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<b>RDT&amp;E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)</b>									<b>DATE</b> February 1999	
<b>APPROPRIATION/BUDGET ACTIVITY</b> RDT&E, Defense-wide/BA 5						<b>R-1 ITEM NOMENCLATURE</b> COMMERCIAL O & S SAVINGS INITIATIVE PE 0604805D8Z				
<i>COST (In Millions)</i>	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	Cost to Complete	Total Cost
Total Program Element (PE) Commercial O&S Savings Initiative	0	7.901	16.976	15.129	16.102	16.519	16.867	17.221	Continuing	Continuing

**(U) A. Mission Description and Budget Item Justification**

**(U) BRIEF DESCRIPTION OF ELEMENT:** The purpose of the Commercial Operations and Support Savings Initiative (COSSI) is to reduce weapon system life cycle costs, especially operating and support (O&S) costs, by inserting commercial products and processes into military systems. COSSI is a crucial element in DoD's strategy to reduce the operations and support (O&S) costs of fielded equipment. As legacy systems age, O&S costs increase, and COSSI is an effective way to lower these costs. Reducing O&S costs can make more funds available for procurement. In addition, COSSI allows DoD to capitalize on the commercial innovation cycle so equipment can be modernized faster. Adapting commercial technologies for use in military equipment often requires non-recurring engineering, testing and qualification. COSSI shares the costs of these efforts between the contractor and the Government. If the testing is successful and the cost savings validated, the items are purchased as retrofits. All COSSI projects must have an endorsement by a military customer and be linked to an existing military system. The benefits include: improved mean time between failure, improved logistics support by reducing parts obsolescence, reduced software reprogramming time and costs, improved performance, and the promotion of open system designs making future upgrades easier and less costly. COSSI uses Other Transactions rather than FAR procurement contracts so companies that do not normally do business with DOD are given the opportunity to provide cost saving ideas that would otherwise go unnoticed. OSD funding incentivizes the Services to structure joint projects with pervasive impact across weapon systems, and to institutionalize the use of Other Transaction Agreements. This program was previously been managed by DARPA. In FY1999, funding and management responsibility were transferred to the Services and OSD.

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COST (In Millions)	FY1998	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	Cost to Complete	Total Cost
Total Program Element (PE) Commercial O&S Savings Initiative	0	7.901	16.976	15.129	16.102	16.519	16.867	17.221	Continuing	Continuing

**(U) PROGRAM ACCOMPLISHMENTS AND PLANS:**

**(U) FY 1998 Accomplishments:**

In FY 1998, COSSI was managed and funded by DARPA (PE 603805E). COSSI funds were used to complete 30 projects started in FY 1997. These projects are: composite rotor and blades for the Apache helicopter (\$11,500,000), Composite 12-ton semitrailer van (\$900,000), eyesafe laser rangefinder for the OH58 helicopter (\$2,947,000), computer replacement for the Guardrail Sensor System (\$4,026,000), night vision heads-up displays (\$764,000), polymeric serving container for operational rations (\$515,000), satellite tracking system for materiel (\$1,635,000), Advanced flight control computer for the UH-60 helicopter (\$3,123,000), composite main rotor blade for the UH-60 helicopter (\$4,486,000), low cost computer encryption card (\$414,000), ultrasonic testing of pressure vessels aboard ships (\$294,000), lithium ion batteries for underwater vehicles (\$3,450,000), portable engine test cell for the H-53 helicopter (\$359,000), communications gateway for intelligence systems interoperability (\$1,865,000), integrated usage and monitoring system for the H-53 helicopter (\$9,021,000), integrated system management tools for software (\$2,058,000), reconfigurable electronic modules for the AN/SPS-67 radar (\$1,128,000), light weight aircraft battery (\$262,000), laser cladding process for corrosion resistance (\$323,000), COTS hardware and open system software for the AN/BQR-22 system (\$3,105,000), information transfer using "push" software (\$180,000), inspection kit for composite propeller blades (\$200,000), commercially based processing for F/A18 C/D avionics (\$13,957,000), data capture and analysis system for shipboard logistics (\$5,228,000), VME standard components for the MILSTAR antenna positioning control unit (\$158,000), discontinuous reinforced aluminum sheet for the F16 (\$2,170,000), commercially based processing for the F15 avionics (\$10,361,000), VME standard bus for the mini-mutes system (\$1,485,000), data distribution kits for mobile command centers (\$4,011,000), exhaust nozzle for the F110 engine (\$6,640,000).

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(U) **FY 1999 Plans:**

Funding and management responsibility for COSSI was transferred to the Services and OSD in FY1999. A solicitation was issued for COSSI proposals in December, 1998. Twenty-eight proposals were received and approximately ten more are expected. Many of the proposals involve the use of commercial computers, electronics, and interfaces to reduce O&S costs on legacy aircraft, system redesigns for improved fuel efficiency and improved test equipment. The proposed projects have the potential to substantially reduce O&S costs. The proposals are being evaluated by the Services and the best ones will be provided funding.

(U) **FY 2000 Plans:**

DoD will again issue a joint solicitation for the FY2000 program. Lessons learned during previous rounds of COSSI will be used to further refine the program. DoD will use the OSD line to incentivize joint projects. Based on previous experience, most cost saving projects are expected to pertain to upgrading electronics and computers on legacy aircraft.

(U) **FY 2001 Plans:**

DoD will issue a joint solicitation for the FY2001 program. Lessons learned during previous rounds of COSSI will be used to further refine the program. DoD will use the OSD line to incentivize joint projects.

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<b><u>(U) B. Program Change Summary</u></b>	<b><u>FY1998</u></b>	<b><u>FY1999</u></b>	<b><u>FY2000</u></b>	<b><u>FY2001</u></b>	<b><u>To Complete</u></b>	<b><u>Total Cost</u></b>
Previous President's Budget	0	13.410	17.243	15.384	Continuing	Continuing
Appropriated Value	0	8.000				
Adjustments to Appropriated Value	0					
a. Congressionally-directed undistributed reduction						
b. Below threshold reprogramming		(-.099)	-.267	-.255		
c. Other						
Current Budget Submit/President's Budget		7.901	16.976	15.129	Continuing	Continuing

**Change Summary Explanation:**

- (U) **Funding:** Reductions due to Congressional adjustments as well as programmatic changes and revised inflation estimates.
- (U) **Schedule:** Not Applicable
- (U) **Technical:** Not Applicable
- (U) **C. Other Program Funding Summary Cost:** Not applicable
- (U) **D. Schedule Profile:** Not Applicable
- (U) **E. Acquisition Strategy:** Not Applicable

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**Exhibit R-1, RDT&E Programs**

**Department of Defense**

**Appropriation: RDT&E, Defense Wide**

**Date: January 26, 1999**

<u>R-1 Line Item No</u>	<u>Program Element Number</u>	<u>Item</u>	<u>Budget Activity</u>	<u>Past Year Cost</u>	<u>TOA, \$ in Millions</u>		
					<u>Current Year Cost</u>	<u>FY99 Cost</u>	<u>FY00 Cost</u>
	0603858D8Z	Unexploded Ordnance	BA6	0	0	1.259	1.226