

# *Making Life Cycle Cost Management Real*



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**NDIA/DoD**  
**Life Cycle Cost/Affordability Workshop**  
**April 27, 2010**



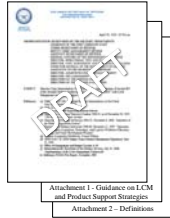
# Thank you.

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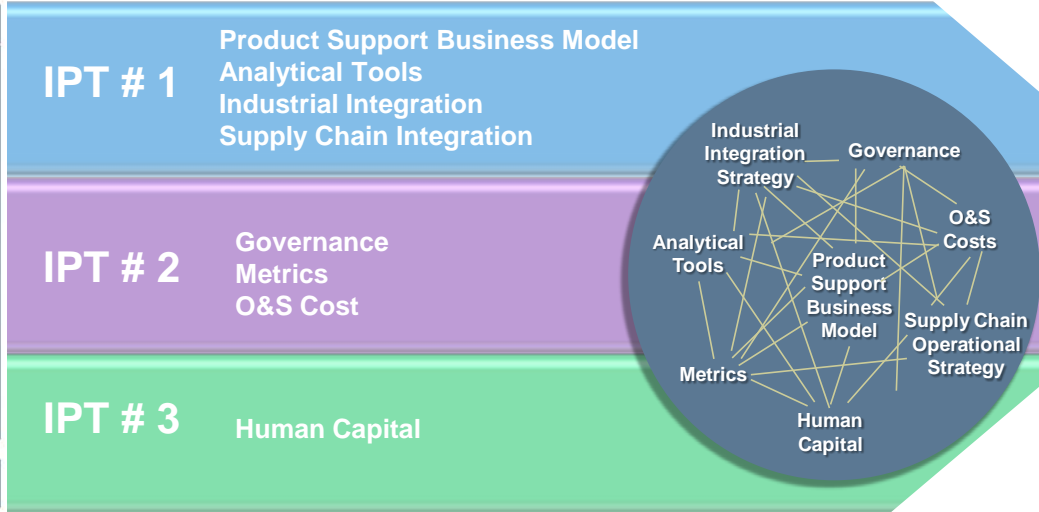
# WSAR-PSA Initiatives Are Being Implemented By Service, Agency, And Industry Personnel



Improved Readiness

**DoD Weapon System Acquisition Reform Product Support Assessment**

November 2009



FY10

FY11

Better Cost Control

**SAMPLE PROGRAM - "ABC"**

**Product Support Approach**

- Current plan is to ensure full support
- Future: look ahead based on full lifecycle

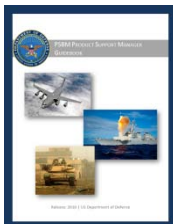
**Metric Data**

Metric	2010	2011	2012	2013	2014	2015
Availability	95%	95%	95%	95%	95%	95%
Cost	\$1.5B	\$1.5B	\$1.5B	\$1.5B	\$1.5B	\$1.5B
Supportability	240,000	300,000	300,000	300,000	300,000	300,000
Reliability	12,000	12,000	12,000	12,000	12,000	12,000

**Supportability Schedule**

**O&S Data**

Category	2010	2011	2012	2013	2014	2015
Operational Support	1,000	1,000	1,000	1,000	1,000	1,000
Logistics Support	1,000	1,000	1,000	1,000	1,000	1,000
Technical Support	1,000	1,000	1,000	1,000	1,000	1,000
Training Support	1,000	1,000	1,000	1,000	1,000	1,000
Other Support	1,000	1,000	1,000	1,000	1,000	1,000

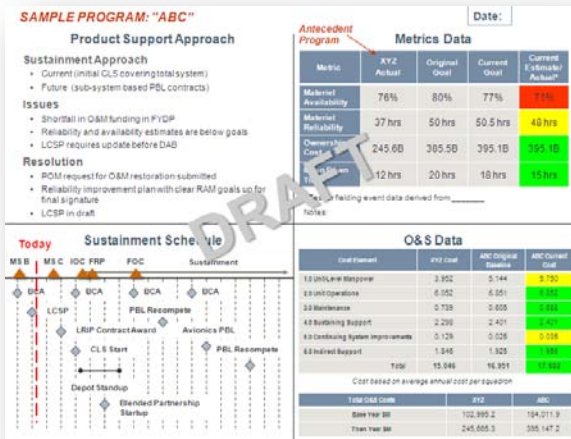




# IPT 2 Implements The PSBM's Operational Enabling Recommendations

## Sustainment Metric Reporting: complete

- All Services implementing requirement reporting for sustainment metrics into DAMIR
- Currently planning long range to include legacy program reporting of sustainment metrics



## ILA: in-progress

- Provides auditing tool for LCSP and product support strategy
- Standardizing and issuing guidance on OSD ready ILA's across Services

## Post-IOC: in-progress

- Measures product support strategy effectiveness after IOC
- Collecting recommendations for pilot programs incorporating the quad chart and ILA guidance

## O&S Cost: in-progress

- Establishes an O&S affordability requirement and links O&S budgets to readiness
- Increases visibility of O&S costs and drivers
- Refining GAO report with improvement recommendations for O&S cost management

## Governance and Policy: in-progress

- NDA 2010 Section 805 policy draft being staffed
- Aligning policy and guidance that is currently in development

**Governance processes enable product support outcome accountability across the weapon system life cycle**

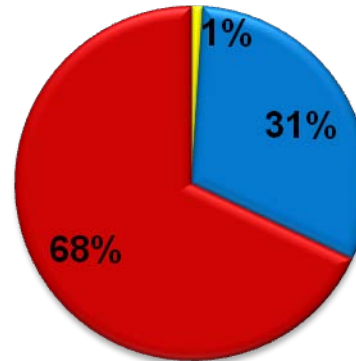


# Managing DoD Total Ownership Cost (TOC)

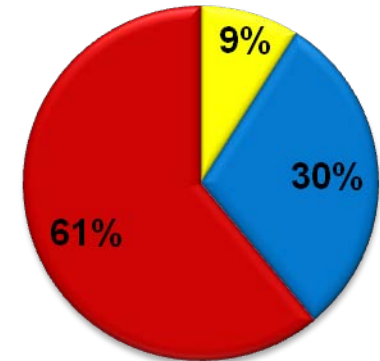
## National Interest:

- ✓ WSARA – May '09
- ✓ CAPE Report to Congress
- ✓ GAO Study - ongoing
- ✓ WSAR PSA – Nov '09
- ✓ Service Initiatives/BCAs
- ✓ QDR
- ✓ Budget Pressures

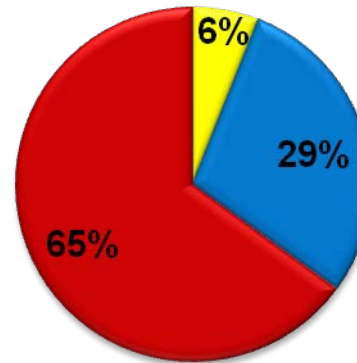
Surface Ships



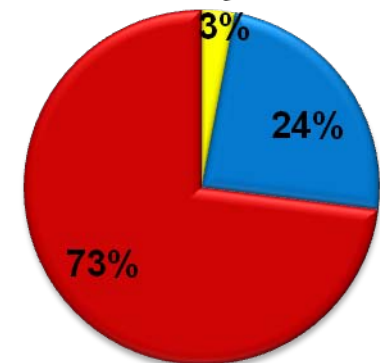
Fixed Wing Aircraft - Fighters



Rotary Wing Aircraft



Ground Systems



RDT&E



Procurement

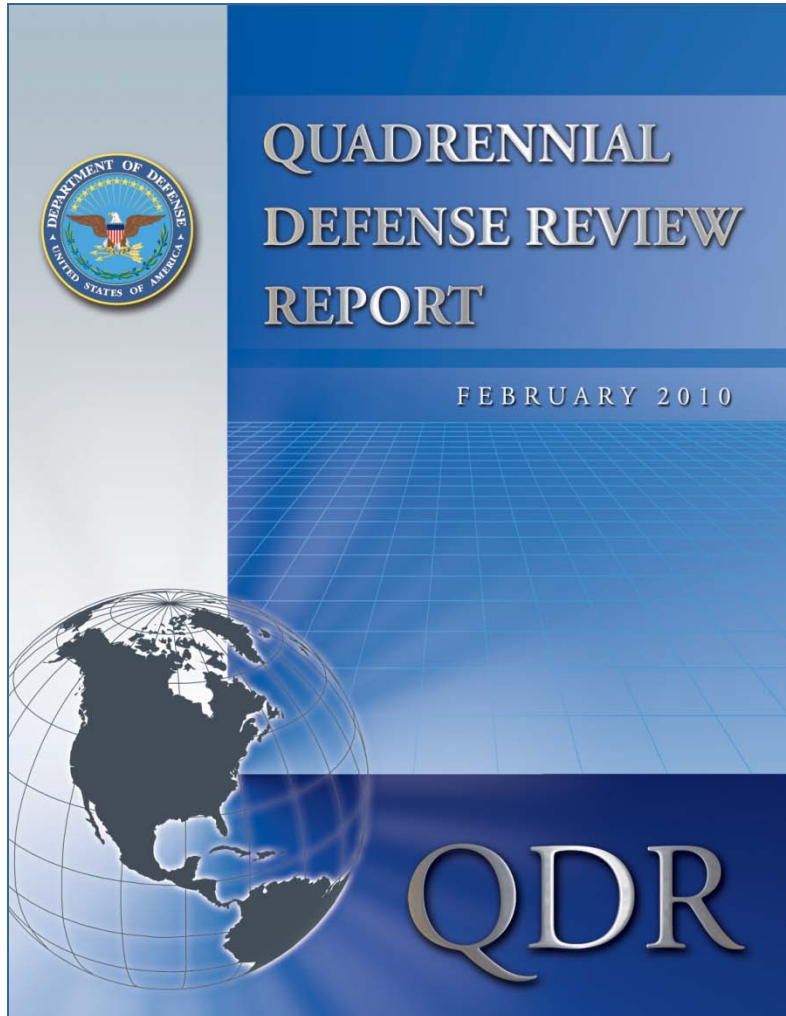


O&S

*Need to formulate OUSD(AT&L) strategy (within the DoD strategy)  
for TOC influence and management*



# Quadrennial Defense Review 2010



## ➤ *Reforming How We Buy:*

### *Improving program execution*

Employ fixed-price development contracts more frequently

Constrain added requirements by employing Configuration Steering Boards

Demonstrate critical technologies and prove concepts prior to initiating engineering and manufacturing development

Certify technology maturity through independent reviews and technology readiness assessments

Develop more accurate technical baselines

Conduct realistic integrated testing as early as possible

Better align profitability with performance

*“Achieve effective life cycle cost management by employing readiness-based sustainment strategies, facilitated by stable and robust government-industry partnerships.”*

## ➤ *Strengthening the Industrial Base*

*“...create and/or sustain competition, innovation, and essential industrial capabilities.”*



## Some Navy Views

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**“The system is in charge.”**

**NAVSEA Corporate Objective: It is important for every NAVSEA employee to maintain awareness of and look for opportunities to contribute to the success of the critical corporate initiatives of TOC.**

**“Get it in the done pile.”**

**“You get no improvement without an up-front investment.”**

**“This takes senior level commitment, passion, and see it through dedication.”**

**- VADM McCoy, NAVSEA**