



AeroVironment
Geoff Feagan,
Vice President,
Supply Chain & Global Sourcing

USCPrice

Sol Price School of Public Policy
Center for Economic Development



PROCEED
WITH
CERTAINTY

Characteristics of a Great Supplier Partnership

Geoff Feagan

VP Supply Chain and Global Sourcing

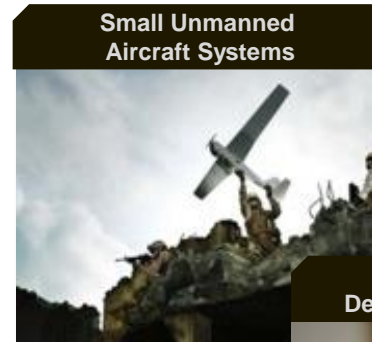
AeroVironment, Inc.

AMP SoCal Bi-Annual Meeting

August 4, 2016

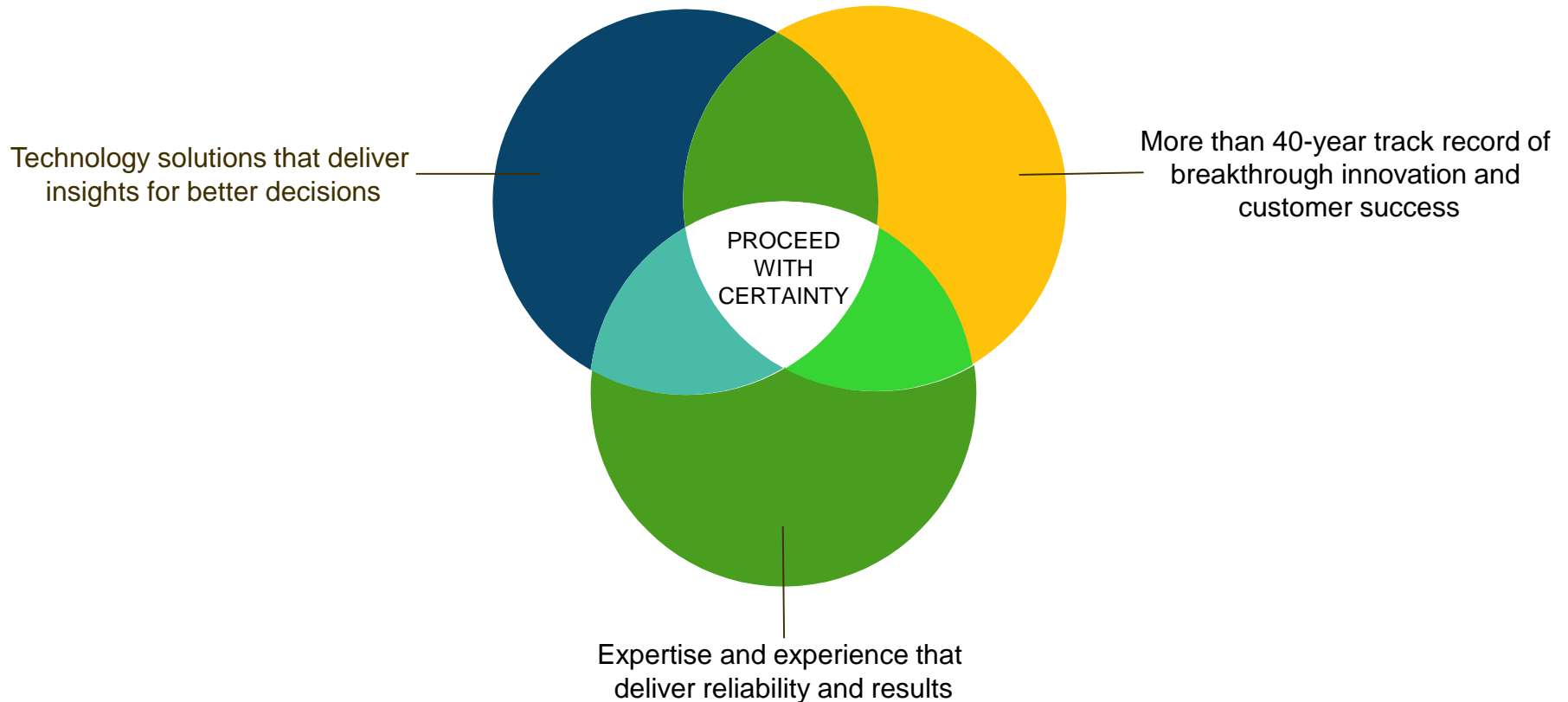
AeroVironment is a Technology Innovator in Multiple Industries and Applications

- Founded: 1971 in Pasadena, CA
- Public company since 2007
 - \$635m market cap as of 7/19/16
 - \$264m revenue in Fiscal 2016
- 2004-2016 Performance:
 - Sales CAGR: 15%
- More than 85% share of all unmanned aircraft in U.S. Department of Defense (“DoD”) inventory (in units)
- A leader in deployment of EV charging systems in North America



Creating value by identifying, developing, investing in and providing innovative technology-based solutions to high value market opportunities

We Provide Customers More Actionable Intelligence So They Can Proceed With Certainty



We Target Global, Long-Term Trends with Innovative New Solutions

Focused on Leveraging Key Trends Across Both Business Segments...

Networked Information and Communication



UAS

Alternative Transportation Fuel Solutions



EES

Delivering Unique, High-Quality and Innovative Products and Services to Our Customers Around the World

Procurement Summary

- AV spends \$80M a year across a wide variety of commodities
 - Composites
 - PCBA's and components
 - Small Electric Motors
 - Batteries
 - Several Contract Manufacturing relationships
 - Multiple indirect relationships
- While AV works with globally to develop its supply base, much of the supply chain is domestic
 - Active small business program

AV Supply Chain Focus

- Organize to drive supply chain programs throughout business
- Eliminate root causes that stress the supply chain
- Simplify and leverage logistics network
- Digitize the supply chain
- Utilize a wide tool set to optimize supply chain
- Drive supply chain programs using new products as Catalyst
- Continual team development
- Obsess about organizational buy-in

Supply Chain Network Design

- Key Supplier Attributes
 - Support supply chain optimization
 - Balance lead time, inventory and forecast to mitigate risk
 - Speed through the complete process
 - Technology support
 - Can you add value to the AV engineering and development teams as they work new products, product improvements and cost reductions?
 - Do you invest to stay current in your operations and IT support?
 - Compliance
 - Ethics, Government Compliance...
 - Good suppliers meet more than minimum requirements...
 - Continuous improvement
 - Team players
 - Flexibility
 - Communicate well
 - Focus