Deputy Assistant Secretary of Defense (DASD)
Materiel Readiness (MR)
Accomplishments & Activity Update

Mr. John Baranowski
Mr. Mark A. Gajda
Office of the Deputy Assistant Secretary of Defense - Materiel Readiness

NDIA Meeting
June 17, 2011
Summary of Contents

DASD-MR Snapshot
- Intro
- L&MR Organization
- Materiel Readiness Topics

PSAT Snapshot
- PSAT Overview/Status
- PBL Award Nominations

ODASD (MR) advises and assists the Assistant Secretary of Defense for Logistics & Materiel Readiness in establishing policies, procedures and implementing actions to integrate acquisition and sustainment processes into a Life Cycle Management framework to optimize weapon system Materiel Readiness.
USD (Acquisition, Technology & Logistics)

Acting DASD(MR): Mr. John Baranowski
OASD (L&MR) Strategic Goals

- **Support for current operations**
  - Ensure effective Logistics support for current operations
  - Ensure effective management of "contractors on the battlefield"

- **Improve Buying Power and Drive Logistics Efficiencies**
  - Integrate Life Cycle Management principles into DoD and Service acquisition and sustainment processes
  - Integrate supply chain operations that effectively support warfighters and are efficient from source of supply to point of consumption
MR Policy Engagement  DoDI 5000.02

**Policy**
- DoDI 5000.02 Enclosure 13 – Life-Cycle Sustainment

**Guidance**
- Defense Acquisition Guidebook (Chapter 5), Dtd 4/29/11
- Life-Cycle Sustainment Plan (LCSP) Template
- PSAT Guidebooks
  - PSM
  - BCA
  - IPS
  - LA

**Oversight**
- Action Officer/Program Collaboration
- IIPT, OIPT, DAB decision support
- DAES, DAMIR, SARs

**Acquisition**
- Program Manager
- Product Support Manager
  - MS A
  - MS B
  - MS C
  - FRP/IOC

**Operations and Sustainment**
- Continual review cycle
- Evolving Document throughout the Lifecycle

**Post IOC**
- Planned Sustainment Performance
- Actual Sustainment Performance
MR Operating & Support (O&S) Status

1.1.4.1 Update Ownership Costs Key System Attribute (KSA)
- JCIDS Working Group incorporated full O&S KSA Nov 2010
  - KSA now includes all O&S costs elements
  - Programs currently reporting full O&S in DAES/SAR and Sustainment Quad Charts

1.1.4.2 Standardize O&S Cost estimation methods and tracking
- O&S team includes L&MR, CAPE, Service 4s/Secretariats, J-4, Industry
- Standardize and establish traceability of costs from initial data sources through metrics used for O&S and Life Cycle Cost management decision making
  - Evolve the life cycle management framework to incorporate credible and consistently determined metrics for better buying power decisions
  - Inform Product Support Managers (PSM) how to develop and manage cost metrics
- O&S Cost team deliverable – suite of products under development
  - Standardization of terminology through “O&S Glossary” (July ‘11)
  - “Rosetta Stone” translation guide for Integrated Product Support Elements into CAPE O&S Cost Elements into Appropriations (Summer ‘11)
  - Complete O&S Cost Management Guidebook (Fall’11) “Should Cost”
    - (PM/PSM decision making)
## Acquisition Efficiency Guidance Roadmap

<table>
<thead>
<tr>
<th>Target Affordability and Control Cost Growth</th>
<th>Promote Real Competition</th>
<th>Improve Tradecraft in Acquisition of Services</th>
<th>Incentivize Productivity &amp; Innovation in Industry</th>
<th>Reduce Non-Productive Processes and Bureaucracy</th>
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</thead>
<tbody>
<tr>
<td>• Mandate affordability as a requirement</td>
<td>• Emphasize competitive strategy at each program milestone</td>
<td>• Assign senior managers for acquisition of services</td>
<td>• Reward contractors for successful supply chain and indirect expense management</td>
<td>• Reduce frequency of OSD level reviews</td>
</tr>
<tr>
<td>• Implement “should cost” based management</td>
<td>• Remove obstacles to competition</td>
<td>• Adopt uniform services market segmentation (taxonomy)</td>
<td>• Increase Use of FPIF contract type</td>
<td>• Work with Congress to eliminate low value added statutory requirements</td>
</tr>
<tr>
<td>• Eliminate redundancy within Warfighter portfolios</td>
<td>• Allow reasonable time to bid</td>
<td>• Address causes of poor tradecraft</td>
<td>• Capitalize on progress payment structures</td>
<td>• Reduce the volume and cost of Congressional Reports</td>
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<tr>
<td>• Achieve Stable and economical production rates</td>
<td>• Require non-certified cost and pricing data on single offers</td>
<td>• Define requirements and prevent creep</td>
<td>• Institute a superior supplier incentive program</td>
<td>• Reduce non-value added requirements imposed on industry</td>
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<tr>
<td>• Manage program timelines</td>
<td>• Enforce open system architectures and set rules for acquisition of technical data rights</td>
<td>• Conduct market research</td>
<td>• Reinvigorate industry’s independent research and development</td>
<td>• Align DCMA and DCAA processes to ensure work is complementary</td>
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<td></td>
<td>• Increase small business role and opportunities</td>
<td>• Increase small business participation</td>
<td></td>
<td>• Increase use of Forward Pricing Rate Recommendations (FPRRs) to reduce administrative costs</td>
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Rapid Acquisition Overview - MR Influence

Rapid Acquisition was established to accelerate fielding timelines by improving acquisition processes

• Rapid Acquisition provides the Warfighter with mission critical equipment required to perform operations

The Joint Rapid Acquisition Cell (JRAC) is leading this effort:

• Tracks rapid fielding initiatives, assigns sponsors and obtains funding
• Building affordability into rapid acquisition processes – support better buying power initiatives and outcomes

MR is supporting this Departmental effort through the Rapid Sustainment Plan Pilots

– **Goal:** Develop a streamlined sustainment plan to cover basic logistics, inform portfolio reviews and facilitate collaboration across L&MR

Efforts are being coordinated across key organizations and working groups throughout the Department.
Rapid Sustainment Quad Chart
-- Notional--ABC Program

Life Cycle Profile
* 200 systems to be fielded. FUE is APR 11. Expect 3 year deployment/duration in theater. (After 3 years, newer technology will be available.)
* No known Obsolescence issues
* No upgrades expected at this time

Sustainment Issues
* Overall status is Green.
* Risks and issues: Additional contract actions needed for spares and continued support

Sustainment POC
* Mark Gajda

Sustainment Health

<table>
<thead>
<tr>
<th>Logistics Element</th>
<th>Status</th>
<th>Remarks</th>
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<tbody>
<tr>
<td>Delivery and Transportation</td>
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<td>Training</td>
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<td>Manpower / Personnel</td>
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<tr>
<td>Maintenance Concept</td>
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<td>Supply Support (Basic)</td>
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<tr>
<td>Facilities</td>
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<tr>
<td>Contracts</td>
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<td>Separate contracts for repair parts buys</td>
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Fielding Schedule

Deliveries

<table>
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<tr>
<th>OEM Delivery Schedule</th>
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<td>Lot 1</td>
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<td>Lot 5</td>
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<td>Lot 6</td>
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<td>Lot 7</td>
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FY11 FY12 FY13 FY14
Sustainment Funding – Source 1 $2.1M - - -
Sustainment Funding – Source 2 2.5M - - -
TOTAL Funding $4.7M - - -

Requirement $5.9M $8.0M $8.1M $5.1M
Delta $1.2M $8.0M $8.1M $5.1M

NOTIONAL – not real data
The Product Support Journey

Section 912, 1998 NDAA: DoD to report to Congress on Product Support Reengineering

Product Support Reengineering Report to Congress

DoD QDR mandates “PBL” – First official Use of Term

DoD QDR

DoD 5000 policy updated: PBL is “preferred” Support Strategy

Revised DoDI 5000.2 Issued

DoD Weapon System Acquisition Reform Product Support Assessment

Program Managers Guidebook published

ACAT 1 & 2 to use PBL or justify non-use

Product Support Assessment Team Launched

DoD WSAR-PSA Implementation

PSM Section 805 Implementation, Proof Point Assessment Phase 1, Institutionalization of Sustainment Quad Chart

PSM, BCA, ILA, Post-IOC Review Guidebooks; Proof Point Assessment Phase 2

F-117, APU PBLs

30 RTOC Pilot Programs

Next Generation

PSAT Implementation Overview

Industrial Integration
- Criteria & Baseline
- Partnering Guidance
- Title 10 Changes

Product Support Business Model
- PSBM PM Guide
- Revised Policy
- Log Cost Memo

Supply Chain Operational Strategy
- JSCA Op Strat
- Enterprise Architecture
- SCM BOK

Metrics
- Automated RAM Metrics
- Enterprise Dashboards
- Legacy System Reporting
- O&S Cost Definition & Granularity Memo
- Post-IOC Review

Analytic Tools
- Analysis "Toolbox"
- Analytical Tools Guidance
- LA Guide

Governance
- Sustainment Chart & Implementation Guide

Human Capital
- FIPT Guidance
- Competencies Identified
- Career Fields Targeted
- Training

Outreach
- SSG & PSEC Calls
- Office Articles
- Congressional Briefings
- AIA, NDIA, & Logistics Conferences
- Industry Meetings
The PSAT is refining a Strategic Implementation Plan to operationalize and measure next-generation product support.
PSAT Strategic Way Ahead

Strategic Objectives Mature at Different Paces

- Demonstratel Enforce Life Cycle Focus
- Aligned and synchronized operational, acquisition, and sustainment communities working together to deliver required and affordable Warfighter outcomes
- Incentivize Accountability for Performance
- Build Mutually Beneficial Partnerships
- Start and End with the Warfighter’s Objectives

Maturity Levels

- 4
- 3
- 2
- 1

Years:
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020

Notional

Aligned

Unaligned
# CY 2011 Implementation Timeline

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<thead>
<tr>
<th>Jan 11</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
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<td>⚫ All Hands</td>
<td>⚫ Newsletter</td>
<td>⚫ All Hands</td>
<td>⚫ All Hands</td>
<td>⚫ All Hands</td>
<td>⚫ PSEC Mtg</td>
<td>⚫ PSEC Mtg</td>
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## Product Support Business Model

- PSM Guidebook Rev 0
- PSM Guidebook Website

## Industrial Integration

- Survey Report
- Complete Data Review
- BCA and Analytic Tools Guidebook
- Website

## Supply Chain Operational Strategy

- JSF Baseline
- Metrics Institutionalized Roadmap
- DoD Enterprise Supply Chain Opportunity MGMT

## BCA and Analytic Tools

- BCA Guidebook Rev 0
- BCA Guidebook Website
- Analytical Tools Published

## Metrics

- Quad Chart
- Guidance Revision
- Metrics Refinement
- Institutionalization

## Governance

- MTVR LA Report
- LA Guidebook
- Institutionalization

## Operations & Support Cost

- Glossary Deliverable
- Matrix Deliverable
- Metrics Deliverable
- O&S Cost Analysis Guidebook (Rev 0)

## Human Capital

- Revised Log 103 RAM, LOG 206 Courses
- IPS Element Guidebook
- LOG 340 Course
- DoD Product Support Wall Chart

## Operational Strategy

- Draft Long Term Operational Strategy

- IPT Stakeholder Meetings
- Product Support Executive Council (PSEC) Update
PSAT Summary Highlights

- Sustainment Quad Chart fielded.
- Logistic Assessment Guidebook comments adjudicated - June release planned.
- Post-IOC Review guidance is being incorporated into the Defense Acquisition Guidebook (DAG).
- DTM 10-015 Requirements for Life Cycle Management and Product Support issued - Services working implementation.
  - PSM Rapid Deployment Training posted.
- Industrial Integration activities ongoing - multiple fronts.
- Joint Supply Chain Architecture (JSCA) metrics developed; WSD diagnostics ongoing.
- Human Capital training/course development in parallel with PSAT execution.
Developing and Delivering Effective and Affordable Product Support

- The Product Support Manager’s Guidebook develops the PSBM and provides guidance to the Program Manager / Product Support Manager (PSM) on how to develop and execute an effective and affordable product support strategy.

- The Product Support BCA aids decision making process by comparing alternatives; examining the mission and business impacts (both financial and non-financial), risks, and sensitivities.

- The O & S Cost Estimating Guide provides a standardized analytic method for assessing O&S costs including standardized cost terms and definitions.
Product Support Manager Implementation Status

<table>
<thead>
<tr>
<th>Army</th>
<th>Navy</th>
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<tbody>
<tr>
<td>• Identified 100% of PSMs</td>
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<tr>
<td>• Published PSM guidance</td>
<td>• Publishing PSM guidance in mid May</td>
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<tr>
<th>Air Force</th>
<th>USMC</th>
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<tr>
<td>• Identified 100% of PSMs</td>
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<tr>
<td>• Published PSM guidance in March 2011</td>
<td>• Established IPT to review current processes and implement new PSM</td>
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<td>guidance for ACAT 3 programs</td>
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Product support rapid training has also been developed and deployed
Targeted New Product Support and Product Support Manager (PSM) Resources

Available Now

- Extensive DAU Life Cycle Logistics Training and Knowledge Sharing Resources
- Enhanced LOG 350 “Enterprise Life Cycle Logistics Management” Course
- PSM Rapid Deployment Training (RDT) [http://www.dau.mil/images/Pages/RDT.aspx]
- PSM Reference Repository on DAU Logistics Community of Practice [https://acc.dau.mil/psm]
- Product Support Manager's (PSM) Guidebook [https://acc.dau.mil/psm-guidebook]
- Business Case Analysis (BCA) Guidebook [https://acc.dau.mil/bca-guidebook]

Available Soon (end of CY11)

- Defense Acquisition Guidebook (DAG) Update
- Logistics Assessment (LA) Guidebook
- Integrated Product Support (IPS) Element Guidebook
- Web-based PSM Toolkit
- LOG 340 “Life Cycle Product Support” Course
- CLL 036 “PSM Fundamentals” Continuous Learning Module
- Cost Assessment & Program Evaluation (CAPE) O&S Cost Estimating Guidebook
- DoD Cost Management Guidebook

Available in the Future/Proposed (CY12-13)

- Joint Service Product Support Wall Chart
- Post-Level III LOG 3xx (or 4xx) Product Support Manager’s Course
## PSAT Initiatives & “Better Buying Power”

<table>
<thead>
<tr>
<th></th>
<th>Standardized Processes</th>
<th>Policy</th>
<th>Metrics</th>
<th>Collaboration</th>
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<tbody>
<tr>
<td>Better Buying Power Objectives</td>
<td>PSAT Products</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Target Affordability and Control Cost Growth</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Incentivize Productivity and Innovation in Industry</strong></td>
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<td>✓</td>
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<tr>
<td><strong>Promote Real Competition</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td><strong>Improve Tradecraft in Services Acquisition</strong></td>
<td>✓</td>
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<td><strong>Reduce Non-Productive Processes and Bureaucracy</strong></td>
<td>✓</td>
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**PSAT Products**
- LA
- Post-IOC Review
- BCA
- PSM
- Sec 805 Memo
- JSCA
- Sustainment Chart

**Collaboration**
- Human Capital
- Industrial Integration

**Guidelines for Report Creation**

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DOD Joint Supply Chain Architecture
August 2010

DOD End-to-End Supply Chain Performance Metrics
PBL Award Nominations

- Established to recognize government/industry teams responsible for **demonstrated excellence in PBL development, implementation, and execution in life cycle product support strategies**

- Nominations are for government/industry teams that have exhibited outstanding performance in PBL

- Categories of competition include:
  - **System Level**: Weapon Systems Platforms and/or System of Systems Programs
  - **Subsystem Level**: Weapon subsystems and/or major subassemblies
  - **Component Level**: All other products, components and services

- **POC**: Mr. Mark Gajda

Award nominations for the seventh annual Performance-Based Logistics (PBL) Awards Program are due July 1, 2011.
PSAT Integration and Communications Efforts

- IPT All-Hands Meeting

- PSAT PSEC Newsletters are a key outreach activity; copies may be found at http://www.acq.osd.mil/log/mr/psec.html

June 2010 Newsletter

- September 2010 Newsletter

- June 2011 Newsletter
PSAT Initiatives’ Goal Is To Optimize Product Support

1. Business model for integrated stakeholders and utilization of organic & industrial capabilities

2. Transparent, validated, and consistent data, metrics, and estimating processes for better decision making

3. Talent and skills required for lifecycle and transformational thinking

Cost Reduction Of Programs

PSAT Yields = Readiness/Business Effectiveness
PSAT - An AT&L Priority that Directly Supports
Department-Wide Goals & Objectives

<table>
<thead>
<tr>
<th>DoD Strategic Management Plan</th>
<th>L&amp;MR Goals</th>
<th>DoD Logistics Strategic Plan / Joint Logistics Strategic Plan</th>
<th>PSAT Strategic Objectives</th>
</tr>
</thead>
</table>
| **Objective 5.3-2E**: Improve acquisition processes, from requirements definition to the execution phase, to acquire military-unique and commercial items. | **Support for current operations**
- Ensure effective Logistics support for current operations
- Ensure effective management of "contractors on the battlefield"

**DoD Strategic Objective 5.4-2L**: Provide more effective and efficient logistical support to forces abroad. | **DoD**
- **Goal 1**: Provide Logistics Support In Accordance with Warfighters’ Requirements
- **Goal 3**: Ensure supportability, maintainability & costs are considered throughout the acquisition cycle

**J4**
- **Goal 1**: Provide joint logistics strategic direction ; facilitate ownership, development, and integration of the Joint Logistics COMPASS

- **Goal 1**: Start and End with the Warfighter’s Objectives
- **Goal 2**: Demonstrate and Enforce a Lifecycle Focus
- **Goal 3**: Incentivize Accountability for Performance
- **Goal 4**: Build Mutually Beneficial Partnerships
- **Goal 5**: Enterprise Means Enterprise

PSAT is driving business process improvement across the product support enterprise
Summary

• Life Cycle Management Enables Effective/Affordable Weapons Systems – DASD(MR) INTEGRATION AGENT

• WSARA - PSA is the Driving Force behind Next Generation Product Support Strategies
  – Greater Commitment for Product Life Cycle Support (Enterprise Vision)
  – Developing tools/processes to equip the Product Support Manager and Program Teams
  – Alignment with Better Buying Power Initiatives
  – Need NDIA’s help leveraging PSAT efforts

THANK YOU NDIA FOR YOUR COMMITMENT AND CONTINUED SUPPORT.
WSAR-PSA* Identified Opportunities

• Inconsistent, inaccurate and unavailable data for proper life cycle decision making (especially cost)

• Poor stakeholder integration, creating considerable inefficiencies (to include defense industrial base)

• Inconsistent / ineffective BCA process

• No standard business model for product life cycle support

• Governance structure and processes did not support product life cycle support thinking

• Need for common lexicon, metrics and methodology for assessing/improving the DoD end-to-end supply chain

• Skills and talents need to be better developed to drive the necessary cultural change

*WSAR-PSA is the acronym for Weapon System Acquisition Reform Product Support Assessment