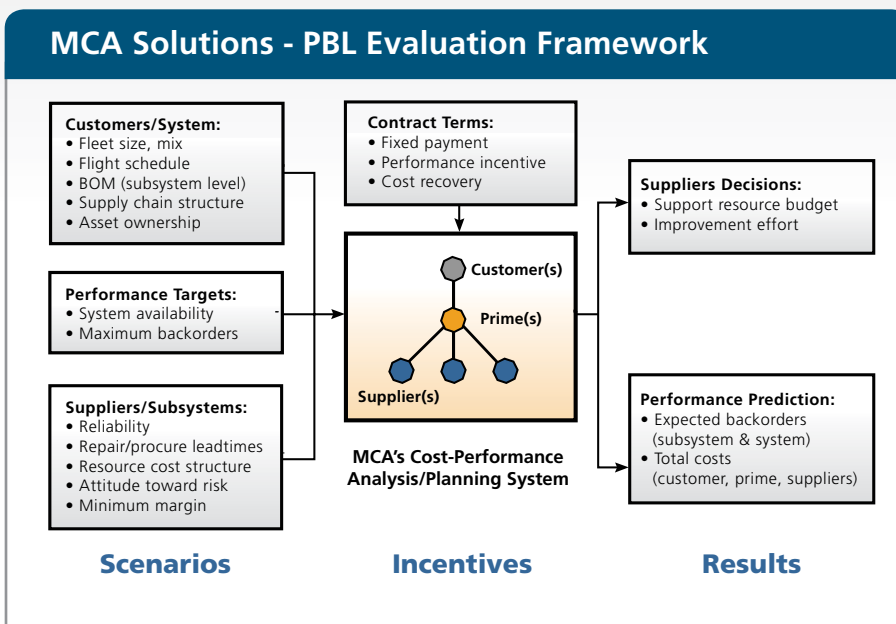




>> Maximizing the Value of Performance Based Logistics (PBL) Contracts

PBL promises to maximize performance and profitability while minimizing the total cost of ownership. Realizing this potential requires consideration of how supply chain decisions made by all stakeholders impact the overall risks and rewards that each player experiences under the contracting and management parameters of a PBL program.



MCA Solutions has integrated their advanced supply chain optimization and innovative risk based planning methodology with an economic incentive model framework. This framework will enable all stakeholders to realize the potential benefits of a PBL program by helping to evaluate alternative contract specifications, supply chain network structures, asset ownership policies and management control scenarios from the perspectives of the end customer, prime contractor, first and second tier suppliers, etc.

MCA's advanced enterprise-wide, Commercial-Off-The-Shelf (COTS) decision support software helps make the following decisions:

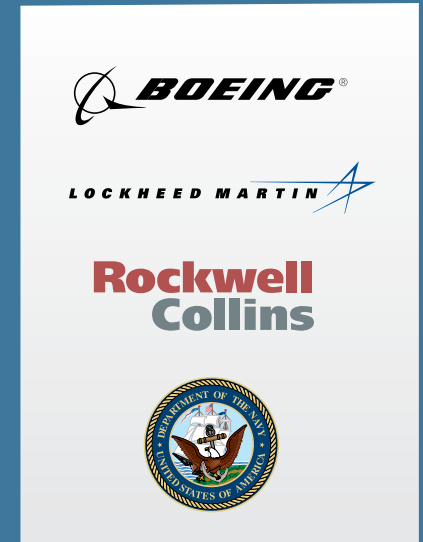
- What is an appropriate risk premium and negotiating position for a PBL program?
- What is the best way to set up customer-supplier relationships in a PBL environment, i.e. who owns the assets, who manages the assets, how is performance measured and rewarded?
- How can the management and execution of PBL programs be aligned to meet the contract requirements in the most efficient and effective manner?
- What are the budget projections for initial provisioning and on-going support and sustainment over the lifecycle of a PBL program?
- How can inventory investments and supply chain costs be minimized while meeting PBL requirements and respecting budget constraints?
- How do changes in supply chain and product reliability variables affect profitability and the PBL performance?
- Which tactical planning orders (i.e. new buy, repair, transshipment and allocation) have the greatest impact on the PBL program performance?

MCA's integrated PBL lifecycle decision support software ensures transparency of modeling assumptions and scenario definitions which leads to more effective decision making and integrates all PBL decision support processes including:

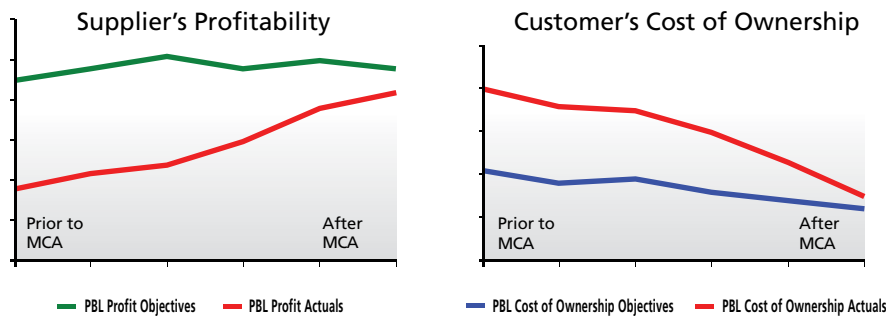
- **The creation of the PBL proposal and Business Case Analysis (BCA)** by providing data driven analysis of customer/supplier asset ownership decisions, performance metric definitions, measurement polices, and contractual terms.
- **Initial provisioning** to determine the deployment of parts inventory and maintenance repair capacity.
- **Strategic forecasting, optimization and planning** to determine the optimal resource levels that achieve contractual service targets at the lowest overall cost, maximizing profit on an ongoing basis.
- **Risk based tactical planning** to align resource redeployment and material management actions to support real-time supply chain changes consistent with PBL contract terms and objectives.
- **Scenario analysis and budget reporting** to analyze the impact of changes to variables (i.e. lead times, reliability, contract terms, etc.) across the PBL business processes.

PBL contracts can become more efficient and profitable by using MCA's robust enterprise wide planning software to enhance decision making capabilities.

Leading defense organizations like Boeing, Lockheed Martin, Rockwell Collins and the U.S. Navy have chosen MCA Solutions to improve responsiveness to their customers.



The integration of PBL decision support processes into a single application aligns supply chain execution with PBL objectives and contractual obligations as shown below:



By integrating PBL processes all stakeholder decisions are aligned because they utilize the same data and underlying assumptions throughout the PBL lifecycle. Hence, MCA's customers enjoy greater profitability at a reduced cost to their customers.



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