



CAN DO
WILL DO

Should Cost Perspectives



U.S. AIR FORCE

Brig Gen Daryl Hauck
25 March 2014

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SC Savings Governance



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- **22 April 2011 OSD SC Implementation Memo outlines Strategic SC savings priorities**
 - **Use to prevent breaching Will-Cost estimate**
 - **“My goal for this initiative is to ensure that Program Managers drive productivity improvements into their programs during contract negotiations and throughout program execution including sustainment. It is essential that we eliminate cost overruns and begin to deliver programs below budget baselines that are set using independent Will-Cost estimates.”**
 - **Add capabilities to PEO programs or other AF programs**
 - **“The key is to seek and eliminate low-value added ingredients of program cost and to reward appropriately those who succeed in doing this. For government managers, this means additional resources to enhance their programs (for example, by freeing up funds to buy more warfighting capability)...”**

**Guidance Addresses Both Priorities
Provides Transparency & Fosters Trust**



When/How to Measure



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- **Dynamic process – not static annual estimate or one-time position**
 - Will-cost should only change with SCP/ICE/APB changes
 - Should cost position is sum of initiatives status
- **Planning with closure in mind will help structure initial plan input and reduce rework**
 - Working to adapt CCaRs SC module to make this easier
- **Change in budget position from year-to-year can/will affect SC reporting baseline**

Plan/Measure Success by when Stakeholders are willing to reallocate funding

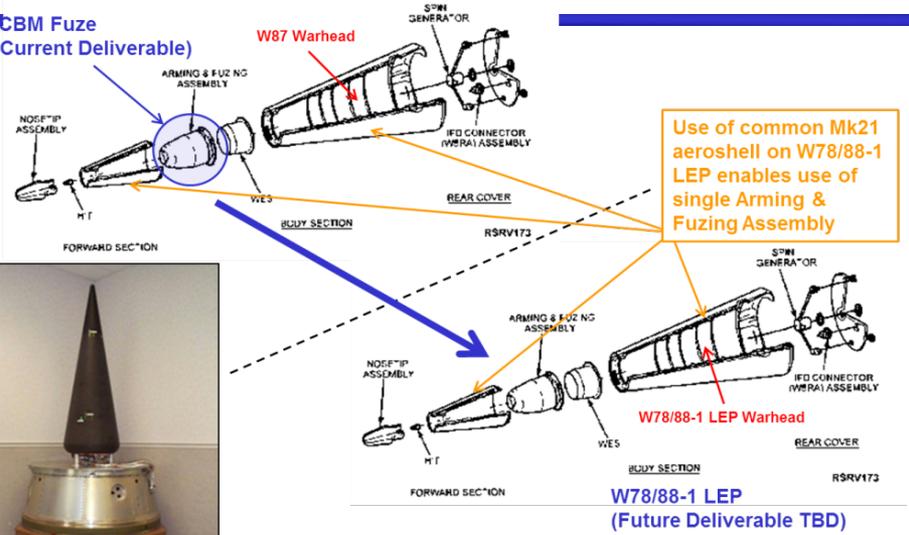


ICBM Fuze Modernization



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ICBM Fuze
(Current Deliverable)



Program Description

Re-capitalizes Mk21/Mk12A Fuzes for W87/W78 ICBM Warheads that are well beyond original 10-yr design life

Should Cost Initiative

- Nuclear Weapons Council approved proposal to reuse excess Peacekeeper Mk21 Aeroshells inspected & determined to be in pristine condition as the design configuration for W78/88-1 LEP
 - Same “mold line” for both warheads allows use of same fuze--avoids NRE for 2nd config
 - Further significant savings possible as quantity requirement likely to be reduced since one can “spare” either warhead

Total Cost Savings (avoidance): \$478M FYDP (\$522M outside FYDP)

CCAR Cost Summary Reinvestment Plan

- FY15 POM
 - \$478M Returned to Nuclear Deterrent Ops Core Function Lead Integrator to fund disconnects (including LRSO)



Evidence of Cultural Change



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- **Should Cost is driving focus on cost-effective delivery of mission capability rather than focus on platform acquisition/support mechanism**
- **PEOs emphasizing Should Cost in Program Reviews**
- **Teams are questioning Other Government Costs associated with Inter-Departmental transactions**
 - Achieved waiver of NNSA 3% Admin Surcharges
 - Pursuing avoiding Federal Excise Taxes on Vehicles
- **Teams are scrubbing requirements in conjunction with CFLIs**
- **Teams are thinking “business case” in daily decisions**
 - TDY location and team size / Conserving Office Supplies
 - Test locations that preserve operational realism and minimize equipment shipping
- **Teams are thinking “Cradle-to-Grave”**
 - Focus expanding to include sustainment cost reduction
 - First De-Mil should cost savings initiative realized and closed in CCaRs
- **Teams that don’t fit classic program model (APB = Will Cost) are asking “how do we play?”**
 - Services; Business System Enterprise Ordering Vehicles



Should Cost Next Steps



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- **Revisit AF Business Rules to address**
 - **Cost Avoidance**
 - **Expand should cost beyond ACAT programs**
 - **“re-baselining” savings for new budget positions**
 - **SC Initiative & SC Report coordination**
 - **Partially closed SC initiatives**
- **Implement “efficient” continual reporting validation in face of dynamic activity**
 - **Train PEOs on how to use CCaR SC Dashboard**
- **Continue Training/Collaboration w/ SAF/AQ**
- **Finalize Enterprise Tracking Metrics**



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PEO Perspectives on Should Cost Management

**DAU Mid-West Acquisition Insight
Focus Days**

**Steven D. Wert
Program Executive Officer, AFLCMC/HB**

25 MAR 2014



Battle Management Scope and Mission Areas



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Mission: In partnership with industry, develops, tests, fields and sustains systems to provide warfighting information required to succeed on modern battlefields. Directs national priority airborne and ground-based systems to deliver integrated capabilities that secure air and space superiority.

Portfolio: ~130 US programs, ~\$13.6B (AY+FYDP)*

- 2 JUON/QRC (DDR, C-IED)
- 7 ACAT I
- 4 ACAT II
- 55 ACAT III/other
- 59 Sustainment

~120 FMS Case/Lines, ~\$8.4B

- 42 nations and NATO

Org/People: ~3,500 people

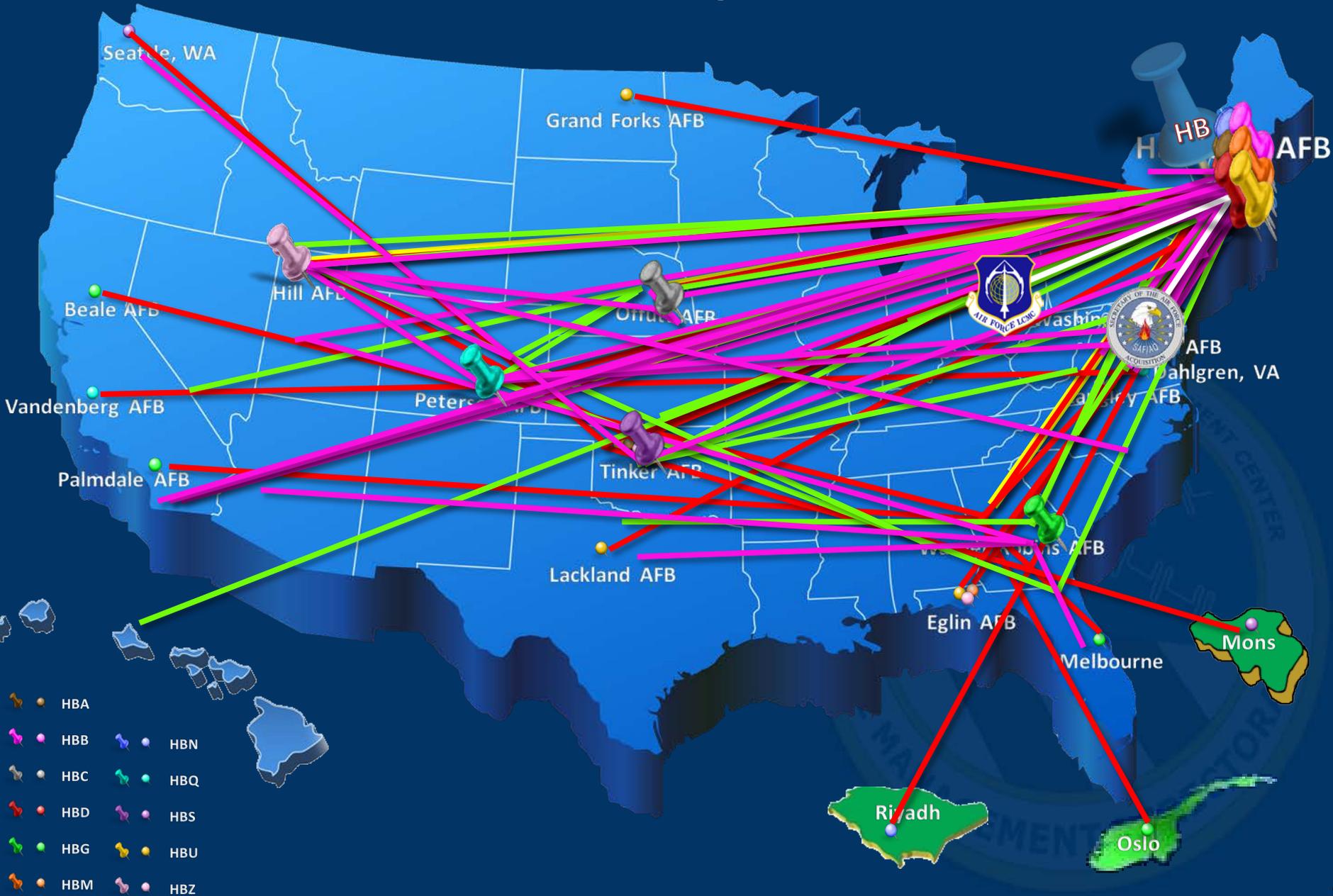
- 11 Divisions / 10 major locations

Mission Areas:

- Aerospace Mgmt
- Weather Systems
- Intelligence/ISR Systems
- Battle Control Systems
- CNS/ATM
- Air Ops Centers & Apps
- Personal Recovery
- Mission Planning
- Nuclear C2
- Space Surveillance
- Missile Warning & Defense
- Space Control Sensors
- EWR
- Deployable Radar
- COCOM Ops Planning
- Tactical Battle Systems
- Airborne BMC2/ISR
- Force Protection
- Counter IED
- ISR PED
- HF Global Comms
- PCCIE, Towers & Radomes

The AF's core operational C2 systems, battle management, and more

Battle Management Directorate Locations





Battle Management Programs



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3DELRR

NAS

AWACS 40/45

MP-RTIP

ISPAN INC 4

AOC 10.2

MPS INC 4

JSTARS Recapitalization

Plus ~120 FMS programs supporting over 40 countries

**AEWS
D-TACAN
DALR
NAVAIDS FOS
GRN-29 ILS
LCM
DBRITE
FDIO
VORTAC
VOR
TACAN
ETVS
STARS VID MAP
ASR
PAR
DASR
ILS
ILS-LOC
ILS-GS
ILS-BCN
ATIS
DALR
GSN-12
MPN-14**

**TRV
COMM SW
TRP-19
PIDP
TPN-19
IFF
D-TACAN
TACAN RSU MMLS
TRN-28
D-ILS
D-RAPCON
ADS-B
CNS/ATM
FMQ-22
FMQ-23
JET
PDR
WDA
AOC 10.1
AFMSTT
C2AOS/C2IS
CSEL
CT II**

**GCCS-AF
IBS
PEX
PRC2
TBMCS-FL
TG
UC2
UL/UC2
DMO
EV
IWPC
GSIN
ISPAN BLK 1
BCSS
CRC MOD
CRC SUST
NCR-IADS
DRC
IAMD
TACP
DDR
NGR
HFG ANT RPLC
AEWS FPS-117 EPRP**

**HFG CAM
HFG EAMA
EMR
NGC
DATA LINKS
GEOINT-1
NET COMM-1
SR-1
DCGS SUST
RM&A
JSTARS CNU
JSTARS MOD
JSTARS PME DMS
RE-ENGINEING
A-10 MPS MOD PH1
B-1 MPS MOD PH1
B-2 MPS
F-15 MOD PH II
F-16 BLK 30
F-16 BLK 40/50
F-22 MOD PH1
UNIX
JPADS**

**MAFPS
AMCTRANS
PFPS
SMACC
ITW/AA
MCCC
NCMC/ITW-AA
SEWS
E-3 FQIS
E-3 VERT STAB
E-3 DRAGON
E-3 NGIFF
E-3 EP
E-3 STWF
E-3 SUST
IBDSS
C-IED
EOD HHDD
FMQ-19
PCCIE
TMQ-53
MW-31
TOWERS/RAD/SHELT**



Perspectives on Should Cost



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Goodness:

- 3DELRR
- Eagle Vision
- Managed ECO and requirements
- Competition

Challenges:

- Reaching all programs & locations
- Accounting/CCARs
- Staffer days ... SPR/IBR
- Continuous vs episodic

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