

Giants extend reach via Internet

EMMA KELLY/LONDON

BAE SYSTEMS, Boeing, Lockheed Martin, Raytheon and e-commerce expert Commerce One have formed the aerospace and defence industry's biggest e-commerce initiative. The participants believe the move will "revolutionise the aerospace industry".

The partners have signed a memorandum of understanding to form the unnamed venture, with a definitive agreement due early in the second quarter and a launch in mid-year, says Phil Condit, Boeing chairman and chief executive.

A new company will be formed by the partners that will own and operate an Internet trading exchange for the industry. The exchange, based on the Commerce One Microsoft-powered Market-Site Portal Solution, is expected to move online the bulk of the partners' annual procurement outlay of

\$71 billion. The four aerospace companies' 37,000-plus suppliers, hundreds of airlines and national governments will be invited to join the marketplace, which is expected to provide an exchange for products, services and technical data.

The exchange will provide an "enormous opportunity for efficiency gains", say the partners, with sales benefits, reduced transaction and acquisition costs and enhanced transparency of the supply chain.

The partners will take equal ownership stakes, with adjustments to be based on the individual flow of e-commerce through the exchange over the first three years. Commerce One will have a 5% share, while 20% has been set aside for other participants. "We hope that more large partners will come in," says Harry Stonecipher, Boeing president. The partners "expect a flood of requests to join".

The participants are keen for European Aeronautic, Defense and Space to be involved. "We've had talks and we have no doubt the advantages will bring them into it," says BAE chairman Sir Dick Evans. Other large companies, including Northrop Grumman and Rockwell Collins, have yet to commit to industry-wide e-commerce initiatives and may be attracted to the venture.

The partners decline to detail their investment, but BAE chief executive John Weston says it is "minimal" compared to what they are creating. The participants, which plan an initial public offering – probably next year – do not expect anti-trust immunity problems, but concede that e-commerce ventures are attracting interest from the authorities.

Although the new e-commerce venture is not the first of its kind, it could become dominant because of

the size and industry reach of its founders. The breadth of the initiative "will make it the prime site and is the reason that we all sat down together, but that doesn't mean that there can't be other sites in other areas", says Condit.

Two other big aerospace e-commerce initiatives – MyAircraft.com from Honeywell/United Technologies and SITA/AAR's aerospan.com – are set for launch by mid-year.

Honeywell says: "We believe this new [Boeing, BAE, Lockheed Martin, Raytheon] venture further validates the concept of multicompany sites. We were the first to espouse this concept and we are on the way to implementing it."

Honeywell aims to announce new partners shortly and launch in the second quarter. It intends to be "the leader" in aerospace e-business, but has not ruled out co-operation with the rival initiative. □

US Army rolls out aviation modernisation plan

RAMON LOPEZ/FORT WORTH

THE US ARMY plans to procure 1,213 Boeing/Sikorsky RAH-66 Comanche helicopters, but seems to be stepping back from its aim of converting all Boeing AH-64As into the more capable Apache Longbow configuration.

A March 2000 draft of the aviation modernisation plan obtained by *Flight International* shows that the US Army has ruled out reducing the size of its planned RAH-66 Comanche fleet.

Maj Gen Anthony Jones, US Army Aviation Center commander and author of the aircraft procurement plan, which was to be officially released on 1 April is scheduling the full complement of Comanches to be delivered.

The plan is being presented to the US Department of Defense Acquisition Board (DAB) for approval. Concern over funding has generated speculation that the DAB might decide to cut the \$43 billion RAH-66 programme to 650



The US Army remains faithful to Comanches but may bold back on Apaches

machines, ending helicopter production by 2016.

The draft plan envisages production starting in fiscal year 2004, leading to initial fielding in December 2006 and a full cavalry squadron equipped by FY2008. The strategy retains a maximum

production rate of 72 Comanches a year, beginning in FY2010, running through FY2024.

Boeing officials will be less pleased with the US Army's current plan for the AH-64. The army leadership had hoped to reverse last year's cuts to the number of

early-model Apaches to be upgraded to the AH-64D standard. Originally, 743 AH-64As were to be modernised and 227 millimetre-wave radars acquired. Last year, the number of upgrades was slimmed to 530, but radar numbers rose to 500.

The draft plan calls for upgrade of 600 AH-64As to the Apache Longbow configuration. To remain in service through to FY2020, they would be replaced by a new attack helicopter, an upgraded RAH-66, or a further remanufactured AH-64. The draft document reverts back to 227 fire-control radar (FCR) purchases through to FY2007. "The Army is awaiting the completion of the Attack Helicopter Battalion Mix Study to determine the correct number of FCRs based upon the new force structure," the plan says.

The army will further modernise 300 tandem-rotor Boeing Chinook helicopters through to 2013 to CH-47F configuration at a cost of \$3 billion. □