

**The following presentation was given at:**

# Joint Workshop - SCAF and OR Society Workshop

## Theme: “Value for Money and Complex Decisions”

Tuesday 19th November 2019

The BAWA Centre, Filton, Bristol, BS34 7RG

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# Proactive Obsolescence Management - can money really be saved and risk mitigated?

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# Who are IIOm?

- \* The International Institute of Obsolescence Management (IIOm International) is a not for profit organisation that exists to advance the science and practice of Obsolescence Management.
- \* The Institute is for professionals worldwide who are dedicated to furthering their knowledge and understanding of the Obsolescence Management discipline and who wish to network with a wide group of companies from a global membership
- \* Vision
  - \* To become the world's leading, recognized and accepted organisation for Obsolescence Management.
- \* 4 Chapters- 250 companies- 650 contacts



# Advancement of the discipline

- \* Obsolescence Management has always been there – because nothing can be expected to last forever
- \* Since 1997 .....
  - \* Higher profile of the role in the media and within other trade associations and government
  - \* Best Practice guidance and international standards
  - \* Regular local meetings, workshops and Conferences
  - \* Public speaking at events throughout the world
  - \* Lastly the development of endorsed professional training programmes supported by the Engineering Council.

# International Standard

- \* IEC 62402 No longer a guide- contractual requirement
- \* Visible to executives now...
- \* Established several principals in endorsing a proactive approach
  - Risk based assessment – cost, probability, impact
  - Not just components from the BOM's
  - Dependant Engineering skills
  - Use of commercial OM tools
  - Generation of Obsolescence Management Plans
  - Infrastructure impact
- \* Making a conscious decision to be proactive or reactive

# ROM Metrics

## Alternative Solutions table

Resolution	90 % Low \$	Average \$	90 % High \$
Existing Stock	0	0	0
Reclamation	1,000	2,000	3,000
Alternate	4,000	7,000	9,000
Substitute	15,000	19,000	24,000
Aftermarket	41,000	50,000	59,000
Emulation	55,000	72,000	89,000
Redesign— Minor	82,000	117,000	153,000
Redesign— Major	361,000	433,000	505,000

# Tools and Resources

- \* Original design team
- \* Component Engineering resources
- \* Procurement Supply Chain Development
- \* The Supply Chain
- \* Obsolescence Tool providers
- \* Other Engineering Departments
- \* The Customer

# Risk in modern contracts

- \* Design Contract and Separate Support Contract
- \* Contracting for availability
- \* Contracting for capability
- \* Obsolescence Strategies and processes remain largely extant.
  - \* The customer and subsequent reporting is now the Organisation.
  - \* Risk is transferred to Industry.
  - \* Responsibility to provide sustained capability is transferred to Industry.
  - \* Industry now needs to collaborate within tiered commercial structures.
  - \* Organisations need to adjust from being System Merchants to Through Life Supporters of a capability.



# MOD IOS contracts

- \* Change in culture
- \* Removal of logistics/repair chain- streamlining
- \* OEM Technicians based at end User
- \* Failure data and operational feedback
- \* Agreed KPI's
- \* Simplified contract- negotiation of risk boundary
- \* Flexibility to implement design change
- \* Recognised improvement in service and resolution of issues- use of assets and less documentation
- \* Nominated experts and their experience might be requested

# Rail Sector

- \* Manufacturers may take contracts that combine a build contract with a long-term maintenance contract that includes obsolescence risk
- \* Obsolescence Management Planning is required by some customers
- \* EN62402:2019 now recognised as a standard by some customers
- \* Non-compliant tenders - If obsolescence management is overlooked, the bid maybe dismissed

# Other Sectors

- \* Nuclear
  - Required by governance
  - OM awareness when life extensions proposed
  - Practical aspects of maintenance
  - Decades old decommissioning
- \* Automotive maintenance
- \* Medical Systems
- \* Food Processing

# New Business Impact

- \* Support opportunities far outweigh new build opportunities in many sectors particularly defence
- \* Obsolescence resource and experience can add value to new bids
- \* Non-compliant bids or insufficient attention to OM give competitors the opportunity to take your future order book

# Conclusion

- \* In the opinion of the institute clear benefits of both cost saving by anticipating issues early and cost avoidance with better planning can and do improve project efficiencies
- \* More than that – if you do not recognise the impact of OM on your order book the consequences are significant for the workforce and future investment.
- \* Also think of the impact of diverting resources to manage a reactive OM crisis and the impact on the project where resources have been removed
- \* Your competitors are waiting to replace you with your existing and future customers

THANK YOU

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MEHRBANI  
BOLZIN

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