Boeing and Delta Air Lines Sign Contract for Innovative Maintenance Solution

Boeing [NYSE: BA] and Delta Air Lines [NYSE: DAL] have entered into an agreement that will reduce Delta's total cost of ownership by having Boeing manage much of Delta's airframe spare parts.

Under the arrangement, known as Integrated Materials Management (IMM), Boeing will be responsible for the purchasing, inventory management and logistics for a number of Delta's expendable aircraft parts. Initially the program will be focused primarily on proprietary Boeing parts with the potential to expand the scope of the program in the future.

"Boeing is very pleased that we are continuing our long-term relationship with Delta," said Mark Owen, Boeing vice president of Material Management and Spares. "Our intent is that, through this program, Delta will not only avoid the cost of holding inventory, but eliminate the problem of spare-parts obsolescence and improve its overall materials management productivity."

Boeing and other suppliers will own the aircraft parts, which will be stored at a location 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.

"The Integrated Materials Management arrangement with Boeing will assist with our Lean Maintenance Strategy," said Jim Maucere, Delta's vice president of Maintenance. "We expect the program to improve efficiencies in our logistics and repair processes while driving down costs associated with carrying inventory."

Integrated Materials Management builds on existing materials management programs that Boeing has with several other airlines. This program is the next advance in expanding Boeing's supply chain services to provide value to both airline customers and supplier partners. Japan Transocean Air (JTA) recently signed a similar agreement with Boeing.

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