

AD Tornado Support Services, RAF Wyton



Introduction

- RAF currently utilise two versions of the Tornado, the current versions are the
 - GR4 (Strike Attack/Reconnaissance) ~~is the latest version~~ with out of service date (OSD) of 2025.
 - F3 (Air Defence) which has an OSD of 2009 and is to be replaced by Typhoon.
- The Tornado GR4 is RAF's primary supersonic attack aircraft which flies at low-level. It's distinctive 'swing wings' move in flight according to flying/landing speed and it carries various ordinance including Laser/GPS guided bombs.
- The main activities of the Tornado GR4 are:
 - Air Interdiction, AI: Low- or medium-level attacks using precision-guided, freefall or retarded bombs.
 - Suppression of Enemy Air Defences, SEAD: Attacks on enemy air defence systems such as surface-to-air missile positions with ALARM missiles.
 - Reconnaissance (using an externally mounted pod).
- Tornado is an international collaborative programme with Germany and Italy. Where there is a common support requirement e.g. spares supply, these are aggregated to achieve any available economies of scale and costs are shared.
- The NATO Eurofighter and Tornado Management Agency (NETMA) manage the Tri-National aspects of Tornado. Contracting with Panavia for Airframe elements and with Turbo Union for Engines. Each participating Nation contracts nationally for maintenance and “non-common” elements of support.
- Tornado IPT will reduce the complexity of Tornado support by placing contracts with BAES incrementally ~~and~~ where it offers best value-for-money, leading to the eventual placement of a single support contract to provide improved platform availability. This

new concept is known as ATTAC (Availability Transformation: Tornado Aircraft Contract).

- Tornado IPT has placed a 5-year availability contract with Rolls-Royce Defence Aeospace (RRDA) for Tornado RB199 Aero-engines, following a successful pilot contract, which yielded substantial savings.

COMMERCIAL

Incentives / Pricing Mechanism

- The IPT is jointly involved with Industry to understand the supply chain to ensure appropriate incentivisation is passed down that chain. It has been found that much of industry is as interested in sustaining its business via long-term arrangements as it is in maximising its margins.
- Pricing Mechanism is as follows:
 - Baseline prices are Firm for 5 years (for ATTAC there is also a 2nd 5 year period which is Fixed Price), with mechanisms to jointly manage risk/management costs and share benefits.
- Pricing Durations:
 - ATTAC - 10 years
 - ROCET - 5 years
- Positive incentivisation:
 - Incentivisation, by linking profit and performance, will be used to achieve low maintenance down times, minimum spares usage and high reliability.
 - For unknown improvements and cost savings, a gainshare agreement with shares to be determined on a case by case basis.
- Remedies:
 - Liquidated Damages

- Payment retention for non-availability

Procurement Strategy

- It has been determined that an incremental process leading to Prime Contracts with the Design Authorities (BAE SYSTEMS and RRDA) for aircraft and engine availability, allocating integration risk where it is best managed, offers the best prospect of maintaining output at significantly lower cost via open book, joint performance management arrangements.
- As far as possible, risk and its associated price contingency allowance will be cascaded to suppliers, not held or duplicated by the prime. The primes will ensure efficient aggregation of requirements to achieve maximum leverage and best value.
- The incremental approach has involved the letting of contracts compatible with an overall availability contract, to reduce risk and test processes. Each incremental contract has been subject to individual business cases to determine value for money on a “stand alone” basis.
- It is worth noting that Contracting for Availability has only been pursued for Tornado after careful consideration of the alternative options by MOD. It is not an unquestioned, universal “one size fits all” solution and the merits of this approach are considered on a case by case basis.
- by the MOD Senior Economic Advisor.
- as part of the assurance process, OGC gateway reviews are being conducted at appropriate points in the programme (OGC Gateway Review level 4 was conducted in Dec 05.)
- Tornado IPT is heading towards placing “contracting for availability” contracts with BAES (for overall aircraft availability) and Rolls-Royce (for engines). Timescales are:-

- BAES (ATTAC) – Business Case submission due Q4 2006
- ⊖ RR (ROCET) – Contract placed Dec 05.

Performance Management

- The Tornado IPT and BAE SYSTEMS are developing Key Performance Indicators (KPIs) targeted at measuring output in terms of available platforms, spares to front line and technical support. KPIs will be “fed” by a number of relevant Performance Indicators to enable the Joint Performance Management Team (MOD/Industry) to monitor trends, target any remedial action and identify scope for shared benefits.

CULTURE

Relationships

- In 2004, a joint IPT was set up at Wyton, combining MOD, BAES and RRDA personnel. They jointly manage programmes from inception i.e. before contracts are let. Working together in such close proximity helps both parties to understand the other’s issues speed up resolution of problems. The relationship is hard edged and professional but both parties consider that establishment of a Joint IPT has enabled them to understand each others’ risks, processes and constraints, thereby reducing risk for the overall programme. The establishment of the joint IPT is seen to be a risk reduction for both parties.