

## *Performance Based Logistics (PBL) to be Implemented in Major Defence Programmes, Reports Frost & Sullivan*

London, 6 Aug 2009

**PRESS RELEASE**

Readiness and platform availability play fundamental roles in current military operations, particularly in Afghanistan and Iraq. Providing the warfighter with the right equipment at the right time has become essential in modern warfare. One increasingly popular solution is Performance Based Logistics (known as Contracting for Availability in UK parlance), a long-term sustainment strategy to optimise the readiness and performance objectives of weapon systems while boosting performance and increasing military capability.

In line with this trend, Frost & Sullivan, the Growth Partnership Company, has formulated a comprehensive strategic analysis on PBL and its role in today's Aerospace & Defence market. In a new white paper entitled "Performance Based Logistics — A Global Trend in the Aerospace & Defence Sector," Frost & Sullivan recognises PBL as a best practice sustainment strategy and vital emerging trend in the global Aerospace & Defence market which can benefit contractors, MoDs and end-users world-wide. Moreover, it expects PBL to be steadily implemented in major defence programmes across the globe.

Joining Frost & Sullivan in the strategic assessment of PBL is SAP, a world leader in software development and innovative PBL solution provider offering comprehensive contract management and product support as well as a network of high-profile partners. In a jointly-developed Webcast, SAP's Defence and Aerospace Director, Tobias Schneider-Pungs, notes that PBL solutions are the cornerstone of both an integrated IT system and a future-orientated PBL business model.

Current experiences in Afghanistan and Iraq effectively demonstrate the practical efficiency and value of PBL. The CH-47 Chinook helicopter, heavily used by US troops in Afghanistan, attests to the importance of performance-based solutions in maintaining operational capability. High-reliability and availability rates have been achieved on the battlefield and cost reduction has satisfied policy-makers, especially when Urgent Operational Requirements are placing stress on public spending.

Bruno Mucciolo, Aerospace & Defence Consultant with Frost & Sullivan, says that "the basic value of PBL lies in the creation of industry dynamics that incentivise the private sector to reduce costs and increase systems availability. At the same time, by improving the performance of military equipment, PBL significantly increases front-line support capability. Moreover, reduced costs enable end-users to re-invest savings into defence acquisition projects."

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However, the implementation of PBL involves structural changes within MoDs that would encourage flexible and collaborative efforts between the public and private sectors, facilitate transparency in the PPP arena and, most importantly, foster mutual understanding between all parties involved. Once these are put into perspective, contractors, MoDs and end-users can all reap considerable benefits from PBL.

Jon Newsome, PBL/Sustainment Solution Principal at SAP says that "to successfully execute PBL contracts, contractors and MoDs must re-evaluate both current processes and enabling technologies. The shift toward level-of-service contracting puts additional requirements on technology to provide integrated views of the extended supply chain, enable rapid decision making and drive behavior that meets immediate operational demands and supports strategic lifecycle sustainment. Customer focus is paramount, and exceeding MoD operational availability and mission reliability targets is the ultimate objective."

For further details on SAP PBL solutions and to access the Webcast, please visit SAP's dedicated website on PBL.

### About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best in class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation, and implementation of powerful growth strategies. Frost & Sullivan leverages over 45 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 35 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.

### About SAP

SAP is the world's leading provider of business software, offering applications and services that enable companies of all sizes and in more than 25 industries to become best-run businesses. With more than 86,000 customers in over 120 countries, the company is listed on several exchanges, including the Frankfurt stock exchange and NYSE, under the symbol "SAP." For more information, visit [www.sap.com](http://www.sap.com).

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