



Counterfeit Risk Mitigation

The Leonardo MW Journey

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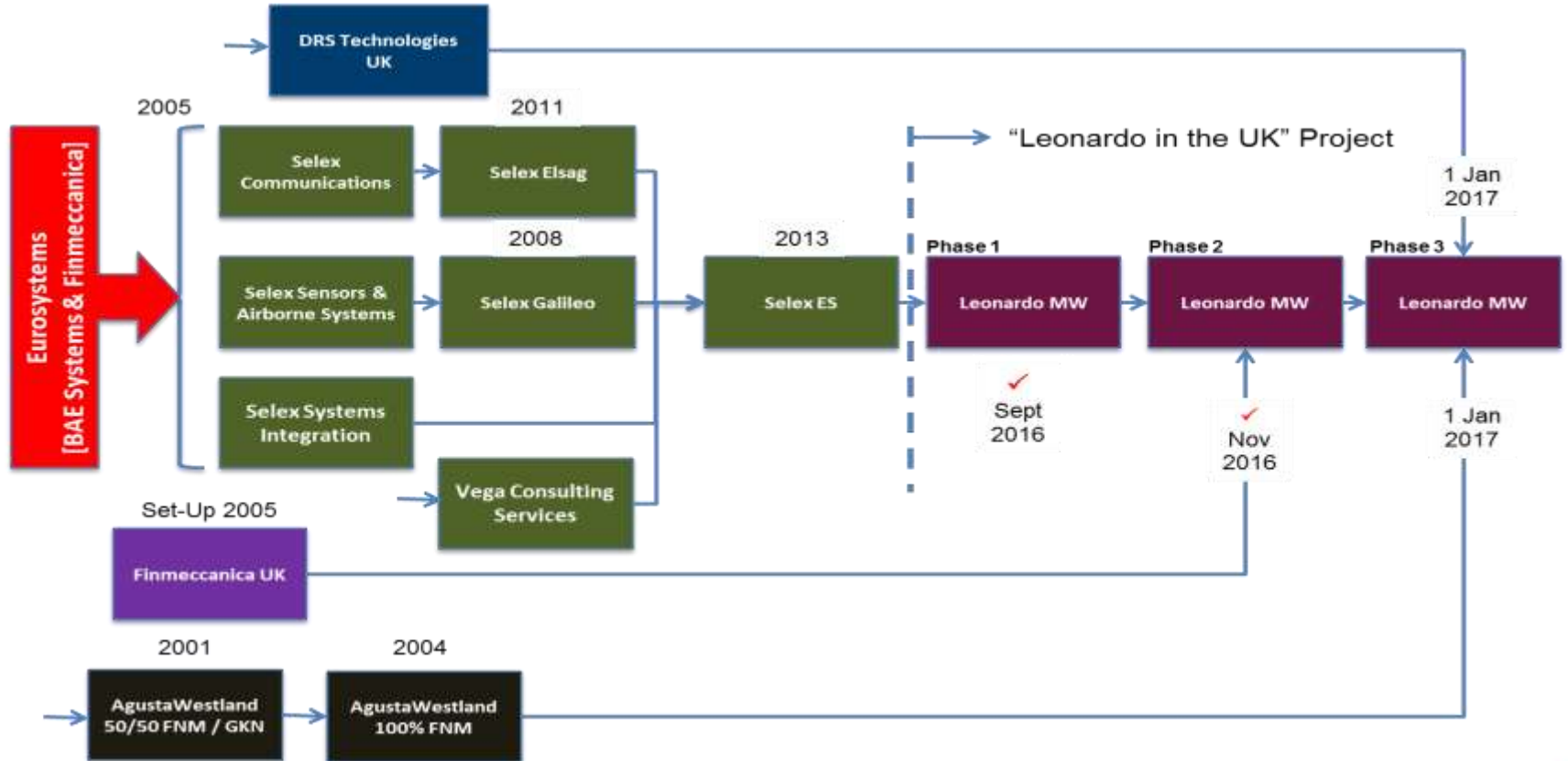
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What I'll be addressing today

- 🌀 Introduction to Leonardo MW
- 🌀 Timeline of events – A&SSD
- 🌀 The Definition, Development and Implementation of our Management Plan
- 🌀 With the benefit of hindsight
- 🌀 Views as a Supplier & Customer
- 🌀 Our Plan in Action
- 🌀 Key messages to take away

Leonardo in the UK - Evolution



AIRBORNE & SPACE SYSTEMS

The Airborne & Space Systems Division's wide range of products and solutions includes:

- **integrated mission systems** (such as ATOS- Airborne Tactical Observation and Surveillance, for manned platforms).
- **radars and sensors** (such as the multi-mode Seaspray radars family, based on AESA technology (Active Electronically Scanned Array) and the Gabbiano radar family, based on advanced mechanically scanning array antenna).
- **electronic warfare systems**
- **aerial target systems**
- **simulation systems**
- **on-board avionics** and **CNI**
- **remotely piloted aircraft systems** (Falco), also offered through full service contracts.
- **space systems** that include sensors, mission payloads and advanced robotic systems.
- **ISTAR** solutions (Intelligence, Surveillance, Target Acquisition & Reconnaissance), based on integrated and agnostic architectures.



Why Counterfeit Controls are Important for Leonardo



Operating Globally



Reliance on our Supply Chain Partners



Risk Management Regimes

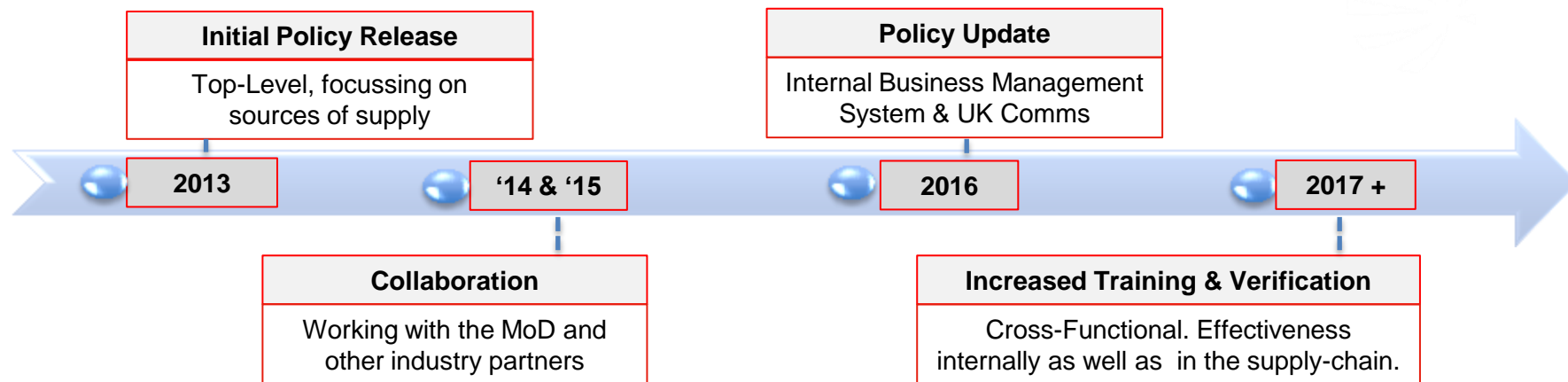


Conscience of our Customers



Our Position in the Supply Chain

Summary of the Timeline of Events – ASSD Leonardo MW



Key Events:

May 2012 – US Senate Armed Services Committee

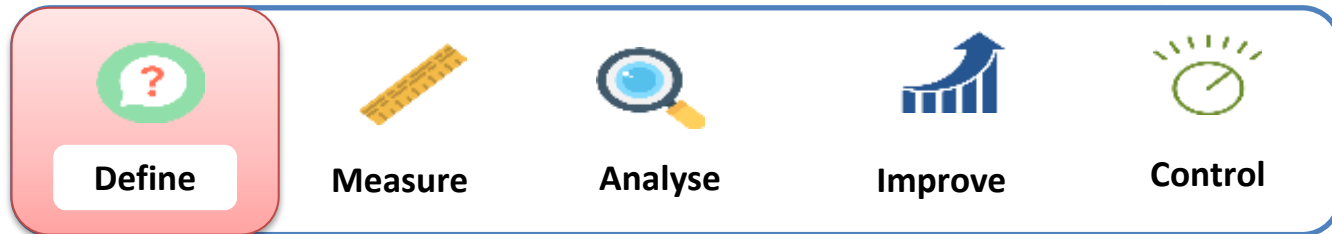
2014 – MoD Counterfeit Avoidance Working Group

2015 – Increased awareness of best-practice standards

2016+ Supply Chain Interaction & CAMM

The Definition of the Plan

Lean Six Sigma - DMAIC



DEFINE

- The problem itself – Risk of Counterfeit
 - Large Cross-Site Organisation
- Multiple Internal & External Customers
- Many Business Processes will see an Impact
- Terrible Implications of the worst case scenario

DMAIC 'Define' - The Impact on the Status Quo

Functional touch-points:

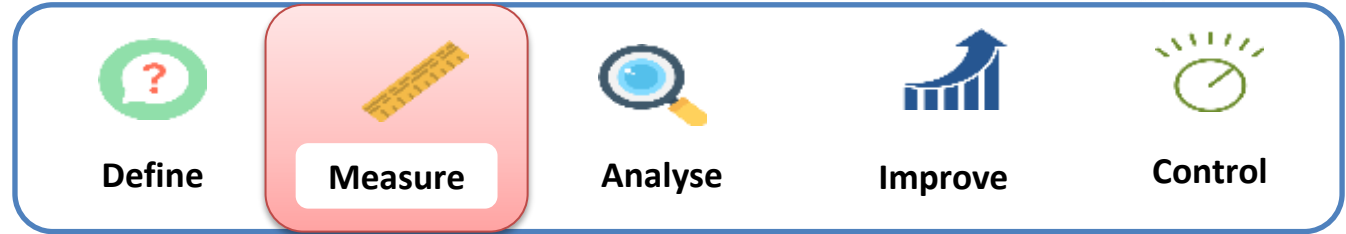
- Procurement, Operations, Commercial, Engineering and Quality.

Key Impacts:

- Procurement – Supplier Approval, Due-Diligence and our GCoP.
- Operations – Product Segregation and Goods-Inwards.
- Commercial – Contract Review and Customer Communications.
- Engineering – Product Design, Authenticity Verification and Design Integrity
- Quality – Non-Conforming Product and Process Effectiveness.

The Definition of the Plan Contd.

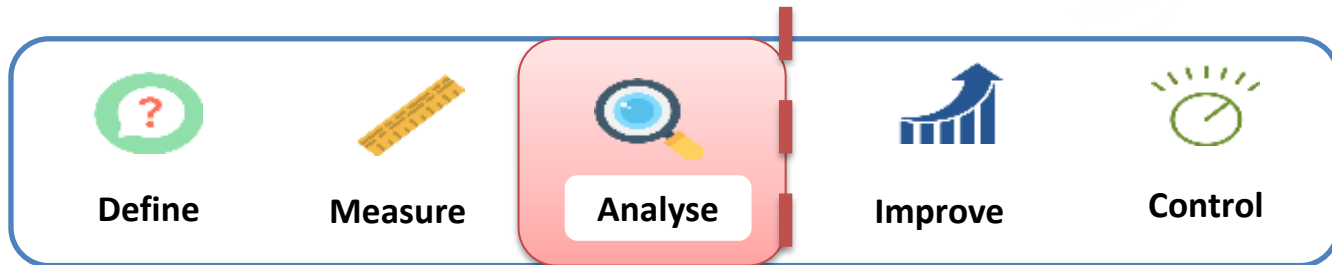
Lean Six Sigma - DMAIC



- MEASURE**
- Number of Active Suppliers
 - Location and Third-Party Certification
 - Authorised Distribution Procurement
 - CEM Procurement Practices
 - Internal Awareness

The Definition of the Plan Contd.

Lean Six Sigma - DMAIC



Readiness Gate

- ANALYSE**
- Too many active suppliers
 - Needing Improved Governance
 - Lack of Due Diligence focussing on Transparency
 - Lack of cross-functional awareness
 - Finally – no internal guidance existed

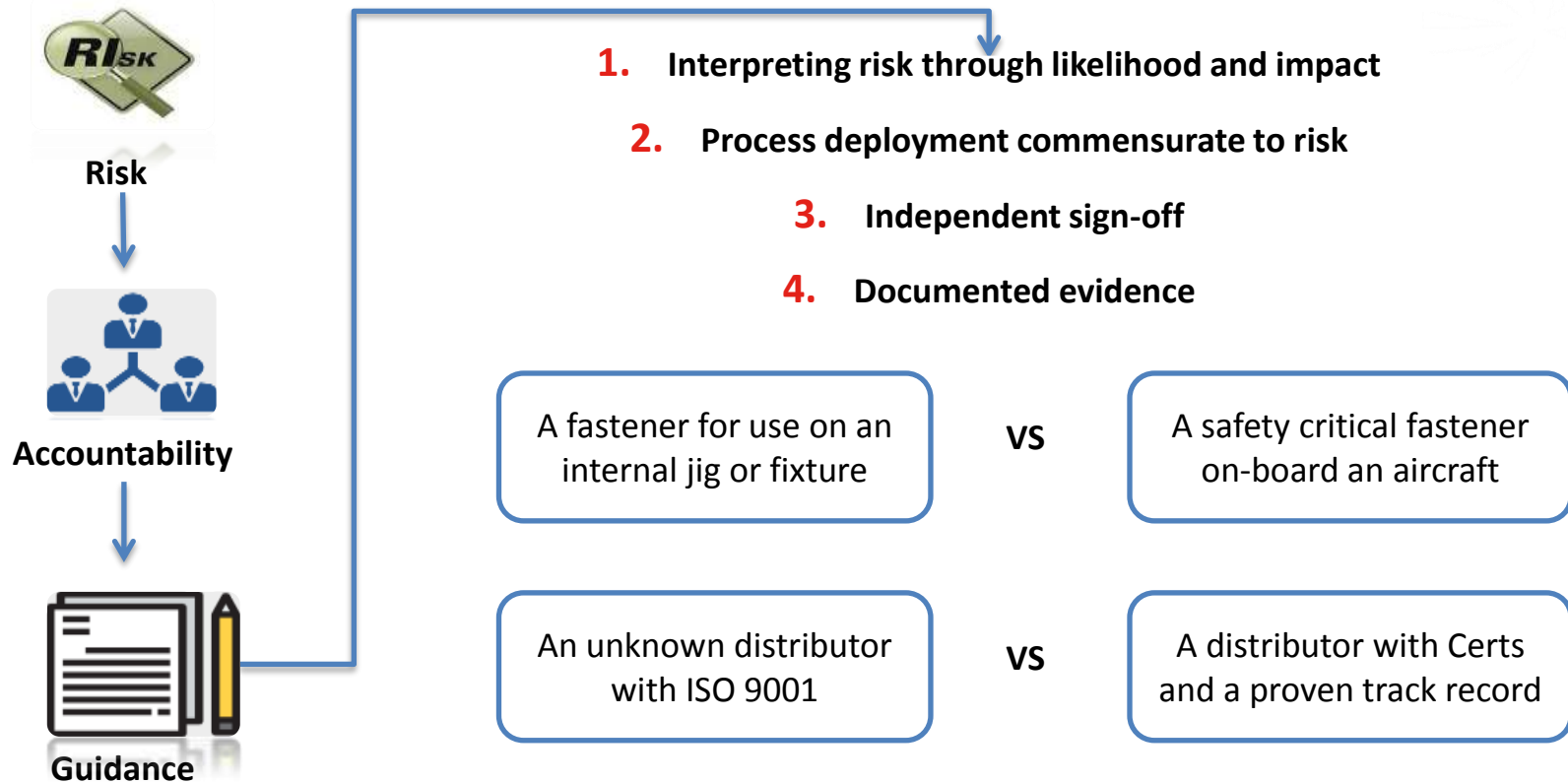
The Development of the Plan



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The Development of the Plan – Focussing on Risk



The Implementation of the Plan



Lean Six Sigma - DMAIC

The Current State



Define



Measure



Analyse



Improve



Control

**Robust Procurement
Governance Regime**

**Alignment to best-
practices**

Increasing Awareness

**Supplier Due-Diligence &
The CAMM**

Openness and Transparency

The Implementation of the Plan Contd.



Lean Six Sigma - DMAIC

The Future State



Define



Measure



Analyse







Improve




Control

What does good look like for Leonardo MW?

-  Maximising traceability of our products
-  The sharing of risk throughout our Supply Chain
-  Supporting SMEs in their mitigation efforts
-  Continuously reviewing and improving our plan

With the Benefit of Hindsight....


1



Ownership

- Engineering
- Operations
- Quality
- Procurement

2



Cost

- Training & Awareness
- Supply Chain Verification
- Customer Alignment

3



Pre-empting Opposition

Cost! Time!
No Failures!

And others too: Obsolescence, Category Management and Resources

The Supplier View



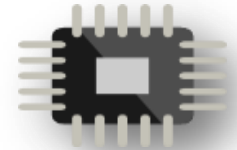
Pragmatism

- Views on risk and criticality
- Both ends of the spectrum - an issue or not?



Clarity of Traceability Requirements

- More than “Full,” “normal,” or reliant on us
- Funding mitigation – understanding the Cost Vs Benefit



Risk Reviews rather than Audits

- Work with us to understand our concerns
- Encourage openness, joint-improvements and collaboration



The Customer View



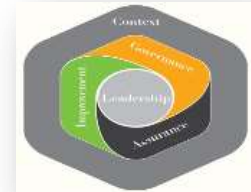
Contract Review

- One of THE most fundamental expectations we have
- Flow down applicability



Quality at Source

- Mitigating risks of escaping defects – adopt the same approach
- Test and Verification – clarity from the outset at quote stage
- Verify effectiveness of incumbent processes







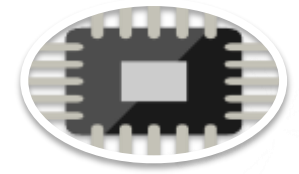
Collaborate

- Share best practice and request the same
- Support the work of industry through CAWG and others



Our Plan in Action

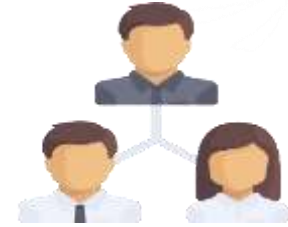
-  Component Shortages
-  DFARS and DEFSTANS
-  CAWG and the CAMM
-  Leadership and Accountability



What lies ahead?

Key Challenges:

- Due-diligence in the supply chain
- Flow down and understanding of requirements
- Transparency throughout industry



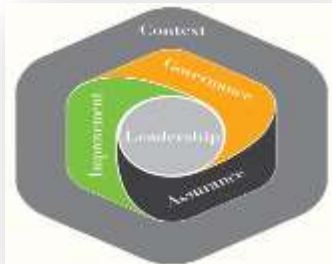
Key Successes:

- Collaboration - consistency in our approach
- Sharing knowledge and expertise
- Awareness throughout industry
- Events like this one today – continued support



Key Points to Take Away

- ✿ This issue is not going away
- ✿ We're all responsible, not ONLY your Quality team, or ONLY your Procurement team
- ✿ Having a plan is good, having a plan that's continuously evolving is better
- ✿ All organisations need to collaborate more – we can't afford to sit still



**The Chartered Quality
Institute's definition of Quality**

- 1. Know where you sit in the supply chain**
- 2. Ensure the intent is fit for purpose**
- 3. Ensure your plan delivers the desired outcomes**
- 4. Continuously review and aim to improve**



THANK YOU FOR YOUR ATTENTION

