



***David Packard
Excellence in Acquisition
and
Should Cost and Innovation***

*Awards Ceremony
May 21, 2015*



Message from the Under Secretary of Defense for Acquisition, Technology and Logistics



On behalf of our Secretary of Defense, the Honorable Ashton Carter, welcome to the 2014 David Packard Excellence in Acquisition Award Ceremony, which this year also includes special recognition of a new and separate “Should Cost and Innovation” award winner. The Packard Award is the premier acquisition program award within the Department and recognizes organizations and teams that have as their focus acquisition excellence and greater efficiency and productivity. This year’s winners have demonstrated superior program management and accomplishment in the successful execution of one or more of the Better Buying Power (BBP) efficiencies and associated initiatives. In addition, the team we are recognizing for the Should Cost and Innovation award specifically targeted opportunities for real program cost savings, savings that can be used for reinvestment where most needed in the acquisition of products and services to provide more capability to the Warfighter.

We are truly honored to have Secretary Carter host today’s ceremony. His presence is an indication of how extremely important continuous process improvement is to the Department and how personally committed he is to the principles of BBP, which he launched in 2010 while the Under Secretary of Defense for Acquisition, Technology and Logistics. This includes his strong support for the BBP 3.0 initiatives, which we recently formally released, to continue our progress in acquisition excellence and to help ensure the United States’ technological superiority well into the future.

The significant achievements of our three Packard Award winners, the Advanced Extremely High Frequency Program, the Intercontinental Ballistic Missile Systems Directorate, and the VIRGINIA Class Submarine Program, as well as our Should Cost and Innovation winner, the Maritime Patrol and Reconnaissance Aircraft Program Office, are proof of the tremendous strides we continue to make in changing how we do business to obtain greater efficiency and productivity. Each of these teams took this mandate to heart, with the taxpayers and our Warfighters the true beneficiaries of their outstanding efforts.

Congratulations to the winners as well as all the nominees for these prestigious awards. The people we are recognizing here today are the cream of the crop, but we are also blessed with many more outstanding professionals dedicated to our mission and contributing to our national security.

Frank Kendall

A handwritten signature in black ink, appearing to read "Frank Kendall". The signature is fluid and cursive, with a prominent initial "F" and "K".



*David Packard
Excellence in Acquisition
and
Should Cost and Innovation
Awards Ceremony*

May 21, 2015

National Anthem

Welcome

The Honorable Frank Kendall
Under Secretary of Defense
for Acquisition, Technology and Logistics

Remarks

The Honorable Ashton Carter
Secretary of Defense

Presentations



**USD(AT&L)
David Packard
Excellence in
Acquisition**

The David Packard Excellence in Acquisition Award was established to recognize organizations, groups, and teams who have demonstrated exemplary innovation using best acquisition practices that achieve acquisition excellence in the Department of Defense. It is the Department's highest acquisition team award and was first awarded in 1997 in honor of David Packard, a former Deputy Secretary of Defense during the Nixon Administration. Mr. Packard was also the co-founder and chairman of the Hewlett-Packard Company and chairman of the President's Blue Ribbon Commission on Defense Management chartered by Ronald Reagan in 1985. He founded the Defense Systems Management College in 1971 and was a strong advocate of excellence in the defense acquisition practices.

Light refreshments will be served immediately following the ceremony

David Packard Excellence in Acquisition Award

The David Packard Excellence in Acquisition Award recognizes teams that have demonstrated superior program management and accomplishment in the successful execution of one or more of the Better Buying Power efficiencies and associated initiatives. The principles of acquisition excellence and exemplary innovation using the best acquisition practices remain fundamental to the Packard Award.

The specific Better Buying Power 2.0 efficiency areas and associated initiatives are as follows:

Achieve Affordable Programs

- Mandate affordability as a requirement
- Institute a system of investment planning to derive affordability caps
- Enforce affordability caps

Control Costs Throughout the Product Lifecycle

- Implement “should cost” based management
- Eliminate redundancy within warfighter portfolios
- Institute a system to measure the cost performance of programs and institutions and to assess the effectiveness of acquisition policies
- Build stronger partnerships with the requirements community to control costs
- Increase the incorporation of defense exportability features in initial designs

Incentivize Productivity & Innovation in Industry and Government

- Align profitability more tightly with Department goals

- Employ appropriate contract types
- Increase use of Fixed Price Incentive contracts in Low Rate Initial Production
- Better define value in “best value” competitions
- When Lowest Price Technically Acceptable is used, define Technically Acceptable to ensure needed quality
- Institute a superior supplier incentive program
- Increase effective use of Performance-Based Logistics
- Reduce backlog of DCAA Audits without compromising effectiveness
- Expand programs to leverage industry’s IR&D

Eliminate Unproductive Processes and Bureaucracy

- Reduce frequency of higher headquarters level reviews
- Re-emphasize AE, PEO and PM responsibility, authority, and accountability
- Reduce cycle times while ensuring sound investment decisions

Promote Effective Competition

- Emphasize competition strategies and create and maintain competitive environments
- Enforce open system architectures and effectively manage technical data rights
- Increase small business roles and opportunities
- Use the Technology Development phase for true risk reduction

Improve Tradecraft in Acquisition of Services

- Assign senior managers for acquisition of services

- Measure productivity using the uniformed services market segmentation
- Improve requirements definition/prevent requirements creep
- Increase small business participation, including through more effective use of market research
- Strengthen contract management outside the normal acquisition chain – installations, etc.
- Expand use of requirements review boards and tripwires

Improve the Professionalism of the Total Acquisition Workforce

- Establish higher standards for key leadership positions
- Establish increased professional qualification requirements for all acquisition specialties
- Increase the recognition of excellence in acquisition management
- Continue to increase the cost consciousness of the acquisition workforce – change the culture

2014 David Packard Award Winner



The Advanced Extremely High Frequency (AEHF) program team is presented the David Packard Excellence in Acquisition Award for its innovation in providing survivable, secure, protected, and jam-resistant satellite communications for high-priority users, including the President of the United States, strategic and tactical warfighters, and AEHF's international partners, Canada, Netherlands and the United Kingdom. The AEHF team utilized a revolutionary Block Buy space acquisition strategy to procure the fifth and sixth AEHF satellites (AEHF-5/6), saving 1.6 billion dollars, while also operationally accepting the Increment 5 mission control segment and launching, checking-out and transferring to operations the third AEHF satellite (AEHF-3). The team also developed a consolidated three constellation sustainment approach that will save 300 million dollars, while also beginning Multi-Service Operational Test and Evaluation's integrated testing, which cut the required time for operational test by 49 percent. This translates to a projected Initial Operational Capability declaration at the program's acquisition program baseline objective date of 2015, saving 27 million dollars. As a result of the 5/6 Block Buy savings, the Military Satellite Communications Space Modernization Initiative was established and represents the investment plan to sustain and enhance current program-of-record systems while progressing to more affordable and resilient future systems, ensuring the nation will continue to have the most advanced satellite communications capabilities in the world.

2014 David Packard Award Winner



The Intercontinental Ballistic Missile Systems Directorate, under the Air Force Nuclear Weapons Center, is presented the David Packard Excellence in Acquisition Award for its efforts in targeting affordability and controlling cost growth as it performed true cradle-to-grave life cycle management for the Minuteman III Intercontinental Ballistic Missile System and delivering on the Chief of Staff of the Air Force's top priority of strengthening the Nuclear Enterprise. The team developed a novel acquisition strategy that inserted inter-service technology and components to modernize and replace the entire fleet of nuclear arming and fuzing capabilities. This strategy promoted industry innovation, as well as joint and international cost and technology sharing, reducing the overall burden of strategic investment over a broad base of interested stakeholders while also reducing the future Minuteman III fuze from two aging Configurations to a single modern configuration. This single biggest modification to the weapon system in 20 years developed business case analyses that included interagency Department of Energy warhead stockpile reduction considerations to teaming initiatives with international strategic weapons partners, accounting for 3.2 billion dollars in cost avoidance since 2010 and a Future Years Defense Program 2015-2019 savings of 478 million dollars, while at the same time refreshing technologies and leveraging pre-existing nonrecurring engineering work. Their efforts will keep 450 Minuteman III Intercontinental Ballistic Missiles, 45 launch control centers, dozens of maintenance vehicles, multiple communication systems, and 34.6 thousand square miles of infrastructure operational while delivering the highest sustained alert rate in the weapon system's 50 year history.

2014 David Packard Award Winner



The VIRGINIA Class Submarine Program team is presented the David Packard Excellence in Acquisition Award for its efforts in achieving significant savings from shipbuilder proposed pricing and over 1 billion dollars from adjusted current submarine production performance when it awarded a fixed-price incentive (firm target) multi-year contract for over 17 billion dollars. The VIRGINIA Class Submarine (VCS) Block IV contract inherently increased shipbuilding industrial base stability and decreased construction costs through economic ordering of material and increased throughput in the building yards. The Request for Proposal reflected innovative initiatives to promote competitive strategies unique to the sole source environment in which the program procures submarines. The VCS Block IV multi-year contract reflects cost saving and risk reduction initiatives developed in the solicitation and maintained through the proposal analysis, culminating in the most successful negotiation and award of any fair and reasonable shipbuilding contract in the last twenty years. The VCS Block IV team made exemplary achievements in efficiency and productivity in defense spending through: detailed labor hour analysis using should-cost strategies; deep diving into the cost proposals of over 200 major multi-tiered subcontracts; driving changes in shipbuilder purchasing processes by engaging in negotiations at the subcontractor level; independently evaluating every aspect of the prime shipbuilder's (and major subcontractor's) labor rates; pressing firmly on the shipbuilders to negotiate from fact supported data; and effectively integrating the chain of command into negotiations when necessary to maintain a single US Navy "voice." These efforts will ensure delivery of the highest quantity of submarines (10 VIRGINIA Class submarines) under a single contract in the last forty years at a rate of two per year from Fiscal Years 2014 through 2018.



Should Cost and Innovation Award

The Should Cost and Innovation Award, sponsored by the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)), recognizes organizations, groups, or teams that have displayed outstanding commitment, innovation, and results to should cost management. The concept of should cost management is fundamental to proactive cost control throughout the acquisition life cycle. This initiative requires the active management of cost, starting with the deep understanding of cost structures, followed by identifying specific goals for cost reduction (should cost goals), and the efforts to achieve those cost reductions. As a core, enduring Better Buying Power initiative, most programs and contracted activities in DoD now have should cost targets and are managing to them.

The Maritime Patrol and Reconnaissance Aircraft Program Office and its P-8A Poseidon Integrated Product Team is presented the Under Secretary of Defense (Acquisition, Technology and Logistics) 2014 Should Cost and Innovation Award for exemplary execution of Should Cost management and proactive cost control. They integrated Should Cost into all core technical and management processes yielding savings across all phases of acquisition. As of June 2014, the team identified total savings of over 5.2 billion dollars, nearly all of which were captured in the President's Budget for Fiscal Year 2015. Despite the fact that the program is early in delivery, 1.4 billion dollars of the savings are in aircraft procurement. These resulted from production efficiency increases, subsystems procurement and supply as Government Furnished Equipment, and innovative contract financing strategies. The P-8A team's focus on reducing operational support costs resulted in 3.8 billion dollars in Operations and Support savings. These were primarily the result of a strategy change from full contractor logistics support to an innovative product support strategy which leverages organic support, public/private partnership depots, competitive support for commercial engines/airframe, and an intermediate level maintenance capability for high cost drivers. Through its efforts, the P-8A team provides an outstanding example of repeatable should cost processes while delivering real savings and cost-effective capabilities to deployed warfighters.

Previous David Packard Award Winners 2013–2010

2013

The HC/MC-130J Program Team

(U.S. Air Force)

The Air and Missile Defense Radar (AMDR) team

(U.S. Navy)

The Joint Light Tactical Vehicle (JLTV) team

(U.S. Army/U.S. Navy)

**The Defense Information Technology Contracting Organization and Air Force's
National Capital Region-Information Technology Team,**

U.S. Air Force/DISA

2012

The Project Manager Combat Ammunition Systems Team

(U.S. Army)

The DDG 51 Shipbuilding Program Office

(U.S. Navy)

**The Acquisition Rapid Response Medical Team for Tactical Combat Casualty Care and Casualty
Evacuation (Better Buying Power Efficiency Award)**

(USSOCOM)

2011

5.56mm M855A1 Enhanced Performance Round Integrated Produce Team

(U.S. Army)

PM Stryker Double V Hull

(U.S. Army)

Personal Signature Management Jointly Integrated Acquisition Task Force Team

(USSOCOM)

V-22 Cost per Flight Hour Reduction Team

(U.S. Navy)

2010

**The Combined Enterprise Regional Information Exchange System-International
Security Assistance Force (CX-I) Team**

(U.S. Army)

The F-35 Radar Electronic Protection (EP) Team

(U.S. Navy)

The Aegis Readiness Assessment Vehicle Team

(Missile Defense Agency)

Previous David Packard Award Winners 2009–2006

2009

Mine Resistant Ambush Protected All Terrain Vehicle Source Selection Evaluation Board

(U.S. Army)

Project Manager – Mobile Electric Power

(U.S. Army)

PMS 408 Joint Counter Radio-Controlled Improvised Explosive Device Warfare

(U.S. Navy)

708th Armament Systems Group

(U.S. Air Force)

2008

Joint Mine Resistant Ambush Protected Vehicle Program

(U.S. Air Force)

VIRGINIA Class Submarine Program

(U.S. Navy)

Standoff Precision Guided Munition Quick Reaction Capability Team

(USSOCOM)

Electronic Countermeasures Team

(USSOCOM)

2007

**The Mobile Electric Power Integrated Product Team of
Marine Corps Systems Command**

(U.S. Marine Corps)

The Ohio Class SSGN Conversion, Delivery, Modernization, and Test Team

(U.S. Navy)

The Defense Energy Support Center's (DESC) Operation Iraqi Freedom (OIF)

Bulk Helium Support Team

(Defense Logistics Agency)

The Government Fuel Card Program Team

(Defense Logistics Agency)

2006

The Office of Project Manager, Close Combat Systems (PM CCS)

(U.S. Army)

Project Manager, Infrared Countermeasures (PM IRCM)

(U.S. Army)

**The EA-6B Improved Capability (ICAP) III
and EA-18G Program Teams**

(U.S. Navy)

Defense Energy Support Center Hydrazine Acquisition Team

(Defense Logistics Agency)

Previous David Packard Award Winners 2005–2001

2005

44mm Grenades Team
(U.S. Army)

The Joint Standoff Weapons (JSOW) IPT
(U.S. Navy)

Deployable Joint Command and Control Program Team
(U.S. Navy)

2004

B-2 Total System Support Partnership Team
(U.S. Air Force)

The 374th Contracting Squadron Government Purchase Card Team
(U.S. Air Force)

Department of Defense EMALL Team
(Defense Logistics Agency)

2003

Special Operations Craft Riverine (SOCR)
(U.S. Special Operations Command)

Joint Direct Attack Munition (JDAM) Joint Project Office
(U.S. Navy/U.S. Air Force)

Joint Services of Family Decontamination Systems
(U.S. Navy)

Passive Attack Weapon Program Quick Reaction Capability Team
(U.S. Air Force)

2002

Multi-role Anti-armor Anti-personnel Weapon System
(U.S. Special Operations Command)

Theater High Altitude Area Defense Logistics Team
(Missile Defense Agency)

Geosynchronous Lightweight Technology Experiment Program Office
(National Reconnaissance Office)

Pentagon Renovation
(Washington Headquarters Services)

Joint Biological Point Detection System
(U.S. Army)

2001

Small Computer Program
(U.S. Army)

Strategic Sourcing Program Team
(Defense Logistics Agency)

CAD/PAD Program Team
(U.S. Navy)

Joint Surveillance Target Attack Radar (JSTARS) Future Support Team
(U.S. Air Force/DCMA/NGC)

Previous David Packard Award Winners 2000–1997

2000

Relay Satellite Team
(National Reconnaissance Office)

Medium Tactical Vehicle Replacement Team
(U.S. Army)

Weapons System MARK 46 Development Team
(U.S. Marine Corps)

1999

Evolved Expendable Launch Vehicle (EELV) System Program Office
(U.S. Air Force)

**Assault Amphibious Vehicle (AAV) Reliability and Maintainability/
Rebuild to Standard Team**
(U.S. Marine Corps)

Joint Program Office, Biological Defense Portal System Team
(U.S. Army)

**Defense Contract Management Command,
St. Louis Plant Clearance Team**
(Defense Logistics Agency)

437th Airlift Wing Hunley Park Housing Renovation Team
(U.S. Air Force)

1998

Advanced Amphibious Assault Vehicle Program Team
(U.S. Navy/U.S. Marine Corps)

Purchase Card Program Team
(U.S. Army)

Integrated Program Management Initiative Joint Team
(Office of the Secretary of Defense)

Attack Submarine Program Office
(U.S. Navy)

1997

The Joint Strike Fighter Program's PM IPT
(Office of the Secretary of Defense)

The Special Operations Forces Intelligence Vehicle PM IPT
(U.S. Special Operations Command)

The Construction Flight Working Group
(U.S. Air Force)

**The Multifunctional Information Distribution System Program
Office's Communications-Computer Systems Integrated Product Team**
(Office of the Secretary of Defense)



"As the Department of Defense continues to strive to increase the efficiency with which we support our troops, I continue to be amazed by the tremendous professionalism, ingenuity, and capability of our acquisition workforce who help make this happen."

Frank Kendall



***SUPPORTING THE WARFIGHTER,
PROTECTING THE TAXPAYER***