C please sound attached note to each of those people. CC: Bot Printed by RUSS GULLOTTI @MKO DIGITAL INTERNAL USE ONLY Document NTEROFFICE MEMORANDUM 060423 Doc. No: 20-Aug-1993 11:47am DST Date: KAY WARREN From: WARREN.KAY AT A1RIPPLE at RIPP SALES Dept: 637-4312 Tel No: Andrea Wilkins @MKO TO: TO: russ gullotti @mko (TASSONE.ROBERT AT A1RIPPLE at RIPPLE ROBERT TASSONE Subject: EPP Letter Recipient List Andrea: Here is the list of names that Bob would like to receive the EPP FY93 Results Letter. Mr. John Warner President Boeing Computer Services P.O. Box 24346 MS: 7A-49 Seattle, WA 98124-0346 Mr. Norm Collins Vice President and General Manager, Boeing Support Group Boeing Computer Services P.O. Box 24346 MS: 7A-49 Seattle, WA 98124-0346 Mr. Leo Fisher Vice President Operations Bceing Computer Services P.O. Box 24346, MS: 7A-46 Seattle, WA 98124-0346 Mr. Phil Lemoine Vice President of Research and Technology Boeing Computer Services P.O. Box 24346 MS: 7A-49 Seattle, WA 98124-0346

CC:

Mr. Stan Beckelman Vice President of Information Services Boeing Computer Services P.O. Box 24346 MS: 7A-49 Seattle, WA 98124-0346

Mr. Doug Frederick Director of Materiel Boeing Computer Services P.O. Box 24346 MS: 7A-49 Seattle, WA 98124-0346

1 1

Mr. Walt Braithwaite Vice President, Information System and Architecture Boeing Commercial Airplane Group P.O. Box 3707 MS: 38-UT Seattle, WA 98124-2207

Mr. Michael Quamme Vice President of Computing Systems Boeing Defense and Space Group P.O. Box 3999 MS: 80-KC Seattle, WA 98124-2499

Mr. Terry Milholland Director of P&PD and Factory Systems Boeing Computer Services P.O. Box 24346 MS: GA-MW Seattle, WA 98124-0346

Mr. Robert Dryden Executive Vice President Boeing Commercial Airplanes Group P.O. Box 3707 MS: 75-11 Seattle, WA 98124-2207

Mr. William Selby Vice President and General Manager, Fabrication Division Boeing Commercial Airplanes Group P.O. Box 3707 MS: 30-HT Seattle, WA 98124-2207

Mr. Peter Dube Opportunity Manager, Defense Information Systems Network Boeing Computer Services

P.O. Box 7000 MS: CR-28 Vienna, VA 22183-7000 Mr. Jimmy Smith RCAS Program Manager Boeing Computer Services P.O. Box 7000 MS: CR-28 Vienna, VA 22183-7000 Ms. Elizabeth Otis Director of 777 Division Boeing Commercial Airplanes Group P.O. Box 3707 MS: 6A-MF Seattle, WA 98124-2207 Mr. Larry Winsolw Vice President, Space Station Program Manager Boeing Commercial Airplanes Group P.O. Box 3707 MS: 4L-03 Seattle, WA 98124-2207 Mr. Robert McMahon Manager, International ASW Programs Boeing Defense and Space Group P.O. Box 3999 MS: 8X-24 Seattle, WA 98124-2207 Mr. Bruce Gissing Executive Vice President of Operations Boeing Commercial Airplanes Group P. O. Box 3707 MS: 75-25 Seattle, WA 98124-2207 Mr. Philip Condit President The Boeing Company P.O. Box 3707 MS: 10-10 Seattle, WA 98124-2207 Mr. Burt Welliver \checkmark Senior Vice President, Engineering and Technology The Boeing Company P.O. Box 3707 MS: 13-35 Seattle, WA 98124-2207 Bob's number for the letter is (206)-637-4281.

٤. I

If you need any further information, please let me know. Have a great weekend,

Kay Warren

ι ι

ь. ¹%

.

Q4 letter draft: <date>

1 3

· · ·

<ct> <first> <last> <title> <co> <address>

Dear <name>:

I am sending you this letter to discuss Digital's progress in returning to profitable growth and how we are making the customer the focus of everything that we do.

Perhaps the biggest reason for excitement came when we announced Digital's first quarterly profit in more than two years --\$113 million for the fourth quarter on revenues of \$3.9 billion (\$14.4 billion for the full fiscal year). This is a significant milestone in the ongoing transformation of the company, which is gaining momentum more quickly than many observers had expected. For the three quarters since Digital's new management team has been in place under President and CEO Bob Palmer, we have posted a cumulative net profit of \$9 million. We also begin the year with a new organization structure that is truly customer-focused, making Digital the first and only fully integrated information technology supplier that is organized globally along customer lines.

The fourth quarter of our 1993 fiscal year was also a noteworthy one for Digital, for a number of reasons. We introduced an updated version of the company logo as well as a new advertising campaign to reinvigorate the Digital brand. Besides unveiling the second wave of workstations based on our Alpha AXP 64-bit microprocessor, we also took the wraps off the DECpc AXP 150 personal computer--the world's fastest PC and most powerful platform for Microsoft's Windows NT operating system. Over 2,600 Alpha AXP software solutions are available to customers today. Our Alpha AXP strategy continues to support the unified UNIX, Windows NT, and OpenVMS operating systems. In May we entered our 100th country with the opening of a new subsidiary in South Africa, which was hailed by the African National Congress as "a momentous occasion." The Council on Economic Priorities awarded Digital the prestigious Corporate Conscience Award for Environmental Stewardship, and FORTUNE magazine rated us among the top ten environmentally conscious

If you have any questions regarding Digital, or if we can help further with our relationship with your company, please call me at (xxx) xxx-xxxx, or <name>, Digital's account manager, at (xxx) xxx-xxxx. We look forward to working with you.

Sincerely,

<EP name> <title> CC: <AM name>

. .

. . . .

DIGITAL INTERNAL USE ONLY Document

Distribution:

TO: JOHN ALEXANDERSON @MKO TO: HENRY ANCONA @TTB TO: FRANK BOWDEN @SCA TO: ED CALDWELL @HLO TO: CHARLES CHRIST @MLO

Use the RDL option to see remainder of distribution lists.

DIGITAL INTERNAL USE ONLY Document

didital

DIGITAL EQUIPMENT CORPORATION

Russell A. Gullotti Vice President Merrimack, New Hampshire 03050-4303

and the

June 25, 1993

Mr. Art Hitsman President, Boeing Computer Services P.O. Box 24346 MS: 7A-49 Seattle, WA 98124-0346

Dear Art;

There are good weekends and there are great weekends. The time I spent with you and Ellie et al, on the Daedalus clearly falls into the "great" category. I have been bragging about my 50 pound, er 40 pound, I mean 30 pound, or was it 20 pound, OK it was a 15 pound Salmon, all week!

The yacht was first class; the crew was the best; the food couldn't be beat and the weather was made for Salmon fishing.

Art, it has been my distinct pleasure to have worked with you during your tenure as President of BCS. Certainly, the problems we have dealt with were complex but just as certainly, the efforts of our two organizations have consistently been aimed at helping the Boeing company maintain its market leadership position in your industry. I look forward to continuing and enhancing this relationship with John Warner.

I wish you and Ellie (she's a wonderful person!) the very best as you enter what I'm sure will be a truly fun era in your lives. You really deserve the retirement that I know you will enjoy.

Please give my thanks to the crew of the Daedalus and, once again, thanks so much for your hospitality.

Sincerely,

Russ Gullotti Vice President, U.S. Area

Date: January 15, 1993

To: <u>Boeing Team</u> Doug Frederick K. Bob Johnson George Keylon Terry Milholland Diane Vades-Tomasevich Howard Wolvington

Digital Team

Toby Arnold Steve Garrett Dave Laurence Sam McCandlish Dick Nehr Kurt Wieneke

Subject: Minutes from Boeing/Digital Meeting on January 6, 1993

The attached minutes are the written content from the Boeing/Digital business relationship meeting held on January 6, 1993. The minutes were transcribed one for one from the wall charts created during the meeting. They are organized in separate attachments and follow the same order as the agenda for the meeting.

- Attachment A Meeting Agenda
- Attachment B Situation
- Attachment C Target
- Attachment D Proposal
- Attachment E Prioritization

Bob Tassone and Frank Wallace would like to thank all participants for their contribution to the meeting. The results of the meeting are being reviewed internally at both Boeing and Digital. The results of these reviews and subsequent actions to be taken will be shared with all team members. Again, thank you very much for making this a very beneficial meeting for both Boeing and Digital.

alad

Frank S. Wallace The Boeing Company

U. Robert Tassone Digital Equipment Corporation

Attachment(s)

Boeing/DEC Planning Session (1/6/93) 3009 - 112th Avenue N. E. (Building F) Bellevue, WA 7:30-4:45

Purpose: Why are we meeting?

The purpose of this meeting is to agree upon actions needed to improve the working relationship between Boeing and DEC.

Deliverables: What we will have as a result of this meeting.

- 1. Understanding of each companies expectations.
- 2. Understanding of the current impacts each company is feeling as a result of current performance.
- 3. An agreed upon set of actions each company will implement to resolve current issues.

Agenda: What we will do to produce the deliverables and accomplish the purpose.

All 7:30-8:00 [30]	Coffee	
Wallace/Tassone 8-8:15 [15]	Overview Review purpose, deliverables and agenda * Introduce facilitators. Clarify roles & responsibilities. * Introduce participants (name, company, responsibility).	Handout agenda
All 8:15-9:00 [45]	 Define Current Situation * Describe what is currently going on today that is impacting the Boeing/DEC relationship 	Affinity Diagram
Boeing Rep 9-9:30 [30]	 Present Situational Data * Summarize key issues * Boeing questions of clarification 	Review Affinity Diagram Results
DEC Rep 9:30-10:00 [30]	 Present Situational Data * Summarize key issues * Boeing questions of clarification 	Review Affinity Diagram Results
All 10:00-10:10 [10]	Break	
All 10:10-10:30 [20]	Describe What a World Class Customer Looks Like? Describe What a World Class Supplier Looks Like? * Meeting in company groups to review targets	Review & Clarify
Boeing Rep 10:30-11:00 [30]	 Present Description of World Class Supplier * Describe needs in terms of performance & service * Describe expectations in terms of performance & service * DEC questions of clarification 	Handout copies of data - if available

Wallace Proposal (12/18/92)

DEC Rep 11:00-11:30 [30]	 Present Description of World Class Customer * Describe needs in terms of performance & service * Describe expectations in terms of performance & service * Boeing questions of clarification 	Handout copies of data if available
All 11:30-12:00 [30]	 Develop a List of Options to Close Existing Gap * Work as in-tact work groups * Identify a recorder/presenter * Brainstorm and discussion of ideas your company can do to close the gap (focus is internally) within your control 	Brainstorm & small group discussions; Flip charts - leave 4" on left
All 12-1:00 [60]	Lunch	Provided
Boeing 1-1:20 [20]	 Present Overview of Options * Present results of brainstorm session * DEC questions of clarification 	Post items on wall for later reference
DEC 1:20-1:40 [20]	 Present Overview of Options * Present results of brainstorm session * Boeing questions of clarification 	Post items on wall for later reference
All 1:40-2:00 [20]	Provide Feedback on Options Provide feedback on the other companies proposals - i.e. do you think that the options identified will help achieve the desired results?	Vote -pass out dots
All 2-2:10 [10]	Break	
Boeing/DEC Reps 2:10-2:30 [20]	Review Results of Vote	Present Pareto Results of Vote
All 2:30-4:00 [90]	 Choose Options and Decide Next Steps * Review data * Prioritize options * Select options * Determine next steps 	Prioritization Matrix
Boeing/DEC Reps 4-4:30 [30]	Present Results of Next Steps	Review Results of Prioritization Matrix
Wallace/Tassone 4:30-4:45 [15]	RCAP Review decisions made Communicate what will be typed & distributed Actions reviewed; next steps	Fip chart
	Process Check	
All 4:45	Process Check Adjourn	

Wallace Proposal (12/18/92)

Boeing's perception of what is Impacting the Boeing/DEC Relationship

Digital Business Approach	Boeing \$	BCS Organization	Boeing Policies	Attitude	Good News
S/W pricing information is complex and incon- sistent	Boeing customers want new functional applications not new operational systems or "maintenance" of	BCS is/has restructured operations/technology/ systems	BCAG/BCS are moving to architecture-based solutions from vendors	DEC negotiations seem confrontational - less than a "customer-in" approach seems to be the	Digital participation in central S/W distribution pilot. Excellent team work
DEC S/W and mainten- ance purchases are difficult to understand and business practices change frequently	existing functions BCAG/CAS are under severe cost reduction pressure (suppliers cost	Digital is dealing with competing literate material now	BCAG/BCS are moving to no preferred vendor - only those that provide open systems and client /server based on UNIX	norm. eg. this is the way DEC wants or allows us to do it Digital unwilling to accept and integrate with Boeing produc-	Relationship between local Digital tech staff & BCS technical services DEC delivery
DEC having trouble staying with or catching up to changes of ADP marketplace. Result Boeing sees DEC as	more) BCAG/BCS are doing less development and therefore less external	BCAG/BCS "players" have and will change	BCAG/BCS are driven by major program demands, i.e. 777 in 1993 - 1995 time frame	tion support process on major integration efforts Digital should "grow up" when it hears complaints on past failures. BCS get s the same from BCAG	systems improved during past two years Maintenance/service support is outstanding- good approach to
non-competitive on many fronts DEC has helped customers make"good" technical decisions and	All external work is solicited via RFP's/RFI's		BCAG/BCS will not let a supplier be prime on systems integration projects BCAG/BCS are restricting	DEC's responsiveness to RFP's has been inadequate (even sole source)	solving Boeing's problems
then walks away from the bad business decisions that are the result. Most recent example "ULTRIX".	BCAG/CAS are laying-off systems people - pressure to reduce contract labor as a result to make a job		supplier access to BCAG end users BCAG/BCS are adopting P+ as the only acceptable S.E.	No-cost loaned equipment in Boeing creates more problems for DEC/Boeing than value. Expectation by DEC is "pre-purchase" rather than	
DEC is profit center approach looks like it translates into short - term results	for Boeing work		methodology for internal (external) software BCAG is moving to process ownership L, where process improvement drives system	DEC deals directly with end- user customers and then when rules are applied from a BCS perspective feel "put-upon"	
DEC is concerned with short-term cash flow (\$) rather than long-term success			changes, not the other way	by the result DEC has "vendor" rather than "partner" business approach and attitude	
Since "cost type" contracts seem to be becoming more of the 'norm' - an audit process for allowable costs needs to be jointly agreed upon					
DEC labor rates/costs are viewed as a "no-risk" fat cat approach					**_
Hardware trade-in allowances are inadequate in light of the rapid turnover in product lines					
DEC maintains "arms- length" approach to other key Boeing parties]				
Movement of operating systems across plat- forms is overly restricted resulting in excess cost to the company					
Digital walked away from the table during the S/W pilot when Boeing did not have a business case to justify purchas- ing a S/W inventory management tool					

management tool

Attachment B - Situation

ł	
I	
I	

Defect Issues (Quality)

DEC products are delivered behind required schedules

Products delivered have errors and cannot be used for Boeing customers

Recent rash of multiple hardware failures on same platforms

DEC does not have plan to fix known problems with products

Boeing is forced to invest its own resources because of inadequacies in DEC products and services

Digital Technology Management

DEC does not announce new technology to Boeing far enough in advance for Boeing to be prepared and be pro-active with its customers

Inadequate information provided by Digital on new products and product directions: - timeliness

- holes in coverage

DEC product development waits for Boeing requirements

DEC products are not delivered to address customer requirements

DEC does not understand what Boeing (and its customers) need

Appears that DEC is overselling Alpha given its state of maturity

People and Resources Management

DEC does not follow-up on prior commitments

DEC intends to maintain products for Boeing with small team - Isolated from DEC mainstream

Management/personnel change without "turnover" of knowledge acquired about Boeina

DEC local teams and Corporate resources do not seem to effectively communicate

Digital supplies "green" people for major integration/ development projects

DEC assigns insufficient resources to work on various "big" problems

DEC does not provide on-site members of working Boeing team

Digital resources are not "deep" on committed project work

DEC knows of problem with products and does not tell Boeing. (Ignorance of local team)

Legacy of unsupportive Digital Sales staff left sour taste on D&SG side

Digital's Perception of what is Impacting the Boeing/DEC Relationship

Perception Customer S.I. Boeing does not recognize DEC as a world class IT company Too many 'customers' on programs Assure we agree (DEC/Boeing) on details of mission before we begin implementation to goal DEC invest in plot produces DEC receives little recognition for its investments in Boeing, i.e Loans of products - 2ero fee consulting DEC is placed/positioned between the user and BCS a lot of the time Boeing generally looks for the tecnical "solution" rather than addressing organizational and business issues on S.I. programs Digital is difficult assume it between the user and Boeing the tecnical "solution" rather than addressing organizational and business issues on S.I. programs prevents teaming to effectively address real business issues Digital is difficult assume it business transaction evaluation method" It appears that BCS/CAS technology does not want to seriously evaluate DEC was not able to compete equally on: • UNIX server RFP • Pip RFP • Wireshop • 300 DEC was not able to compete equally on: • UNIX server RFP • Pip RFP • Wireshop • 300 It is diffuilt to share new Tits diffuilt to share new The server server				
recognize DEC as a world class IT company In programs I Hardware service is viewed as good DEC is placed/positioned between the user and BCS a lot of the time In plot pice as CSME we as not to goal DEC receives little recognition for its investments in Boeing, i.e Loans of products - Zero fee consulting DEC is asked to make consessions/investments and does not get recognition for its attempts to toster a better working relationship DEC is asked to make consessions/investments to seriously evaluate DEC's products or services DEC is not able to compete equally on: UNIX server RFP * Enabler RFP * PIP RFP Not server RFP * Site of the service of the s	Perception	Customer	S.I.	
DEC receives little recognition for its investments in Boeing, i.e Loans of products - Zero fee consultingDigital is of for the tecnical "solution" rather than addressing organizational and business issues on S.I. programsDigital is of provide gu amounts of data and ib business issues on S.I. programsDEC seems to be valued by Boeing as a provider of maintenance servicesRelationship between Boeing/DEC on SI programs prevents teaming to effectively address real business issuesDEC is no compensation provide gu and with r the evaluation process to include a "cost per business transaction evaluation method"DEC is no compensation provide gu and with r the evaluation process to include a "cost per business transaction evaluation method"DEC is no compensation provide gu and with r the evaluation process to include a "cost per business transaction evaluation method"DEC is no compensation provide gu and with r the evaluation process to include a "cost per business transaction evaluation method"Deci is no compensation agreed to compensation agreed to compete equally on: * UNIX server RFP * PIP RFP * Wireshop * 8100DEC was not able to compete equally on: * UNIX server RFP * Bit able r * Bit able	recognize DEC as a world class IT company Hardware service is	on programs DEC is placed/positioned between the user and	(DEC/Boeing) on details of mission <u>before</u> we begin implementation	in pilot pro as CSME was not co any way fo
by Boeing as a provider of maintenance services Aelationship between Boeing/DEC on SI programs prevents teaming to effectively address real business investmers and does not get recog- nition for its attempts to foster a better working relationship DEC is not compensation investmers at Boeing It appears that BCS/CAS technology does not want to services Boeing should modify its evaluation process to include a "cost per business transaction evaluation method" Boeing hu to pay a 0 agreed to charge DEC was not able to compete equally on: * UNIX server RFP * Enabler RFP * PIP RFP * Wireshop * 8100 DEC	recognition for its investments in Boeing, i.e Loans of products		for the tecnical "solution" rather than addressing organizational and business issues on S.I.	provide ge amounts o data and i RFP resp
DEC is asked to make consessions/investments and does not get recog- nition for its attempts to foster a better working relationship teaming to effectively address real business issues compensa at Boeing investment at Boeing It appears that BCS/CAS technology does not want to seriously evaluate DEC's products or services Boeing should modify its evaluation process to include a "cost per business transaction evaluation method" Boeing in to pay a (agreed to charge DEC was not able to compete equally on: * UNIX server RFP * Enabler RFP * PIP RFP * Wireshop * 8100 DEC was not able to compensation DEC was not able to compensation	by Boeing as a provider		Boeing/DEC on SI	the evaluation
foster a better working relationship Boeing should modify its evaluation process to include a "cost per business transaction evaluation method" Boeing h to pay a agreed to charge It appears that BCS/CAS technology does not want to seriously evaluate DEC's products or services Digital is assume in but for su sation and DEC was not able to compete equally on: * UNIX server RFP * Enabler RFP * PIP RFP * Wireshop * 8100 Digital is assume in but to rsu sation and	consessions/investments and does not get recog-		tearning to effectively address real business	compensa investmen
It appears that BCS/CAS technology does not want to seriously evaluate DEC's products or services DEC was not able to compete equally on: • UNIX server RFP • Enabler RFP • PIP RFP • Wireshop • 8100	foster a better working		its evaluation process to	to pay a d
DEC's products or services DEC was not able to compete equally on: • UNIX server RFP • Enabler RFP • PIP RFP • Wireshop • 8100	technology does not want			charge
DEC was not able to compete equally on: • UNIX server RFP • Enabler RFP • PIP RFP • Wireshop • 8100	DEC's products or			assume in but for su
	compete equally on: * UNIX server RFP * Enabler RFP * PIP RFP			

Relationship

Boeing/Digital

relationship is:

* Lacks trust

respect

Adversarial

* Non-colloborative

Has little natural

Stimulate and foster an

environment of trust

Digital and Boeing

Eliminate adverserial

Materiel appears to be

tactics, rather than

erative relationship

engaging in manipulative

seeking to build a coop-

Not clear that Boeing

wants to maintain a

partner relationship

upon actions taken

Rather than seeking a

cooperative relationship characterized by win/

attitudes, Boeing seems

interested in extracting

every possible conces-

sion from DEC w/o regard

to the impact

win behaviors and

and different ideas with

users of technology

with DEC based

must strive to

build a "trust"

relationship

environment

*Formal

R.O.I.

ested heavily ograms such (S/W pilot) but compensated in for its partnering

expected to generous of proprietary intelligence in ponses, but with rance of revenue no clarity as to uation process

not being sated for its ent of resources

has not agreed contractually to cancellation

expected to integrator risks, upplier compennd role

Business Process

Boeing does not appear to be following a logical process for selecting IT supplier. Why?

Current Boeing approach in working with vendors to solve Boeing business problems is too: * Complex

- * Long
- * Often not effective
- * Not dynamic

Boeing seems interested in the benefits of a Corporate Agreement. but unwilling to accept the responsibilities per the terms

Boeing does not make economic use of the corporate agreement, but seeks to negotiate T's & C's on every deal

Boeing does not give DEC specific and concise direction when setting expectations about needs

Inconsistent requirements

- -Too many
- Customers within Boeing
- Material arbitrates

Boeing does not leverage DEC's knowledge and skills beyond computing to Boeing's advantage

RFI/RFP/RFQ

DEC has lost multiple RFP efforts due to "SMARTS"

The "SMARTS" reputation is negatively affecting DEC'S effort to provide quality solutions, products, and services to Boeing

"DEC bashing regarding SMARTS program has severely impacted DEC's ability to compete for business in Boeing and is inappropriately shared with other DEC customers

DEC image has been severely tarnished due to negative comments from Boeing individuals -How do we rectify?

DEC apparently does not understand the Boeing process when responding to RFI's/RFP's

Why with the emphasis on quality is the cheapest price the primary decision factor!

Digital has not won an RFP from Boeing in 4 years!!! Conversly, DEC has invested \$5M+ in

pursuit of RFI/RFP opportunities at Boeing

DEC adheres to all BCS policies/procedures re: -"end-user" contact/activ ities for RFP/RFO's -DEC is not convinced that other vendors are required to do the same

Attachment B - Situation

Communication Digital's successes are not often recognized Increase and welcome open communications Maintain regular forum between DEC and Boeing to air grievances/discuss problems and resolve -do not let problems fester DEC very responsive to Boeing policy request with no appreciation-Banging policy Less direct mail Availability of personnel DEC and Boeing procurement should communicate more frequently to eliminate opportunities of mis communication in major procurement concerns. DEC would like to be responsive to Boeing's needs in meeting delivery schedule but Boeing needs to understand DEC's process and load times Lack of information regarding Boeing plans prevents DEC from providing the best products/services

DEC and Boeing need to communicate more closely on major projects and their schedules

Information is incomplete. DEC needs a more thorough understanding of Boeing 's problem

DEC does not communicate product and services plans and strategies effectively



Attachment C - Target Boeing's Expectation and Needs of a World Class Supplier

Quality -

- Defects
- Useability
- Conformance to specifications
- Personnel adequately trained

Cost -

- Cost effectiveness (use)
- Pricing

Delivery -

- On-time, within schedule
- Simplicity
- The way it is delivered

Safety -

• Open and supportive environment

Morale -

- People want to be there
- Commitment
- Shared destiny

12 Principles

Attachment C - Target Boeing's Expectation and Needs of a World Class Supplier

Quality First -

- Policy in action
- Customer driven
- Partnership with people
- Management leadership

Quality Built-in -

- Organizational alignment
- Cross-organizational coordination for the customer
- Elimination of waste: focus on adding value

Reliable Processes through Reliable Methods -

- Healthy work environment
- Simplify
- Continous improvement as a way of life

Commitment To Support Boeing's Strategic Initiatives

Attachment C - Target Boeing's Expectation and Needs of a World Class Supplier

- Reduce Cost of Computing
 - -Alternative analysis: provide best value to meet our requirements
 - ---Flexibility of supplier's corporate policies and procedures (example software license transferability)
- Adherence to Company Policies and Procedures
 - -Coordinate sales and marketing activities with Materiel
 - -Support proper contracts in the acquisition process (not end user)
- Bid and Contract Performance
 - -Responsive and compliant to bids
 - -Delivery date = need date
 - -Exceed contract targets for product reliability and service quality
- Dedicated to Continuous Quality Improvement
 - —Business processes
 - -Strategic information exchange
 - -Computing architecture standards

Supplier Relationship Management

Attachment C - Target Boeing's Expectation and Needs of a World Class Supplier

VISION

"To enter into a long-term, strategic relationship that will be built on trust and respect. This relationship shall promote Continuous Quality Improvement of all activities with the goal of making all companies stronger

in their respective markets"

Operating Principles

"Mutual Pledge"

Attachment C - Target Boeing's Expectation and Needs of a World Class Supplier

TRUST: Candor, honesty, and respect COOPERATION: Long-term relationship TEAMWORK: Working together, common goals LISTENING: Open minded, listen carefully RESPONSIVENESS: Timely and quality responses QUALITY: Continuous quality improvement

Attributes of a

Attachment C - Target Boeing's Expectation and Needs of a World Class Supplier

Strategic Supplier

- Embrace operating principles for partnering
- Supplier is integral to Boeing:
 —Realizing Vision, mission, goals, and objectives
- Dedicated to continuous quality improvement
- Committed to maintaining and improving the relationship
- Critical to Boeing's business processes
- Leader in corporate citizenship

World Class Customer

Attachment C - Target Digital's Expectation and Needs of a World Class Customer

Characteristics:

- Desires long-term relationship
- Cooperative planning partner
- Open/clear communications
- Responsive to vendor concerns/requests
- Share
 - -Respect
 - -Values
 - -Knowledge
 - -Vision
 - -Corporate goals
- Value executive exchange of ideas/concepts
- Expects to buy value (lasting) from supplier
- Expects supplier to profit

Attachment D - Proposal Boeing Proposals to Improve Relationship



The number of dots represents the Digital Team's view of importance



Item: People/Resource Management

Attachment D - Proposal Digital Proposals to Improve Relationships

No. of Dots

Boeing Seeks

- Follow up on prior commitments
- Corporate resource involved with local team/communicate
- Organizational change notification
- Skills depth on projects/integration programs
- Insufficient resources to work big problems

4

3

Action/Deliverable

- Pre-announce senior staff/functional organizational changes
- Develop/publish support plan for project/program management
- Communicate resource centers in Digital/access information procedure

Item: Digital Technology Management

Boeing Seeks

- Timely new product/services information
- Product Direction
- Listen to Boeing's needs/customers requirements

Action/Deliverable

- Scheduled Digital technology reviews
 - Disciplined
 - Ad Hoc
- Review Digital's core competencies
- Map Digital's core compentencies/products to Boeing's needs

The number of dots represents the Boeing Team's view of importance

Item: Boeing \$

Dots

2

1

Boeing Seeks

- Lowest cost/highest value
- RFI/RFP is solicitation procedure
- Reduced contract labor
- Cost reduction goals
- New functional application/not new operating systems

Attachment D - Proposal

Relationships

Digital Proposals to Improve

Action/Deliverable

- Digital creates/presents white paper on suggested amendments to RFI/RFP policy to include:
 - Cost/business transaction model
 - Alternative acquisition method
 - Digital's price versus cost

Item: Boeing Business Organization and Business Policy

Boeing Seeks

World-class customer/supplier relationship

Action/Deliverable

- Boeing to provide Digital with monthly update of organizational and policy changes
- Digital to provide feedback to these changes, with explanation
 of their impact on Digital/Boeing business relationship
- Boeing to provide semi-annual performance evaluation

The number of dots represents the Boeing Team's view of importance

	Provide Digital With Clear Infor- mation On Boeing Technical Direction and Architecture	Regular Structured Executive Reviews	Do RFI/ RFP/RFQ Training	No Badmouth	Take WCC Course	Do P+ Training	Request Digital To Clearly Define Scope of Services/ Support Which Are Bundled With A Product	Total Points	Percent Of Total Points	Attachment E - Prioritization Prioritization of Boeing's Actions by Joint Boeing/Digital Team
Provide Digital with clear infor- mation on Boeing technical direction and architecture		5	10	10	1	10	5	41.0	28	
Regular Structured Executive Reviews	.2		.2	10	5	10	1	26.4	18	5 = Significantly Better 10 = Extremely Better
Do RFI/ RFP/RFQ Training	.1	5		10	5	10	.2	25.8	18	1/5 or .2 = Significantly Worse 1/10 or .1 = Extremely Worse
No Badmouth	.1	.1	.1		.1	1	.1	1.5	.09	1 =Same or Equal
Take WCC Course	1	.2	.2	10		10	1	22.4	15	
Do P+ Training	.1	.1	.1	1	.1		.1	1.5	.09	
Request Digital to clearly define scope of services/ support which are bundled with a product	.2	1	5	10	1	10		27.2	19	
-								145.8	▲ Final Weighted Prioritization	

Attachment E - Prioritization

1		1 8						i I	Attachment E - Prioritization Prioritization of Digital's Actions by Joint Boeing/Digital Team
	Business Approach	Digital Technology Management	People Resource Management	Quality	Boeing \$	Boeing Business/ Organization Policy	Total Points	Percent Of Total Points	
Business Approach		5	10	.1	10	10	35.1	29	
Digital Technology Management	.2		.2	.1	5	10	15.5	13	5 = Significantly Better 10 = Extremely Better
People Resource Management	.1	5		.2	5	10	20.3	17	 1/5 or .2 = Significantly Worse 1/10 or .1 = Extremely Worse 1. Some or Equal
Quality	10	10	5		10	10	45	37	1 =Same or Equal
Boeing \$	1	.2	.2	.1		5	5.6	5	
Boeing Business/ Organization Policy	.1	.1	.1	.1	.2		.6	> .1	
							122.1	Final Weighte Prioritization	d

57