



OSD Earned Value Management Activities Update

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Agenda

- **Earned Value Management Activities**
- **Earned Value Management Policy**
- **Defense Acquisition Excellence Council (DAEC) Tasking**



EVM Activities

- **Defense Acquisition Management Information Retrieval (DAMIR)**
- **Work Breakdown Structure (WBS) Handbook**
- **EVM Web Sites**
- **International Performance Management Council (IPMC)**



DAMIR

- **Streamlines program management by eliminating burdensome reporting**
- **Allows OSD to perform its oversight role and respond to OMB and Congress**
- **Leverages existing data sources**
- **Reduces non-value added workload up and down the chain**
- **Enables two-way information flow**
- **Allows OSD to “pull” data as needed from official sources**
- **Will replace current legacy CARS**



DAMIR Earned Value Pilot

- **EV selected for prototype because**
 - Data is known to be available
 - Timeliness of EV data is an issue
- **EV data pull from Service/program office**
- **Consists of presentation layer, web services data “pull” software, and change management**
- **Will operate on the unclassified network with access via the web**
- **Army pilot in progress**
- **Replaces legacy EV CARS field data input**
- **Implementation expected in September 2004**



WBS Handbook

- **MIL-HNBK 881 last published January 1998**
- **Update needed to:**
 - Incorporate changes to DoD acquisition policy
 - Add/improve upon definitions of WBS for space, ships, and aircraft (especially UAVs)
 - Clarify application for systems of systems/family of systems
 - Update software definitions; add risk analysis for cost/engineering tradeoffs
- **Working with OSD CAIG to ensure product meets needs of both program management and cost estimating communities**
- **AT&L in process of awarding contract (6-month effort expected to begin in June 2004)**
- **User friendly, web accessible final product**



EVM Web Sites

➤ **OSD EVM web site**

(<http://www.acq.osd.mil/pm>)

- Noteboard transferred to ACC in January 2004
- Additional updates/improvements to OSD site coming soon
- OSD site to continue with links to other electronic sources (DCMA, PMI, etc.)

➤ **AT&L Acquisition Community Connection (ACC) on DAU web site**

(<http://acc.dau.mil/evm>)

- EVM now “Special Interest Area”
- Discussion forum up and running
- Next step - elevate to “Community of Practice”



IPMC

- **Ten-year MOU signed by Australia, Canada, and the United States in 1995**
- **Bi-lateral agreement enabled United Kingdom to subsequently join (Japan and Sweden also interested)**
- **Comprehensive framework of international collaboration on project management**
- **IPMC activity reinvigorated at Fall conference**
- **Australia is current chair**
- **IPMC meets at least annually to exchange information and share best practices**
- **MOU expires in November 2005 - OSD working to extend agreement for another 10 years**



EVM Policy

- **Current EVM Policy/Guidance**
- **Proposed Changes to Policy/Guidance**
- **Proposed Threshold Changes**
- **Follow-On Actions/Next Steps**



Current EVM Policy

- **DoD Directive 5000.1**, The Defense Acquisition System, May 12, 2003 – EVM is not addressed
- **DoD Instruction 5000.2**, Operation of the Defense Acquisition System, May 12, 2003 – EVM is a Regulatory Information Requirement (Table E3.T2)
 - Implement EVM guidelines in ANSI/EIA-748 on contracts/agreements over designated dollar thresholds (RDT&E – over \$73M, Procurement – over \$315M)
 - Conduct Integrated Baseline Reviews (IBRs)



Current EVM Guidance

- **DoD Regulation 5000.2-R, Mandatory Procedures for MDAPs and MAIS Acquisition Programs, April 5, 2002**
 - Canceled as a “regulation” - remains in effect as an “interim guidebook” (dated October 30, 2002) until replaced
 - Not mandatory, but should be used for best practices, lessons learned, and expectations
- **Defense Acquisition Guidebook**
 - Under development—EVM Chapter 12
 - Updating/revising EVM contents
 - DFARS also being updated
 - Electronic publication expected Summer 2004
- **Program Managers’ Guide to the Integrated Baseline Review Process**



Proposed Changes to Policy/Guidance

➤ EVM Reporting Requirement

- Eliminate C/SSR
- Update CPR DID
- Develop guidance for tailoring CPR
- Update IMS DID and transfer ownership from Air Force to OSD
- Develop guidance for tailoring IMS

➤ EVM Management Requirement

- Eliminate C/SSR and CPR-No Criteria as categories
- Allow ANSI Compliance-No Validation on contracts below new upper threshold



Proposed Changes to Policy/Guidance

➤ **EVM Implementation**

- Work out details on what ANSI Compliance-No Validation means

➤ **EVM Application**

- Establish new dollar thresholds (no differentiation between RDT&E and Procurement)
- Allow EVM on FFP contracts (risk-based decision for program manager)

➤ **Integrated Baseline Reviews**

- Require when EVM is required
- Consider need for common DoD IBR Handbook



Proposed Threshold Changes

- **Lower ANSI compliance threshold to \$20M (from \$73M and \$315M)**
- **Lower EVM System validation threshold to \$50M (from \$73M and \$315M)**
- **Raise threshold for EVM requirement to \$20M (from \$6.3M)**
- **Require Integrated Master Schedule at \$20M**
- **Require Integrated Baseline Reviews at \$20M**



Summary of Proposed Changes

- **Whenever EVM is required (contracts above \$20M):**
 - Compliance with EVM guidelines (C/SSR eliminated)
 - Contract Performance Report
 - Integrated Master Schedule
 - Surveillance
 - Integrated Baseline Review
- **EVM System validation required on contracts above \$50M**
- **EVM on FFP contracts is risk-based decision**



Follow-On Actions

- **Finish business case on potential cost impacts of policy changes**
- **Develop tailoring guidance**
 - CPR – place in EVMIG
 - IMS – place in IMP/IMS Guide
- **Define what ANSI Compliance–No Validation means – place in EVMIG**
- **Update EVMIG**
 - Remove EVM guidelines
 - Insert tailoring guidance, how to contract for EVM
- **Develop common DoD IBR Handbook?**



Next Steps

- **Release policy paper and updated DIDs for government and industry comment**
 - NDIA PMSC meeting (April 2004)
 - PMI-CPM conference (May 2004)

- **Comments due by June 14, 2004**
 - Government – through respective DoD Working Group representative
 - Industry – through NDIA PMSC

- **Joint Government/Industry Working Group meeting July 13-14, 2004, at DAU (Fort Belvoir)**
 - Disposition comments on policy changes
 - Develop plan to address issues/concerns



Next Steps

- **Status update to DAEC (July/August 2004)**

- **After approval of policy changes**
 - Update DoD 5000.2 (issue interim policy if necessary)
 - Update Defense Acquisition Guidebook
 - Update DFARS clauses



Closing Thoughts

- **OSD putting more focus on EVM**
- **DoD EVM Working Group active and making significant progress**
- **Joint Government/Industry Working Group to meet in July 2004 – in response to DAEC tasking**



Working together is *the* key to success!

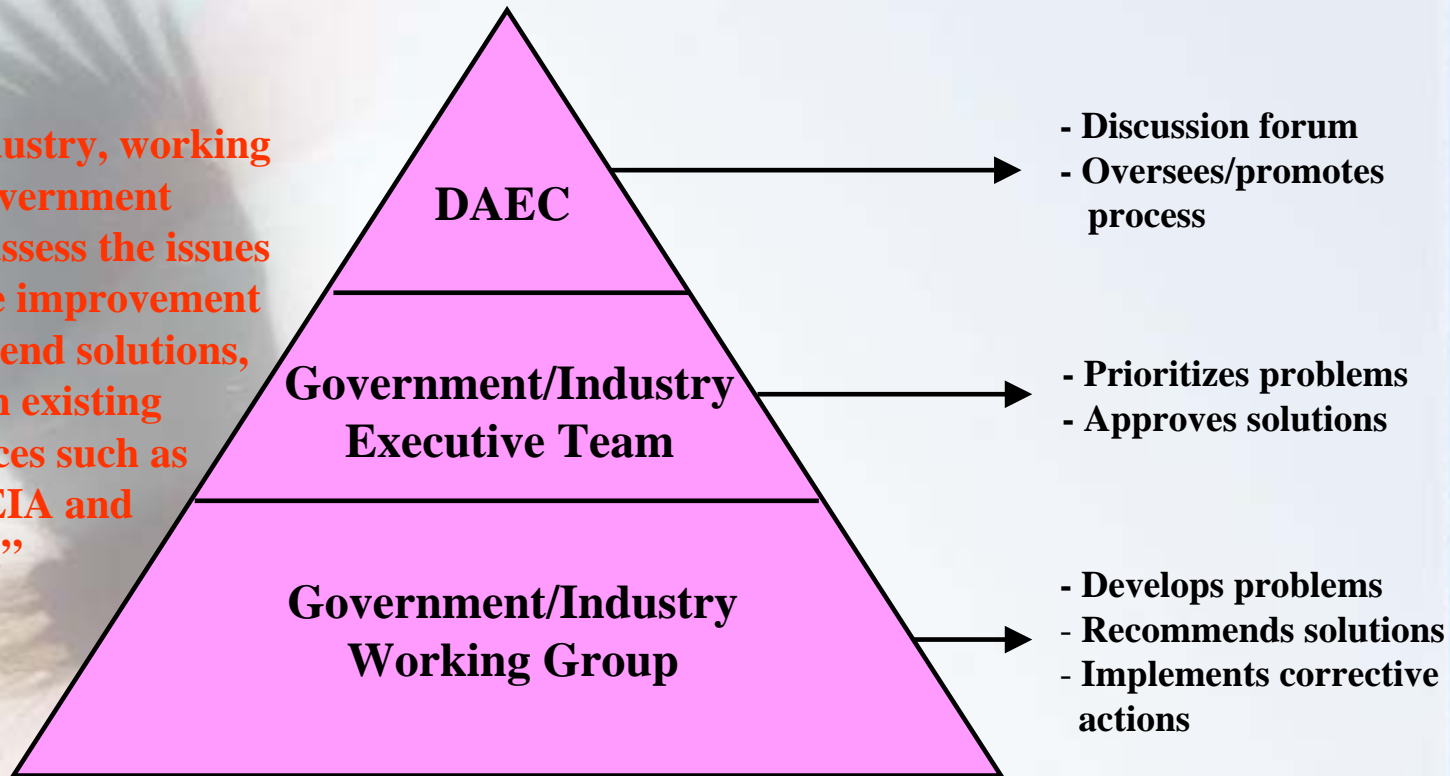


Discussion DAEC Tasking



DAEC Tasking

“OSD would like industry, working jointly with government representatives, to assess the issues and concerns, share improvement ideas, and recommend solutions, capitalizing on existing industry practices such as those from EIA and NDIA.”



“Teams pursue developing major problems (and then prioritize them) and a way ahead for dealing with them.”



Back-Up Slides

CURRENT DoD Policy for EVM Application

DoDI 5000.2, Table E3.T2, Regulatory Information Requirements

➤ Major Contracts

- Development contracts >\$73M (BY00)
- Production or O&M contracts >\$315M (BY00)
- ANSI/EIA-748 guidelines
- May be applied to any type of contract
 - Should not apply on T&M

Formal Acceptance
of
Contractor's
EVM System

Cost
Performance
Report

➤ Less than Major Contracts

- Recommended (not policy)
- Greater than 12 months
- Greater than \$6.3M (BY00), but less than thresholds for major contracts

Cost/Schedule
Status Report

DRAFT NEW DoD Policy for EVM Application

➤ Major Contracts

- Any cost or incentive contract >\$50M
- May be applied to any type of contract
 - Should not apply on T&M
 - FFP contracts risk-based decision
- ANSI/EIA-748 guidelines

Formal Acceptance
of
Contractor's
EVM System

CONTRACT
Performance
Report

➤ Less than Major Contracts

- Greater than 12 months
- Greater than \$20M, but less than threshold for major contracts
 - Below \$20M risk-based decision
- ANSI/EIA-748 guidelines

CONTRACT
Performance
Report



Proposed Integrated Project Management Policy Changes

