reliability
 - 90% availability and decreased maintenance interval by 50%
- **Navy Total Logistics Support (TLS) at Fleet Readiness Center – East (Cherry Point, NC) and Fleet Readiness Center – Southeast (Jacksonville, FL)**
 - Deliver repairables for auxiliary power units and main fuel controls
 - 99% acceptance rate; and \$70M+ in savings over the contract period
- **Air Force Support Equipment Corporate Contract (Warner-Robins, Georgia)**
 - Integrated contract on F-15 Test Equipment to improve availability / obsolescence
 - 82% reduction in customer wait time (500 days to 90 days)
 - 93% reduction in acquisition lead time (417 days to 50 days)
- **Air Force Secondary Power Logistics Solutions at Ogden Air Logistics Center (Hill AFB, UT)**
 - Reliability improvements on C-130 and B-2 auxiliary power units; manage distribution center and supply chain
 - Started last year with 90% availability target

Proven Performance, Quantifiable Results

Partnering Challenges

Process Ambiguity Limits Partnerships

- Partnerships can take 2-4 years to establish – this needs to be cut in half
- Early collaboration between contracting, finance and maintenance enable partnership success
- No standard playbook and best practices/lessons learned for public-private partnerships
- Partnerships can leverage excess government capacity (labor, facilities, etc.) to provide best value – need to be able to quantify these savings in BCAs
- Lengthy approval process in inventory and component management slows durability and reliability improvements

Partnership Standardization is Critical

Performance-Based Contracting Challenges

- Lack of long-term agreements and Business Case Analyses (BCAs) that do not accurately reflect benefits are limiting factors in more widespread use of PBL contracts
- Allowing commercial, off-the-shelf items for component maintenance is an aspect of PBL contracting that can quickly incorporate reliability enhancements
 - Maintain form, fit and function of component
 - Army Product Improvement Program Pilot is tailor-made for Depot –Private PBL contracts
 - The requirement for subcontractors to comply with government cost accounting standards eliminates many preferred sources for parts

Focus on Outcome Metrics – Prove Success

Opportunities

Given continued combat operations and an uncertain procurement environment, Industry and Government can and should leverage our core capabilities using performance-based partnerships to:

- Improve reliability, durability and availability of legacy systems
- Leverage industry expertise and expand depot operations
- Drive performance by partnering for outcomes based on metrics
- Apply product improvement to insert technology during reset
- Rebuild our military for future missions

Leverage Industry and Government Capabilities