

Armament Directorate

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



Precision Strike Annual Review

**Mr. Randy Brown, SES
Director, Armament Directorate**

U.S. AIR FORCE

Integrity - Service - Excellence



How Do You Survive?



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

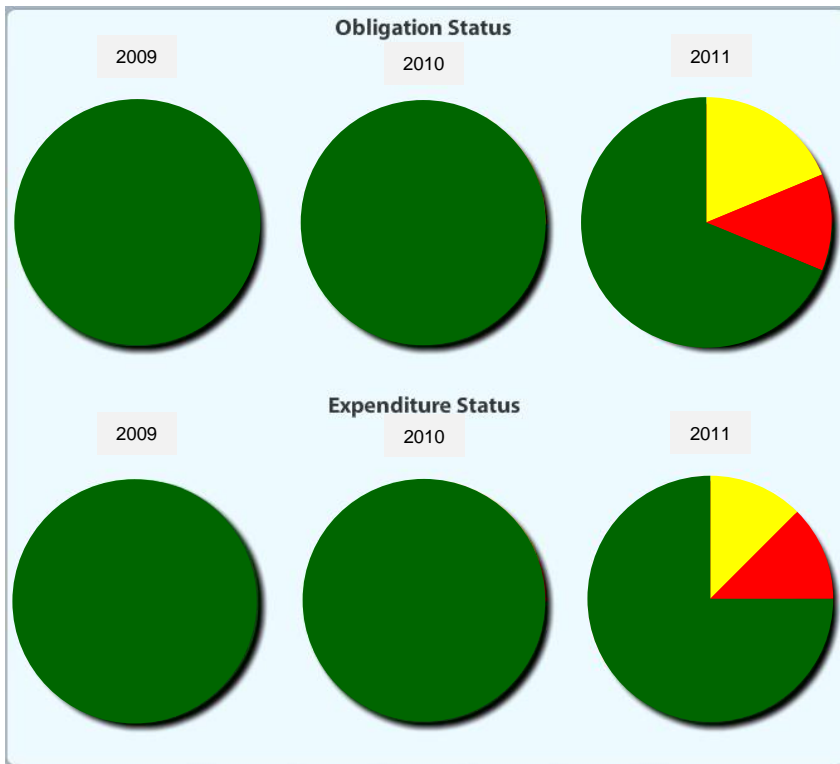
- **Program Execution**
- **Always in Competition**
- **Provide Value**



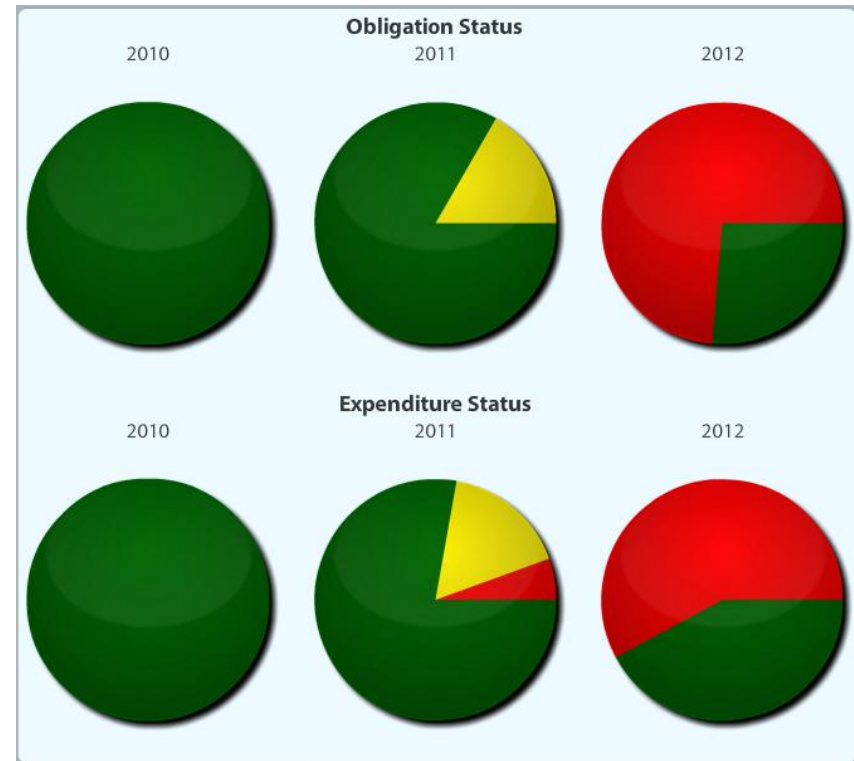
Execute

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

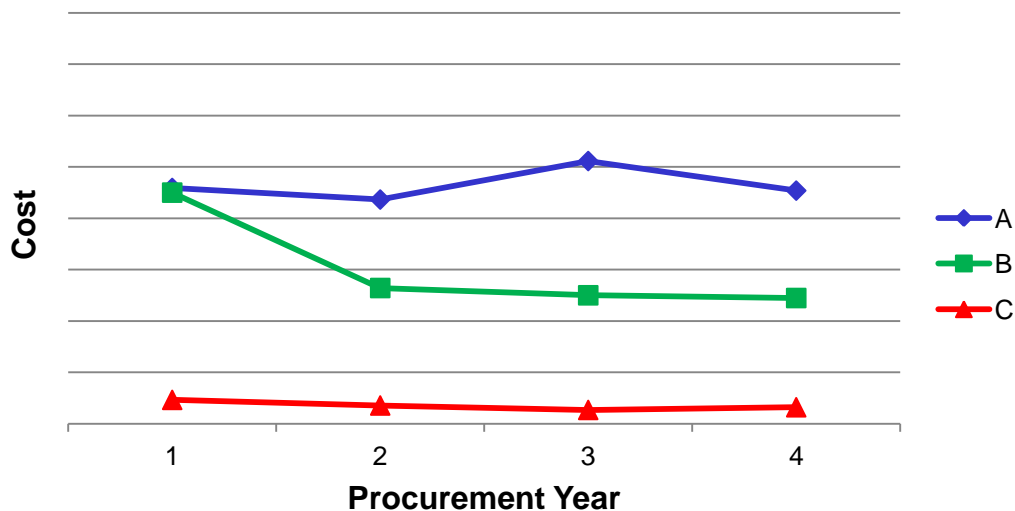


Cost Control

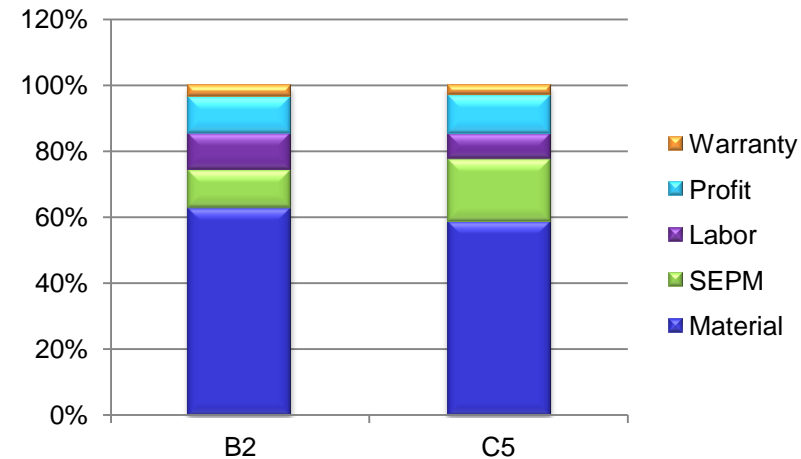
War-Winning Capability...On Time, On Cost

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

Weapon Unit Price History



% Weapon Unit Cost

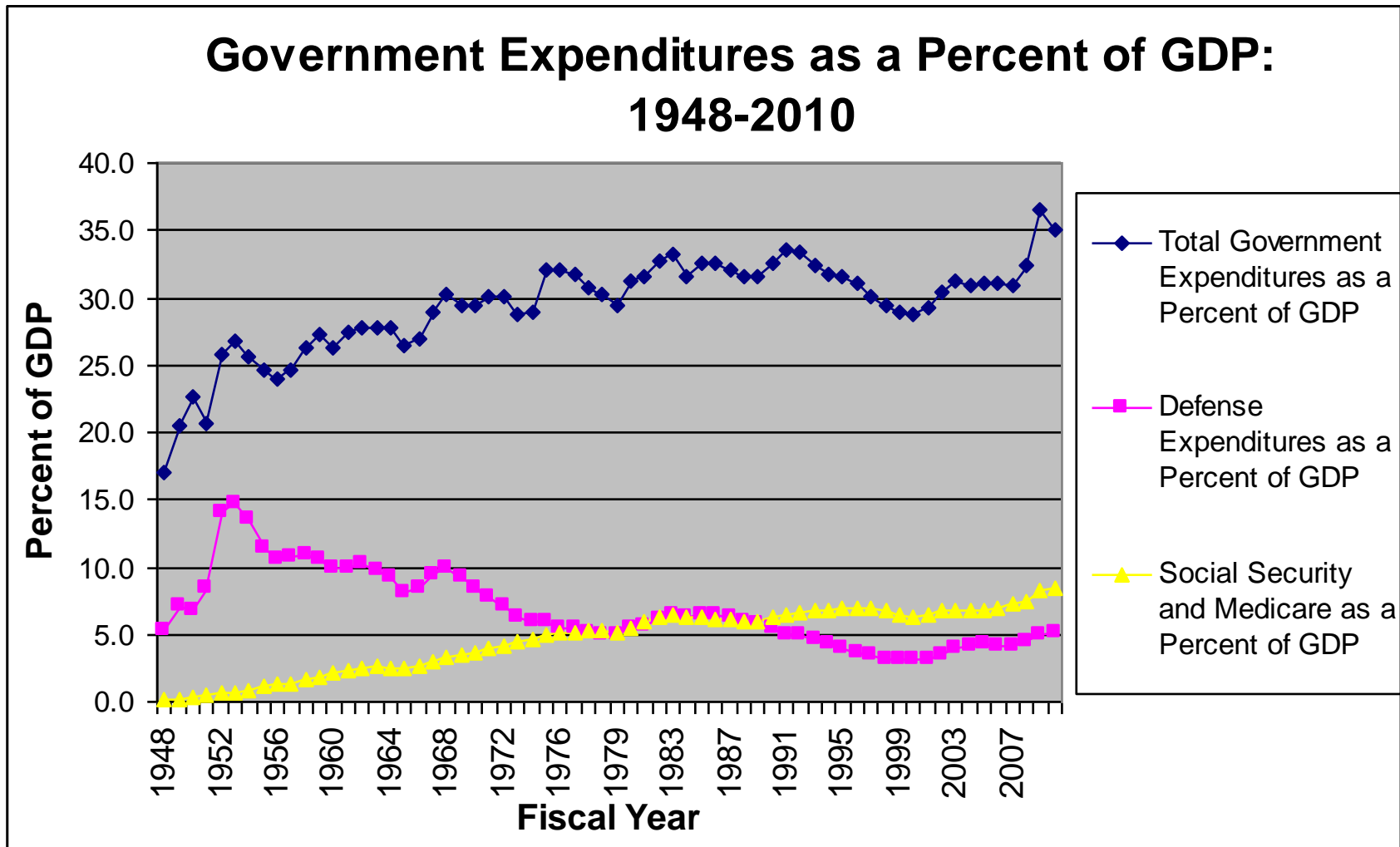




US Government Expenditures as a Percent of GDP: 1948-2010



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



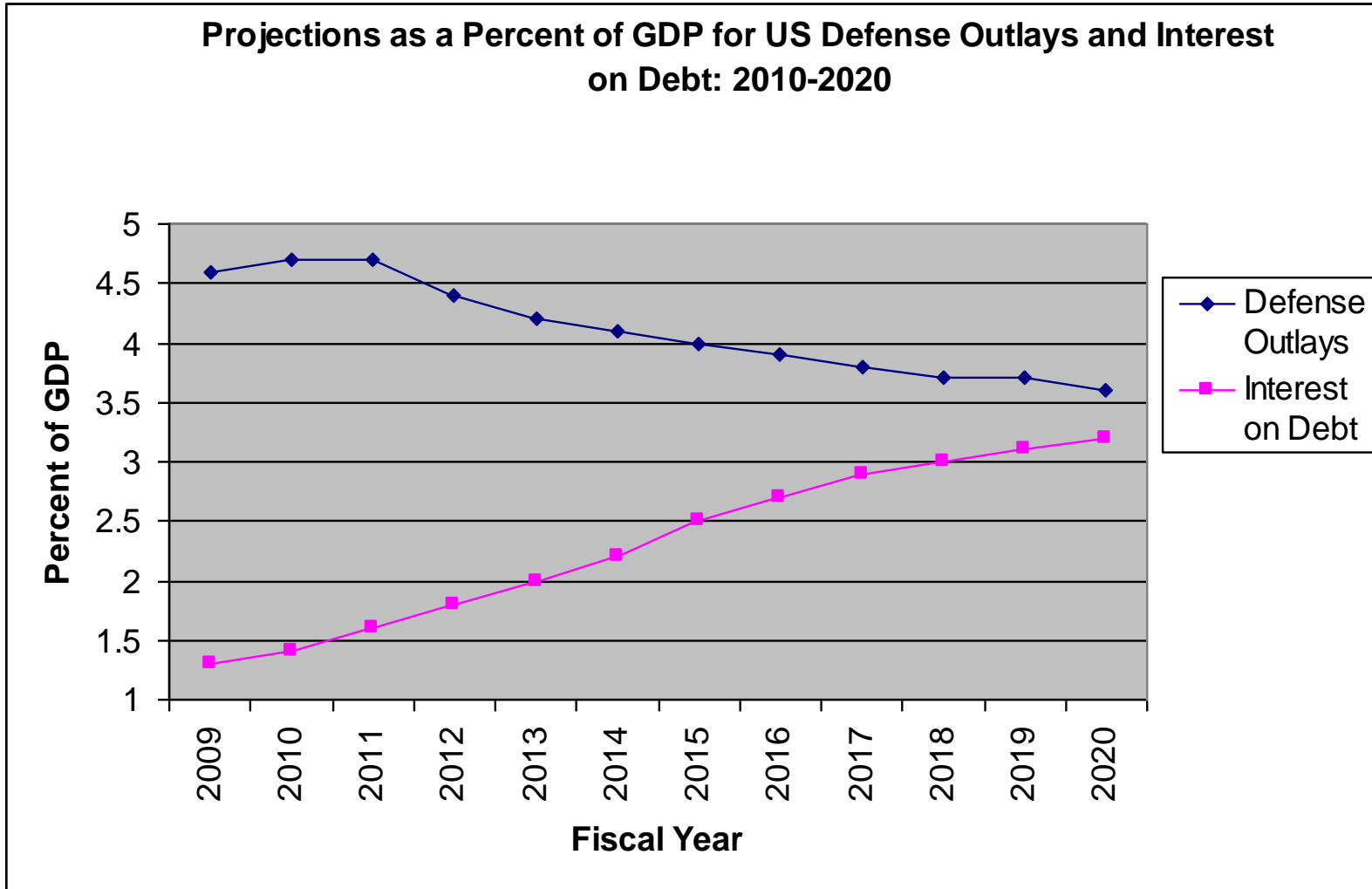
Source of underlying data: Office of Management and Budget



CBO Projections of Defense Outlays and Interest on Debt: 2010-2020



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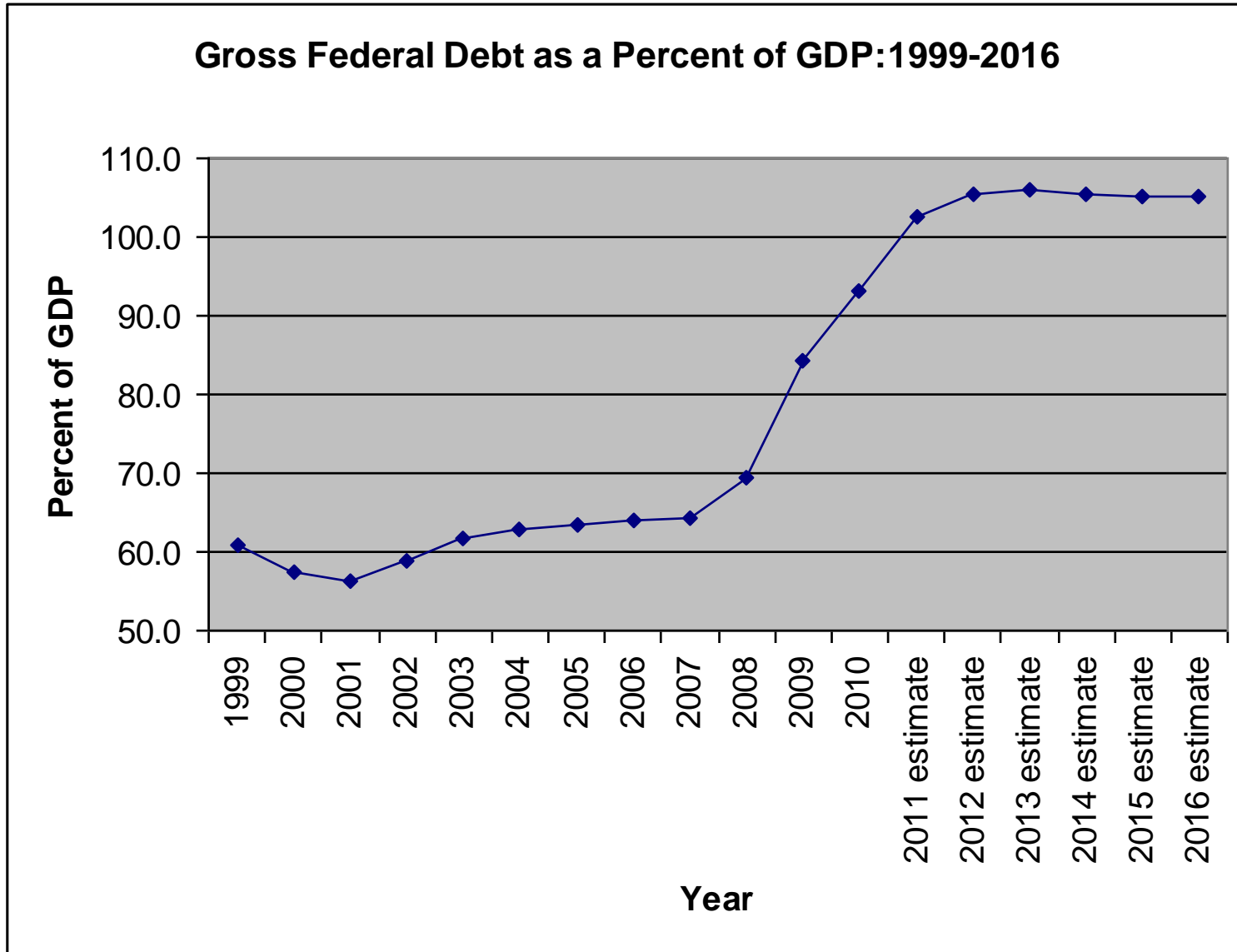


Source of underlying data: the Congressional Budget Office's Budget and Economic Outlook: Fiscal Years 2010 to 2020, Table 3-1, p.48



US Debt as a Percent of GDP

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



Source of underlying data: Office of Management and Budget

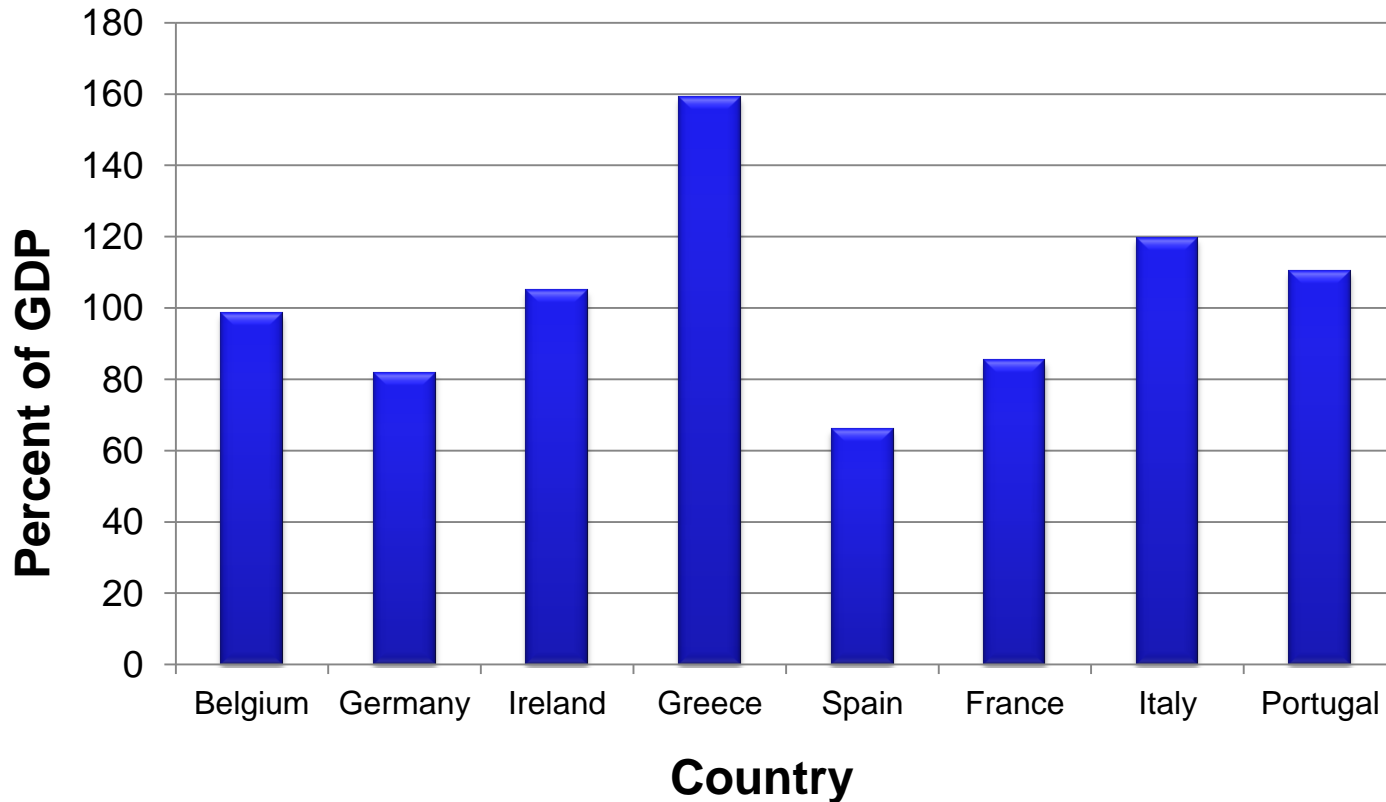


European Budget Debt Concerns



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



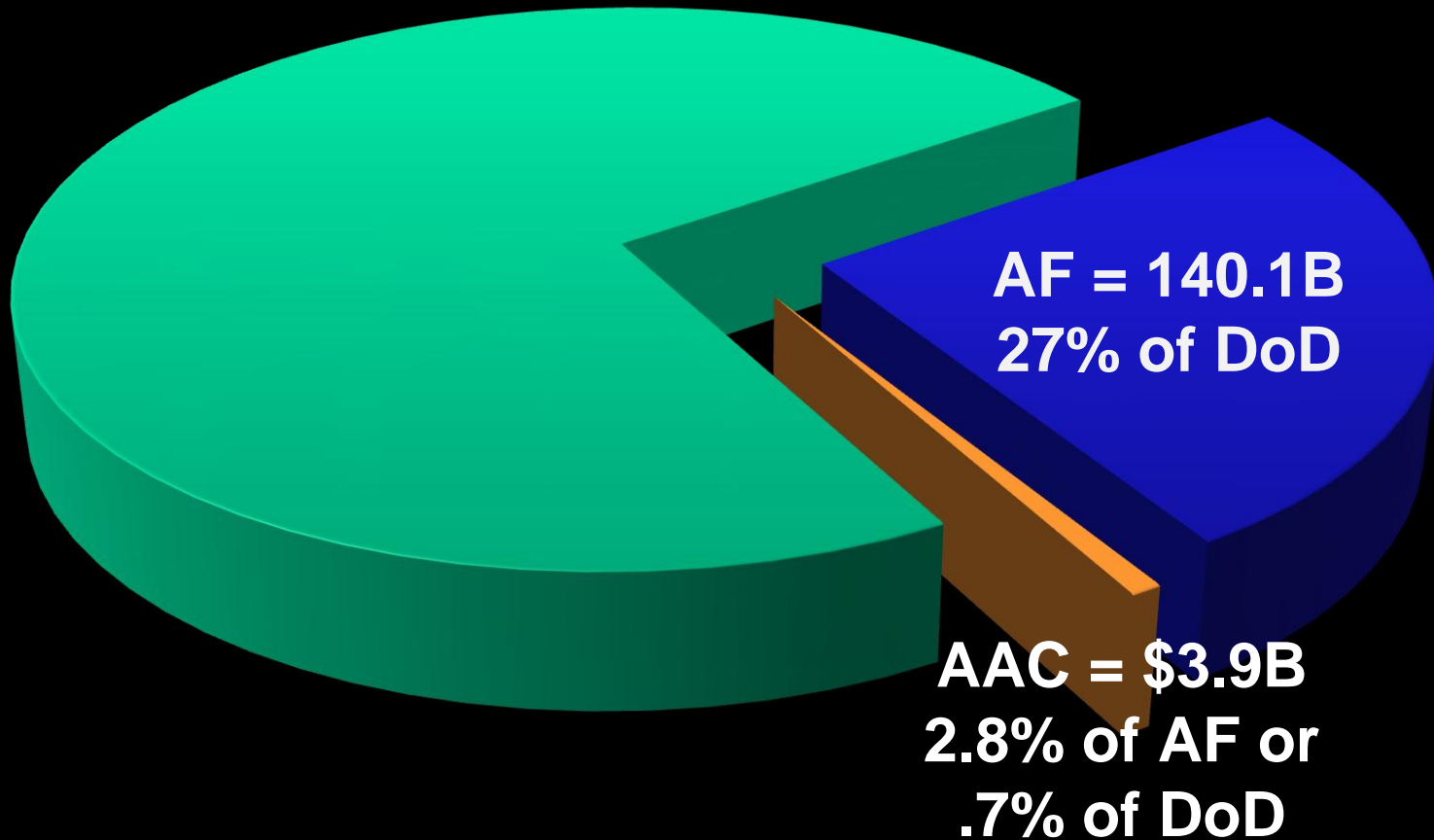


DOD/AF Budget

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FY13 DoD Budget \$525B

■ DoD-AF ■ AF-AAC ■ AAC

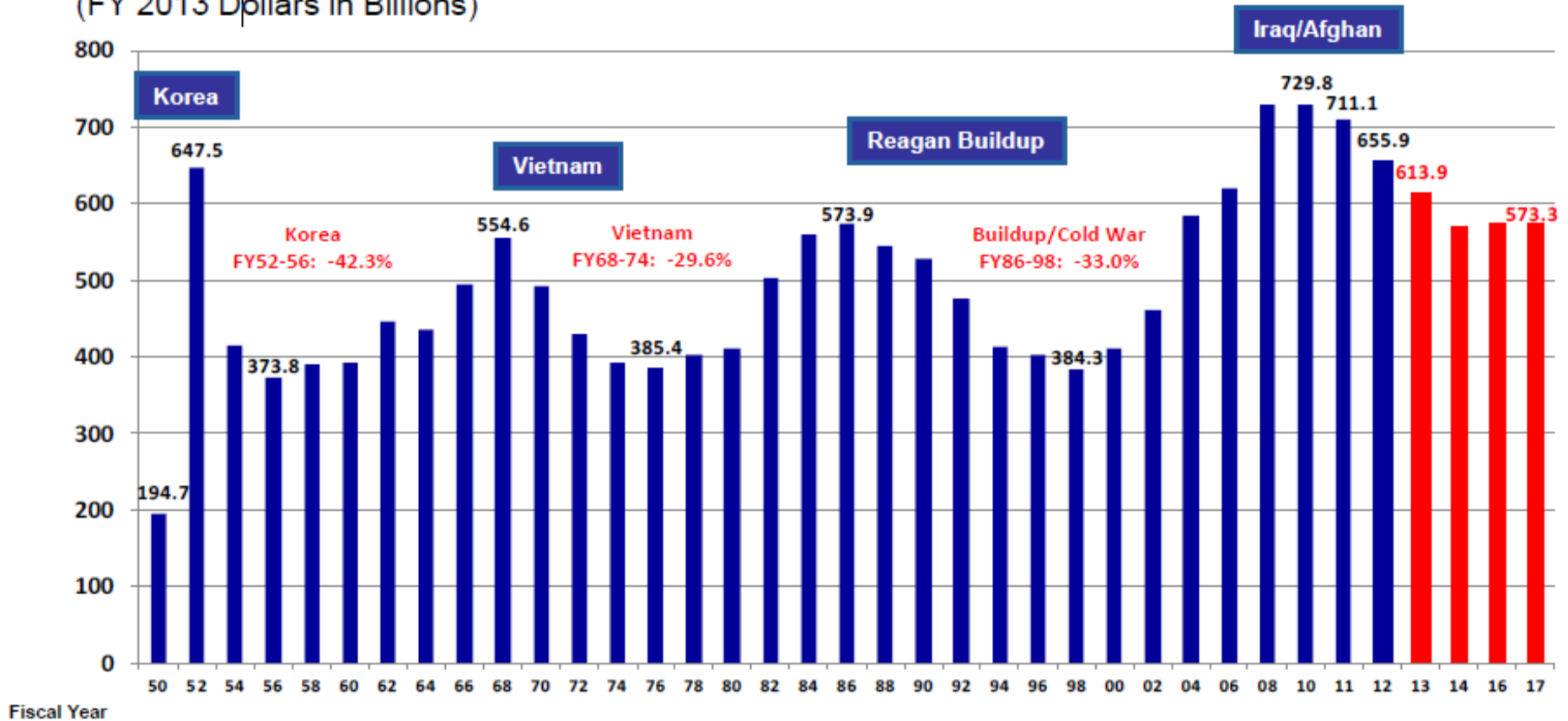


Total Budget Trends

(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



Weapons Budget



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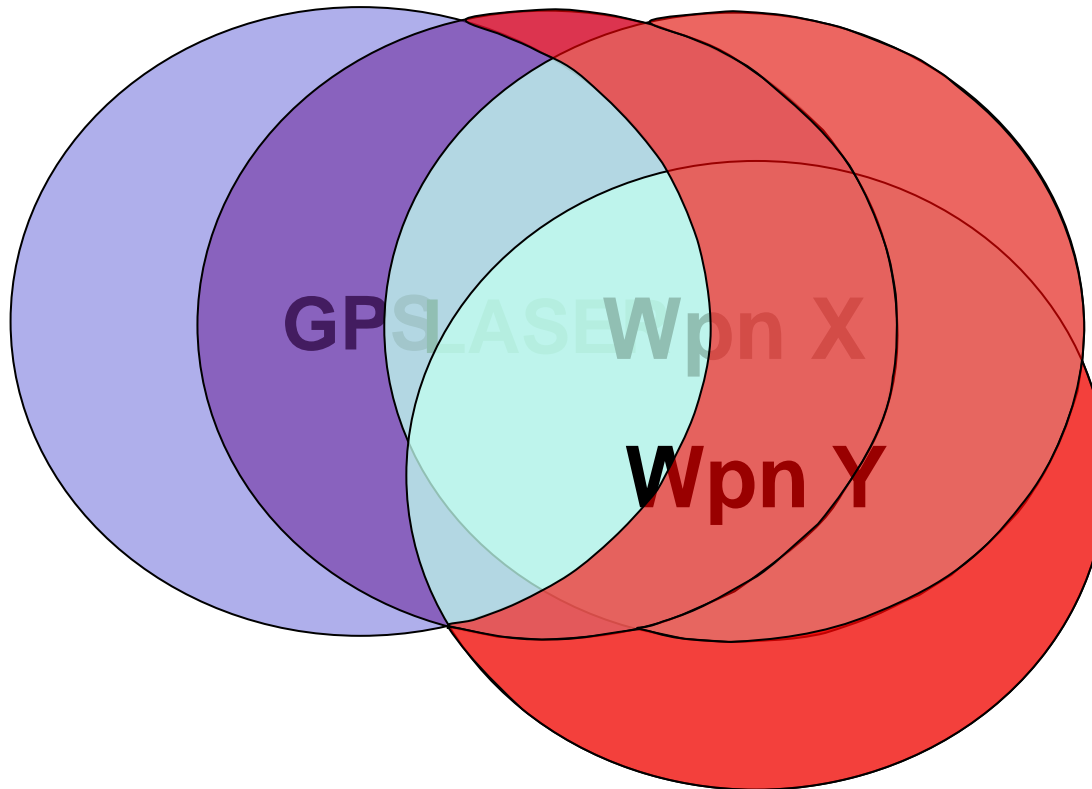
- **Budget is shrinking**
- **Weapons portfolio is 2.8% of AF investment Budget**
- **Resource Competition - *Trumps Acquisition Strategy***
- **Execution and Value is Critical**



Value

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

Fixed/ Mobile target
Clear/ Weather



Value Evaluation

Marginal Capability \geq Marginal Cost



How Do You Survive?



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

- **Program Execution**
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Questions



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

