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.

**Supply Chain Operational Strategy:**
Connect platform product support strategies to enterprise supply chain approaches that produce best value across the DoD components.

**Governance:**
Strengthen and develop organization and mgmt processes to deliver the right sustainment information to decision-makers.

**Analytical Tools:**
Build a toolbox of analytical approaches (including BCA).

**Metrics:**
Use existing metrics to catalyze sustainment strategies and trigger continuous supportability analysis.

**O&S Costs:**
Improve O&S cost visibility and influence.

**Human Capital:**
Integrate Product Support competencies across the Logistics and Acquisition workforce domain to institutionalize successful traits of an outcome-based culture.

**Weapons System Data:**
Define, collect, report, and manage the data we need to drive effective Life Cycle Product Support.

**RAM/RMS?**
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