

Company: Rockwell Collins
Industry: Aerospace & Defense
Category: Technology

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Background

Supply Chain Management at Rockwell Collins is guided by 3 main objectives.

1. Material Availability
2. Total Cost of Ownership (TCO)
3. Asset Management

The organization has pursued innovative ways to use technology, more specifically the web, to engage the supply chain. The strategy is to automate day to day tactical efforts and free up resources to work on strategic initiatives.

In support of this strategy, SupplyCollins (<http://www.supplycollins.com>) was released in 2003. This portal framework has become the foundation on which all web based supply chain applications are built at Rockwell Collins. It also serves as the primary communication channel between Rockwell Collins and suppliers. As of June 2005 suppliers were able to accomplish the following tasks on SupplyCollins.

1. Download electronic copies of Technical Drawings
2. View their company's Scorecard (Delivery & Quality)
3. Reconcile their receivables records
4. Track inventory in the Consignment program
5. View Rockwell Collins' future demand Forecast for parts
6. View & download Purchase Orders
7. View & manage Open Orders to meet delivery needs
8. Maintain required forms

Program wins, upcoming events, surveys, and supply chain alerts are also shared through SupplyCollins. For example, shortly after hurricane Katrina struck the Gulf coast, a survey was delivered to key Suppliers through the portal. Within 2 days, 400 suppliers had responded to the survey, allowing Rockwell Collins to assess supply chain risks in a timely fashion.

The Project

In June 2005, Rockwell Collins released the Electronic Request for Quote and Automated Purchase Orders (eRFQ/APO) application. It is focused on automating 3 key areas of the procure to pay (P2P) process: request for quote and quote receipt, TCO analysis, and automated purchase order (APO). The application was developed within Rockwell Collins over the last 9 months by a cross functional team consisting of subject matter experts from the business, co-located with information technology resources.

Traditionally, the tasks automated through eRFQ/APO have been handled through email, postal service, fax, and frequent phone calls between buyers and suppliers. The eRFQ/APO application has had an immediate impact on the organization by fundamentally changing the way Rockwell Collins does business.

The system creates the eRFQ once it determines there is the demand. An email is sent to the supplier, informing them that a quote is ready to complete. The notification also contains the urgency of the request for parts needed quickly. Suppliers who receive the

notification log into SupplyCollins to complete the quote. They provide the basic information required such as pricing, quantities, and lead time.

Once the quote deadline is reached, the system enters all submissions into TCO analysis. The system calculates the information provided in the quotes, but it also takes into consideration other factors. If a supplier with a history of poor quality provides the lowest price, it is not a guarantee they will win the business. The system is making intelligent decisions for the company.

Once the system selects the winner it initiates the APO process. Through the portal the supplier can view the purchase order as a PDF. Any future change orders will also be automatically pushed to the portal. If the supplier selected is signed up for Electronic Funds Transfer (EFT), the entire process can occur without a single Rockwell Collins' employee getting involved. This has provided the opportunity to move resources from day to day tactical work, to value added strategic efforts.

Summary

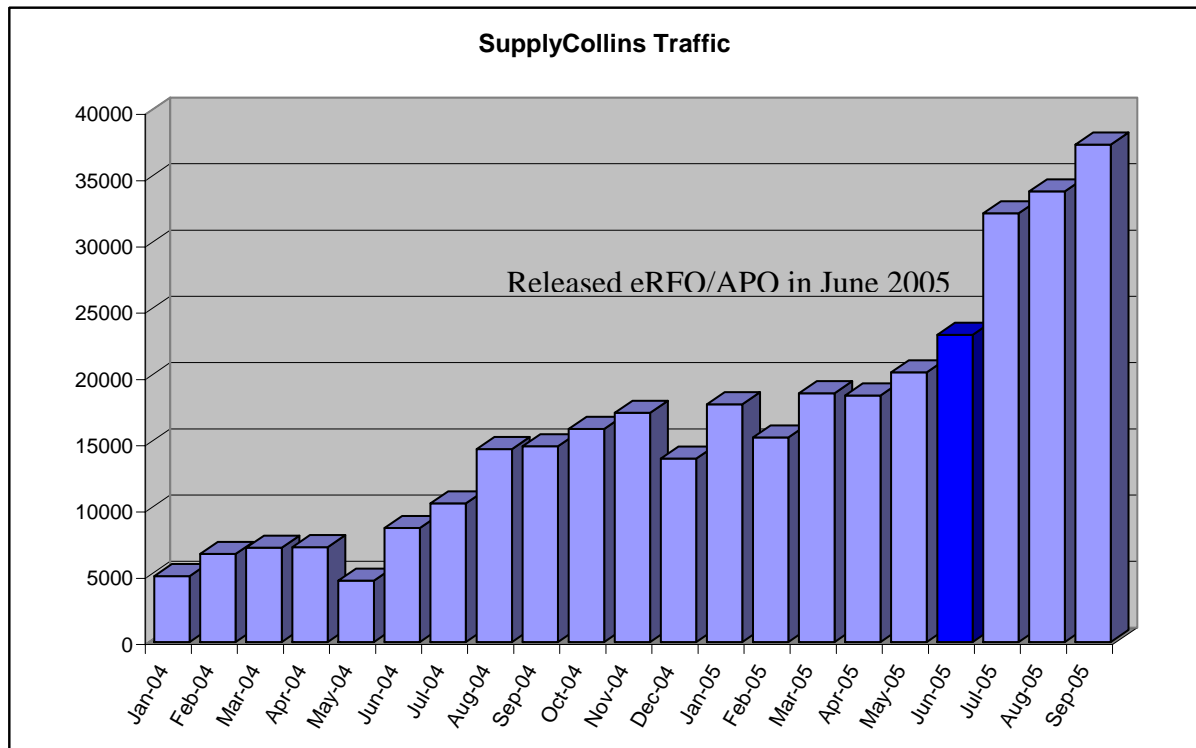
To sustain the improvements gained in Operational Excellence, Material & Supply is continuing to invest in new and innovative technologies. Since the release of eRFQ/APO the volume of transactions that occur without touching human hands, from the quote release to the final payment, has climbed from 46% to 64%. The volume of traffic on the portal has nearly doubled from a year ago. 90% of the direct material purchased is provided by suppliers who are using the portal.

The resources freed up from this tactical work will now focus on ensuring Rockwell Collins continues to improve its total supply chain. At the same time, the Material & Supply continues to incorporate feedback received directly from our Suppliers to foster this partnership. SupplyCollins will continue to evolve and break through the barriers of traditional Supply Chain Management.

SupplyCollins Quantitative Analysis

SupplyCollins Traffic Increase

Supplier visits have increased from 5000 in January 2004, to nearly 35,000 in August 2005. This increase is the direct result of releasing valuable applications and communicating them to the Supply Chain. APO/eRFQ's release marked the most dramatic increase in traffic starting in June.



Supplier Registrations

The number of suppliers using the portal has also increased dramatically over the past 2 years. Total registration has grown to 3700 external users representing over 1400 different companies. The suppliers signed up for the portal represent 76% of the total dollars spent by Rockwell Collins. There are 1700 users registered for eRFQ/APO.

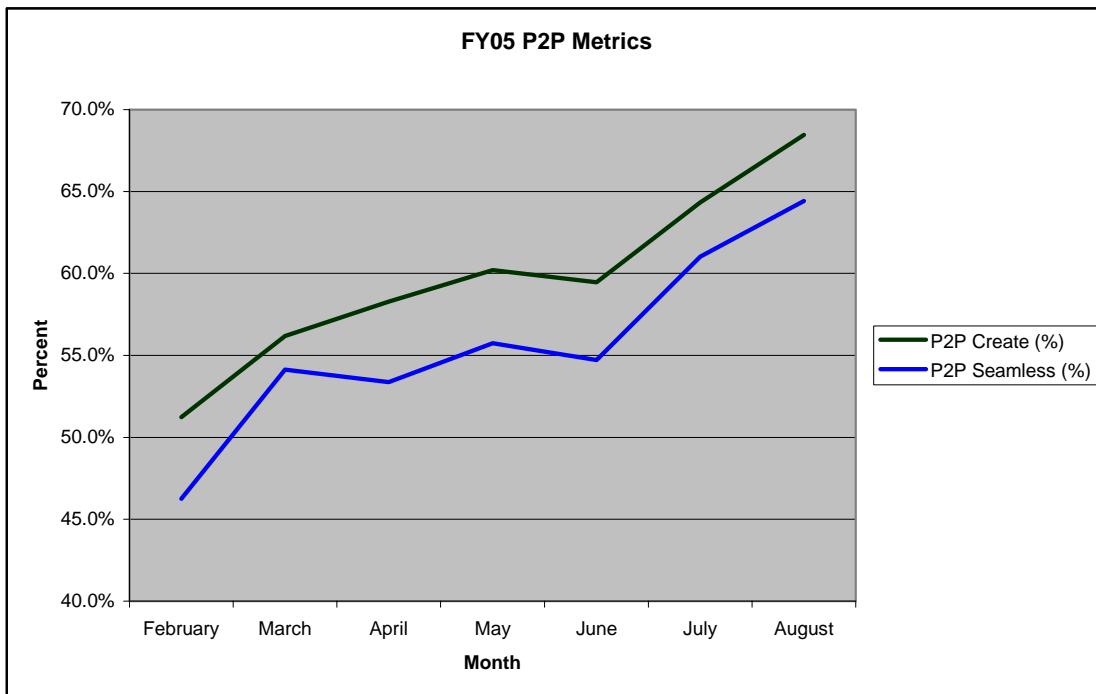
Doing Business Hands Free

Rockwell Collins tracks several simple, meaningful, and visible metrics to drive behavior and ensure business success. The two metrics listed here were directly impacted with the release of eRFQ/APO. Since its release, the system has generated over 37,000 eRFQs and over 20,000 purchase orders.

P2P Create measures the percent of purchase orders that are created by the system. This was dramatically impacted by the APO process.

P2P Seamless measures the percent of business that flows totally hands free from the initial RFQ to the final payment to our Suppliers.

FY05 P2P Metrics							
	February	March	April	May	June	July	August
P2P Create (%)	51.2%	56.2%	58.3%	60.2%	59.5%	64.3%	68.5%
P2P Seamless (%)	46.3%	54.1%	53.4%	55.7%	54.7%	61.0%	64.4%



On Time Delivery

Supplier on time delivery has continued to improve throughout the past fiscal year. The eRFQ/APO system ensures suppliers receive their quotes and purchase orders as quickly as possible in order to ensure the parts are delivered on time.

