NDIA IPMD Meeting Minutes
Joint Government/Industry Meeting – April 30, 2014

1. Ms. Carol Boser, IPMD Chair, called the meeting to order and welcomed all the attendees. As usual, all attendees introduced themselves. Carol thanked SAP for hosting and making all the arrangements for the conference. Carol also recognized the IPMD board and noted the newest member, Dale Gillam, elected yesterday. Finally, the day's agenda was reviewed.

2. Note: These minutes are intended to supplement the charts shown during the presentations (as applicable). Charts (with some exceptions) will be uploaded to the IPMD website shortly after the meeting.

3. SAP welcome – Mr. Jim Davis. Jim welcomed the attendees back to SAP. Yesterday, Jim discussed SAP's work with integrated program management. Today, Jim showed a video of a European football (soccer) team that uses sensors to track and monitor player performance. SAP Hana is used to gather and provide data to the coaches in order to improve player performance and game strategy. Jim noted that the many of the challenges from the video (big data, statistical analysis, pattern analysis, and predictive analysis) are similar to program management challenges. SAP can provide this type of assistance to contractors in solving their problems.

4. Mr. Dave Burgess, Director of the Cost Department at NAVAIR, presented "Integrated Project Management: A View from the Front Line". Dave first discussed 174 contracts that NAVAIR manages, totaling $81B. He discussed the breakdown in cost growth between scope and overruns. Dave noted cost performance has been poor. He also discussed an overall 37% schedule growth (delay). Dave discussed the differences between historical and current performance. Dave identified that requirements uncertainty is a primary cause of the poor contract performance issues. He noted conflicting incentives (contractors bidding to win, government funding to the "wish it would cost" levels), and ignoring history ("this program is different") as other contributors to the planning problems. Dave also discussed execution issues (accountability and transparency of data, unrealistic plans, and poor insight into subcontracted effort).

    In order to improve, upfront planning (requirements specificity) and execution (lessons learned, continuous improvement, and realistic baselines) must be focus areas. Dave highlighted a key is taking all the EVM data and turning it into actionable data. Dave discussed how NAVAIR provides data transparency at all levels from a portfolio view to a contract view and all the way down to day to day management. Dave showed examples of the types of data NAVAIR looks at for every program. Dave stressed the importance of establishing a "business rhythm" – have to pro-actively manage project performance.

Dave emphasized why this is all critically important – future funding will be extremely tight. If programs don't perform well OSD's buying power will be seriously jeopardized, and thus the war fighter will be impacted. Dave noted that urgency is required – a burning platform exits.

5. Mr. Wayne Abba recognized the contributions of Elaine Gaile Argiro who was the executive administrator of CPM since 2001 and recently passed away. He also recognized Gary Christle who had a distinguished career within industry and government who also passed away recently.

6. A break was conducted.

7. Mr. Bill Altman facilitated a panel discussion on "What is a World Class Program Management Organization"? Panelists included Ms. Beth Anne Killoran (DHS), Ms. Sandra Smalley (NASA), Mr. Jim McNeely (Battelle), Mr. Tom Carney (Lockheed Martin), and Mr. Jerry Charlow (Raytheon). Bill noted that he interviewed a number of organizations including many on the panel. The panelists discussed how a world class organization drives consistency (not perfectly) delivering to customers on budget, on schedule and meeting project performance characteristics while at the same time satisfying the company's fiduciary responsibilities. Bill noted that in general top performing organizations have standard but flexible policies and processes, effective tools/systems, robust training to build capability and attracting and retaining talented people.

Panelists discussed having the right infrastructure so that good program management is repeatable, that having the support of senior management is key, that training and investment in people is necessary and that the whole organization needs to be working together in order to have successful programs. Other important comments made were the importance of program manager accountability (and throughout the organization) and ensuring that there is clear communication between customers and the programs.

8. Mr. Gary Bliss, PARCA Director, started by thanking SAP and the IPMD board for providing a valuable conference. Gary then discussed the work of Gary Christle and his association with him. He provided a status on the PARCA tools. PARCA is moving forward on the UN/CEFACT standard – at this time only about 25% of the contracts have adopted it. Gary emphasized the importance of having a standard to create the opportunity for consistency and efficiency. Gary discussed the Husband/Nichols study which addresses cost/waste in the acquisition process. The key will be to "bring data" to support assertions.

Gary noted the study includes major companies as well as smaller non-profits. The intent is to identify the most important items that represents the burden on contractors that drive cost (there is not an intent to try and do a major overhaul of the entire process). Gary believes they are about halfway through in gathering data. As of yet there is no firm

schedule for report out but targeting internal communication by the end of summer. Gary's understanding is that this effort would be continuous in nature and not a single activity.

Gary also discussed projected Defense budgets. He expects no growth to the top line numbers that have been published/discussed. He does expect some flexibility to some of the constraints previously enacted due to sequestration. He expects the services (support services to the government) portion of the budget to be impacted severely – this has been seen in contract renewals. He believes the good news is that the defense business is cyclical and if you study the numbers there would be a turn-around at the end of the decade (and this reduction is much less than prior cycles). A major difference is that today due to the recent war activity, equipment is in need of replacement.

Gary lastly noted the lack of agility in the acquisition process and how the current structure was developed and sustained with the Soviet Union in mind but it is not appropriate for current threats. We will have to be prepared to accept and process changes much more rapidly in order to address the constantly changing threats we will face.

Mr. Gordon Kranz, PARCA Deputy Director for EVM, discussed policy updates. Gordon noted the DFARS case in work that addresses work scope as a consideration in the application of EVMS requirements on a contract. Thresholds are also being reviewed – Gordon noted that doesn't mean they will be changed but it is being reviewed. No specific schedule has been set but trying to hit the end of the year. Gordon discussed the DoD IPM EVMS Implementation Instruction. They are using the NDIA Intent Guide but also taking a detailed look at what helps the program manager from a guideline standpoint. PARCA and DCMA are jointly working and Gordon noted DCMA will be discussing later today. He noted publishing the guidance in the Sep-Dec timeframe.

Gordon next emphasized the importance of using PARCA's Issue Resolution website. He next showed the statistics on government program office requests for EVM waivers and issue resolution requests. Again he emphasized the importance of open communication. Gordon stated that the IPMR Guide should be considered policy. Gordon addressed his work with CAPE to get a consistent WBS review for CSDR and EVM reporting prior to RFP issuance. Gary Bliss confirmed that this is something being emphasized within the government as it is understood the cost involved when reporting is driven to low level details.

Gordon provided a status of improvements and reporting tools regarding the central repository. He showed the data that Gary referenced that submittals of UN/CEFACT data is low compared to the number of contracts with IPMR requirements. Tools in support (validation checks) of the central repository are on the PARCA EVM website. Gordon was asked about subcontractor flow down of IPMR requirements – he stated that there is no PARCA requirement to UN/CEFACT submission from subcontractors. The prime can determine what they want to do.

9. Mr. Ivan Bembers (NRO) presented "Better EVM Implementation Analysis and Recommendations" on behalf of the Joint Space Cost Council. The purpose of the study conducted was to identify the delta cost between EVM implementation on government programs vs commercial, internal or fixed price programs. Input was received from industry (data from 46 programs, mixture of NRO, DOD, NASA and other contracts). A significant amount of detail was received – over 4000 comments provided. 78 cost areas were identified and noted as high, medium and low in terms of cost impact (30% of the items were identified as high or medium). A sample of high impact items are: surveillance frequency, zero tolerance for minor data errors, inexperienced auditors, customer driven requirements, limited recognition of materiality, CLIN volume and so on. In summary, the data suggests 4 major themes: (1) the level at which the control account is established can drive cost, (2) clarity of program technical scope impacts the cost of implementing EVM, (3) program volatility impacts cost, and (4) the scope and frequency of EVM related reviews as well as inconsistent application of the EVM standard drives cost.

10. A one hour break for lunch was conducted.

11. Mr. Joe Sweeney (DCMA) – Joe began his remarks by highlighting the key points made in the panel discussion from earlier today and noted many of the same themes are what DCMA is trying to incorporate. Joe confirmed that Lt. General Masiello will take over DCMA in early June. He also noted the upcoming headquarters budget challenges and potential re-organization of DCMA. Joe reviewed DCMA's lines of service – 15 primary roles DCMA does as well as his specific function (Portfolio Management & Integration). Joe showed the inter-relationship of how EVMS requirements via the FAR flow through policy instructions in PARCA and then to DCMA headquarter activity (policies and training) and then to the DCMA operations where EVMS is implemented (where contractors execute programs).

    Joe noted that DCMA has approval to go forward with their Analytics and Information Management System (AIMS) – the "turbo tax data solution" mentioned in prior IPMD meetings. DCMA is currently reviewing alternatives. Joe noted he will provide a status at the next meeting. Joe also discussed competency training (certification program) for DCMA personnel using their instructions as the basis for training. A question was asked if DCMA was going to review government program offices to ensure EVMS is functioning on that end. Joe responded no, that is not DCMA's function. Gary Bliss noted that OSD is working initiatives to improve the capabilities of program office personnel.

12. Mr. David Kester (Director, EVM Policy and Strategy for DCMA), discussed DCMA's initiative to streamline compliance and surveillance efforts. Dave noted that there needs to be leadership that "gets it" and drives EVM as an accepted and best practice. DCMA's goal is to uncover issues early before they become problems. Dave then described the

data driven approach DCMA is starting to utilize (and will increasingly) that will increase consistency, reduce complexity and lower costs. Dave provided the following statistics:

a. Historically, on average reviewers were looking at 99 artifacts (data) but in their new approach they expect that to reduce to 39 items (61% reduction).

b. Before the number of attributes reviewed and tests conducted would be 155 and 330 respectively. Now 63 attributes and 136 test steps.

c. Dave showed an example of a guideline where they have reduced the number of attributes to get to what DCMA will use to determine guideline compliance.

d. Dave reiterated the benefit of now DCMA can be very specific on what they are looking for which makes the review process consistent and repeatable.

e. He noted the pilot that was conducted using this method at LM Aero in Ft. Worth and that DCMA will be expanding to other locations starting in the fall.

In closing, Dave noted that an update to the surveillance instruction incorporating the data driven concepts is underway. He also noted that they plan on using this methodology in upcoming EVMS validations and compliance reviews.

13. A break was conducted.

14. Mr. Shane Olsen, Director, Operations EVM Implementation Division for DCMA discussed his organization and the changes that have occurred. As an example he noted that when he started with DCMA they would do a review and just leave the results with the contractor. Now DCMA teams are much more engaged in discussions with the contractor. Shane presented an overview of the hub (conduct EVMS reviews and surveillance are primary activities) and corporate (serve as a single point of contact for major DoD contractors) group functions, locations and leads.

Shane emphasized the importance of escalating issues due to the size of the operations division – for example, 191 contractor sites, 191 EVMS specialists in the field. He also noted that the FY15 review schedule is due out in July. Shane also showed the trend of time it takes to make final determination on business systems. Overall, the trend shows a drop from over a year to now less than 6 months. Shane reiterated the goal to standardize interpretation (focus on system issues and not human error) and move toward data driven assessments.

15. The various NDIA IPMD working groups that met yesterday afternoon provided brief reports on their discussions:

a. Production/John Kanicsar – John noted that the WG is catching back up after some disruption due to leadership changes. John discussed the process the WG has been going through of reviewing the compliance checklist to determine which guidelines have significant differences between development and production programs.

b. Surveillance Guide/Dale Gillam – This WG is working the update to the NDIA surveillance guide. The guide is intended for companies or government agencies that do not have their own surveillance process (like DCMA). This activity just kicked off and is targeting a fall completion but that could change based on other government instruction updates.

c. Clearinghouse/Pete Wynne – Pete noted there have not been many items forwarded to the WG. The WG discussed the charter and how to pro-actively gather issues vs waiting for people to submit to the WG.

d. Planning and Scheduling/Yancy Qualls – Yancy noted that they are kicking off the PASEG update activity. Comments will be requested and will be open for approximately 2 months. A PASEG review board is set up to adjudicate the comments – this will take about 6 months. Yancy expects about a year to publish the update.

e. Contracts – Nick Pisano was not available but Anna Blachman discussed the issue over "harvesting underruns". Direction will be provided on that subject. The group is also discussing retention of documents which should be a fairly straightforward solution.

f. Services/Sustainment/Jason Miller – Jason noted that the WG is coordinating with other industries (such as Fedex) that perform integrated program management on services activities.

g. Program Management/Steve Barnoske – Steve noted the meeting focused on how to get more PM involvement and content in future IPMD meetings. A survey will be sent out to PMs on topics/issues they would be interested in. Steve noted Gary Bliss and Gordon Kranz attended and made some suggestions on how to get government PMs involved.

h. CAIWG/Jerald Kirby – Jerald requested that the survey that has been sent out be completed and returned. He also noted that "scalability" is being discussed.

16. Carol closed the meeting by asking for feedback on the last 2 days. She thanked the government attendees, highlighting the importance of collaboration with industry. Meeting was adjourned.