



Current State of External Environment

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8 May 2012

What's This About

- Updated PMSC Charter Broadened Focus
- This Is An Experiment
- Focus On Items Relevant to Program Managers Since Last PMSC Meeting
- Topics Driven by Changing Environment
- Goal Is To Inform and Increase Awareness

Agenda

- NDIA Top Issues For 2012
- Evolving Economic Environment
- DoD Leadership
- Changing Acquisition Environment
- Learning Opportunities
- What's Next

NDIA Top Issues For 2012



PROMOTING NATIONAL SECURITY SINCE 1919



- 1** **ISSUE 1:** Promote Energy Security While Reducing Costs
- 2** **ISSUE 2:** Align Defense Industry Capacity and Investment with National Security Requirements, Priorities and Budgets
- 3** **ISSUE 3:** Strengthen the Integrity and Responsiveness of the Acquisition Process
- 4** **ISSUE 4:** Pursue Efficiencies While Maintaining the Industrial Base to Ensure Military Readiness
- 5** **ISSUE 5:** Adopt a Comprehensive Whole-of-Government Approach to Cyber Policy
- 6** **ISSUE 6:** Enable International Competitiveness of US Industrial Base
- 7** **ISSUE 7:** Increase Awareness, Opportunity and Utilization of Small Business in Government Contracts

TOP ISSUES 2012

NATIONAL DEFENSE INDUSTRIAL ASSOCIATION

Evolving Economic Environment

- Domestic Defense Spending Under Pressure
 - Tough Choices Ahead
 - Focus on Cost, Cost, Cost
 - Programs That “Swim Funny” Are Vulnerable



Summary of Major Program Terminations and Restructuring

(Consistent with strategy and good management)

- Terminations (*Save \$9.6 billion over FYDP*)
 - Global Hawk Block 30
 - C-27J Joint Cargo Aircraft
 - HMMWV recapitalization
 - Defense Weather Satellite System (DWSS)
 - C-130 Avionics Modernization Program (AMP)
 - Medium Range Maritime UAS
- Major restructurings (*Save \$41.8 billion over FYDP*)
 - Joint Strike Fighter
 - Shipbuilding
 - Ground Combat Vehicle (GCV) Program
 - Family of Medium Tactical Vehicles (FMTV)
 - Ohio Class Replacement-SSBN(X)
 - Joint Air-to-Ground Missile (JAGM)
 - Rephased Aircraft Procurement
 - MV-22 Osprey
 - P-8A Poseidon
 - E-2D Advanced Hawkeye

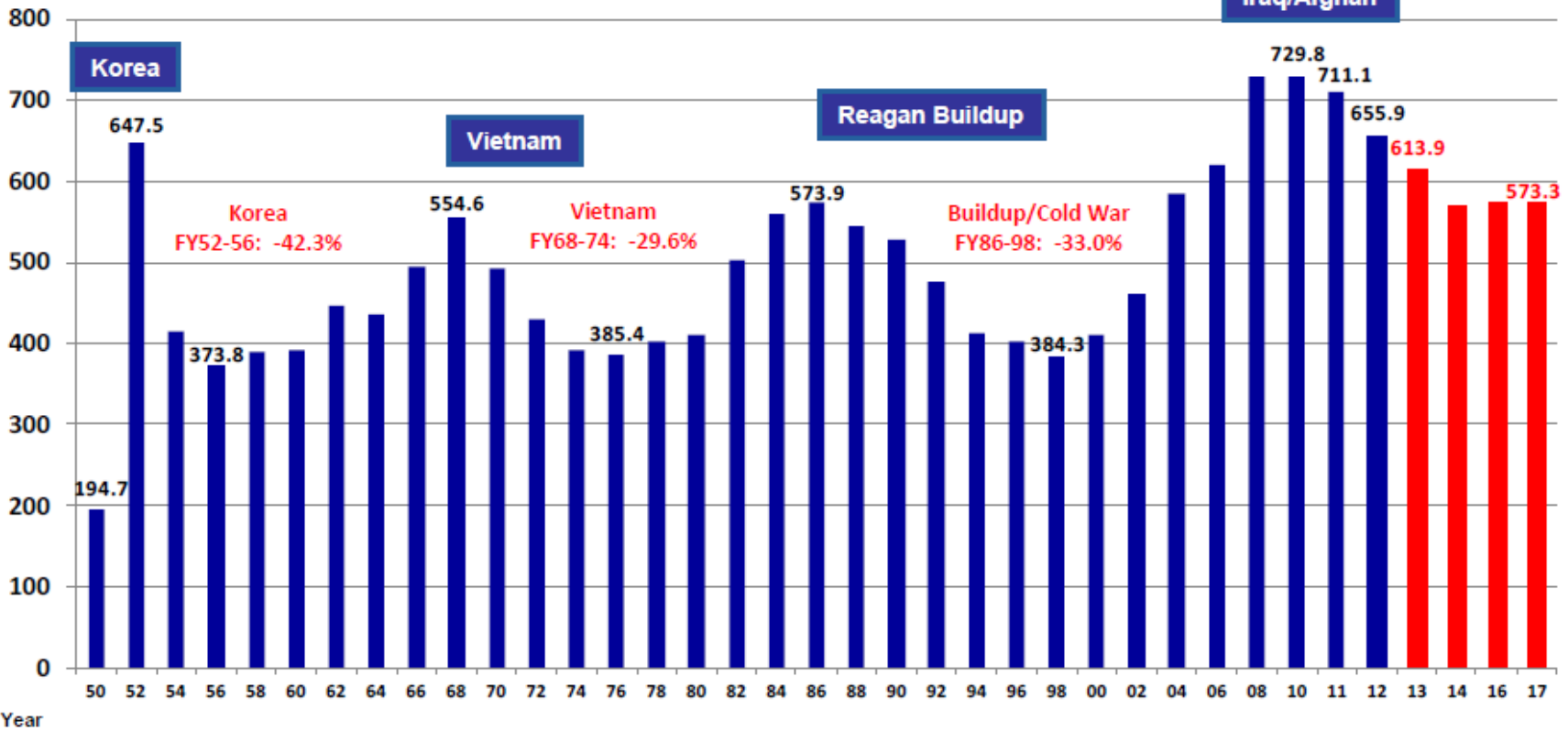


Total Budget Trends

(Including supplemental and OCO funding)

**FY10 – 17:
-21%/- \$156B**

(FY 2013 Dollars in Billions)

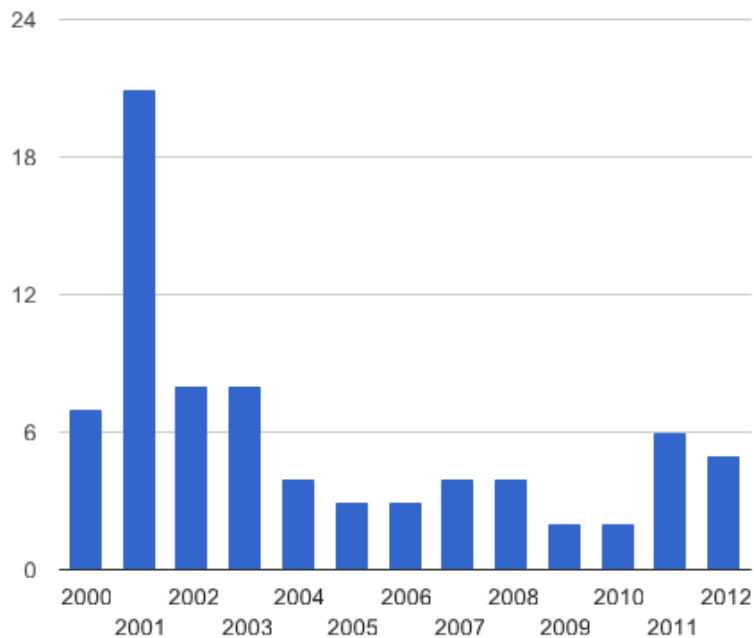


Projections (red bars) assume FYDP plus \$44.2 billion annual placeholders for OCO in years beyond FY 2013

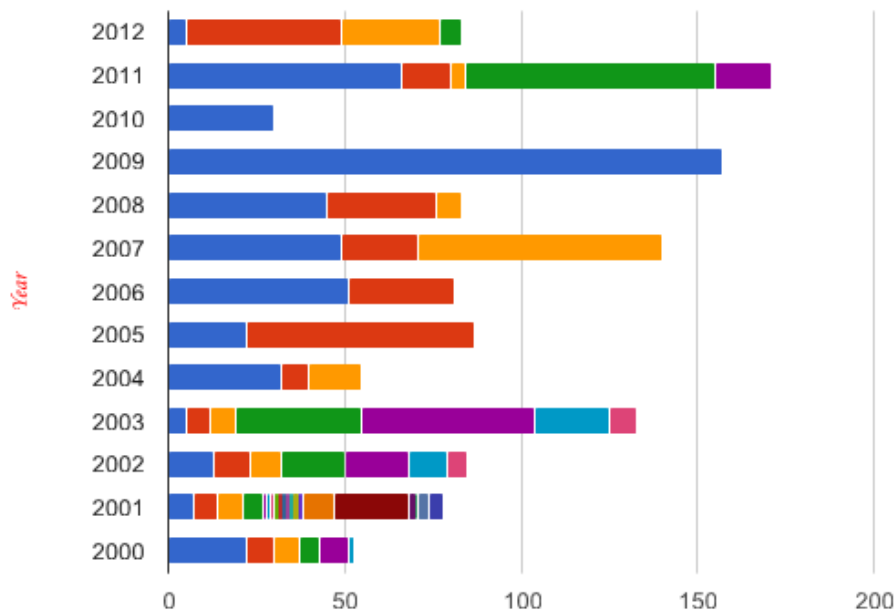
Source: Fiscal Year 2013 Budget Request, USD©, February 2012

Continuing Resolutions Continue

Number of Continuing Resolutions Passed by Congress and Signed by the President Each Fiscal Year



Number of Days Between Enacted Continuing Resolutions



Source: "Government Executive", Kenneth Chamberlain, 1 May 2012

DoD Leadership Nominations

● Frank Kendall Nominated For USD(AT&L)

- Institutionalize Performance Measurements Not Only for Programs But Also Gov't and Industry Institutions
- Ensure Officials Are Focused On Getting Value for Taxpayers' Money
- Renewed Focus on Planning and Execution



● Katrina McFarland Nominated For ASD(A)

- Instill Cost Consciousness
- Improve Proposal and Evaluation Process
- Predictable Performance
- Streamline Acquisition Process



Scope of Activities In Big “A” Acquisition

- DoD Annual Base Budget
 - FY 2012 **\$530 Billion**
 - FY 2013 **\$525.4 Billion (request)**
- Supplementals/OCO
 - FY 2012 **\$118 Billion**
 - FY 2013 Request **\$ 88 Billion**
- Procurement, RDT&E, Goods and Services **\$400 Billion**
- Amount of Annual Cost of Growth in Major Weapons Systems **\$135 Billion (GAO)**
- Number of People involved in Acquisition alone **151,608**
- Number of Contractors Supporting the three Processes – no verifiable numbers available.

Volumes of Regulations, Instructions, and Documentation

DFAR	1903 pages
FAR	2013 pages
3170 CJCSI (JCIDs)	40 pages
3170 instructions	80 pages
Acquisition officer’s handbook	962 pages

Changing Acquisition Environment

- Pentagon Streamlines Requirements Process
- DoD Establishes Senior Board, Dual Track for Rapid Cyber Acquisitions: Cyber Investment Management Board
- USD(AT&L) Provides Direction on Overarching DoD Counterfeit Prevention
- GAO Recommends Reducing Concurrency to Strengthen Acquisitions
- GAO to Release Draft Scheduling Best Practices Guide By End of May
- DCMA Creates Connect Point for Industry/Contractor Concerns

Learning Opportunities

- Much Info Relevant to DoD Acquisition Environment Available On WWW
- DAU Outstanding Source
 - [What Are The Latest DoD Directive Documents?](#)
 - [What is Your Customer Being Taught About Better Buying Initiatives?](#)
 - [What Guidance is Your PM Being Given About “Should Cost Management”?](#)

What's Next

- This Was An Experiment
- Would Like Feedback on Concept
- If Continued, What Content Would Make Future Sessions More Worth While
- [Please Provide Comments to Me or Other Board Members](#)