



DMSMS and Obsolescence in a TLCSM Environment

John Douglass
President and CEO
Aerospace Industries Association
2006 DMSMS Conference
July 11, 2006

Overview



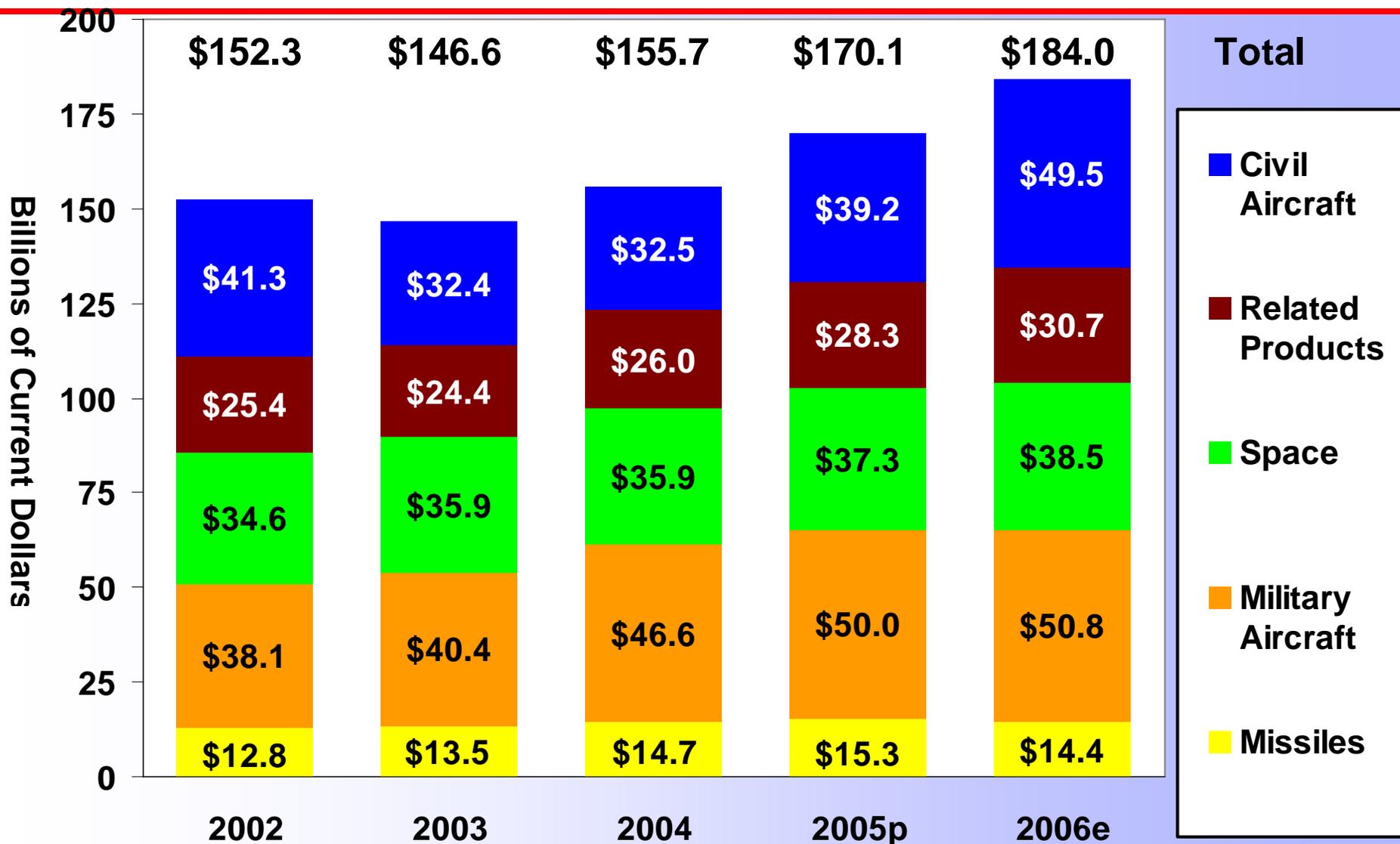
- **Good News**

- Defense, commercial, space sectors mission focused for future
- All key economic metrics up (sales, exports, orders, backlog, etc.)
- Long-term forecast positive
- Human capital being rebuilt

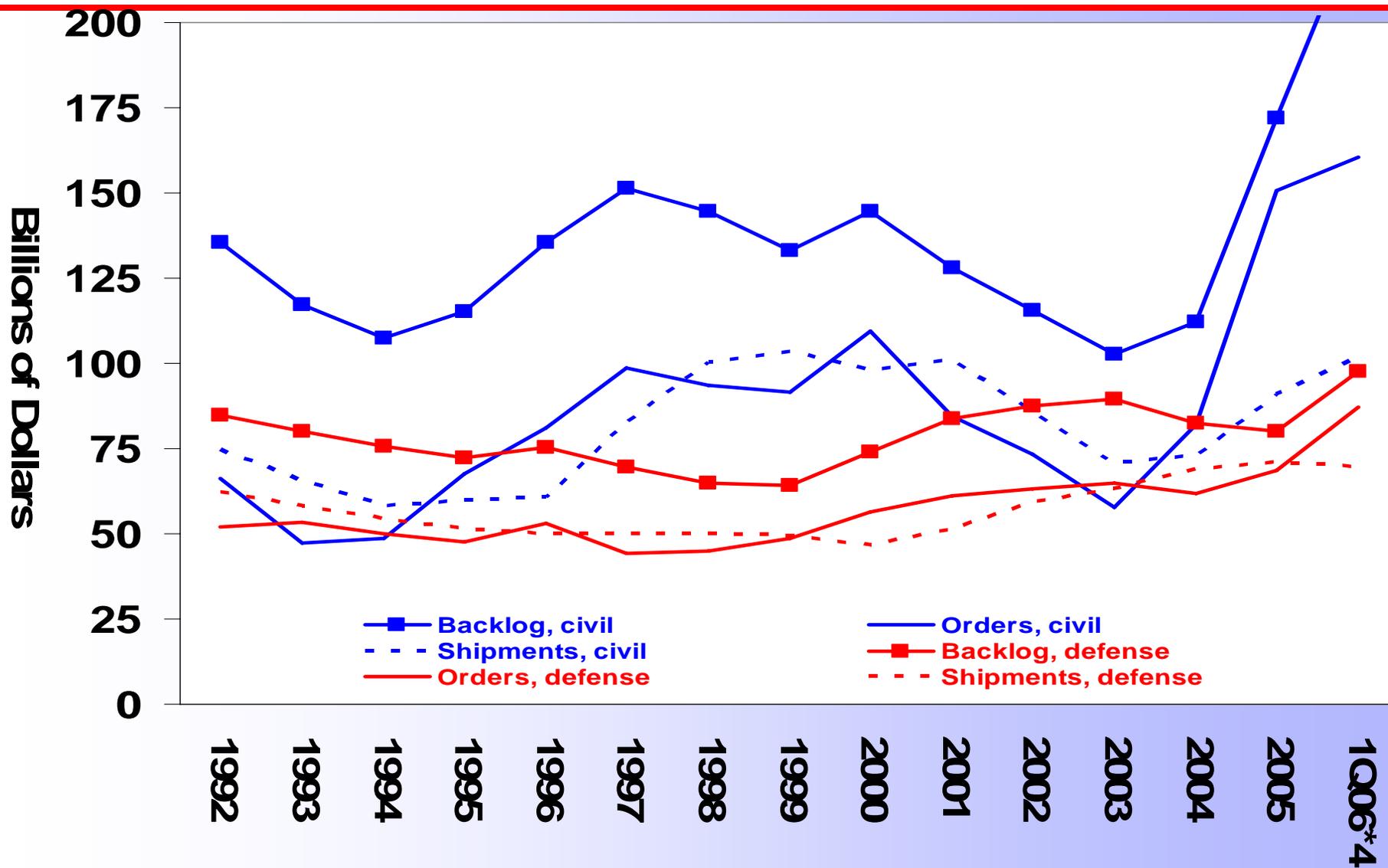
- **Bad News**

- Critical structural issues threaten growth
- Congressional oversight on contracting issues increasing
- Budget stresses
- Possible turbulence in government with elections

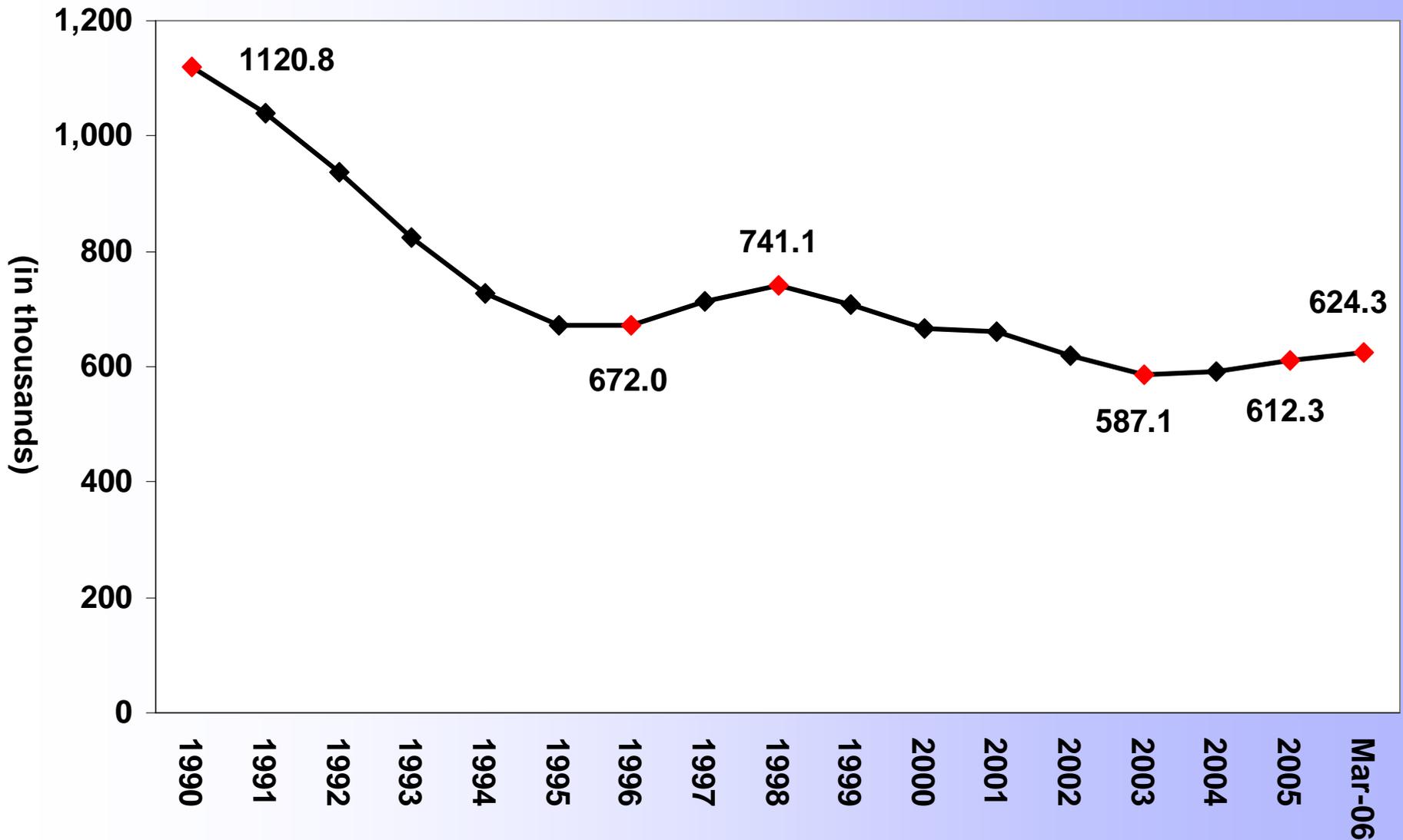
U.S. Aerospace Industry Sales



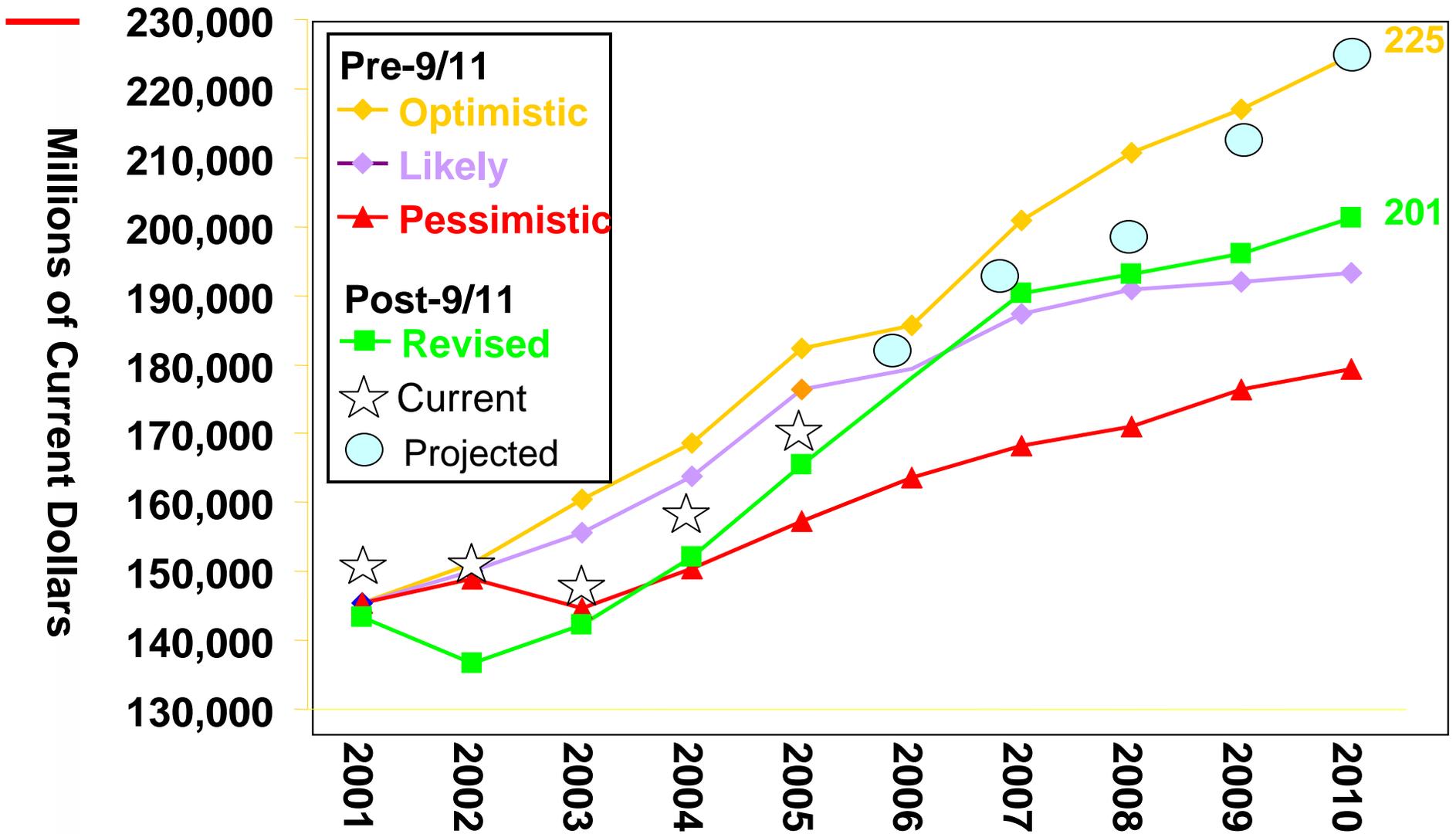
Orders, Shipments, and Backlog Defense vs. Civil



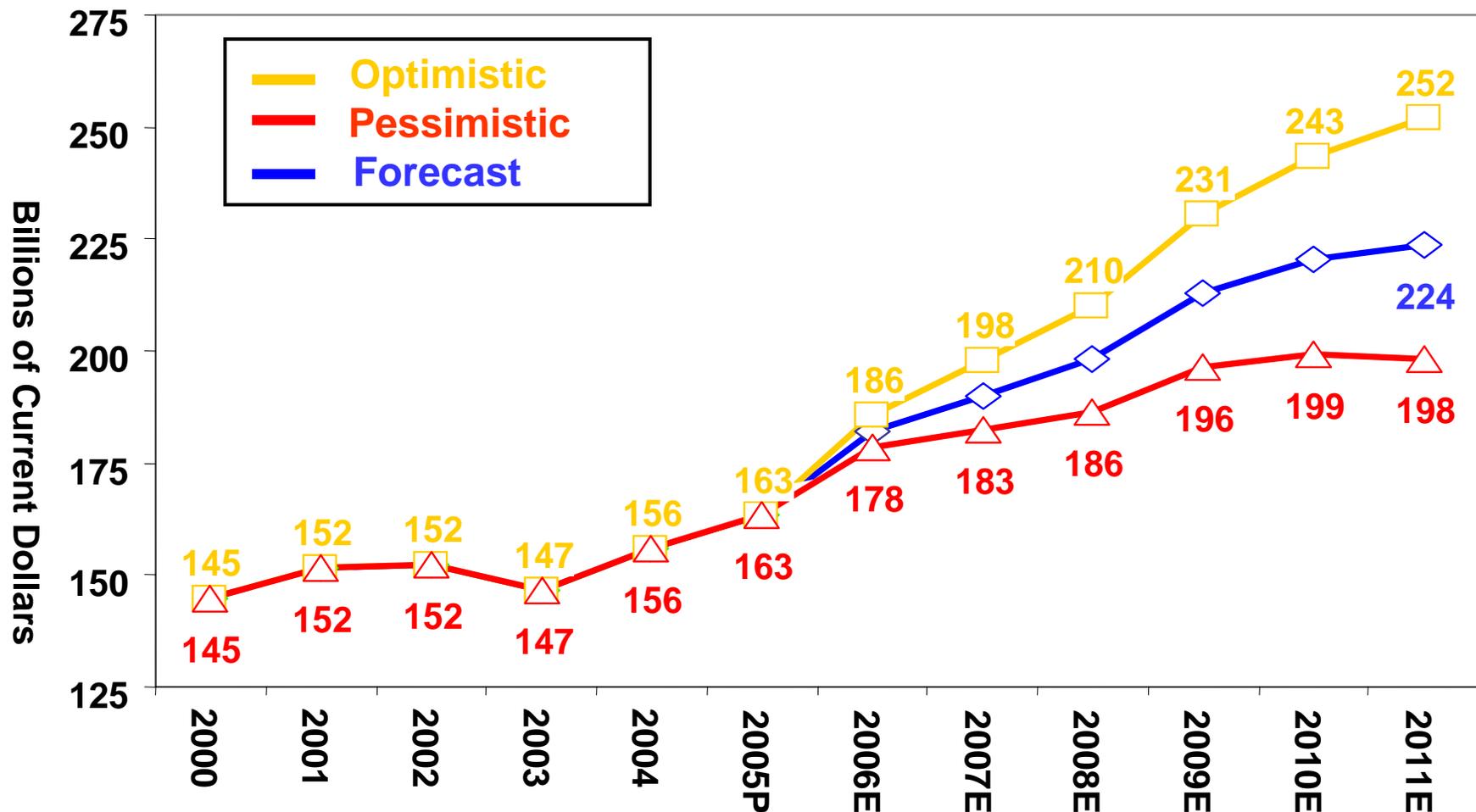
"Aerospace" Employment



U.S. Aerospace Industry 2001 Sales Forecast "Four" Scenarios



U.S. Aerospace Industry Sales Forecast 2006-2011



U.S. Aerospace Industry Overview



- **U.S. aerospace industry strong**
 - Aerospace industry sales were \$170 billion in 2005, up 9.2%
 - Military sales in particular were \$50 billion in 2005, up 7%
- **Industry helping driving U.S. economic growth**
 - Aerospace employment added a projected 30,900 jobs in 2005 to reach 623,900
 - Trade surplus in aerospace was \$40 billion in 2005
- **U.S. aerospace industry exports 40% of product**
 - Top markets in Japan, France, United Kingdom

Industry Trends Remain Positive

AIA Top Issues and DMSMS



- **Ensure the Viability of the U.S. Defense Industrial Base**
- **Oppose Unnecessary Buy American Acquisition Policies**
 - **Modify Berry Amendment**
- **Reform the Export Control System**
- **Promote Acquisition Excellence**

AIA's Work on DMSMS Issues



- **Maintain viable trusted industrial base**
- **Managing obsolescence**
 - Proactively forecast issues
 - Qualify commercial of the shelf (COTS) alternatives
 - Technology refresh
- **Logistics Management**
 - Promote performance base logistics
 - Educate members
- **Promote good systems engineering**
 - Sustainability
 - Supportability
 - Reliability
- **Partner with DoD to develop new business models and technical solutions for obsolescence**

Summary



- **Good News**

- Defense, commercial, space sectors mission focused for future
- All key economic metrics up (sales, exports, orders, backlog, etc.)
- Long-term forecast positive
- Human capital being rebuilt

- **Bad News**

- Critical structural issues threaten growth
- Congressional oversight on contracting issues increasing
- Budget stresses
- Possible turbulence in government with elections



News You Can Use

A horizontal banner for 'AIA dailyLead' news. On the left is a small 'SL' logo. The text 'E-mail news for the aerospace industry' is centered at the top. Below this, the text 'AIA dailyLead' is displayed in a large, white, sans-serif font against a dark blue background. On the right side of the banner is the AIA logo.

SL E-mail news for the aerospace industry

AIA dailyLead

AIA
AEROSPACE INDUSTRIES
ASSOCIATION

www.aia-aerospace.org