



Business Models for Cost Sharing & Capability Sustainment

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Background

- Follow on NPS project
- Costing Operations & Support
- Complexity/cost variance at early stage

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Research Overview

- Cost sharing in O&S
- Understand business models that work
- Characteristics of a good model
- Lessons learned & Implementation



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Case studies

Programs

- | | |
|-----------------------------|---------------------|
| • F-35 Lightning II (US/UK) | • Super Hornet (US) |
| • AV-8B/Harrier (US/UK) | • Typhoon (UK) |

Technologies

- | | |
|----------------|-------------|
| • Carbon fiber | • Computing |
|----------------|-------------|

Operational aspects – combat aircraft

- | | |
|--------------|-------------|
| • Land based | • Sea based |
|--------------|-------------|

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Prior findings & assumptions

- ‘Interactions’ drive costs
- Wide scope for cost variance in O&S
- Business models are not strategy
- Contingencies & change

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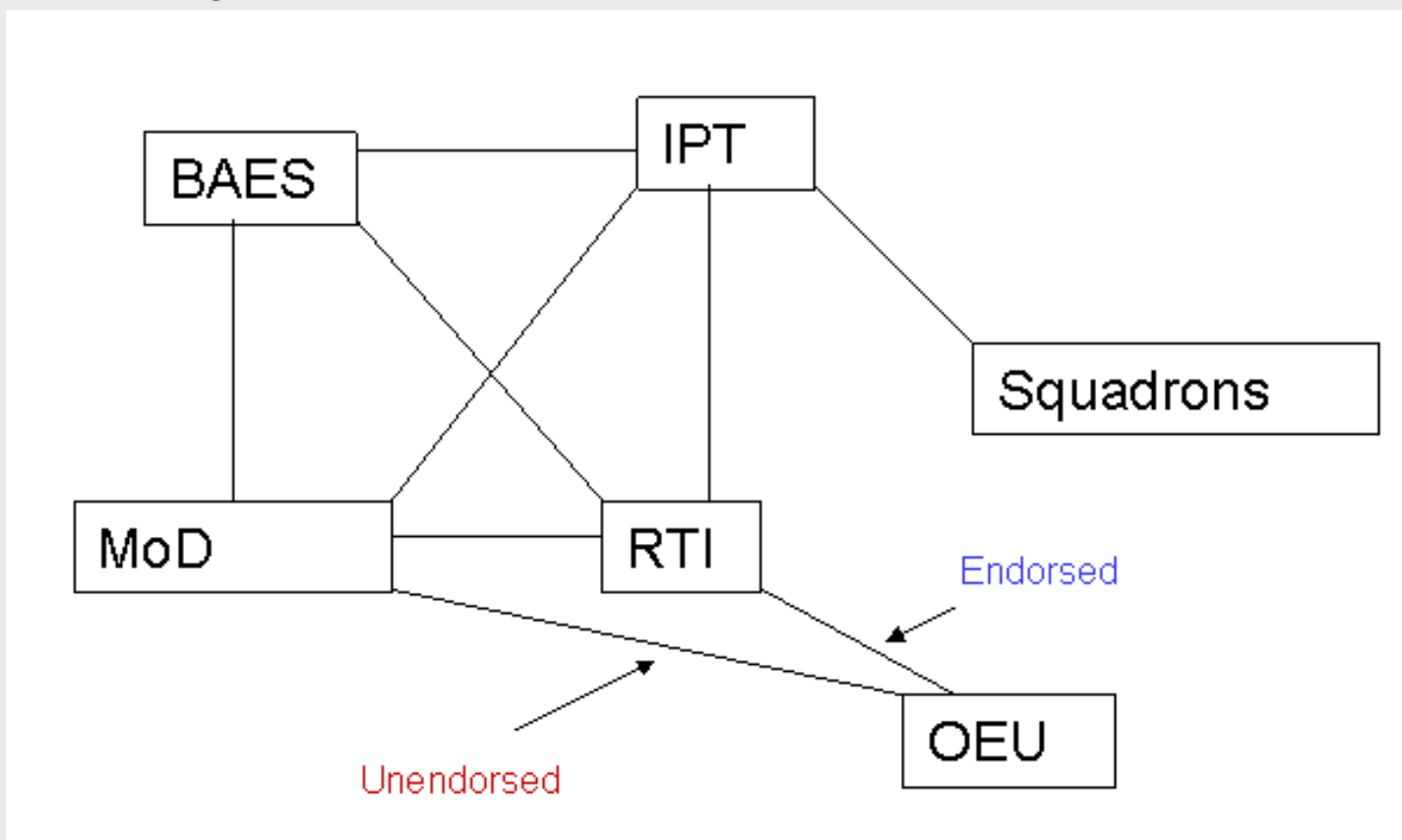
Harrier GR.9

- Driven by RTI
- More than UoR
- Exemplary behaviors
- Team work/experience



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BAE Systems Harrier Business Model





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Harrier GR.9 SWOT analysis

Strengths Small team UK/BAE controlled RTI	Weaknesses Small programme – little political support BAE see 'Harrier way' as cheap, so profits low
Opportunities JSF delay Combat use CVF integration trials	Threats <input type="checkbox"/> Strategic decision to cancel Harrier MoD lose tacit understanding

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Typhoon 'Case White'

- Consortium
- EIS support
- Staff re-deployed



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Typhoon 'Case White' SWOT analysis

Strengths Large programme High turnover/long timescale	Weaknesses Large Team Four nations – slow Complex systems
Opportunities JSF delay New weapons/roles	Threats <input type="checkbox"/> JSF capabilities Limited combat use

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Interim findings

- Business models deal with contingencies
- Success is in the implementation
- Constant learning
- Report June 2012



Thank You

Questions?