



# The Boeing Company

COMMITTED TO YOUR SUCCESS

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**Systems**

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# History

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*Company's heritage  
mirrors the history of  
flight*

- **Founded in 1916 in Puget Sound Washington**
- **Became the leading producer of commercial and military aircraft**
- **Undertook a series of strategic mergers and acquisitions to broaden its portfolio that included McDonnell Douglas, Rockwell Intl. Spaces and Defense and Hughes space and communications, among others**
- **Today positioned as a broad, balanced and global enterprise defining the future of aerospace**





# What We Do Today

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*As a company we  
protect and connect  
People*

- **Design and manufacture commercial jetliners**
  - **Boeing 7-series of airplanes leads the industry**
  - **Offer a broad range of services to passenger and freight carriers**
- **Produce weapons systems and networking technology**
  - **World's largest designer and manufacturer of military aircraft**
  - **Provide services and support to governments worldwide**
- **Provide satellites and launch vehicles**
  - **World's largest provider of commercial and military satellites; leading rocket manufacturer; and NASA's largest contractor**

# What We Do Today (cont'd)

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*As a company we  
protect and connect  
People*

- Provide financial solutions focused on customer requirements
- Develop advanced technology defining the future of aerospace





# Our Products

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*Comprehensive products, services, and integrated solutions tailored to customer needs*



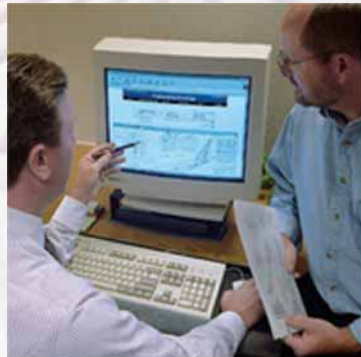


# Global Scope

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*Companies that change and adapt in a rapidly evolving global economy will survive, grow and prosper*

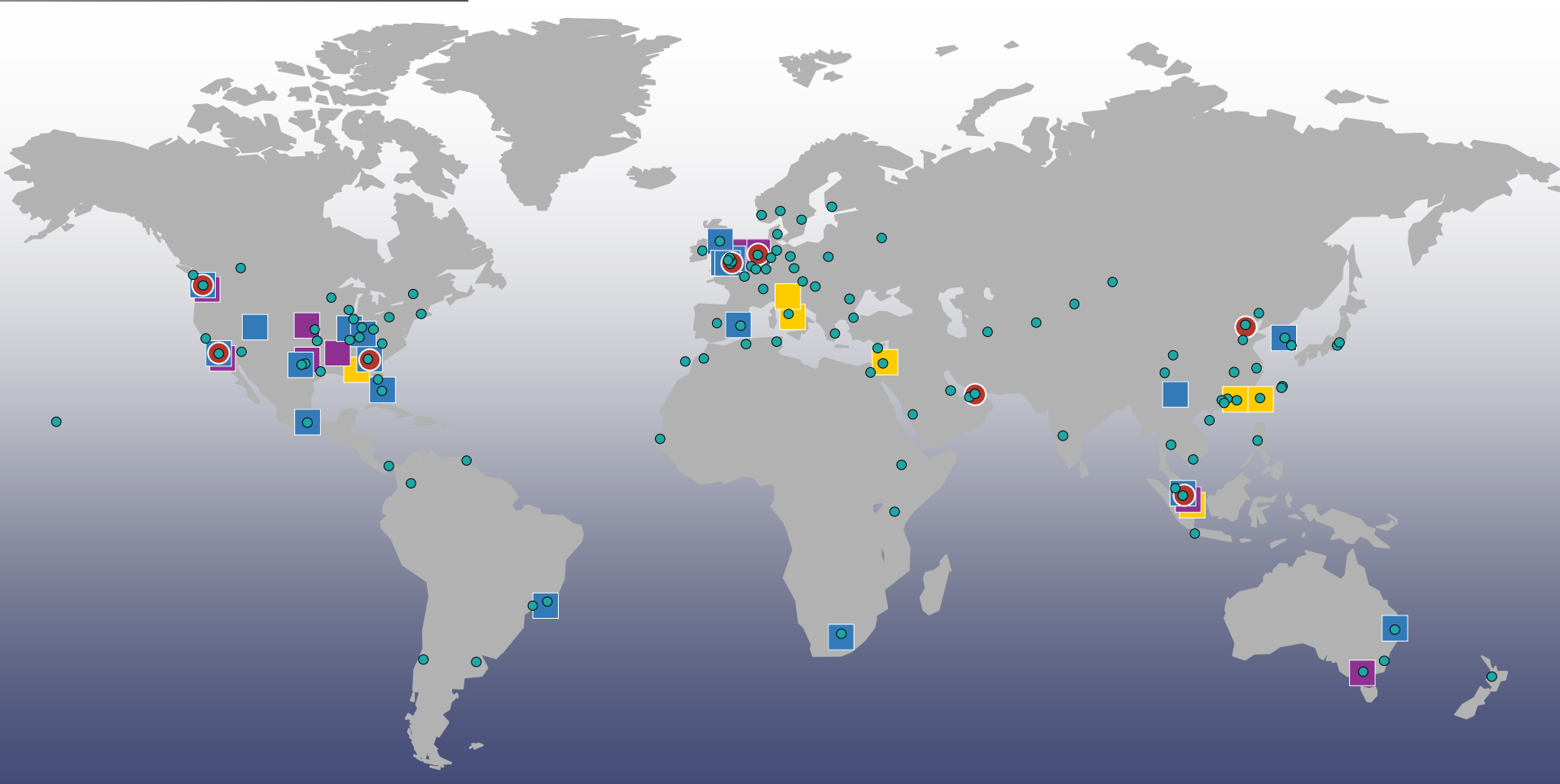
- **2005 Revenue was \$54.8 billion from customers in 145 countries**
  - **International Sales were more than 30 percent**
- **More than 153,000 employees in 48 states in the U.S. and 70 countries**
- **13, 000+ suppliers in more than 100 countries**
- **Research, design and technology development centers and programs in multiple countries**
- **Manufacturing, services and technology partnerships with companies around the world**
- **The largest U.S. exporters**





# Worldwide Positioning

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● *Field Service*

● *Spares Distribution Centers*

■ *Training Centers*

■ *Component Service Centers*

■ *Modification Suppliers*



# The Boeing Supply Chain (Pre-2000)

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*Viewed as a support function to a manufacturing company*



- Each Aircraft has between 100,000 to 400,000 Line Item's (SKU's)
- Most are unique to each aircraft type
- Multiple Aircraft Types (>50 Types)
- Long Life Cycles
- 33,000+ Suppliers



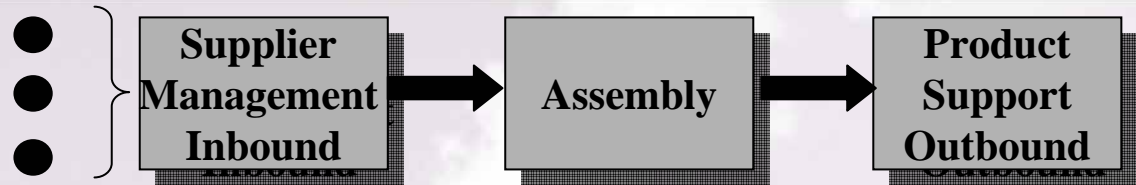




# The Boeing Supply Chain (2006)

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*An integrated supply chain focused on optimizing value*



- Manage strategic suppliers who manage more of the supply chain (move from manufacture to assembly)
- Reduced overall number of suppliers (13,000)
  - Leverage spending
  - Focus on partnerships – Best practices, data exchange, etc
  - Incentivize performance and delivery reliability





# Key Challenges

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*Creating industry's most advanced distribution network to ensure you get the products and services you need when and where you need them.*

- **Synchronizing thousands of designs and deliveries to build an airplane**
- **Maintaining supply chains that last 50+ years...**
- **While evolving business processes and technology**
- **While assuring safe, cost effective products**



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# The Future

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*Leveraging benefits across our entire operation.*



- Focus on leadership – Our company grows when our people grow
- Address the service issues of transportation operations and the passenger experience
  - Move more towards a service model
- Create end to end strategies
  - Use our supply chain as a competitive advantage





# Supply Chains as a Competitive Advantage

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*Boeing's worldwide support network is in place to support unique requirements.*

## Airline Operations Supply Chains

Fuel

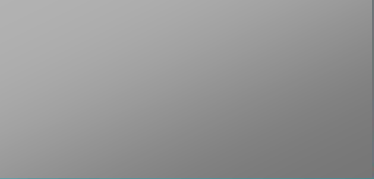
Parts and Maintenance

Catering

Baggage

Entertainment – Audio/Video/Duty Free Shopping





# Supply Chains as a Competitive Advantage

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*Boeing's worldwide support network is in place to support unique requirements.*

## On line, and on call

- **Parts and maintenance**
  - Link our aircraft directly into the supply chain
    - Intelligent vehicle health monitoring
    - Goldcare
- **Catering**
  - Onboard meal ordering prior to take-off
- **Baggage**
  - RFID tags with imbedded aircraft readers
  - Increased tracking ability (security and lost bags)
- **In flight entertainment**
  - Wireless pay per view
  - Internet and e mail



# Summary

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- **Supply chains are becoming the dominant competitive factor in manufacturing industries today**
- **Velocity and delivery reliability are keys to superior performance**
- **Supply chain strategies are becoming a larger part of companies overall strategies**





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# Questions?

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