Soar to new heights with DCAPS 6.0

The industry’s only SAP-certified All-in-One A&D ERP solution
The past year was a comparatively positive year contrasted with many other industries, as A&D sector sales and profits were relatively flat, which was good in light of the recessionary environment. “Flat was the new up.” Moving forward however there is a sense of unease as the Department of Defense (DOD) budgets for research, development and procurement are moderating or declining. Statements by deficit hawks to take back the $101 billion targeted for overhead reductions meant for additional procurement and other defense priorities are of great concern to the industry. And the Secretary of Defense is proposing another $78 billion in weapons systems and force structure cuts. In short, the pressure to cut costs and yet continue to grow is high.

Defense contractors are already responding with staff cuts and offers of early retirement. Growth strategies include acquisitions and organic growth in the areas of intelligence, surveillance and reconnaissance (ISR), remote control, cyber-security, and mission software development. They also include increased focus on foreign military sales. On the commercial side, there is a sense of anticipation for a sustained upswing in sales and production, and vendors up and down the supply chain are delighted that the future is looking bright on the sales front. For the space sector, which has demonstrated iconic innovation throughout its history, the near future may bring news about advances in commercial satellite capabilities as well as space tourism, a new frontier.

As we journey through these tumultuous times, Deloitte continues to assist the industry in its efforts to address some of the specific challenges outlined below:

<table>
<thead>
<tr>
<th>Growth and innovation</th>
<th>Expanding global markets and growing the top line with a continued focus on organic growth as well as M&amp;A — all while consolidation of tier-one and tier-two suppliers is expected to rise and as large OEMs continue to acquire smaller companies to fill capability gaps.</th>
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The industry is facing challenging times and we are excited to introduce the latest version of Deloitte’s preconfigured SAP solution for the A&D industry — “DCAPS 6.0” (Deloitte Consulting’s Aerospace & Defense Pre-configured Solution). DCAPS is designed to help your company in its efforts to grow and innovate, enhance profitability, strengthen program management and execution, comply with the continuously changing regulatory environment, and to attract and retain top talent in the midst of layoffs.

Whether your company is an established SAP user or a new customer, DCAPS is one of Deloitte’s solutions that can help you address the issues facing the industry. DCAPS provides the following benefits in support of the industry issues previously presented:

DCAPS is a great solution for our large A&D customers who need to rapidly deploy an ERP solution to support their classified programs. One of our customers had just that need and DCAPS delivered an independent, compartmentalized, and integrated solution to replace their aging, cost-prohibitive, and disparate systems that supported their classified programs. I highly recommend DCAPS for any A&D company looking to stand up a new ERP solution to support a classified program.”

Berry Gibson, A&D Industry Principal, SAP

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<th>DCAPS benefits</th>
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<td>Growth and innovation</td>
<td>In addition to DCAPS, Deloitte also offers a pre-configured SAP HR solution designed to streamline HR operations and to enhance talent management capabilities.</td>
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<td>Improving profitability</td>
<td>Cutting costs and improving efficiencies while at the same time continuing to innovate products as more competitors enter the global market causing product commoditization.</td>
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Meet the challenge and soar to new heights with flexible, adaptable DCAPS 6.0... the only certified, All-in-One SAP Solution for the A&D industry.

Deloitte is excited to help the industry achieve new heights by introducing DCAPS 6.0. The new version introduces a more flexible approach to deploying DCAPS value-added solutions. Whether your organization is a large A&D enterprise that has already implemented SAP or an A&D company that is new to SAP, DCAPS 6.0 has industry-specific capabilities that you can use.

What is it?
• A pre-configured instance of SAP ECC 6.0 certified by SAP
• An 80% solution focused on core A&D processes
• A full set of integrated pre-recorded scenarios
• A time-tested ERP solution for both large and mid-sized A&D companies.

Flexibility that’s as easy as 1-2-3
DCAPS consists of three main components:
1. An extensive set of preconfigured, Foundational Templates that can accelerate almost every step in an SAP implementation
2. A library of Solution Paks (i.e., a combination of development objects and complex configurations designed to meet specific needs in the A&D industry)
3. A broad collection of Adaptors (i.e., pre-built integrations to third-party software products common to the A&D industry)

This modular structure is designed to provide flexibility: DCAPS customers can choose on a case by case basis to use the DCAPS components out of the box, use them with some modification, or skip them in favor of leveraging their own signature processes.

“By combining Deloitte’s expertise in the A&D industry with SAP’s proven software, DCAPS provides the marketplace with a rapidly-deployed, easily-managed vertical software solution for commercial Aerospace and Defense companies,” said Frank Colantuono, A&D Industry Principal, SAP America. “The foundational templates and A&D solution paks provide a flexible solution that can help customers compete more effectively and grow their businesses more profitably.”

Deloitte

• Deloitte serves 9 of the top 10 A&D companies
• Deloitte has completed 65 SAP A&D projects
• Deloitte serves the DoD globally with SAP deployments
• Deloitte’s DCAPS is the only SAP-certified All-in-One A&D solution

SAP

• 21 of the top 25 A&D companies run SAP
• 399 A&D-related companies run SAP, 34% in the mid-market
• SAP has been developing A&D-specific functionality since 1996
Complete coverage
Foundational Templates + Solution Paks + Adaptors = Comprehensive A&D Coverage
Our DCAPS library provides an extensive set of Foundational Templates, Solution Paks and Adaptors. Foundational Templates are designed to accelerate the A&D SAP implementation. The Solution Paks and Adaptors can provide enhanced A&D value.

Deloitte’s Extensions

- Contracts & Gov Billing
- Direct Labor Charging
- Uncompensated Overtime
- Direct & Indirect Employees
- EVM
- Government Furnished Property
- Asset Accounting
- Shop Floor MES
- Serialization & Traceability
- Parameter Effectivity
- Gov. Forms & Reports
- EDI Integration
- Contract Flow Down
- MRO/RMA
- Bar Coding
- Dashboards
- Cust Service Dashboard
- Integrated Ops Dashboard
- Sales Tax & Vertex
- PLM Interface
- Peoplesoft HR Interface
- Winsight
- CAMS
- Visiprise ME

Adaptors

DCAPS Templates

Deloitte’s Foundation

Solution Paks

Flexibility: You can use DCAPS templates or create your own paths through the SAP system.
DCAPS supports the entire project lifecycle
The DCAPS library of Foundational Templates includes hundreds of templates that make up our pre-configured SAP solution. Using the DCAPS templates can accelerate every step of an SAP implementation as depicted in the chart below.

<table>
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<tr>
<th>Templates</th>
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<th>Design</th>
<th>Build</th>
<th>Test</th>
<th>Go-live</th>
</tr>
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</table>
| - Project kickoff documentation  
  - 27 process-scoping questionnaires  
  - Detailed project plan & methodology  
  - 1,200+ project deliverables defined | - 877 BPP’s configured and unit-tested  
  - 27 development objects  
  - 46 custom reports/forms  
  - 12 prebuilt interfaces  
  - 30 conversion maps & associated LSMW load programs  
  - CATS Portal (timesheet)  
  - Business intelligence (PS/SD)  
  - Sox compliant | - Risk and issue management processes  
  - 37 integration test scripts | - Training material  
  - Cutover plan  
  - Go-live plans enhanced with lessons learned from Deloitte’s 25 A&D SAP implementations |
DCAPS has you covered with broad business scope
The scope of our DCAPS solution is extensive and has been demonstrated in the marketplace. Our solution covers the entire value chain as depicted in the chart below.

What else is new in DCAPS 6.0?
We’ve been working hard on extending and improving DCAPS. These efforts have resulted in several new enhancements that should be of interest to both mature SAP customers and new SAP users.

Business analytics
We are excited to introduce our A&D analytics as part of DCAPS 6.0. This solution can provide the following capabilities to our DCAPS clients:
• 5 PBL dashboards (Flash, Fleet, MRO, Purchasing, and Production Quality)
• 4 APO dashboards (Master Scheduler, Material Planner, Product Line Manager, and Supervisor)

• 5 core ERP Dashboards (Inventory Velocity, Inventory Dollars, External & Internal Customer On-Time Delivery, External & Internal Customer Aged Past Due, and Order On-Time Start)
• Aftermarket Dashboards (coming soon to our DCAPS clients).

Shop floor execution
Extending your SAP solution to the shop floor is another area in which we can assist you in your efforts to achieve a higher level of integration. There are several ways to support your shop-floor operations with SAP solutions, and DCAPS offers a plethora of options from which you can choose. Companies that have complex shop-floor operations should consider SAP’s CAMS solution, and we offer a pre-packaged adaptor for connecting with the CAMS product. For those companies that have repetitive discrete manufacturing operations, SAP’s ME/Visiprise solution may be an effective option, and we offer another
pre-packaged adaptor for integration to SAP. And lastly, for small- to medium-sized companies that may have simpler requirements and a smaller budget, we have developed a shop-floor execution solution within the SAP environment aimed at addressing critical needs in an affordable manner.

**Earned Value Management**

Defense contractors are required to report Earned Value (EV) for many contracts. This is a key performance metric to determine a program’s performance against a defined schedule and budget. DCAPS 6.0 now includes a pre-packaged adaptor for integration to SAP. And lastly, for small- to medium-sized companies that may have simpler requirements and a smaller budget, we have developed a shop-floor execution solution within the SAP environment aimed at addressing critical needs in an affordable manner.

**Contract flow down**

When A&D companies contract with the DoD, there are certain requirements that their supply chains must address. The prime government contract information, defense priority and allocations system (DPAS) rating, and the breakdown at the part level must all be communicated to the suppliers. The new DCAPS 6.0 contract flow-down functionality is designed to take the information from the sales order and flow it through to the purchase order at the line item. Development logic will present both the prime contract and DPAS information on the printed PO form, as well as via EDI or IDOC communication. The automatic flow-down reduces many manual steps to pass the information to the suppliers and provides A&D companies with a more efficient process.

**Defense contracting**

As our defense customers are well aware, the DoD has stringent requirements regarding how defense contracts must be managed and how invoices must be presented to the government. Failure to comply with these requirements can result in the withholding of funds. With DCAPS 6.0, we offer a full, pre-packaged Solution Pak to jump-start the process of building your government contracting requirements into SAP. Our solution offers:

- Pre-designed custom fields to store required contract information
- Custom profiles for generating resource-related billings
- Customized forms and reports required for invoicing
- Custom fields capture data required for contract invoicing and reporting
- Billing profiles limit the development required to get a compliant RRB solution running
- Pre-designed forms complaint with government requirements

The Earned Value Management (EVM) Solution Pak addresses this important A&D requirement. Our solution offers:

- Weekly EV-Calculation
- Enhanced Change Log and Reporting
- Winsight interface for CPR 1–5

The Earned Value Management (EVM) Solution Pak provides several benefits. It supports multiple EV strategies, integrates Program Management, Operations, and Finance into an EVM solution, provides a single source for all Schedule and Cost data (actual and plan), and provides a preconfigured interface to an industry-leading solution (Winsight) as an adaptor.
Quick facts

REMEC Defense & Space
REMEC Defense & Space, Inc., headquartered in San Diego, California, and a division of Cobham Defense Electronics Systems, is a leading provider of RF, microwave and millimeter wave products for the defense and space industry. The Company’s broad product offering is used in systems integrated by prime contractors in the military and space industry. The Company’s products are primarily used for radar, missile, electronic warfare and communication/navigation systems, and range from critical components to advanced integrated microwave assemblies and subsystems.

Location: San Diego, CA  
Industry: Defense and Space  
Products/Services: RF, Microwave and Millimeter Wave Products  
Revenue: $125M  
Employees: 1000  
Division of: Cobham Defense Electronics Systems

Duration of Engagement
Blueprint – 4 weeks  
Number of FTEs  
Deloitte – 15 FTEs  
REMEC – no full time staff  
Realization to Go-live  
5.5 months  
Key Business Drivers  
Replace aging, non-integrated legacy systems to build foundation for company growth

DCAPS in Action:
“We chose SAP because of Deloitte’s DCAPS solution. The project was implemented on-budget, on-time and it worked.”
— Jack Giles, CEO REMEC Defense & Space
Quick facts

Lockheed Martin
Advanced Development Programs (ADP, Skunk Works®) is responsible for the integrated “front-end” development of new and innovative technologies, new product and derivative programs in support of Air Power as well as the integration of air and space assets. With a passion for invention, Lockheed Martin’s Skunk Works has been synonymous with record-breaking aircraft, stealth, lift fan technology, and other cutting-edge innovations for the past 60 years. The ability to quickly and quietly develop new technologies and prototype war fighter systems is a critical capability as the military pursues transformation to capability-driven, effects-based operations.

Business need
Lockheed Martin Aeronautics needed an independent, compartmentalized, and integrated solution to replace the aging and disparate systems that supported its classified programs. They wanted a solution that was scalable for multiple/variable size projects, with a common solution for end users and support personnel consistent with the LM Aeronautics SAP-based solution.

Project Scope and Business Approach
Lockheed Martin leveraged SAP DCAPS as an accelerator to achieve this business need. This provided both a scalable solution and early availability of SAP for LM’s Classified programs. The project called “ERP4C” (ERP for the Classified) consisted of 2 Waves and 3 Phases. Wave 1 provided a prescribed set of functional capabilities to operate Classified operations. Wave 2 extended the integration of ERP4C with the LM Aeronautics SAP implementation to enable greater functional integration and enhanced business capabilities.

Benefits Achieved
• Consistency of software across the different classified programs
• Decreased support costs and license fees for aging software
• Ability of software to support evolving business processes
• Created a single integrated system capable of supporting classified business functions
• Aligned solution platform to existing LM Aeronautics’ capability, leading to a singular-skilled workforce capable of supporting both types of solutions
• Ability to rapidly deploy existing solution to new classified programs
• Provided a singular, consistent solution regardless of end-customer requirements
Quick facts

Spirit AeroSystems
Spirit AeroSystems (Spirit) was established in 2005 when Onex Corporation acquired what is now Spirit AeroSystems from Boeing Commercial Airplanes. Spirit is the world’s largest supplier of commercial airplane assemblies and components including: fuselages, under-wing components, composites, wings, and spares/repairs. Spirit maintains operations at several U.S. sites as well as in England, Malaysia and France.

Business need
Spirit desired to deploy a modern global ERP solution with proven government compliance processes that would enable it to diversify its customer base by supplying DoD prime contractors; enhance support for its largest customers; and enable it to bring manufacturing back in-house for its government contracts. In summary, Spirit needed a solution that would support its commercial business and at the same time enable it to do more work with the DoD.

Project
Spirit decided to implement SAP using Deloitte’s DCAPS solution. Project scope included Quote to Cash, Supply Chain, Operations, Finance and Human Resources. The DCAPS ECC 6.0 EHP 4 solution was used throughout the project to accelerate the design, build, security, testing and training activities. The successful project took ten months from the beginning of Blueprint to the first go-live.
Deloitte leads the charge
Designated by SAP as a Global SAP Services Partner, Deloitte has been on the forefront of assisting A&D companies around the world in implementing SAP solutions. In almost every case (except for some work with the DOD), we have served as the prime systems integrator when working on projects in the A&D space, which has allowed us to compile deep program-management know-how along with SAP technical ability. With strength in leading both the delivery and change-management aspects of an SAP implementation, Deloitte is effectively positioned to help A&D companies in their efforts to attain profitable growth and supply chain integration. Our experience and capabilities include:
• Knowledge gained from serving 9 of the top 10 A&D companies
• The first full-suite implementation of the SAP A&D solution in North America
• More live full-scope SAP A&D implementations than any other consultancy
• Deep bench strength with dedicated senior A&D practitioners
• Access to more than 5,700 dedicated SAP practitioners in more than 35 countries
• Additional capabilities in M&A, human capital, operations improvement, supply chain and finance

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