

# **BOMBARDIER**

## BACKGROUNDER

### **BOMBARDIER FLEET MANAGEMENT SOLUTIONS**

#### **Background**

In 1986, Bombardier Aerospace pioneered budget cost-per-flight-hour programs for business aircraft when it introduced its *Smart Parts* plan, the first phase in its industry-leading *Smart Services* portfolio designed to enhance Bombardier aircraft ownership by removing the guesswork from managing aircraft maintenance costs while providing OEM support and stability.

Today, Bombardier continues to set the standard with its new Fleet Management Solutions group, which specializes in the development of cost-per-flight hour, bundled and multi-year service and support programs for its business and commercial aircraft customers. Bombardier currently offers a range of cost-per-flight-hour *Smart Services* solutions including *Smart Parts*, *Smart Parts Plus*, *Smart Maintenance Plus*, *Smart Parts Engine Coverage* – all for business aircraft – and the new *Q400 Smart Services for Airlines*.

#### **Solutions for Business Aircraft**

Operators enrolled in any of the Business Aircraft *Smart Services* programs pay a monthly charge based on actual flight hours and flight-hour rates, which are based on aircraft model and avionics options. A minimum annual charge applies. Any unused surplus at the end of the term can be carried over to help protect future flight-hour rates in *Smart Parts Plus* while any deficits are forgiven at full term expiration. Operators enjoy one-stop shopping for their covered items through Bombardier and Learjet parts support, service centers and authorized service facilities.

##### **1. *Smart Parts***

Launched over 20 years ago, the popular *Smart Parts* plan is the cornerstone of the *Smart Services* portfolio. *Smart Parts* provides a cost-per-flight hour plan designed to provide airframe system component coverage for *Bombardier business aircraft* up to 20 years old, depending on the model. Parts replacement includes most avionics, tires and brakes, as well as airframe system components such as hydraulics, electrical, pneumatics, flight control systems and anti-ice. Most chargeable Bombardier- and Learjet-issued Alert and Recommended service bulletin kits are also covered. Terms are for a minimum of 36-months.

## **2. Smart Parts Plus**

*Smart Parts Plus* expands parts coverage by encompassing certain secondary structures such as reverser cascades and blocker doors, fuselage fuel tanks, Kevlar fairings, stairs, and wingtip and landing light lenses. Available for all current, and certain recent production *Bombardier Learjet, Challenger* and *Global* aircraft models, *Smart Parts Plus* is transferable at aircraft resale providing the Buyer with peace-of-mind of OEM coverage. Contract terms range from 60 to 72 months for new aircraft.

## **3. Smart Maintenance Plus**

*Smart Maintenance Plus* is a cost-per-flight-hour plan allowing new *Bombardier Learjet, Challenger* and *Global* customers to benefit from comprehensive maintenance coverage for scheduled airframe inspections, tire and brake replacements, and oxygen, nitrogen and hydraulic servicing at full shop rates at Bombardier Aircraft Services centers. The plan extends to participating Bombardier Authorized Service Facilities eligible to perform warranty work on the aircraft model.

New *Challenger* and *Global* aircraft are covered for five years or 2,500 flight hours, whichever occurs first, while new *Learjet 40 and 45* model aircraft are covered for five years or 2,250 flight hours, whichever occurs first. *Learjet 60* aircraft are covered for two years or 900 flight hours, whichever occurs first. In addition, the *Challenger 605* aircraft also benefits from unscheduled airframe system components and labor coverage beyond standard warranty for the full term mentioned. Coverage also includes parts for tire and brake wear, life-limited airframe system components, oxygen and firex bottle recertification and expendables required during scheduled airframe inspections such as hydraulic filters, gaskets and seals.

## **4. Smart Parts Engine Coverage 'SPEC'**

*Smart Parts Engine Coverage* is a cost-per-flight-hour plan covering *Challenger 604, 605* and *850* models. *SPEC* covers on-condition engine maintenance, and can be combined with either *Smart Parts Plus* or *Smart Maintenance Plus*. Coverage extends beyond unscheduled component replacements, and includes engine and engine module repair for engine caused events, and lease engine support under certain conditions and availability. Labor for component replacements and repair is also included as is removal and reinstallation of engines and engine modules, scheduled boroscope inspections and complete transfer of nacelle items to and from lease engines under certain conditions.

## **Solutions for Commercial Aircraft**

### ***Q400 Smart Services for Airlines***

The Q400 Smart Services for Airlines program was launched in March 2008. Service options include component repair management, access to a rotatable exchange pool and on-site inventory leasing. The program currently covers 287 components for unscheduled maintenance and a defined subset of these components for scheduled maintenance. Additional services such as upgrade management can be handled on an event basis throughout the program. Warranty administration is handled on the operator's behalf by the program.

Operators enrolled in the Q400 Smart Services for Airlines program pay a monthly charge based on aircraft flight hour utilization. Flight-hour rates are based on mission, aircraft configuration, aircraft warranty status, service options, and parts coverage selected. A regular monthly charge is billed and then reconciled periodically based on actual hours flown. Some operators choose to be billed on actual hours flown each month.

Exchange units are shipped from a local Bombardier parts depot based on order priority. The Unserviceable cores are shipped directly from the operator to the repair facility designated by Bombardier. Customer-owned units are returned directly to the customer while exchanged cores are returned to Bombardier's rotatable pool once they are repaired. Bombardier will work with the operator to develop an appropriate logistic solution.

### **Status**

The *Smart Services* portfolio has grown with the addition of innovative new service options.

Popularity of the Programs for business aircraft has grown to over 3 million flight hours combined since Program inception. Currently, enrollment demand and participation has exceeded 1,000 Bombardier business aircraft worldwide in these *Smart Services* plans. Long-term customers have participated for more than 10 consecutive years and the renewal rate for continuous ownership is over 90 percent.

After more than a year in the market, there are currently 3 customers with 15 aircraft enrolled in our new Smart Services for Airlines program for *Q400* customers.

In the next few years, Bombardier plans to expand its Smart Services offering to include new services and to accommodate new Bombardier platforms such as the Learjet 85 and CSeries aircraft.

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