SAE Perspectives
14 May 08

Ms. Sue Payton
Assistant Secretary of the Air Force (Acquisition)
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Why Are We Here?

Integrity - Service - Excellence
**External Challenges**

### Air Force Environment
- Congressional Budget Pressure
- Increasing Fleet Age (Avg > 24 yrs)
- Personnel Healthcare & Support Costs Rising
- Highly Dynamic GWOT Demand
- 31% Rise in JP8 Fuel Cost for Air Force in Past Year

### Acquisition Environment
- Requirements Creep
- Funding Instability
- Key Personnel Turnover
- Cost-Based Source Selection
- Protests
- Pass / Fail OT
- Technology Immaturity

### Externally Driven Challenges
- Declining Resources ($ and People)
- Increasing Requirements (Recap/Modernization)
- Demands for New Level of Agility
- Need for More Repeatable/Predictable Results
Acquisition Focus

Customer Satisfaction

Program Execution

Big Ticket Programs

Organizational, Policy Issues

Probability of Program Success

Summary

Program Name

ACAT XX

Program Success

(100)

PM: PM’s Name

Rebaselines: (X)

Last Rebaseline: DATE

Program Life Cycle Phase: XXXXXX

Org Structure & Reporting

Recapitalization vs Modernization

Drives funds & activity between Product Centers & Depots…

LEGENDS

Colors:
G: On Track, No/Minor Issues
Y: On Track, Significant Issues
R: Off Track, Major Issues
Gray/Hashed: Not Related/Not Applicable

Asterisk carried on metric to indicate rebaselined

Trends:
Up Arrow: Situation Improving
(%) = Risk Score (based on 100 possible)
Down Arrow: Situation Deteriorating

Program Parameter

Status (15)

Program Scope Evolution (10)

Program “Fit”

Capability Vision (xx/1)

Program Advocacy (xx/4)

Program Planning (xx/40)

Program Resources (xx/30)

Program Requirements (xx/25)

Program Name

ACAT XX

Program Planning Date of Review: Date

Program Execution

Customer Satisfaction

Big Ticket Programs

Organizational, Policy Issues

Integrity - Service - Excellence
Customer Satisfaction

We Are Accountable
RDT&E $20.2 B
Proc $21.4 B

We must break paradigms
-- get it there fast!

Tax Payer

Today’s Warfighter
(Urgent Needs)

Tomorrow’s Warfighter

I n t e g r i t y  -  S e r v i c e  -  E x c e l l e n c e
Time Sink!
Big Ticket Programs

KC-45A

CSAR-X

5th Gen
Fighters

New Bomber

80% of My Time is Spent on 20% of the Portfolio
DOD’s buying power eroded due to:

- Unrealistic and continually changing requirements
- Undisciplined management of programs once started
- Workforce capabilities strained to meet 21st century challenges
- Historical preference for grand, revolutionary solutions that depend on immature technology
- Frequent mismatch between wants, needs, affordability, and sustainability
- Lack of competition and adherence to sound contracting practices that adequately allocates risk between the contractor and taxpayer
- Incentives and fees based on attitudes and efforts rather than results
How Does Weapon System Cost Growth Compare to Civilian Projects?

Cost Growth Ratio

0 0.5 1 1.5 2 2.5 3

Big Ticket Programs
Congress, Media Outreach

- Congress - hearings, meetings, phone calls
  - Senators, Congressmen, Professional Staffers
  - Tanker, AF Recapitalization, Military Aviation, Mobility, Fighter/Bomber, CSAR-X, AF Acquisition

- Media - proactive engagement
  - 250 media queries in 2007
  - 3 media roundtables in 4th Qtr 2007
  - 28 engagements in Jan and Feb 2008!
Big Ticket Programs
Protests

- Tanker (KC-45A) under protest
- CSAR-X (HH-47F) under protest since Nov 2006 -- SUSTAINED
- JCA (C-27J) under protest 4 months -- DENIED
- Security Forces Region 2 -- DISMISSED
  - Value of contract $118M
  - Cost AF an additional $948K in bridge contract
Program Execution

- **Huge Portfolio**
  - 114 total programs
  - 33 ACAT I programs

- **Programmatics**
  - Probability of Prog Success
  - Monthly Acquisition Report

- **Execution issues**
  - Nunn McCurdy
  - Test failures
  - Schedule slips
  - Cost overruns...

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**Total Programs (114)**
- 70% (79) Green
- 26% (30) Yellow
- 4% (5) Red

**ACAT I Prog (33)**
- 55% (18) Green
- 36% (12) Yellow
- 9% (3) Red

* Non-space programs

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*Biggest job—least amount of time, but where my time should be!*
Organizational/Policy Issues

- Baker’s Dozen
- Empowerment
- Integrated Lifecycle Management
- Portfolio Management
- Changes to Acquisition Policy
The Baker’s Dozen
(13 in 12)

**Game Changers (4) Products**
- Directed Energy – Non-lethal & Precision
- Advanced Composite Aircraft
- Energy Alternatives & Conservation
- Open Architectures / SW Dev & Reuse

**Credibility (8) Standard Processes**
- Cost Realism
- Services Contract Initiatives
- Risk Based Programming / Risk Based Oversight
  - Time Certain Acquisition
  - Award/Incentive Fee Realism
  - Streamlined Quality Source Selection
  - Strategic Sourcing
  - Proactive External Engagement

**Workforce: (1) People**
- Human Capital Strategic Planning
  - Program Managers
  - Systems Engineering
  - Contracts Personnel
  - Cost Estimators / Price Analysts

**Desired End State:**
Lean Acquisition with Integrity and Credibility
PROGRAM EXECUTIVE OFFICER

IN ACCORDANCE WITH DEPARTMENT OF DEFENSE DIRECTIVE 5000.2

AIRFORCE ACQUISITION EXECUTIVE

Brig Gen Wendy Masiello
As Program Executive Officer for Combat and Mission Support

Affirmation of Program Executive Officer Appointment

I, the Secretary of the Air Force, hereby designate

Brig Gen Wendy Masiello

As Program Executive Officer for Combat and Mission Support

As Program Executive Officer, your primary responsibility shall be dedicated to executive management of Air Force services. You will assure agile mission support through the acquisition of world-class performance-based services for the warfighter.

You will, as the responsible management official, provide overall direction and guidance for services acquisition. You will establish the Air Force Services requirements process, source selection improvement process, and improve program management and oversight of services acquisitions. You will establish processes that facilitate communication, cooperation, information exchange, and collective decision-making between and among organizations.

You will maintain the U.S. Air Force capability based and life cycle objectives in managing services and will report directly to me on service-related activities. You will advocate minimal levels of review between the service Program Manager and the Milestone Decision Authority. You will keep the leadership fully informed of status and report any matters that could affect the U.S. Air Force’s ultimate commitment to the service.

You will place primary management emphasis and oversight on acquisition funding, source selection and balancing cost, schedule, performance, and supportability while expediting acquisition transformation initiatives. You will ensure compliance with applicable national policies and life cycle policies and directives.

You will serve as an advisor to the Acquisition Executive for program management and sustainment workforce career development.

PCOs – Sep 06

PEOs – Fall 07

PEMs – Jan 08
You have the right to:

- A **single, clear line of authority** from the SAE
- Authority commensurate with responsibilities
- Adequate financial and personnel resources
- Be a **demanding customer** to industry
- **Timely decisions** by senior leadership
- Be candid and forthcoming without fear of consequences
- Have judgments respected
- The best available training and experience for the job
Institutionalizing ILCM Construct
SAF/AQ, SAF/IE, AFMC, AF/A4/7

- SECAF Guidance (06 Jun 07):
  - Drive an enterprise focus on comprehensive Life Cycle Management
  - Develop processes to avoid requirements creep, technology overreach, unrealistic sustainment plans

- Clarified SAE Roles
  - Responsible for all non-space Acq functions with authority and accountability for program execution and management—including:
    - Lifecycle acquisition of systems and services from pre-MS A to weapon systems retirement
    - Research, development, test, evaluation
    - Production & delivery of new systems or mods to existing systems
    - Management flows direct from SAE and MDA to PEOs to SPMs

Deliver A Better Product With Higher Confidence of Success
Institutionalizing ILCM Construct

- Revised roles—directs:
  - SAE integrating leadership role of ILCM Executive Forum
  - AFMC/CC to support SAE, CSAF, and MAJCOM/CCs by
    - Recommending requirements phasing and adjustments
    - Monitoring, controlling requirements from MS A to fielding
    - Reviewing Acq strategies & plans throughout the Lifecycle
    - Attesting to requirements feasibility prior to all milestones

SAF/AQ/IE, AF/A4/7 & AFMC

1 Materiel Enterprise
Automated Test Systems and Equipment (ATSE)

- Over 300 of 450+ pieces of DoD Test Equipment are Air Force
- Tremendous opportunity to improve readiness, reduce costs
- Moving into bid process--updated ASP template to include ATE

Recent ILCM Topics/Decisions

- ISPAN and FAB-T (CSBs)
- 50/50 Compliance (Review process and outyear projections)

- 4-star can be extremely influential in requirements feasibility
- Small Diameter Bomb
Portfolio Management
Probability of Program Success

Emerging tool
Provides leading assessment of future success
Identifies:
  - Trends
  - Cross cutters
  - Linkages
Deployed to all PEOs, PMs

Feedback mechanism, decision making tool – SecAF “I want to see this Qtrly”
More rigors into early phases of acquisition cycle:
- MS A approval prior to Technology Development phase for a major weapon system
- Configuration Steering Boards

Information Technology:
- MAIS Cancellation policy
- “Time Certain” Development

Mandatory Key Performance Parameters:
- Force Protection, Survivability
- Sustainment, Net Ready

Test & Evaluation
- Comparisons with current capability
- Evaluations conducted in the expected “mission context”
Acquisition Research

- Launch and maintain higher confidence programs with lower programmatic risk, reduced development cycle

- Impacts of industrial base consolidation—has consolidation raised the stakes with regard to winning major competitive awards and made protests more the rule than the exception?

- Develop workforce for 21st Century challenges—restore robust system engineering process, practice, discipline

- Institutionalize “Leading” decision support, portfolio management tools (PoPS) throughout DoD

- Foster culture of empowerment
Our Vision:

- War-winning capabilities …on time, on cost
Airpower Summary for 05 May 08

IN IRAQ:
- In total, coalition aircraft flew 72 close-air-support missions for Operation Iraqi Freedom. These missions integrated and synchronized coalition ground forces, protected key infrastructure, provided over watch for reconstruction activities and helped to deter and disrupt terrorist activities.

IN AFGHANISTAN:
- In total, 46 close-air-support missions were flown as part of the ISAF and Afghan security forces, reconstruction activities and route patrols.

CENTCOM SUPPORT:
- Air Force C-130 Hercules and C-17 Globemaster IIs provided intra-theater heavy airlift, helping to sustain operations throughout Afghanistan, Iraq and the Horn of Africa.
Air Force F-15E Strike Eagles dropped a guided bomb unit-31 and GBU-38s onto enemy positions in the vicinity of Asadabad. The joint terminal attack controller declared the mission successful.

Air Force A-10 Thunderbolt IIs fired cannon rounds onto an enemy building and enemy firing positions in the vicinity of Asadabad. The mission was confirmed as successful by the JTAC.

In Orgune, F-15Es and an A-10 conducted shows of force in order to deter enemy activities against Coalition forces. The JTAC reported the missions successful.

In Bagram, an F-15E dropped a GBU-38 onto enemy combatants in the area. The JTAC confirmed the mission as a success.
An Air Force F-16 Fighting Falcon dropped a GBU-38 onto a house borne improvised explosive device in Baqubah. The mission was reported as a success by the JTAC.

In Baghdad, a Navy F/A-18F Super Hornet conducted a show of force in order to deter enemy activities in the area. The JTAC declared the mission a success.

Air Force MQ-1B Predators fired hellfire missiles onto an enemy building in the vicinity of Baghdad. The missions were confirmed as successful by the JTAC.

In Baqubah, an F-16 performed a show of force over a certain location in order to deter movement of enemy combatants. The JTAC reported the mission as a success.
Twenty-two Air Force and Navy intelligence, surveillance and reconnaissance aircraft flew missions as part of operations in Iraq. Additionally, eight Air Force, Navy and RAF aircraft performed tactical reconnaissance.

Approximately 151 airlift sorties were flown, 604 tons of cargo delivered and 4,394 passengers were transported. This included approximately 28,470 pounds of troop re-supply air-dropped in Afghanistan.

On May 2, Air Force, French and RAF aerial refueling crews flew 59 sorties and off-loaded approximately 3.4 million pounds of fuel to 282 receiving aircraft.