

# Insitu Supplier Strategy

As the global business environment changes, successful businesses must adapt in order to stay competitive. This is particularly true in the aerospace business, where an increasing number of emerging unmanned air vehicle producers is engaging in aggressive competition. A large part of Insitu's competitive success is because of its suppliers. These suppliers provide critical supplies or services to Insitu. Their level of performance has significant impact on Insitu's success.

The Insitu Supplier Management and Procurement organization is responsible for managing the material flow to support Insitu product manufacturing, field support and services. The goal of the Supplier Strategy is to define a vision, approach and implementation direction that will result in superior performance as defined by:

- On-time delivery
- Cost
- Quality, both in technical excellence and conformance to specification

Insitu understands that suppliers require support in order to deliver to their full potential. Therefore, Insitu strives to build a successful teaming relationship with suppliers for a beneficial outcome to both.

**Vision** – Our vision is a clear departure from the traditional hierarchical relationship between prime contractor and subcontractors to a more collaborative relationship. This stems, from the understanding among Insitu and its subcontractors, that the contractor-subcontractor relationships must be fully integrated into one product-driven enterprise that will result in on-time delivery of cost-competitive, quality materials that support Insitu's manufacturing and service delivery processes.

**Approach** – The approach is based upon the Insitu goal to have a collaborative working relationship that is characterized by open, honest, and real time communication. This approach reflects the Insitu desire to increase value by procuring major sub-assemblies and systems externally while directing Insitu resources internally to the task of system integration. Key drivers of this approach are:

- a) Continuous Process Improvement
- b) Long-term Commitments and Forecasts
- c) Supplier Quality
- d) Material/Product Cost
- e) On Time Delivery
- f) Technical Risk and Product Excellence
- g) Ongoing Technical and Business Information Exchange

The goal of this approach is to establish effective contractor/subcontractor teams working in a collaborative relationship, delivering to both parties a profitable return on their investments. Every business must continually improve to be competitive in a changing market place to be successful. Suppliers are the heart of Insitu's success, as all parties work to improve delivery, price, and quality. Therefore, Insitu must engage in collective collaborative relationships with its suppliers to improve mutual use of best business practices and ensure optimum success for the long term.