



PhiloNet-Newsflash announces . . .

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Kick-off Meeting E2S for 2011

EADS announced that a new round of E2S supplier selection has been scheduled by EADS General Procurement (EGP) which has been initiated with a Kick-off Meeting in Marignane, France on the 23rd through 24th of March 2011 to which E2S suppliers and candidates had been invited.

The E2S process for 2011 will be concluded by the end of this year with the target to issue contracts according to the new supplier selection starting in 2012.

The activity fields of Engineering Services will be extended by other Customer Service activities like Technical Documentation (R&T could follow, but to date no final decision has been taken). Despite this increase of activity fields the target number of E2S suppliers shall remain in the range of 20 first tier suppliers however not necessarily as a firm limit.

The duration of the 2011 selection shall be valid for a three to four year contract period. Also the decision criteria will be modified in comparison to the previous selection

processes. Regional strength as well as specific key performances in selected activity fields will become more important than before. The most important decision criteria (more than 50%) will be the technical performance and proven technical expertise followed by commercial and company strategy aspects. Further important criteria are monitoring of Key Performance Indicators (KPIs), Continuous Improvement activities and Resource Management.

The number of suppliers which can be contracted outside of E2S will be significantly reduced (less exceptions). Especially at **Eurocopter** Germany the high number of non E2S suppliers shall be significantly reduced within the next two years. This will provide PhiloNet a great chance to extend our market share with this EADS Business Unit.

Astrium highlighted that the compliance with CMMI is one of their most important technical requirements for subcontracting. In this context we would like to inform you that our *Philotech Academy* already offers training





courses in CMMI, to which we would like to invite you.

Position of Philotech/PhiloNet

Over the past months our Philotech CEO, **Herr Hartwig Dirscherl**, has frequently contacted EGP and several Heads of Procurement of various EADS Business Units and has received over all a very positive feedback for our PhiloNet concept. The PhiloNet structure with competent partners keeping their economic independence and providing a good flexibility for changing customer requests is well received by various EADS Business Units.

In 2010 Philotech with support of the PhiloNet Partners could reach an increase in turn over about 25 %, what also is very important to support our goal to maintain the E2S status. New business chances may arise due to the planned reorganization of **CASSIDIAN**. We have this situation on our focus to even strengthen our position within CASSIDIAN. It can be assumed that for the new organization only E2S suppliers will have a realistic chance to receive first tier contracts (except CASSIDIAN Air System: Main Suppliers).

During a Suppliers Conference of in Ulm conducted on 22th of February 2011 the "EADS Vision 2020" was presented to major suppliers. For **CASSIDIAN Electronics** the concept is to increase the revenue until 2020 by a factor of two or even three with a major focus on the global market. In parallel to this

business development program the number of suppliers shall be consolidated to only one third of the current number. This means that the future first tier suppliers must provide resources also outside of the EU and enhance their overall capabilities. For PhiloNet we see a significant larger business opportunity with CASSIDIAN Electronics, not immediately but in the near future.

In respect to getting on Short Lists (**Airbus** and other EADS Business Units) there is slow progress. It takes significant efforts to convince technical departments to add Philotech/PhiloNet to their Short Lists and we have been successful in a few areas. We have been encouraged by EGP to continue our efforts at Airbus in the activity field of Design Analyses and Drawings (Aero Structure) despite some difficulties we faced in the past ("the door is not closed").

From **Airbus Military** in Spain we have received some RfPs and could win the contracts which are currently fulfilled in co-operation with our Spanish Partners.

In comparison to previous years the number of RfPs for new Work Packages has significantly decreased reflecting the work situation at CASSIDIAN. In addition we learnt that the few activities to be outsourced are included more and more in RfPs for AÜG positions which cannot be subcontracted. Taking both facts into consideration the number of RfPs to be shared with our partners is very limited.

We all have to face the reduction of military projects due to budget restrictions. This has already had an impact on our activities in Military Defense Systems, but to date we



could keep most of our own personnel and those of our partners in on-going projects but an increase at least for this year cannot be expected. The situation may improve with the start of the development of Talarion.

Philotech is a very active **BDLI** member using this forum to stay in intensive discussion with leading managers of EADS, Airbus, Eurocopter and other EADS Business Units. The Philotech CEO, Herr Dirscherl, is nominated as chairman of the BDLI platform for Engineering Service Providers. In this function together with a few members of the platform and the Chief Executive Officer of the BDLI, Herr Schrick, a first round table discussion was held 18th of March 2011 with top Airbus managers like the departing CEO Airbus Operations GmbH, Herr Dr. Weber, the new CEO Airbus Operations GmbH, Herr Butschek, a representative of Airbus Engineering, Herr Axel Flaig and Herr Schröder from Airbus General Procurement. The goals of this round table discussion were:

- To strengthen the position of German Engineering Service Providers
- To establish a basis for a more intensive consolidation of the German Engineering Service Providers
- To exchange general co-operation problems, which go beyond the day-to-day business.

The discussion was very active and interesting. Especially the Airbus representatives expressed that such a round table discussion is considered as very important, which should be scheduled on a regular basis. Consequently one result of the discussion was that the next round table

discussion will be scheduled within about one month. In addition it was stated that such kind of round table discussion should have been initiated already in previous years.

This willingness of the EADS management to listen to the arguments of the German Engineering Service Providers is considered very important to all of us and certainly will also strengthen our position as Philotech and PhiloNet as one of the few German E2S suppliers. We will keep you posted about the results of next round table discussions.

We are still in the process of consolidating our PhiloNet network, now after EGP has changed their priorities more in direction of companies which are highly qualified in limited activity fields we will follow this approach and will try to structure our network with focus on those activity fields we consider as our key performances where we have a chance to be successful. We will keep you posted on this restructuring process and may invite some of you to help us in determining and justifying those activity fields.

New PhiloNet- and Subcontracting Manager

We are pleased to announce that now **Mrs. Suzana Pöll** has taken over the **PhiloNet- and Subcontractor Manager Position**, because **Mr. Josef Maier** has been transferred to other activities.

Most of you have already had contact with Suzana, because she has been a member of the PhiloNet team since mid of last year.





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We wish Mrs. Pöll all the best for her new tasks.

Mr. Volker Schulz, will continue to support Mrs. Pöll concerning PhiloNet to allow a smooth transition of information and responsibilities.

Mr. Jürgen Scholz (for Philotech South) and Mrs. Alexandra Müller (for Philotech North) are acting as Request for Proposal Manager to transfer customer requests for work packages on engineering services to our PhiloNet Partners if applicable for them.

Hartwig Dirscherl
Managing Director Philotech