

Boeing Supports Nippon Cargo Airlines with Innovative Supply-Chain Solution

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Boeing [NYSE: BA] will manage a significant portion of Nippon Cargo Airlines' spare-parts inventory under a program designed to improve spare-parts availability for the freight carrier while reducing operating costs.

Under the Integrated Materials Management (IMM) program, Boeing and other suppliers will own airplane parts that Nippon Cargo would normally need to hold in inventory. Boeing will manage the inventory and logistics for many of Nippon Cargo's expendable airplane parts.

"Supply-chain management is a critical part of our business today, and we're pleased to have Boeing as a partner," said Takuzo Nomura, managing director and senior vice president, Engineering and Maintenance, for Nippon Cargo Airlines. "This program is an especially good fit for us with our 747-400s. It will help us manage our costs and improve our financial performance."

Integrated Materials Management represents the next generation of integrated supply-chain services that Boeing provides to MROs, airlines and air freight operators worldwide. It can help reduce costly and time-consuming supply problems such as stock-outs, late delivery and low-inventory turn rates while at the same time reducing the substantial investment a carrier must normally make in inventory.

"IMM enables carriers to focus on transporting freight and passengers from place to place rather than managing an increasingly complex set of supplier relationships," said Dan da Silva, vice president of Sales and Marketing for Boeing Commercial Aviation Services. "Nippon Cargo Airlines has made a decision that makes Boeing a partner in improving its operations, which is exactly where we want to be."

With IMM, customers pay for parts when they are issued, or they sign for Boeing support on a flight-per-hour basis. IMM also provides a method to measure and share benefits between customers, suppliers and Boeing. With the addition of Nippon Cargo, Boeing now has IMM contracts with 10 customers worldwide.

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