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<b>RDT&amp;E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)</b>								<b>DATE</b> February 2000	
<b>APPROPRIATION/BUDGET ACTIVITY</b> RDT&E, Defense Wide/BA 7							<b>R-1 ITEM NOMENCLATURE</b> Commercial O&S Savings Initiative <b>PE 0604805D8Z</b>		
<i>COST(In Millions)</i>	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Cost to Complete	Total Cost
Total Program Element (PE) Cost	7.221	11.582	9.629	10.744	12.829	13.188	13.551	Continuing	Continuing
Commercial O&S Savings Initiative/P805	7.221	11.582	9.629	10.744	12.829	13.188	13.551	Continuing	Continuing

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

(U) **BRIEF DESCRIPTION OF ELEMENT**

Beginning in FY 2001, this Program Element has moved from Budget Activity 5 to Budget Activity 7.

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 into military systems. COSSI is a crucial element in DoD's strategy to reduce the operations and support (O&S) costs of fielded equipment and supports the DoD goal of reducing logistics costs by 20 percent by 2005. As legacy systems age, O&S costs increase, and COSSI is an effective way to lower these costs. COSSI also 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 provides the Services an incentive to structure joint projects with pervasive impact across weapon systems, and to institutionalize the use of Other Transaction Agreements.

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(U) **Project Number and Title: P805 Commercial O&S Savings Initiative**

(U) **PROGRAM ACCOMPLISHMENTS AND PLANS**

(U) **FY1999 Accomplishments:**

(U) In FY 1999 Program Management transferred from DARPA to OSD and the Services. FY 1999 COSSI funding supported the development, documentation, integration, and test of upgrades to the legacy Mission Computer and Stores Management Computer on the AV8B. The upgrade project used commercial components and converted assembly language software into a higher order language (C++). In addition, the project integrated the Joint Direct Attack Munition, the ALE-47 Countermeasures Dispenser, the Havequick/Singars secure communications system, and the Common Missile Warning System within the AV8B Electronic Warfare Suite. The contractor performed system development tasks and developed a System Development Plan; researched, defined and documented the system architecture to include functional requirements, performance requirements, and interface requirements; developed, provided and fully documented tested software code; developed hardware to meet system requirements; performed system and subsystem integration; delivered a System Configuration Set and provided engineering support for operational test and evaluation. The contractor supported implementation of the System Configuration Set in Fleet and production aircraft. (\$ 7.221 Million)

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**(U)     FY2000 Plans:**

(U) COSSI is providing funds to develop and install an Integrated Mechanical Diagnostic/Health and Usage Management System on AH-1 helicopters. The system collects real time data on helicopter performance including continuous rotor track and balance, vibration monitoring of the gearbox, drivetrain, and engine, and structural usage monitoring. The project is expected to reduce AH-1 operation and support costs by over \$225 million by eliminating rotor track and balance flights, improving the efficiency of maintenance operations, enhancing operational readiness, and extending the period between depot maintenance. COSSI funding is also being used to develop a propeller control unit for P-3 aircraft. The project will replace the current analog/mechanical system with one that is digital/electromechanical. The benefits include higher reliability, elimination of control system adjustments requiring ground operation and flight checks, a built in test capability to improve trouble shooting, and elimination of parts obsolescence. The new propeller control unit is expected to reduce P-3 operation and maintenance costs by over 35 million during the next 12 years.

(\$ 11.582 Million)

**(U)     FY2001 Plans:**

(U) DoD will again issue a joint solicitation for the FY2001 program. Lessons learned during previous COSSI solicitations 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. (\$9.629 Million)

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(U) <b>B. <u>Program Change Summary</u></b>	<b><u>FY1999</u></b>	<b><u>FY2000</u></b>	<b><u>FY2001</u></b>	<b><u>Total Cost</u></b>
Previous President's Budget	7.901	16.976	15.129	Continuing
Appropriated Value	0.000	11.976	0.000	Continuing
Adjustments to Appropriated Value				
a. Congressionally Directed Undistributed Reduction	0.000	0.000	0.000	
b. Rescission/Below-threshold Reprogramming, Inflation Adjustment	(.680)	(.098)	0.000	
c. Other	0.000	(.296)	(5.500)	
Current President's Budget	7.221	11.582	9.629	Continuing

**Change Summary Explanation:**

(U) **Funding:** FY 1999 changes are due to reprogramming adjustments. FY 2000 and FY 2001 reflect reductions due to programmatic decisions and inflation adjustments and the government wide rescission.

(U) **Schedule:** N/A

(U) **Technical:**

(U) **C. OTHER PROGRAM FUNDING SUMMARY COST:** N/A

(U) **D. ACQUISITION STRATEGY:** N/A

(U) **E. SCHEDULE PROFILE:** N/A

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