

Aviation System Standards

High Performing Organization

Presented To: FAA Authorized Chart Agents

By: Fred Anderson

Date: March 9, 2009

Location: Las Vegas, NV



Federal Aviation
Administration



What is an HPO?

- An Office of Management and Budget (OMB) initiative to enhance an organization's cost efficiency and performance to exceed that of comparable providers, whether public or private
- OMB HPO designation is recognized as an alternative to competitive sourcing
- The FAA made a request to OMB for HPO designation, and OMB has approved the HPO Plan



FAA Vision for NACO HPO

- Achieve long-term substantial and sustainable efficiency gains
- Remain competitive in a changing industry despite resource constraints
- Further reduce reliance on public funding through the implementation of cost and performance efficiencies
- Receive Competitive Sourcing Credit without conducting an A-76



HPO Goals

- Reduce NACO operational funding by 20 to 28%
- Increase the quality of AVN products and services



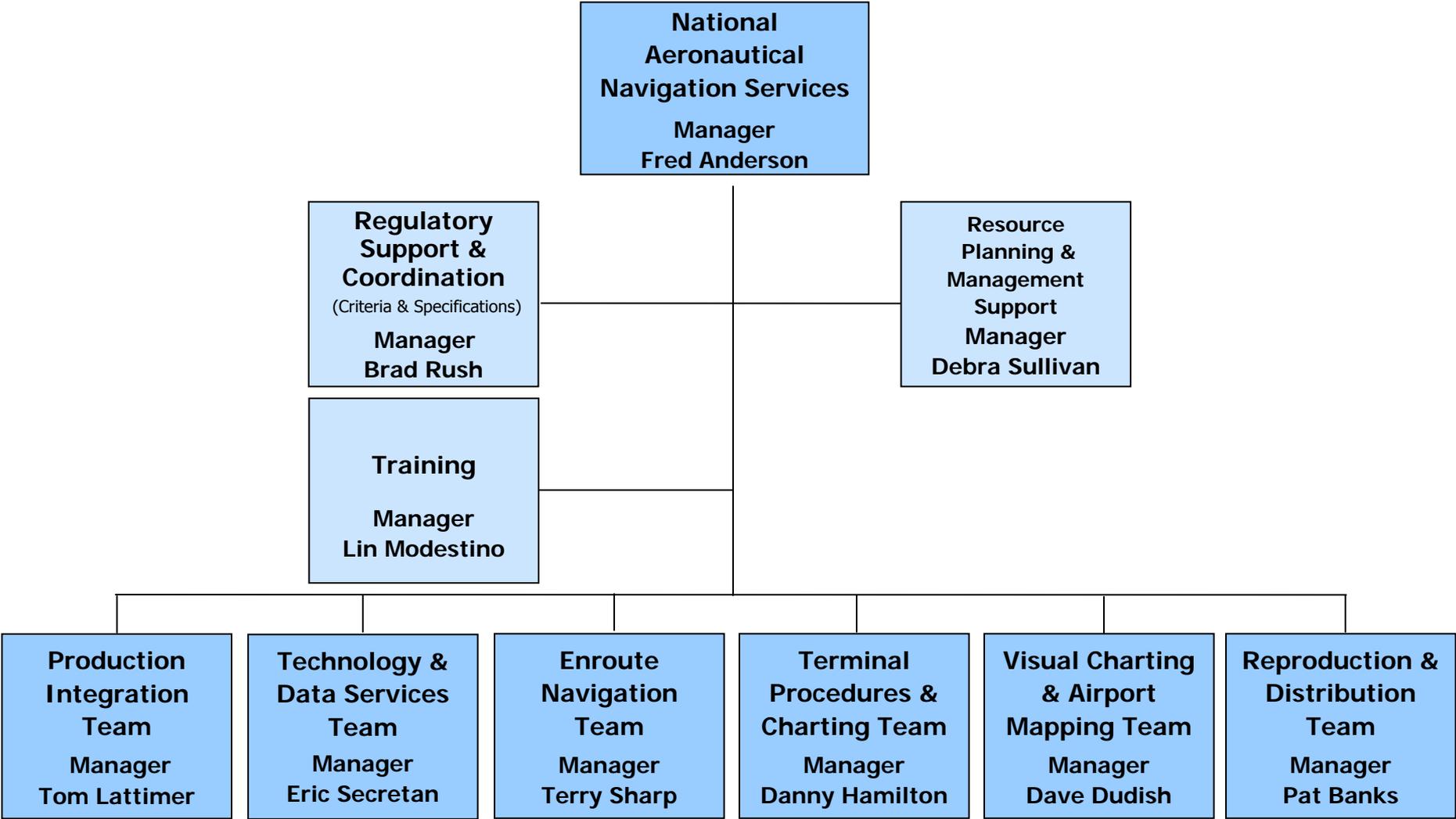
Summary of HPO Plan

- AVN Integration Efficiencies – (\$8.5M/Year)
- Revenue Increases (\$8.9M/Year)
- Reproduction Efficiencies – (\$4.2M/Year)
- Distribution Efficiencies – (\$2.4M/Year)

Note: Total Savings \$24.0M/Year Beginning in FY 13
Savings Based on FY 08 Dollars



AeroNav Services Organizational Structure



New Pricing Model

Estimated FY07 Allowable Cost Recoverable Gap of \$14M

FY07 Costs and Receipts for All Products

Total Production Cost	Recoverable Production Costs	Total Receipts	Total Allowable Cost Recovery Gap
\$45,515,297	\$36,602,563	\$22,265,215	\$14,337,348

- If Cost Recovery were Maximized, NACO would have Received an Additional \$14M in Revenue in FY07

HPO Pricing Methodology

➤ Pricing Model

- ➔ For Each Product, a Price was Calculated Such that Revenue from Sales to the Public Would Equal Their Recoverable Costs for the Quantity Sold to the Public

➤ Strategy for Full Allowable Cost Recovery

- ➔ Incremental Increase to Minimize Impact on General Aviation Customers
- ➔ Significant Increase on Products with Large Cost Recovery Gaps and the Increase Would Minimally affect the Primary Customer Base (i.e., Helicopter/Oil Industry Customers)

➤ Equitable Cost Sharing for all Customers

- ➔ FY09 - Begin Charging Internal FAA Customers
- ➔ All Customers Need to Equally Share in the Cost of Production

Business and Technology Changes Since Current Agent Business Model was Established

Since the Early 70's:

- Price of Conventional Nautical Charts Increased Over 15 Times
- Price of Sectional Aeronautical Charts Increased Over 8 Times
- Overnight Shipping has become Common in Business
- Electronic Ordering Available - About 75% of Americans have Access to the Internet
- Credit Card and Electronic Fund Transfer Payments Available
- Wireless Devices Now Make Navigational Information Available Virtually Anywhere (these Devices also Include GPS)



Summary of HPO Benefits

- More Efficient Operations
- Increased Production Capacity
- Improving Quality of Products and Services
- Provide New Products and Services to our Customers



Questions



Aviation System Standards

New Chart Agent Network Model

Presented To: FAA Authorized Chart Agents

By: Pat Banks

Date: March 9, 2009

Location: Las Vegas, NV



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New Chart Agent Model

- Cease Providing Credits Above Contractual 20% Return Rate
- Increase Chart Agents' Minimum Sales Requirement from \$500 to \$5,000 Per Year to Reduce Administrative Costs and Number of Customer Service Reps Needed
- Permit Agents to Create Sub-agent Networks
 - Flexibility for Agents to Expand and Meet Public's Demand
- Require Online Only Sales to Consolidate Sales Records and Reduce Number of Service Reps Needed
- Conduct Survey Every 6 Months to Solicit Feedback and Monitor Service



Options for Existing Agents Under the New Chart Agent Model

- **Become an Agent - Without Sales Outlets**
- **Become an Agent - With Sales Outlets**
- **Close Account - Become a Sales Outlet**
- **Close Account**



New Chart Agent Network Model

Opportunities Available

- Input on policy
- Increase annual sales to meet \$5K goal
- Take advantage of established networks
- On-line Ordering
- What can we do to help?



Questions



Aviation System Standards

Draft of FAA Authorized Chart Agent Agreement

Presented To: FAA Authorized Chart Agents

By: Bill Maynard

Date: March 9, 2009

Location: Las Vegas, NV



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Draft of FAA Authorized Chart Agent Agreement

Agents

- **Direct Communication with FAA**
- **Establish Network of Sales Outlets**
- **Orders and Returns - Only Initiated by Agents**
- **Agent Personnel must adhere to Terms of Agent Agreement**



Draft of FAA Authorized Chart Agent Agreement

Agents Network

- **Agents must provide FAA with Addresses of Sales Outlets**
- **Agent Orders Shipped directly from FAA to Agent's Sales Outlets for an additional service fee**
- **Sales Outlets**
 - No Agreement or relationship with FAA
 - No Direct Communication with FAA
 - No Obsolete Returns for Credit accepted directly from Sales Outlets



Draft of FAA Authorized Chart Agent Agreement

Agents Network (continued)

- **Sales Outlet Personnel must adhere to Terms of Agreement between FAA and Agent**
- **Subject to Inspection**

Sales Volume

- **Minimum \$5,000 Annual Net Sales**
- **Agents Not Meeting Minimum Sales Volume in Second Year - Considered for Cancellation**



Draft of FAA Authorized Chart Agent Agreement

Orders

- **Must be Submitted Using E-Commerce**
- **Only Agents Permitted to Submit Orders**
- **Report Discrepancies within 3 Weeks of Order**

Discounts

- **Current is 40%**



Draft of FAA Authorized Chart Agent Agreement

Obsolete Products

- **Credit Allowed for up to 20% of Agents Net Sales Volume**
- **Agents Return Rate Greater Than 20% in any One Month – Obsolete Returns Not Retained by FAA**

Remittances

- **Accept ACH-EFT, Credit Cards and Checks**
- **Future Option – Payments Through E-Commerce**



Timeline

May 1, 2009

- Certified Letters to Agents Explaining New Chart Agent Model

October 1, 2009

- Implement New Chart Agent Model
- Cancellations Begin



Questions



Aviation System Standards

Outreach & Communication Program

Presented To: FAA Authorized Chart Agents

By: Kevin Diggs

Date: March 9, 2009

Location: Las Vegas, NV



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Overview

- Program Objectives
 - Outreach Functions
 - Communication Functions
- AeroNav Services & You
- Product Spotlight



Program Objectives

- Expand awareness of AeroNav Services and it's products and services within the aviation community
- Enhance partnership opportunities with chart agents
- Promote safe navigation and the use of current FAA charts and related products;
- Increase communication and visibility within the aviation community.



Communication Functions

- AVN Website and FAA's Safety Program Airmen Notification System (SPANS)
- 800 Telephone Number & Email
- Print Media and Press Releases



Outreach Functions

- Exhibit at national aviation conferences, airshows, and fly-ins:
 - AOPA Expo, NBAA
 - EAA AirVenture Oshkosh, Sun ‘n Fun Fly-In
- Participate in state aviation and airport conferences and trade shows:
 - NASAO
 - ACI-NA, AAAE

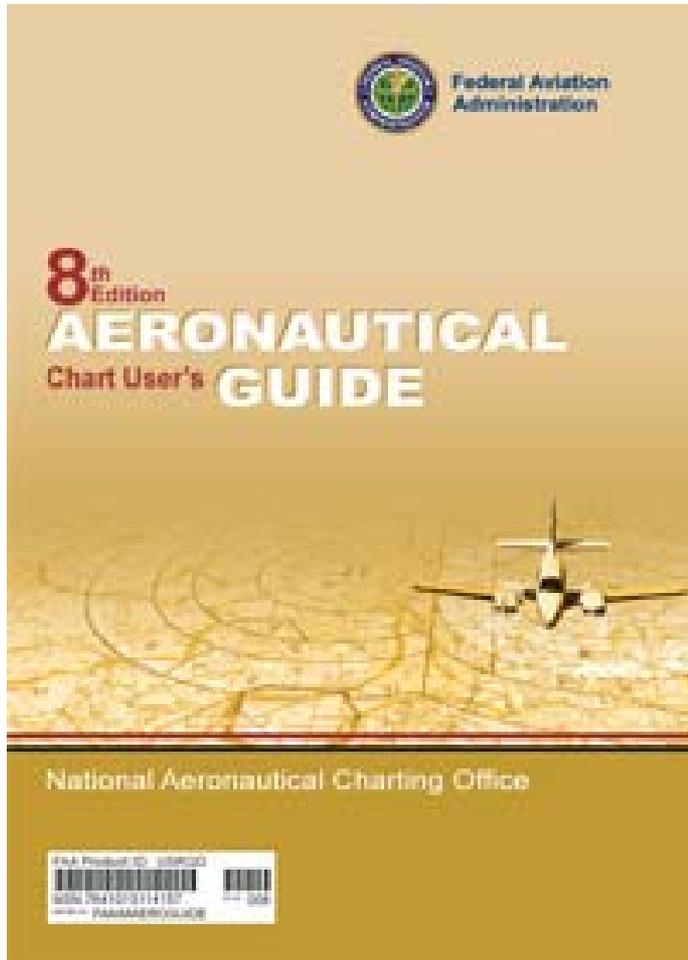


AeroNav Services & You

- New Name
 - Name Recognition
 - Focus on Brand
- New Look
 - FAA Branding
 - Product Design
- New Products and Services

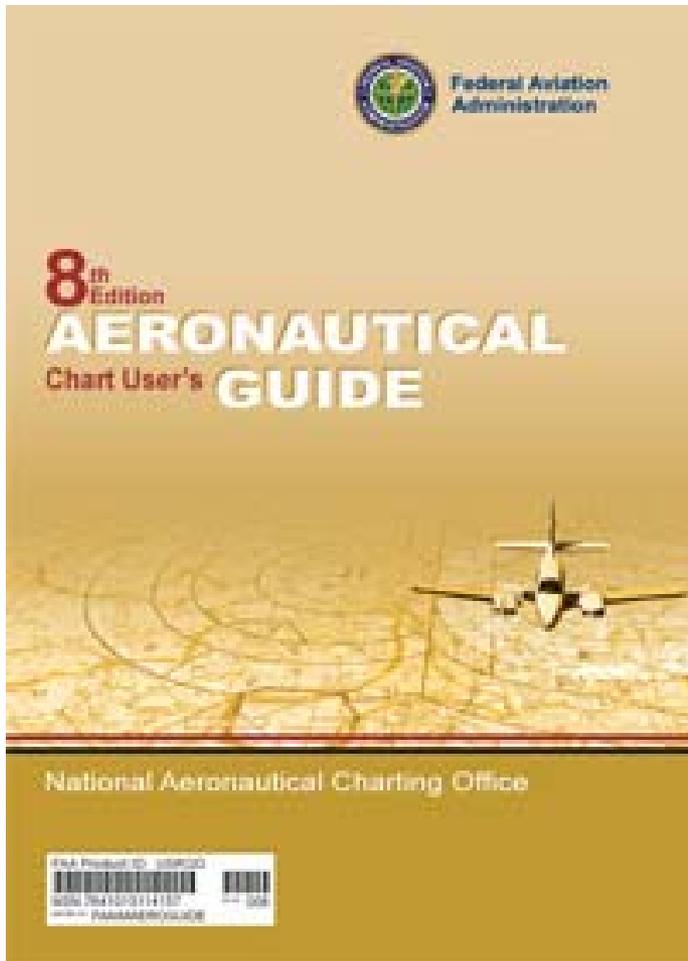


Product Spotlight



Designed to be used as a teaching aid, reference document, and an introduction to the wealth of information provided on FAA's aeronautical charts and publications.

Product Spotlight



Features

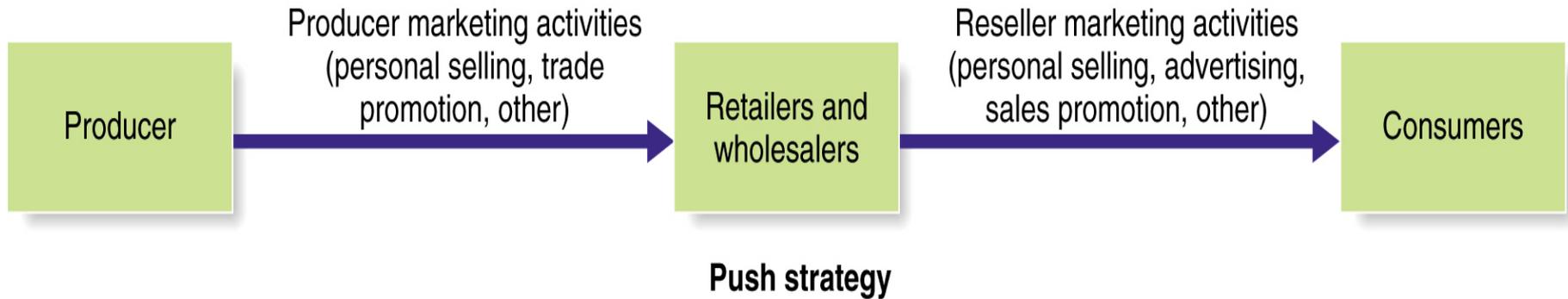
- Explanation of chart terms and symbols.
- Comprehensive display of aeronautical charting symbols organized by chart type.

Product Spotlight



U.S. Terminal Procedures Publication Change Notice is published at the midpoint between revisions in bound volume format.

Promotion & Partnering



Questions

