

# NDIA Life Cycle Affordability Project

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# Purpose

To define and recommend an approach to institutionalize Operations and Support (O&S) cost reduction as an overarching priority objective influencing the broader issues of Affordability and Life Cycle Cost (LCC) reduction throughout acquisition, operation, and sustainment of DOD defense systems

# Background

- 2010 is the “Year of Affordability” focus for DoD
  - Sec Gates Remarks at Eisenhower Library
  - Sect. 805 2010 NDAA: “maximize value to the Department of Defense by providing the best possible product support outcomes at the lowest operations and support cost”
  - 28 June 2010 USD/AT&L Memo: “Restore Affordability to our programs and activities”
  - OSD PSAT: “Make life cycle affordability a core business process”

# Background

- LCS Committee held a joint DoD-Industry workshop 27 April 2010
- 40+ in attendance (including OSD Logistics/SE leadership)
- Identified 23 life cycle LCC/Affordability issues (root causes, potential solutions)
- Consolidated into 4 Core Issues
- Gap analysis vs. current OSD initiatives

# PSAT Recommendations

Product Support Business Model:

Define the overall strategy that drives cost-effective performance and capability for the Warfighter across the weapon system life cycle and enables most advantageous use of an integrated defense industrial base

Industrial Integration Strategy:

Align and expand the collaboration between Government & Industry that produces best value partnering practices

Governance:

Strengthen and develop organization and mgmt processes to deliver the right sustainment information to decision-makers

Metrics:

Use existing metrics to catalyze sustainment strategies and trigger continuous supportability analysis

O&S Costs:

Improve cost visibility and influence

Supply Chain Operational Strategy:

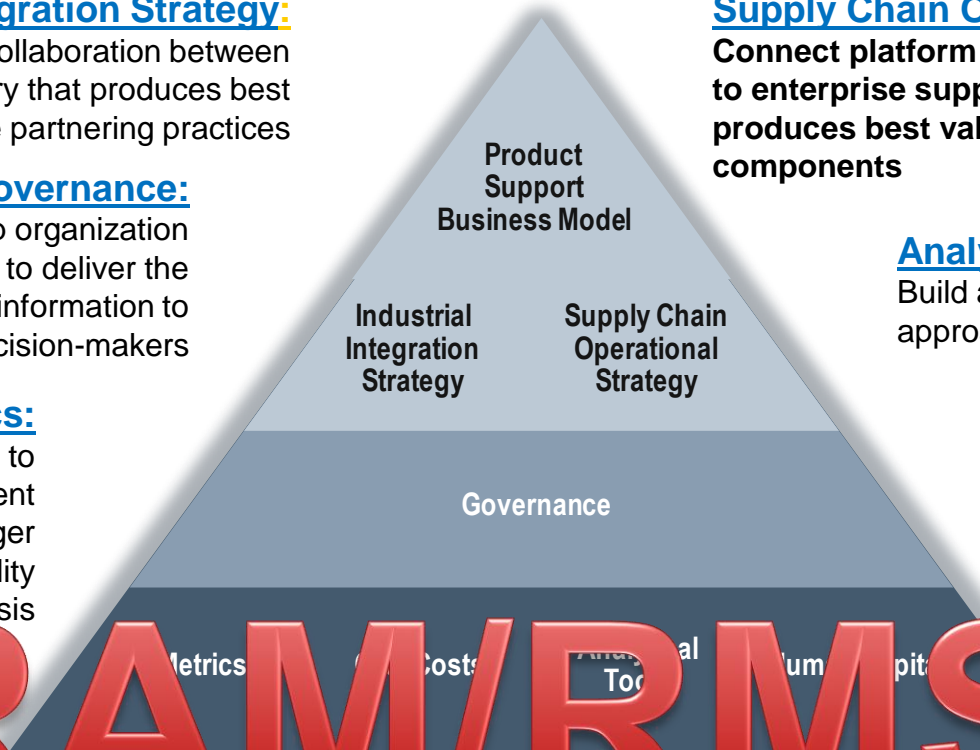
Connect platform product support strategies to enterprise supply chain approaches that produces best value across the DoD components

Analytical Tools:

Build a toolbox of analytical approaches (including BCA)

Human Capital:

Integrate Product Support competencies across the Logistics and Acquisition workforce domain to institutionalize successful transition outcome-based culture



**RAM/RMS?**

Weapons System Data:

Define, collect, report, and manage the data we need to drive effective Life Cycle Product Support

# OSD Affordability Initiative

- Response to Carter memo
- Established Senior Integration Group (SIG) with 5 issue teams
- Affordability Task Force led by ADUSD/MR (Randy Fowler); co-chaired by RDML Randy Mahr (Navy PEO(T)) and SES Darlene Costello (AT&L/PSA/NW)
- NDIA LCS findings prominently folded into ATF analysis and initial recommendations
- NDIA membership on AFT core team

# NDIA LCC/Affordability Recommendations

- Narrow RAM/RMS focus “with intent”
- Other issue areas well-covered by PSAT
  - TOC/LCC, O&S cost, governance, BCA, partnerships, sustainment metrics, ...
- RAM/RMS conspicuous by absence
- Huge gap in OSD policy on fielded operational systems
- Need for detailed, actionable recommendations

# Recommendations

- Fielded Operational Systems
  - RAM/RMS focus throughout the life cycle
  - Leverage SLEP, MOD, Upgrade opportunities
    - Identify Cost, Reliability drivers through standard SE RAM/RMS methodologies
    - Prioritize, invest, resolve
- Acquisition Programs
  - Require conduct and outcomes of RAM-C analysis to be institutionalized into the Acquisition decision process
  - RAM-C in requirements



# Results

- Recommendations submitted to OSD by NDIA leadership (Sep 2010)
- Folded into PSAT implementation team actions
- Working through PSAT BCA and O&S IPTs

# Summary

- NDIA is clearly influencing OSD Affordability efforts and recommendations
- The environment is ripe for making tangible change
- RAM/RMS activities and emphasis are a proven approach to reducing O&S/Life Cycle cost
- We must leverage this opportunity