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ALTEON PHOTO

Training centers for Alteon Training offer flight-deck simulators such as the one shown here. Alteon is one of many subsidiaries that expand the range of aftermarket services and products Boeing can offer customers.

How subsidiaries help expand Boeing's reach in aftermarket support

BY TOM BRABANT AND JENNIFER PFLEEGER

Thanks to its subsidiary partnerships, Boeing is expanding its profile in the world of aftermarket support. In the past year, Boeing and its major subsidiaries continued to increase its array of products and services that help commercial and military customers operate more efficiently.

Adding to long-standing partnerships with major subsidiaries Jeppesen, based in Denver, and Seattle-based Alteon Training, Boeing acquired Aviall of Dallas last September. Aviall is one of the world's largest providers of new aviation parts and aftermarket services in the industry.

In addition, Jeppesen acquired Carmen Systems of Sweden last June and C-Map of Italy in January. Carmen further enhances Jeppesen's crew, fleet and logistics resources, while C-Map accelerates Jeppesen's expansion in marine services—an example of how Boeing is leveraging its competencies into new markets.

Subsidiary partnerships offer Boeing many benefits. Boeing can team with companies whose people are among the most knowledgeable and experienced in the industry. Also, subsidiaries can increase Boeing's customer base by bringing loyal

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—Jim McNERney, Boeing chairman, president and CEO, in announcing the acquisition of Aviall

clients into the Boeing fold. The acquired companies, meanwhile, benefit by gaining the expanded talents of the Boeing team, along with access to more resources. Both parties can benefit from mutual brand recognition in the marketplace.

These subsidiaries report to Boeing through Commercial Aviation Services. To expand its portfolio of products and services, CAS continues to look for opportunities to profitably grow its business.

Meet the subsidiaries

Here's a look at three key subsidiaries that report to Boeing through Commercial Aviation Services.

Jeppesen

While Jeppesen's roots are in aviation, it's looking to grow in part by extending into similar transportation markets. This year's acquisition of C-Map did more than propel Jeppesen into marine markets: It moved Jeppesen to the No. 1 spot among providers of digital navigational data solutions. Now, Jeppesen Marine can provide a broader range of solutions, including services considered standard in aviation—such as 24/7 customer support, which hasn't been available in the marine market.

In 2006, Jeppesen acquired Carmen Systems' industry-leading scheduling and optimization capabilities. This move continues Jeppesen's push to invest in technology and tools that enable customers to cut costs and operate more efficiently. Jeppesen provides airline operations services including flight planning, scheduling and resource optimization, and complete navigation services and document logistics management. Carmen's rail and logistics planning business, meanwhile, offers new opportunities consistent with Jeppesen's growth strategy of applying its technology to new markets.

Alteon Training

With a global network of aviation training centers and a history of partnering with the world's airlines for strategic and effective solutions, Alteon is committed to enhancing aviation safety through unparalleled training delivered to rigorous standards. Alteon has more than 80 full flight simulators in over 20 locations worldwide—including its new Singapore site, which opened in January.

Alteon is proactively working to address the future need for additional airline pilots. Working closely with major industry partners, Alteon is leading the industry with a test of a training program for the International Civil Aviation Organization's Multi-Crew Pilot License, an alternative means to train and license airline pilots. This competency-based training program prepares pilots more efficiently through the increased use of simulation and crew-oriented training. Alteon will employ the lessons learned in this test as it continues to look into enhancing training solutions for airlines.

Another way Alteon is working to meet airlines' needs is by offering customers of the 787 Dreamliner a new and innovative way to access its training resources. Customers who purchase the 787 will be awarded points that can be redeemed for Alteon training services in lieu of a standard training package. This allows each airline to customize a training package that meets its own training requirements.

Aviall

By acquiring Aviall, Boeing has expanded its leadership in integrated materials management. The transaction also positions Boeing for faster growth in the \$25 billion industry of new aviation parts and services.

Aviall provides aftermarket supply-chain management services for the aerospace, defense and marine industries. It offers new aerospace parts and supply-chain management services to the aviation industry. Also, Aviall operates electronic marketplaces for buying and selling parts, equipment and services for the aviation, defense and marine industries.

Aviall's 2006 financial performance reflects its expertise in inventory management and distribution of high-transaction aviation parts. That year, the company recorded its best-ever totals for annual revenues and earnings.

“Our detailed customer knowledge, global operations and dynamic team enable us to provide customers with better reliability and profitability,” said Lou Mancini, vice president and general manager of Commercial Aviation Services.

“The aviation services market offers us tremendous opportunities to profitably grow

our business, internally and externally, to better serve our commercial and military customers,” said Boeing Chairman, President and CEO Jim McNERney in announcing the Aviall acquisition. “It demonstrates our commitment to create a Boeing that is more than just the sum of its parts.” ■

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