

# Driving the Helicopter Dollar Further

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# Environment

- ADF Helicopters (almost) constantly on operations since 1990
- Entire ADF helicopter fleet is being or will be replaced during the period 2010 – 2020
- Current fleet aging and obsolescence is biting hard in many areas
- SRP

# Helicopter Systems Platforms

|   |   |  |
|---|---|--|
| <b>Black Hawk</b>   | <b>Chinook</b>  | <b>Kiowa</b>   |
|  |  |  |

|   |  |
|---|--|
| <b>Multi Role Helicopter</b>  | <b>Armed Reconnaissance Helicopter</b>   |
|  |  |

|   |   |   |
|---|---|---|
| <b>Sea Hawk</b>   | <b>Sea King</b>   | <b>Squirrel</b>   |
|  |  |  |

# Cost Drivers

- Obsolescence
- Flying rates (DACC and other un-programmed activities)
- Relative prioritisation of ADF, US and European operations
- Management fee increases
- Support construct
- Risk

Not all within DMO or ADF control

# My Approach

- Re-structure HSD to better react to Government, customers, stake holders and contractors (happening in Army Aviations Systems now)
- Developing better information base (costs, mean-time-to-failures, sourcing parts and skills)
- Developing better informed and skilled staff
- Improved relations with contractors
- Working with wider DMO initiatives (LEAN, contract renewal, better supply chain)
- Identifying and reducing unwarranted bureaucracy
- Improved contract management (embed SRP principles in new contracts and weave into current contracts)
- Understand the risks for all parties

# We are working on

- Inventory Management
- Deeper Maintenance LEAN processes
- Contract revision
- Contract management
- Disposal planning
- Internal reform

# Risk – A thought

- We all conduct risk management
- I do understand that dealing with the DMO does add to contractor costs and risk and that contractors generally add a risk premium to contracts.
- This risk premium varies due to the situation, but can be 10 – 20% and possibly higher.
- If we were to actively manage and review risk and eliminate risk premiums when risks have been eliminated (and the reverse should this be necessary) might this be a way to lower our overall costs?
- If I could get back even 5% of the risk premium applied to my contracts, a substantial amount of the SRP savings I am required to generate could be found.

# Discussion / Questions