

Boeing and Japan Transocean Air Sign Contract for Innovative Maintenance Solution

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Boeing [NYSE: BA] and Japan Transocean Air (JTA) have entered into an agreement that will significantly reduce JTA's operating costs by having Boeing manage much of the airline's spare-parts supply chain.

Under the arrangement, known as Integrated Materials Management (IMM), Boeing will be responsible for the purchasing, inventory management and logistics of JTA's expendable aircraft parts. Examples of expendable parts include bushings, clamps, brackets, retainers, hoses, seals, and couplings.

"Through IMM, Japan Transocean Air will avoid the cost of holding inventory, eliminate the problem of spare-parts obsolescence, and improve its overall materials management productivity," said Mark Owen, Boeing vice president of Spares. "Parts suppliers also benefit from the improved and more timely information that IMM provides. This feature helps suppliers reduce the cost of managing their supply chain."

Boeing and other suppliers will own the aircraft parts, which will be stored near the airline's operations until needed. An airline will only pay for parts as it uses them, significantly reducing the airline's inventory holding costs and improving its return on assets.

This program builds on existing materials management programs that Boeing has with Japan Airlines as well as with several other airlines. IMM is the next advance in expanding Boeing's supply-chain services to provide value to both airline customers and supplier partners.

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