

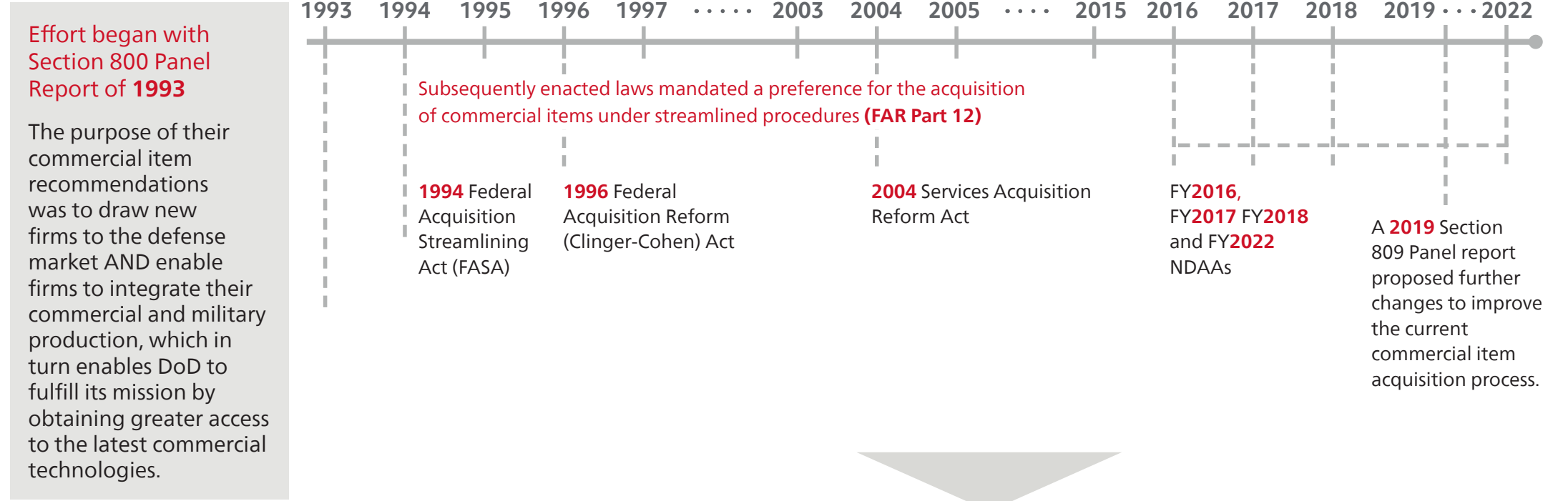
UNDERSTANDING THE BENEFITS OF FAR PART 12 AND "OF A TYPE" CLASSIFICATION

THE NEXT STEP: CLASSIFYING

For close to three decades, the U.S. Congress and the Department of Defense (DoD) have recognized that government acquisition of commercial products and services can increase competition, reduce costs and expand access to new technologies, processes and products.

Commercially developed products and services – particularly those classified as commercial “of a type” and procured through the Federal Acquisition Regulation (FAR) Part 12 framework – bring considerable advantages to the DoD and to taxpayers.

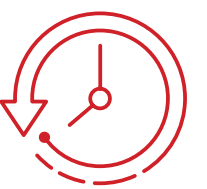
FAR PART 12 HISTORY OF SUPPORT



FAR Part 12 commercial “of a type” classification often enables:



Advanced **TECHNOLOGY**



In **LESS TIME**



For **LOWER COST**



COLLINS COUNTDOWN

Benefits of FAR Part 12 procedures and commercial “of a type” classification

- 1 Rapid deployment of advanced technology and ongoing product enhancements to the warfighter
- 2 Reduced costs by leveraging commercial investment in development and test equipment
- 3 Easier and less expensive to manage and upgrade, mitigating obsolescence
- 4 Integration of defense and commercial industrial bases
- 5 Reduces barriers to entry into the U.S. government, increasing competition and available solutions

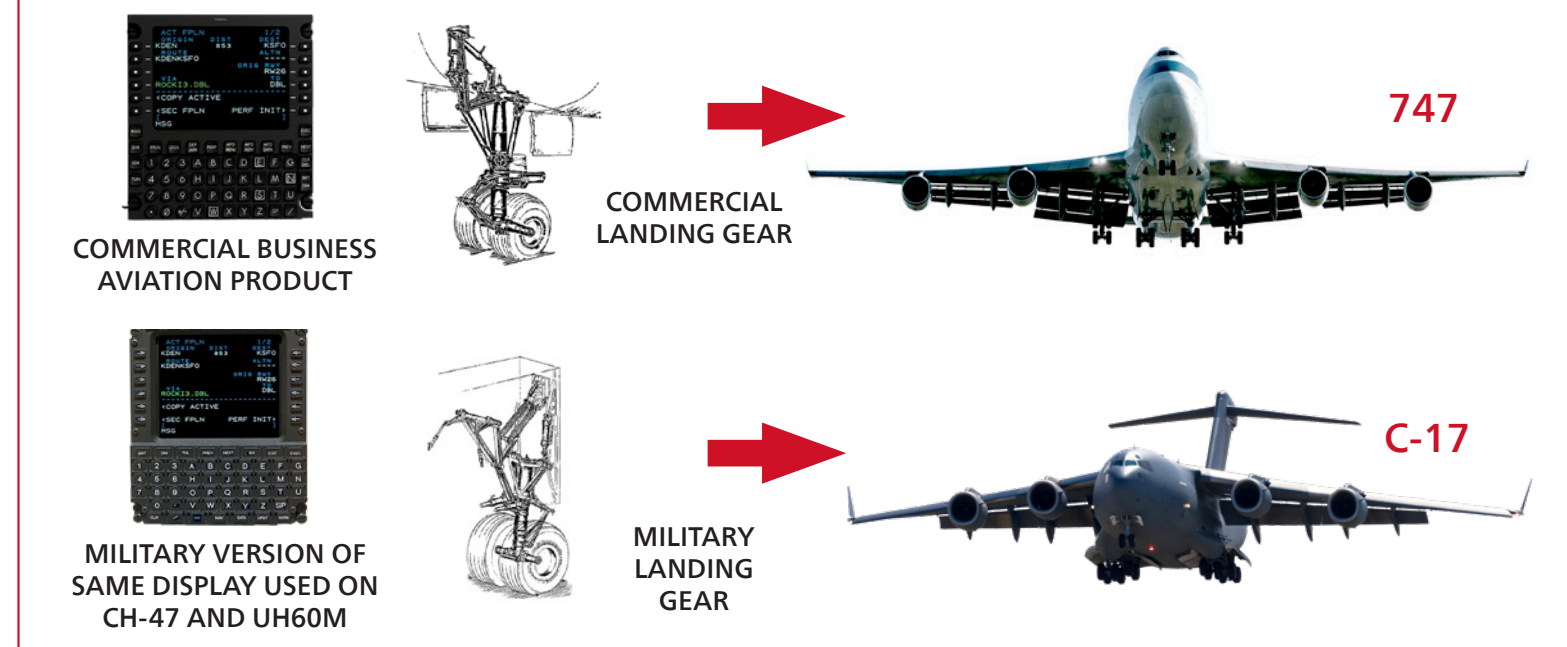
FAR PART 12 vs. FAR PART 15

	FAR PART 12	FAR PART 15
USG cost of upgrades		
USG cost of R&D		
USG cost of obsolescence*		
Cost to taxpayers		
Access to new technology	+	-
Ease of upgrades	+	-
Competition	+	-

*“Substantially less cost” than FAR 15 is not the same as no cost.

WHAT'S THE ? DIFFERENCE

“OF A TYPE”



DID YOU KNOW?

- Collins commercial “of a type” Common Avionics Architecture System (CAAS):
- Saved the Pentagon **OVER \$160 MILLION**
 - Applied **OVER 20 YEARS** and **\$300 MILLION** in commercial development
 - Delivered in just **13 MONTHS** vs. 24 - 36 months

DID YOU KNOW?

- Collins commercial “of a type” (military application) Integrated Landing Systems (ILS) took advantage of **\$40 MILLION** worth of previous investments from our commercial ILS.

FAR PART 12 COMMERCIAL “OF A TYPE” CLASSIFICATION

MYTH	VS	FACT
Commercial products and services cost more.	1	Costs are often less and with improved schedule.
Commercial Industry overcharges the government with excessive profit margins.	2	The profit is reinvested into the business for the rapid use of state-of-the-art technologies and innovation.
Commercial items must have a direct commercial market.	3	Custom markets may never have a direct commercial sale, but they can leverage commercial production processes.
It's not a commercial item unless it's identical by part number and blueprint.	4	Commercial “of a type” determinations were established because these items aren't sold directly to the public and therefore must vary from the commercial version.
Requests for Non-Recurring Engineering (NRE) cannot be commercial.	5	This practice is customary in the commercial sector to customize a product per customer specs.

DID YOU KNOW?

- The Collins commercial “of a type” Integrated Vehicle Health Management Unit (IVHMU):
- Applied **\$10 MILLION** in private development investment, reducing costs for the U.S. Government and taxpayers
 - Provides IVHMU in a **SMALLER, LIGHTER** and **MORE FUNCTIONAL** form
 - Reduces **TWO** line-replaceable units down to only **ONE**

WAITING IN THE WINGS

Solutions that could benefit the warfighter now through FAR Part 12 & commercial “of a type” classification:



AND MUCH MORE

Results are illustrative. Actual results will depend on specific facts and circumstance of the transaction.