

MARINE CORPS SYSTEMS COMMAND



TWV Modernization: Balancing Sustainment
and Transformation Priorities





1) Continue to provide the best trained and equipped Marine units to Afghanistan. This will not change. This remains our top priority!

2) Rebalance our Corps, posture it for the future and aggressively experiment with and implement new capabilities and organizations.

3) Better educate and train our Marines to succeed in distributed operations and increasingly complex environments.

4) Keep faith with our Marines, our Sailors and our families.

The Commandant sets tasks with due dates in order to achieve each of his four priorities.





**How do we get it
all Back?**



FMF w/
MCCDC
Validation



Today, a great deal of influence is coming from the Logistics and Sustainment Community

WHY AM I HERE?

Grace V. Jean and Stew Magnuson Industry Execs Ponder a Shrinking Tactical Wheeled Vehicle Market

- One is that the U.S. military already has a huge inventory of trucks and is looking to save money by **refurbishing** rather than buying new ones.
- Another unexpected twist in the truck market has been the Pentagon's fast-paced, \$36 billion program to acquire armored vehicles known as mine-resistant ambush-protected, or MRAP. The scope of the MRAP investment means that the Pentagon is likely to **scrutinize** future truck buys to make sure that the services are incorporating MRAPs into their truck fleets, rather than storing them in warehouses for a future war.
- But the MRAP business eventually will slow down. Companies expect that most of the money in the tactical wheeled vehicles business will be in **maintenance and upgrades** to the current fleet.

...more

- ▣ “There is still a lot of money in tactical wheeled vehicles in the whole **recap** arena and **technology insertion** within those programs,” Chambers said.

- Chris Chambers, Line Leader, Global Tactical Systems, BAE Systems

A mature approach...

- ▣ “We will continue to expand our portfolio across the medium and heavy tactical fleet, but we think we have good products and **efficiencies** to offer to the light tactical market as well.”
- ▣ - *R. Andy Hove, Executive Vice President, Oshkosh Corporation and President of Oshkosh Defense*

Wallowing...

- ▣ Scott Leitch, vice president for business development at BAE's Land Armament Systems Division, said industry will have to be careful to not design overly expensive platforms. "Clearly [the military] is going to have to have a capable force in the future ... specifically the light tactical vehicle — **not only capable but affordable.**"

....another article

- ▣ **Military Trucks Weighed Down By ‘Yesteryear’s Technology’**
- ▣ February 2011
- ▣ By Eric Beidel

...one of many problems

- ▣ “You develop a technology and get to a high readiness level. You now want to **transition** the technology to the end user and there’s not a bridge or funding mechanism to transfer that over.”
- ▣ - *Jim McManus, New Business Development Manager at Century.*

Bill Batten, Government Account Director at Eaton

- “But the military continues to write specifications that include “yesteryear’s technology,” Batten said. “The services have brought the cutting edge to their aircraft but seem **hesitant to do the same with ground vehicles.**”
- “You buy an F/A-18 Hornet and you get the best of everything, and then you go to a ground vehicle and it looks like something from the Eastern Bloc countries,” Batten said.

Is that true?...what have you done about it?

- ❑ The Army and Marine Corps have been slow in accepting solutions other than steel.
- ❑ This has left companies that **specialize** in lighter composites out in the cold, industry executives said. Ceradyne Inc.'s ceramic armor kits have been tested and approved for use on military vehicles. One of the company's core competencies is boron carbide, which can cause a bullet to shatter upon impact.

Let's go for a ride...

- ▣ “The government is slow to adopt new technologies,” King said. “Some of this has to do with the ability of depots to work with certain types of materials. They’re very **comfortable** when they work with steel and aluminum. They know how to order a 4-foot sheet of metal. They get a little nervous when you have to do a ceramic composite.”

- Marc King, President of Ceradyne

Take the Blinders Off

- ▣ The military should “take the blinders off and see what’s available out there.”
- ▣ - *Bill Batten, Government Account Director, Eaton.*
- ▣ “It seems to fly in the face of what he hears from military officials, who state that they want to adopt new technologies being produced in the private sector. “They talk about it on all their slides. Every convention you go to they talk about it,” Batten said. “But when it comes down to putting their **money** where their mouth is, they don’t do it.”

My Hero...

- “Raw aluminum costs as much as three times more than cast iron, “so if you want to go light, it’s going to cost more,” he said. “But if I make a brake drum that’s going to last four times longer and give you fuel savings, there’s a strong business case for doing that.”

The cast-iron brake drum has worked for the military for nearly a century.

- **Ultimately, it is the duty of companies like Century to convince the Defense Department why it needs to change.**

- “A brake drum is not as sexy as titanium or some elaborate material,” McManus said. But military maintenance experts are still looking to shave ounces from unlikely parts, right down to bolts. Century has ceramic pre-forms for rotors, piston rings, clutch plates, cylinder liners and even one that can be used in armor. Ultimately, any solution that can help the services will benefit the civilian world as well.”

- *Jim McManus, new business development manager at Century.*



Guidance Roadmap

Target Affordability and Control Cost Growth

- Mandate affordability as a requirement
 - At Milestone A set affordability target as a Key Performance Parameter
 - At Milestone B establish engineering trades showing how each key design feature affects the target cost
- Drive productivity growth through Will Cost/Should Cost management
- Eliminate redundancy within warfighter portfolios
- Make production rates economical and hold them stable
- Set shorter program timelines and manage to them

Incentivize Productivity & Innovation in Industry

- Reward contractors for successful supply chain and indirect expense management
- Increase the use of FPIF contract type where appropriate using a 50/50 share line and 120 percent ceiling as a point of departure
- Adjust progress payments to incentivize performance
- Extend the Navy's Preferred Supplier Program to a DoD-wide pilot
- Reinvigorate industry's independent research and development and protect the defense technology base

Promote Real Competition

- Present a competitive strategy at each program milestone
- Remove obstacles to competition
 - Allow reasonable time to bid
 - Require non-certified cost and pricing data on single offers
 - Require open system architectures and set rules for acquisition of technical data rights
- Increase dynamic small business role in defense marketplace competition

Improve Tradecraft in Services Acquisition

- Create a senior manager for acquisition of services in each component, following the Air Force's example
- Adopt uniform taxonomy for different types of services
- Address causes of poor tradecraft in services acquisition
 - Assist users of services to define requirements and prevent creep via requirements templates
 - Assist users of services to conduct market research to support competition and pricing
 - Enhance competition by requiring more frequent re-compete of knowledge-based services
 - Limit the use of time and materials and award fee contracts for services
 - Require that services contracts exceeding \$1B contain cost efficiency objectives
- Increase small business participation in providing services

Reduce Non-Productive Processes and Bureaucracy

- Reduce the number of OSD-level reviews to those necessary to support major investment decisions or to uncover and respond to significant program execution issues
- Eliminate low-value-added statutory processes
- Reduce by half the volume and cost of internal and congressional reports
- Reduce non-value-added overhead imposed on industry
- Align DCMA and DCAA processes to ensure work is complementary
- Increase use of Forward Pricing Rate Recommendations (FPRRs) to reduce administrative costs

View From the Top

- ▣ “To those who hesitate, to those who fear to go down this path, they need to consider the alternative: broken promises, cancelled programs, unpredictability and uncertainty that is bad for industry, erodes taxpayer confidence, and worst of all, results in lost warfighter capabilities.”
- ▣ - *Dr. Ashton Carter, Under Secretary of Defense, Acquisition, Technology and Logistics (AT&L)*



This is a good news story...

- ▣ You, Industry, Understand the environment
- ▣ ...so do we
- ▣ Together, by being Deliberate, Disciplined, Providing Visibility to each other and Collaborating at every Opportunity
- ▣ ...we will solve this.

Questions?