

Federal Supply Code J015: U.S.  
Department of Defense  
Maintenance and Repair of  
Equipment/ Aircraft Structural

Historical Revenues, Trends and  
Participants

Draft Executive Summary

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# About this Study

- This report examines six years of U.S. DoD spending within the maintenance and repair of structural aircraft assemblies across all service branches
- It provides a six-year baseline of spending, market share analysis as well as major contracting office locations
- Research will also point to ongoing and anticipated DoD spending and contracting behavior
- Global deployments and overall DoD budget scenario are examined as contributing factors
- Where possible, major contracts are described, with an eye toward sunset and recompetete provisions
  - Not all contracts mentioned will be solely applicable to JO15, as MRO contracts encompass avionics, weapons systems, engines as well as structural maintenance, modification and repair

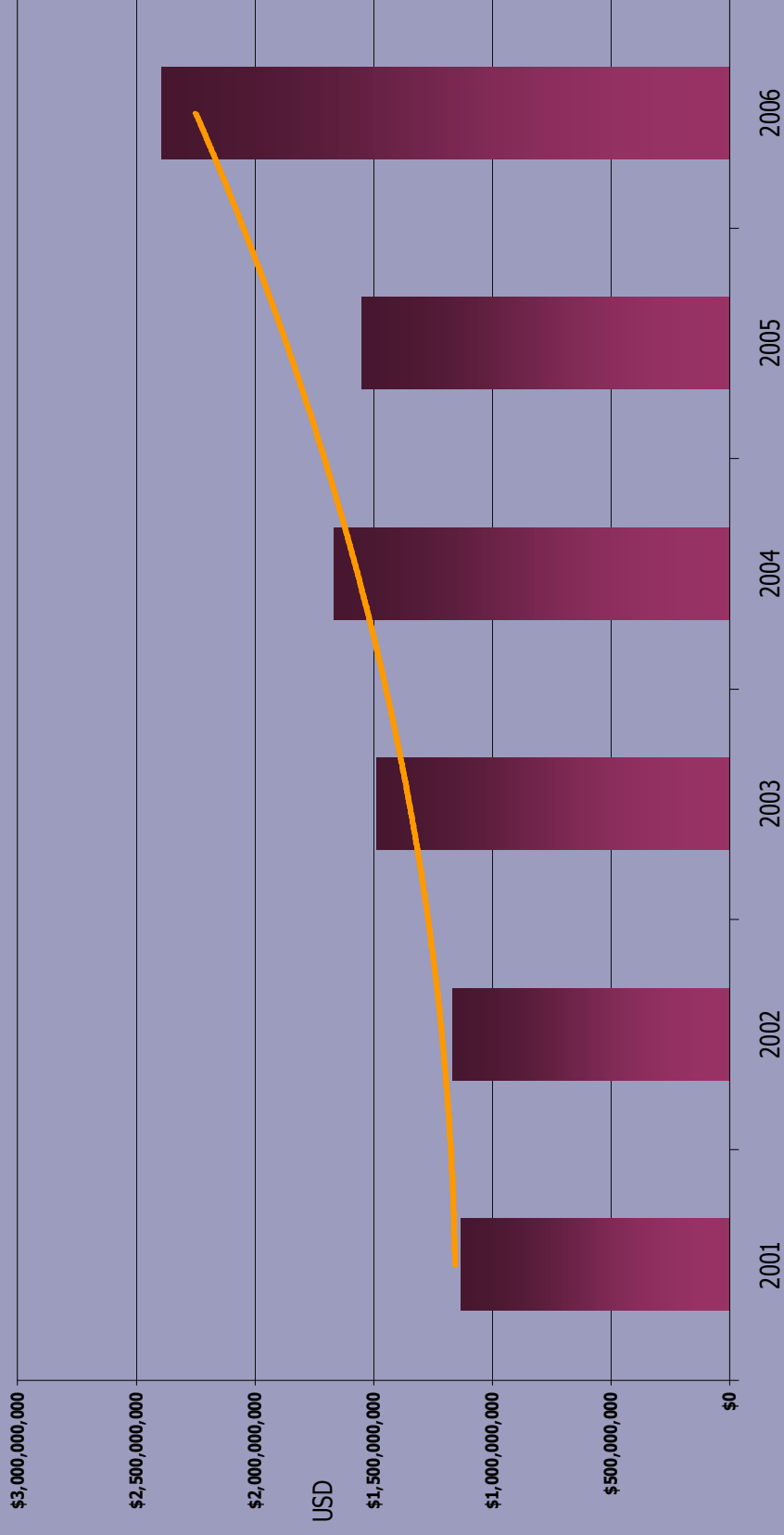
# J015: Outlook (1)

- Aging platforms, maintenance budget pressure and deployment wear-and-tear are ongoing DoD maintenance challenges.
- Outsourcing to local operators (e.g. Korean Air) is an outsourcing business model in effect since 1978
- Ops tempo drives DoD MRO Aircraft Structural spending – effects of Afghanistan and Iraq extended deployments
- Drive to cut DoD MRO costs: Top-line DoD budget may be growing, but there is unrelenting pressure on the internal maintenance function
  - In addition, there is an increase in the volume and complexity of DoD-wide maintenance, from organizational to depot levels
- Software and services companies are staking their futures on continuation of this trend in linking the “foxhole to the factory” to better facilitate the MRO function

## J015: Outlook (2)

- DoD faces these and other challenges in maintaining readiness:
  - Raw Materials Shortages (e.g. aerospace-grade steel and alloys)
  - A Diminishing Supplier Base Means Fewer Choices for all Types of DoD Sourcing
  - DoD Operations Tempo and Increased Spending Creates Acute Needs for Weapons Systems Availability
  - Anticipation of Tighter Numbers in Inventories for Parts, Powerplants, Aircraft, Ground Vehicles and Ships
  - In Many Cases Ships, Ground Vehicles and Aircraft in U.S. Inventories are More than 20 Years Old, with no Replacement on the Horizon.  
Look for more recapitalization programs if ops tempo in the GWOT remains constant
- When possible DoD is taking measures to decrease its MRO geographic footprint

# J015: Total Spending (2001-2006)



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