

Thales Avionics *Customer Testimonial*



"We are very happy with the measurable impact we have been able to achieve thus far as a result of our relationship with eKNOWtion."

Getting to know Thales Avionics

Thales plays a bigger role in your everyday life than you may ever have imagined. Established in France more than a century ago, Thales is a global electronics company serving Aerospace, Defence, and Information Technology markets worldwide. With operations in more than 30 countries and 65,000 employees, Thales generates more than 10 billion euros in revenues and continues to grow.

Part of the highly successful Thales Group, Thales Avionics United Kingdom (TAUK) has an outstanding pedigree in aviation electronics. TAUK's success in the Voice and Data Communications and Defence Electronics markets reflects TAUK's acknowledged position as a supplier of world-beating airborne satellite communications products and navigation systems as well as being a leading avionics system integrator and prime contractor. These markets, along with the Company's ongoing commitment to customer satisfaction, are key to the Thales strategy for continued success. By ensuring that only the highest quality products and services are provided with full quality and regulatory approvals, Thales Avionics will remain at the forefront of avionics technology - to the ultimate benefit of its customers.

The challenges were recognised

Even before contacting eKNOWtion partner, Accede Solutions - Procurement Manager, John Mansi recognised most of the issues challenging the Supply Chain of the TAUK operation. John's initial request was simple: Help validate the issues, the extent of them and propose solutions that resolve them. During the course of the following weeks, the eKNOWtion team performed a Quick Diagnostic on-site at Thales. During this initial diagnostic phase the overall Supply Chain Maturity of TAUK was analysed against Best-in-Class practices. The result was clear.



In order to achieve the goals set forth by the group, further attention needed to be given to both processes and enabling tools used to manage the supply chain inside the walls of Thales as well as extended across the enterprise to the Thales customers and suppliers. Target actions were recommended, including:

- Enhance Performance Management techniques providing for clearer, more decisive decision making
- Reduce costs /efficiencies through automation allowing growth without increased overhead
- Reduce inventories in all areas (Raw Materials, WIP and Finished Goods)

- Significantly reduce vendor lead-times and outstanding order commitment
- Improve supply chain flexibility and responsiveness
- Improve Supplier On-Time-Delivery to request
- Build a model which can easily support the primary manufacturing business of make-to-order Thales products as well as contract manufacturing initiatives
- Take cost out of collaboration efforts with customers and suppliers
- Automate overall Request-for-Quote (with customers and suppliers)

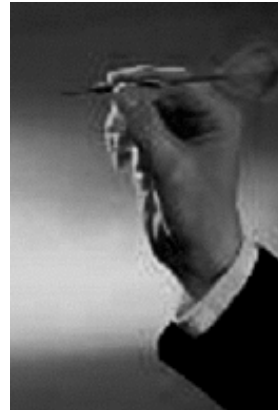
Important considerations for the right solution

As a procurement professional, John had to be sure that he was selecting the “right” solution provider for the job. Important considerations for John were:

- Sufficient, realistically achievable ROI demonstrated through a sound business case and supplier commitment through a pay-for-performance element
- A non-intrusive application that leverages prior investment in core systems
- Feature rich functionalities that are scaleable in line with the Thales business need
- Willingness and capability to work across all of the internal Thales disciplines involved with Supply Chain improvement to drive needed business process changes prior to the implementation of the new technology
- Phased, safe implementation approach
- Comfort with the management team
- Demonstrated capability of the solution

The Business Case

Through the implementation of the Accede application and the execution of the proposed business process engineering activities by eKNOWtion, significant and measurable cost benefits to Thales Avionics were identified. Together with the Thales team, we estimated a cumulative cost saving of a minimum 8.5 times return on project cost after the first full year of operation.



The Solution

Phase 1 of the Thales implementation focused on the “quick wins” and included Accede modules and methodologies to support:

- Forecast Collaboration (with Service Level Agreements and associated metrics)
- Order Collaboration (with Service Level Agreements and associated metrics)
- Supplier Quarterly Business Reviews (QBR's) and supporting Balanced Scorecard
- Design and implementation of formal Demand/Supply Balancing process
- Contract Management and Business rules functionality to support SLA adherence

- Part Cross Referencing and Part Master
- Associated process mapping, training and change management for the above

Phase 2 was designed primarily to support:

- Automated RFQ management functionality
- Order and Forecast Responses
- Partner Web application to support non-EDI based trading partners
- Associated process mapping, training and change management for the above
- Formalised Benchmarking against Defense/Aerospace industry population

The Results Achieved thus far

Return-on Investment

Six months into the project, Thales Avionics is pleased to report achieving over a **5X Return-on-Investment** ahead of expectation and primarily driven by Gross Inventory reductions as a direct result of improvements put into place by eKNOWtion and Accede Solutions.



Supplier Performance

In addition, through the introduction of supplier collaboration and quarterly business reviews, held in conjunction with top-tier suppliers, average **supplier lead-times have been reduced by more than 50%**. Each of these suppliers now receive a **balanced scorecard** of their performance helping them to identify issues and increase their service levels subsequently increasing the end-customer On-Time Delivery.

Employee Productivity

Driven by increased demand in both TAUk primary products as well as new contract manufacturing requirements, the TAUk Procurement Department has had to become much more efficient - able to achieve **4x the amount of order processing with no increase in staffing**.

Increased Revenue

Increased functionality provided by Accede Solutions will contribute greatly to the winning of new customer contract manufacturing orders such that the **2003 sub-contract revenue goals will be surpassed significantly by the end of the year**.

What Thales says about the partnership

"We are very happy with the measurable impact we have been able to achieve thus far as a result of our relationship with eKNOWtion and Accede Solutions. The results speak for themselves. We saw clearly the value in the technology, appreciated the honest, no-nonsense approach of the whole team and their dedication during the implementation phase. They have helped us in many ways beyond their initial scope. We are pleased to be a partner and are already looking at ways to expand our relationship for the future."

John Mansi
Procurement Manager, Thales Avionics

What Accede Solutions says about the partnership

eKNOWtion has a different approach than a typical consultancy. They work "with" clients and drive actions which deliver sustainable results not a stack of reports. As a business partner, we have witnessed the magnitude of business transformation they have been able to achieve and seen the smiles on the clients who have realised the ROI.

Keith Williams
CEO, Accede Solutions

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