Armament Directorate

War-Winning Capabilities…On Time, On Cost

Precision Strike
Annual Review

Mr. Randy Brown, SES
Director, Armament Directorate

Integrity - Service - Excellence
How Do You Survive?

War-Winning Capability…On Time, On Cost

- Program Execution
- Always in Competition
- Provide Value
Execute

War-Winning Capability...On Time, On Cost

• Perform to Plan

AAC executive CCaR data as of 30 Sep 11

AAC executive CCaR data as of 29 Feb 12
Cost Control

War-Winning Capability...On Time, On Cost

- Challenge Costs
- History - not a predictor of the future
- Incentives
- Industry/Government
- Volume

Weapon Unit Price History

% Weapon Unit Cost

- Warranty
- Profit
- Labor
- SEPM
- Material

Cost

Procurement Year

1 2 3 4
US Government Expenditures as a Percent of GDP: 1948-2010

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Government Expenditures as a Percent of GDP: 1948-2010

Source of underlying data: Office of Management and Budget
CBO Projections of Defense Outlays and Interest on Debt: 2010-2020

Projections as a Percent of GDP for US Defense Outlays and Interest on Debt: 2010-2020

Source of underlying data: the Congressional Budget Office’s Budget and Economic Outlook: Fiscal Years 2010 to 2020, Table 3-1, p.48
US Debt as a Percent of GDP

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Gross Federal Debt as a Percent of GDP: 1999-2016

Source of underlying data: Office of Management and Budget
European Budget Debt Concerns

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Debt as a Percent of GDP
(3Q/2011)

FY13 DoD Budget $525B

- **DoD-AF**: 27% of DoD
- **AF-AAC**: 2.8% of AF or 0.7% of DoD
- **AAC**: $3.9B

Total Budget Trends
(Including supplemental and OCO funding)

(FY 2013 Dollars in Billions)

FY10 – 17: -21%/$156B

Source: http://comptroller.defense.gov/defbudget/fy2013/FY2013_Budget_Request.pdf, pg 3
Weapons Budget

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- Budget is shrinking
- Weapons portfolio is 2.8% of AF investment Budget
- Resource Competition - *Trumps Acquisition Strategy*
- Execution and Value is Critical
Value

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Value Evaluation
Marginal Capability >= Marginal Cost
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Questions

War-Winning Capability…On Time, On Cost