

# Joint Air-to-Surface Standoff Missile (JASSM)

---



## *Acquisition Reform In Action*

Edith Levin

Lethal Strike System Program Office

AAC/YV

5 March 2003

**U.S. AIR FORCE**

---

*Integrity - Service - Excellence*

# Overview

---



- **JASSM 101**
- **Acquisition Reform 101**
- **JASSM Reform Route**
- **JASSM Source Selection Process**
- **Ongoing JASSM Initiatives**



# JASSM 101



# What Is JASSM?



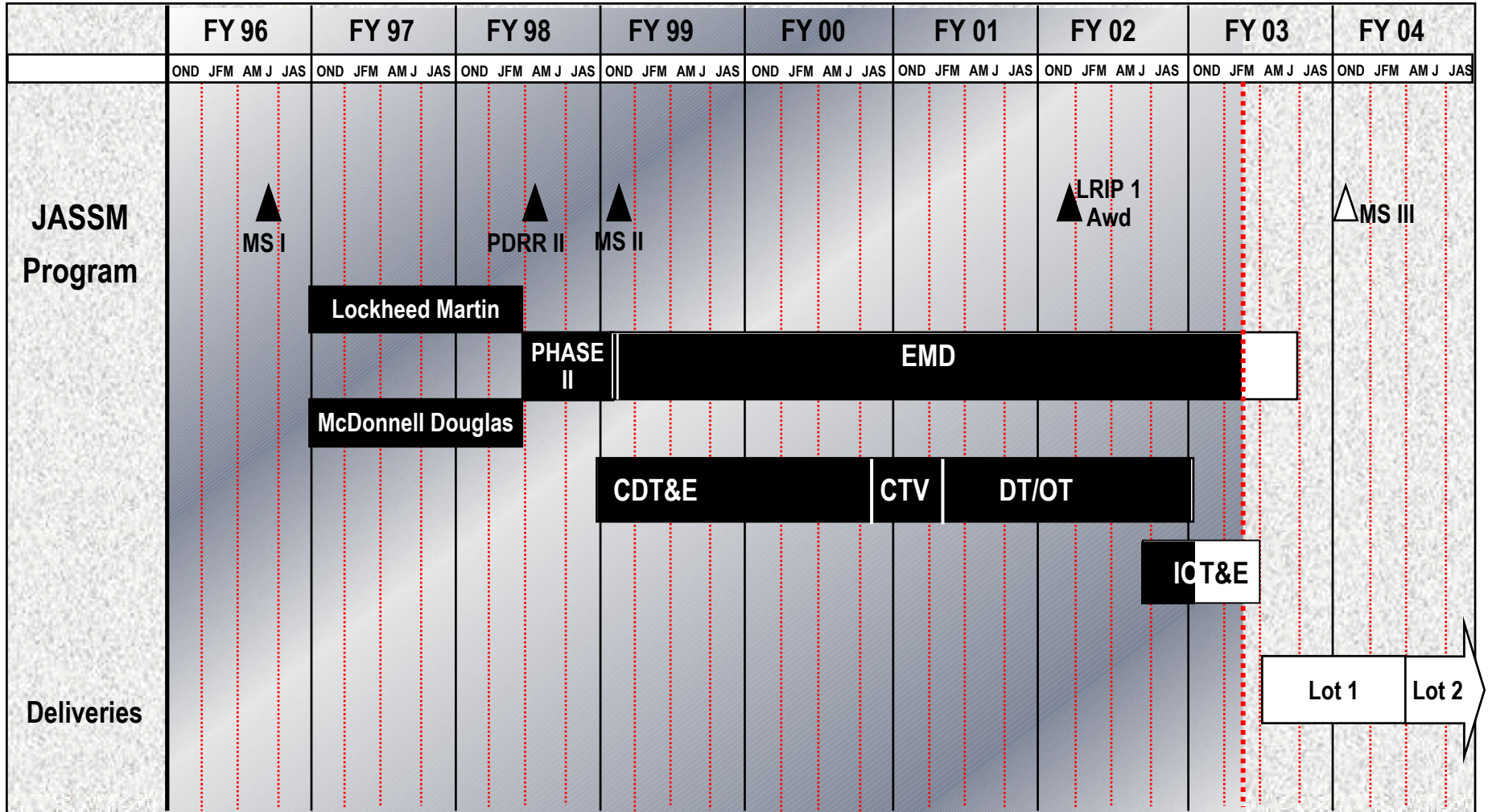
A joint Air Force and Navy Program to provide an autonomous, long range, conventional, air-to-ground, precision missile able to strike highly defended, high value targets



Fills urgent system requirement that will:

- Cost less than \$400K (FY95\$)
- Take out enemy command and control
- Survive advanced threat environment
- Attack target autonomously
- Reduce risk to aircrew
- Operate in adverse weather
- Launch from both fighters and bombers
- Reduce mission planning timelines

# JASSM Program Schedule

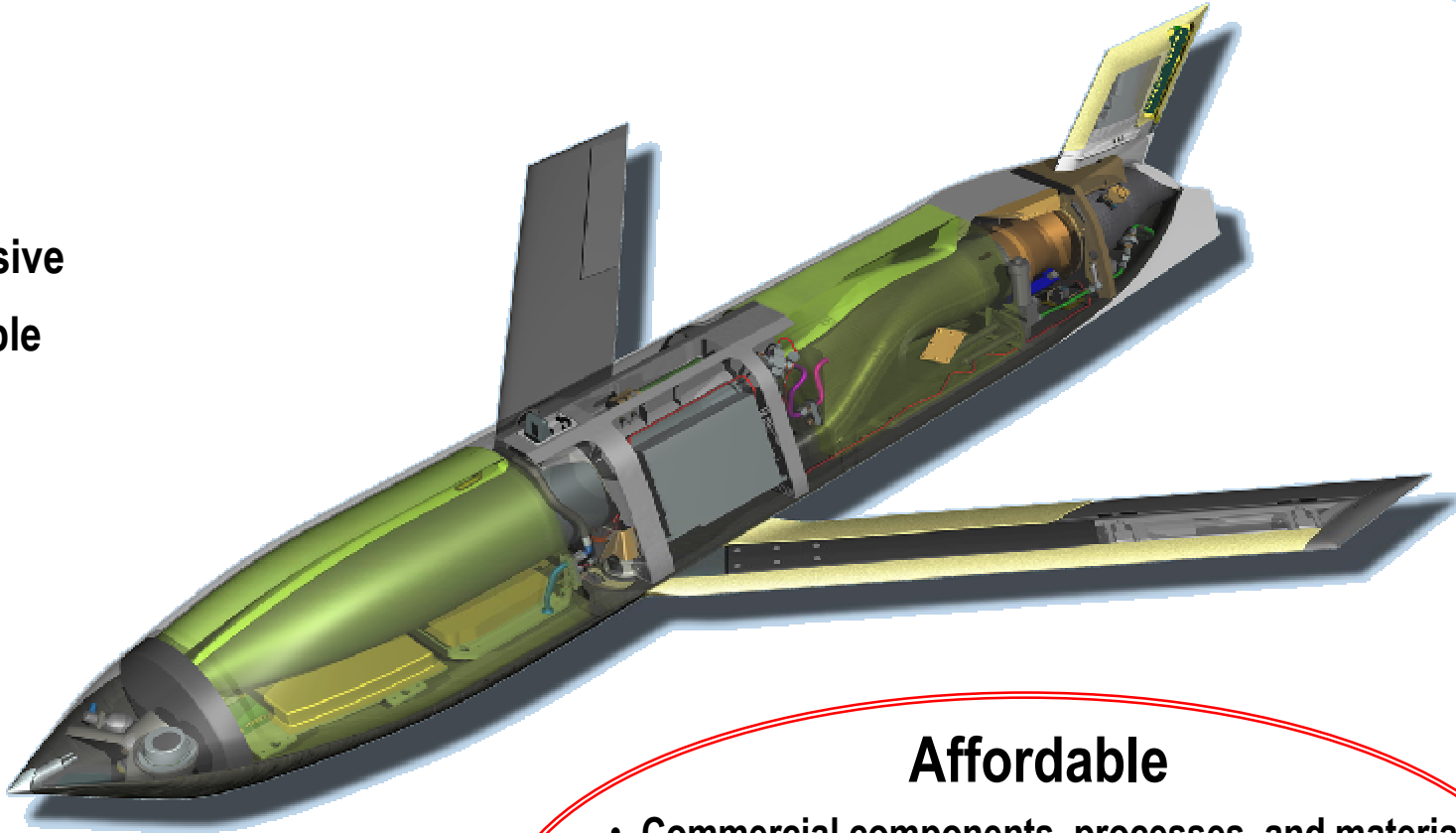


Time Now

# JASSM System Approach



- Lethal
- Robust
- Flexible
- Responsive
- Survivable



## Affordable

- Commercial components, processes, and materials
- Highly integrated electronics
- Design for manufacture
- Demonstrated low cost common seeker
- Wooden round



# Acquisition Reform 101

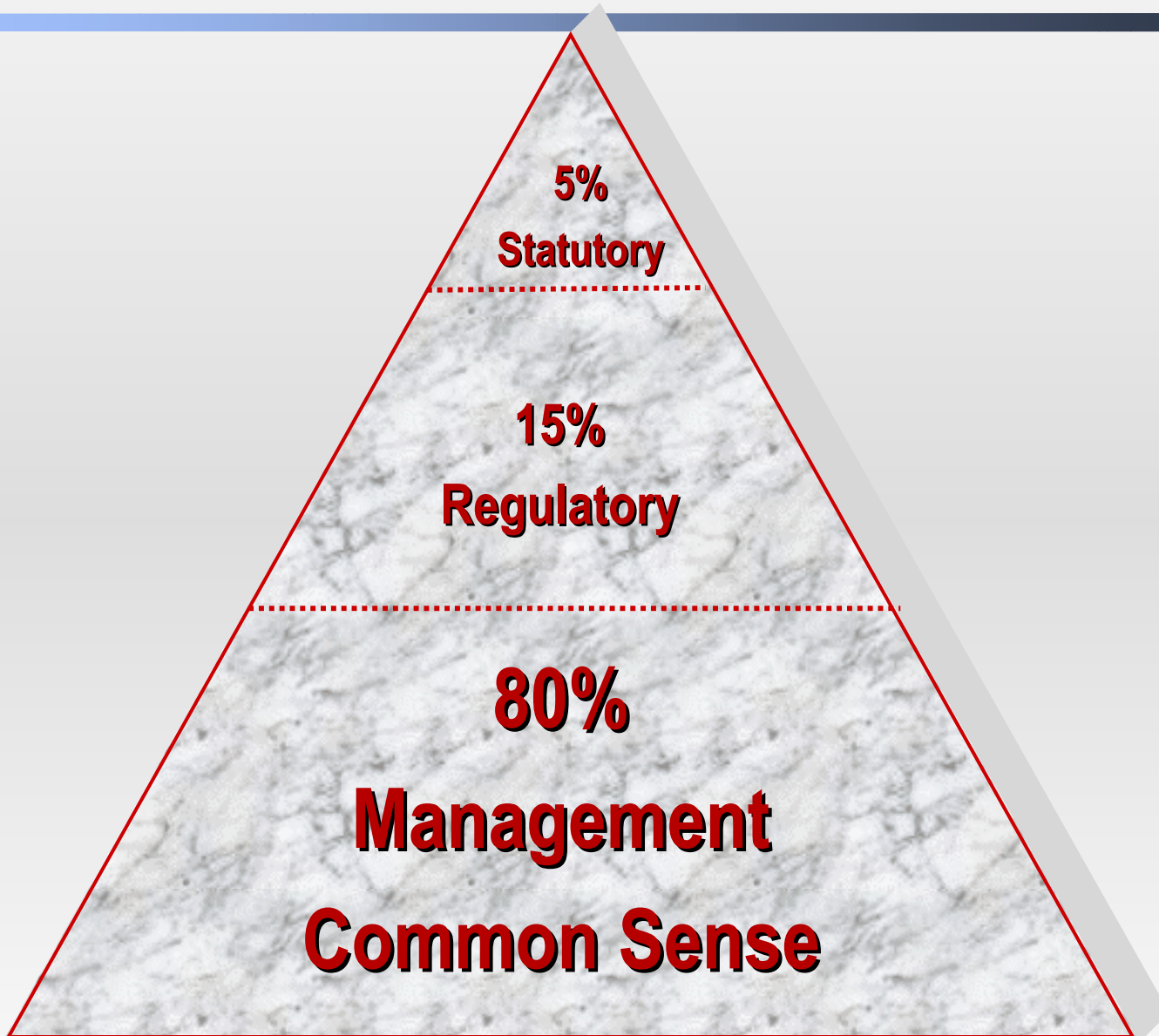


# What Is Acquisition Reform Trying to Do?

- **Creating affordability . . . . 45-60%**
  - Cost/requirement trades (15-20%)
  - Performance-based contracting (15-20%)
  - Other management actions (15-20%)
- **Reducing cycle time . . . . 50%**
- **Building customer satisfaction. . . . 100%**



# Reform Approaches



# About Risk

---



- There is *NO* approach to reform that is both  
*Low risk and High payoff*
- Possibility of personal and organizational failure  
*is Real*
- However, certain outcome of not reforming is worse  
*Makes Risk Palatable*



*“Change is the only constant.  
Hanging on is the only sin.”*

*Denise McCluggage,  
Race Car Driver*



If what you're doing isn't working, stop doing it

# Acquisition Reform Road Blocks

---



- ✓ “We can’t reform until we have cultural change”
- ✓ “We can’t act until we get guidance”
- ✓ “Reform is OK for a \_\_\_\_\_ program but \_\_\_\_\_ programs are different”
- ✓ “Reform is fine, but we can’t throw-out the baby with the bath water”
- ✓ “We can’t reform until \_\_\_\_\_ does”
- ✓ “Reform will go away when we get a new administration”



# Who Endorsed Acquisition Reform?

- **Contractors - fully supported with *actions* / provided results**
  - **Dramatic military value and average unit procurement prices**
    - JASSM - revolutionary cruise missile @ < \$400K BY95\$
    - JDAM – superb accuracy to dumb bombs @ < \$14K BY93\$
    - WCMD – superb accuracy to cluster bombs @ < \$12K BY94\$
- **Government - fully supported with *words***
  - **Many groups not willing to accept the challenge to adapt**

**Actions, Not Words, Are Key to Success**



**JASSM Reform Route**

# JASSM Major Reform Initiatives

Blue = Extremely positive results

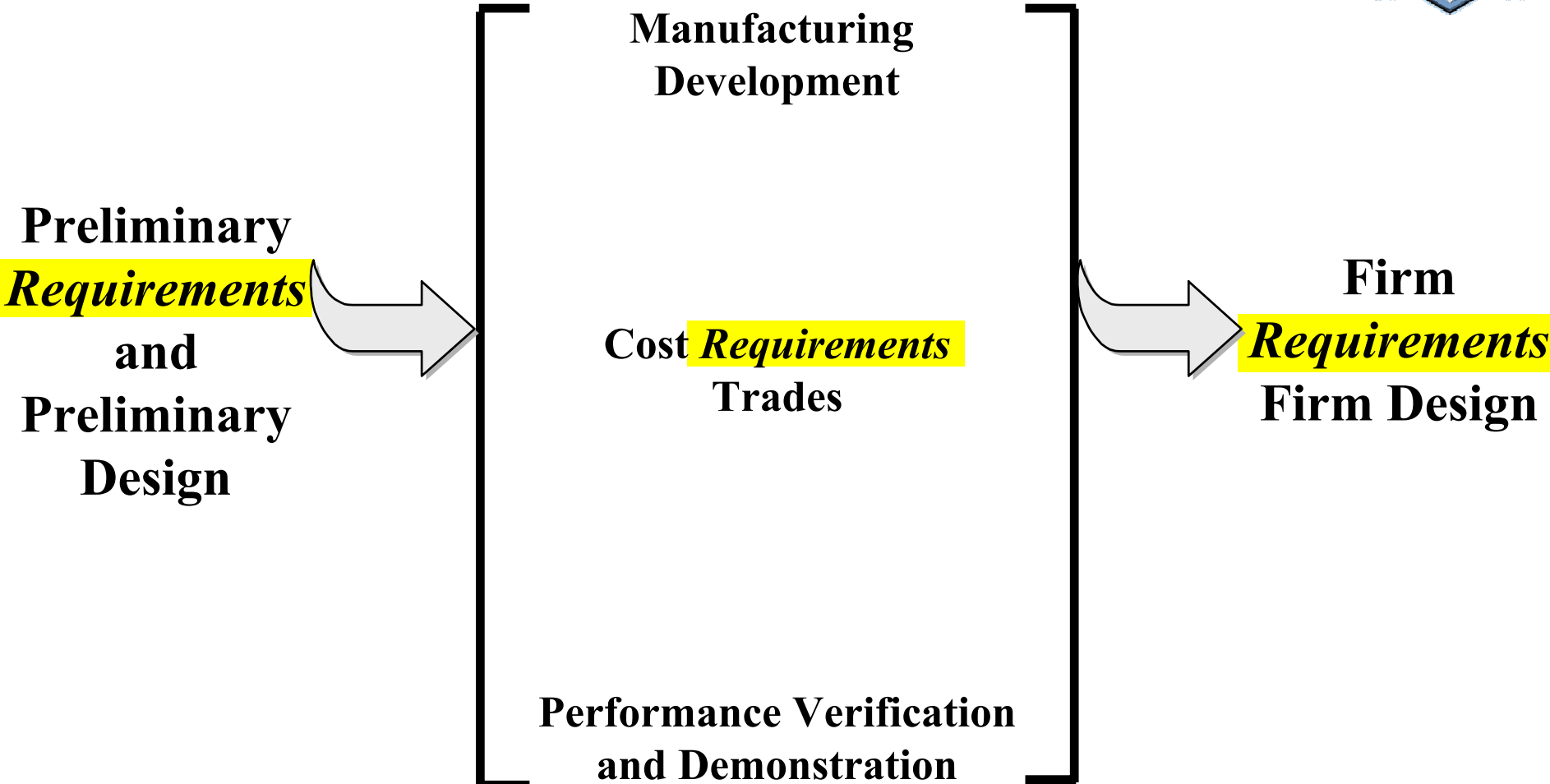
Green = Positive results

Yellow = No positive results

Black = N/A

- ✓ Statement of Objectives (SOO)
- Streamlined Proposals
- Past Performance Value Increased
- ✓ No Mil Specs/Std's Mandated
- ✓ Rolling Downselect
- Call for Improvements
- ✓ Performance Based Specification
- ✓ Contractor Configuration Control
- ✓ Commercial Warranty
- ✓ Contractor Test and Evaluation
- ✓ Affordability Importance
- Cost as an Independent Variable
- ✓ Manufacturing Development
- ✓ Total System Performance Requirement
- ✓ Long Term Relationships
- ✓ Requirements Control Working Group
- ✓ Integrated Product Teams
- ✓ Tailored use of DCMC Support
- ✓ Streamlined Insight of Contractor
- ✓ Reduced Data
- Improved Payment Process
- ✓ Performance Based Payments
- ✓ Price Based Negotiations
- ✓ Alternate Disputes Resolutions
- ✓ Regulatory Waivers
- ✓ Streamlined Approvals/Documents
- ✓ Milestone Decision Tailoring

# A New Front End Process



**Note: "Requirements" = Performance requirements + Cost requirements + Engineering requirements + Administration requirements + Oversight requirements + Test**





*“You've got to think about 'big things' while you're doing small things, so that all the small things go in the right direction.”*

Alvin Toffler, futurist



# Cost As An Independent Variable (CAIV)

---

- **Established Objective & Threshold unit cost values in ORD**
- **Established 3 Key Performance Parameters in ORD**
  - All other requirements were tradable
  - Trades reviewed by cost performance integrated product team
- **Results - lower material costs and reduced cycle time**
  - 40-50% savings in airframe, electronics, production support
- **Embraced commercial business practices and processes**
  - Vacuum assisted resin transfer molding (VARTM) from boating industry for airframe body
  - Core materials from surfboard industry for wings and tail



# Unit Cost -- 3700 Units FY95\$



**TSSAM  
Dec 94**

**\$1.6M**

**Milestone 0  
Sep 95**

**\$800K**

**Milestone 1  
Jun 96**

**\$700K**

**NOW**

**Less Than  
\$400K**

# Affordability Importance



- **No “Unaffordable Requirements”**
  - Every requirement must have a known and acceptable cost implication before it is firm
  - No potential requirement exempt from cost trades
  - Evolution from “Desired operating characteristics” to “Requirements”
- **Acquirers and contractors must learn to deal with fluid requirements**

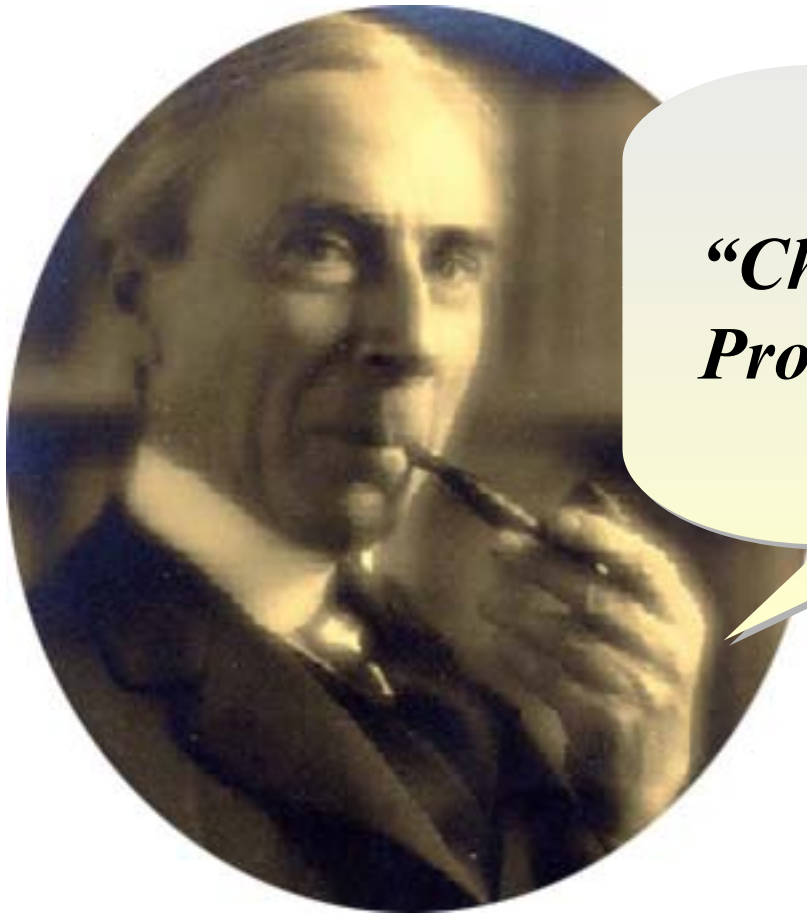
**Basic requirement “to do better” always exists.  
Key question is how much (and how long)?**

# Cost/Requirements Trades

---



- **“Requirements” means ALL requirements**
  - Derived
  - Imposed (not statutory)
  - Cultural or assumed
  - Individual
  - ORD
- **Basic tenets**
  - No new or changed requirements without knowing and accepting program implications
  - Life cycle cost
  - Challenge everything, “Why not” approach
  - Creating incentive is major challenge

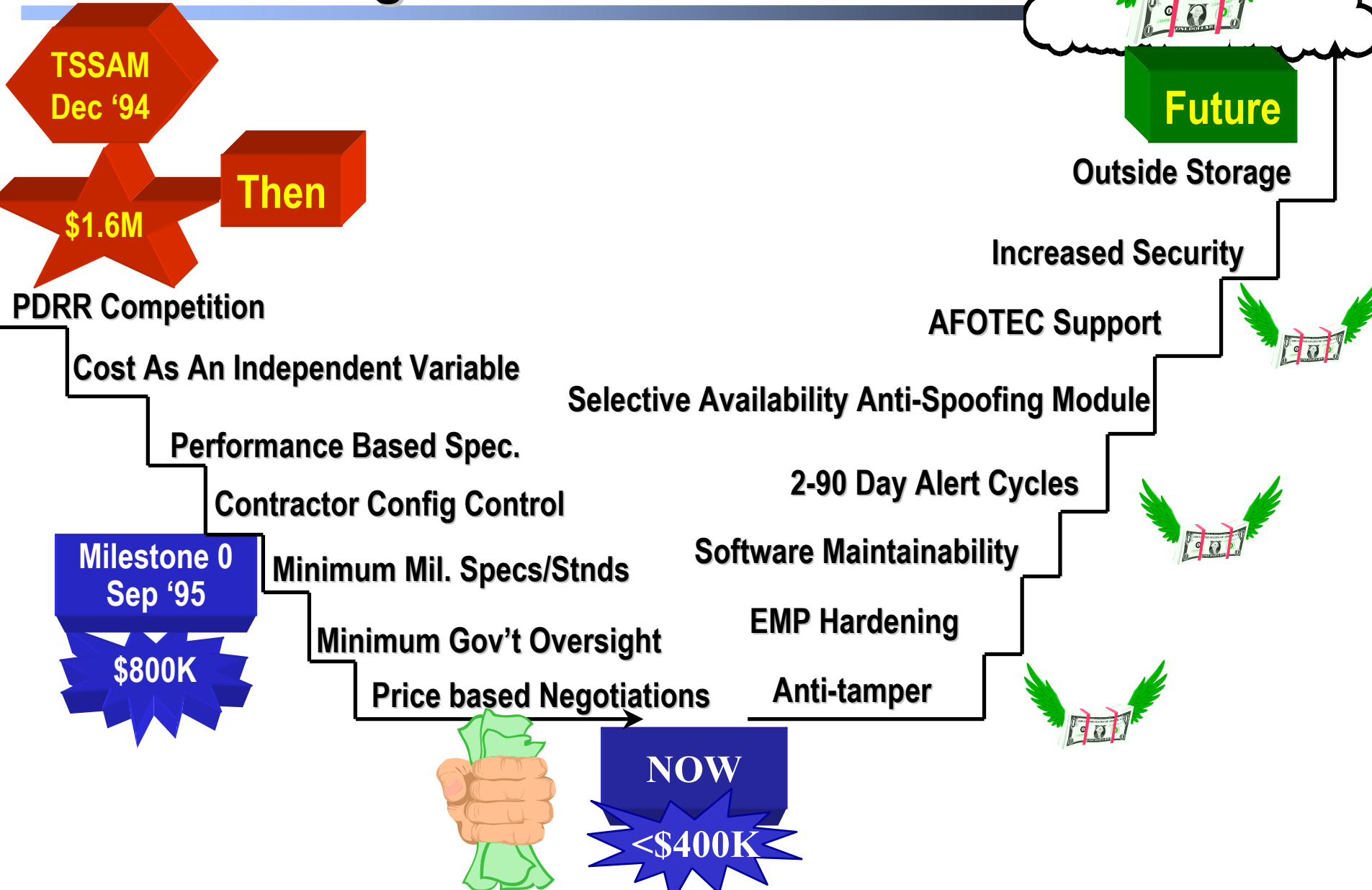


*“Change is indubitable, whereas  
Progress is a matter of controversy.”*

*Bertrand Russell*

**Change the right things**

# What's Wrong With This Picture?



# Requirements Change Process



- Formal, bureaucratic process
- General officer review
- Clear understanding of ORD, SPS requirements and impact of changes
- Instills discipline
- Structure to support block upgrade concept



**Controlling changes is key  
to achieving favorable production prices**



# JASSM Source Selection



# Streamlined JASSM Solicitation



- **Request for Proposal**
  - Extensive Government / Industry collaboration yields draft RFP
  - FAR/DFARs waivers
  - Limited CDRLs - only 16 for PDRR
  
- **Customized RFP**
  - Probability of Survival (Ps ) for each offeror
  - Specific Past Performance programs/contracts
  - All standards provided in Section M of RFP
  
- **Proposals – limited to 320 pages**
  - Includes SPS, IMP/IMS, Affordability, Past Performance
  - 10 pages cost data for Total Contract Price
  - Oral Presentations for Technical Description
    - 5 hour video/100 vu-graphs
    - Dress rehearsal briefings
  - Modified 2-step
    - Step 1 - Affordability, Technical, Past Performance
    - Step 2 - Total Contract Price (TCP)

# Collaborative Source Selection Plan



- **JASSM offerors fully participated in developing Source Selection Plan**
- **Full knowledge of process, standards, evaluators, etc.**
- **Agree-to plan was bilateral MOD to on-going contracts**
- **Benefits**
  - Offeror proposals tailored to standards and evaluators - No-Fluff
  - Standards were realistic, relevant, measurable and consistent with program priorities
  - Offerors had ability to affect standards - felt like team members



# Want Great Execution ?

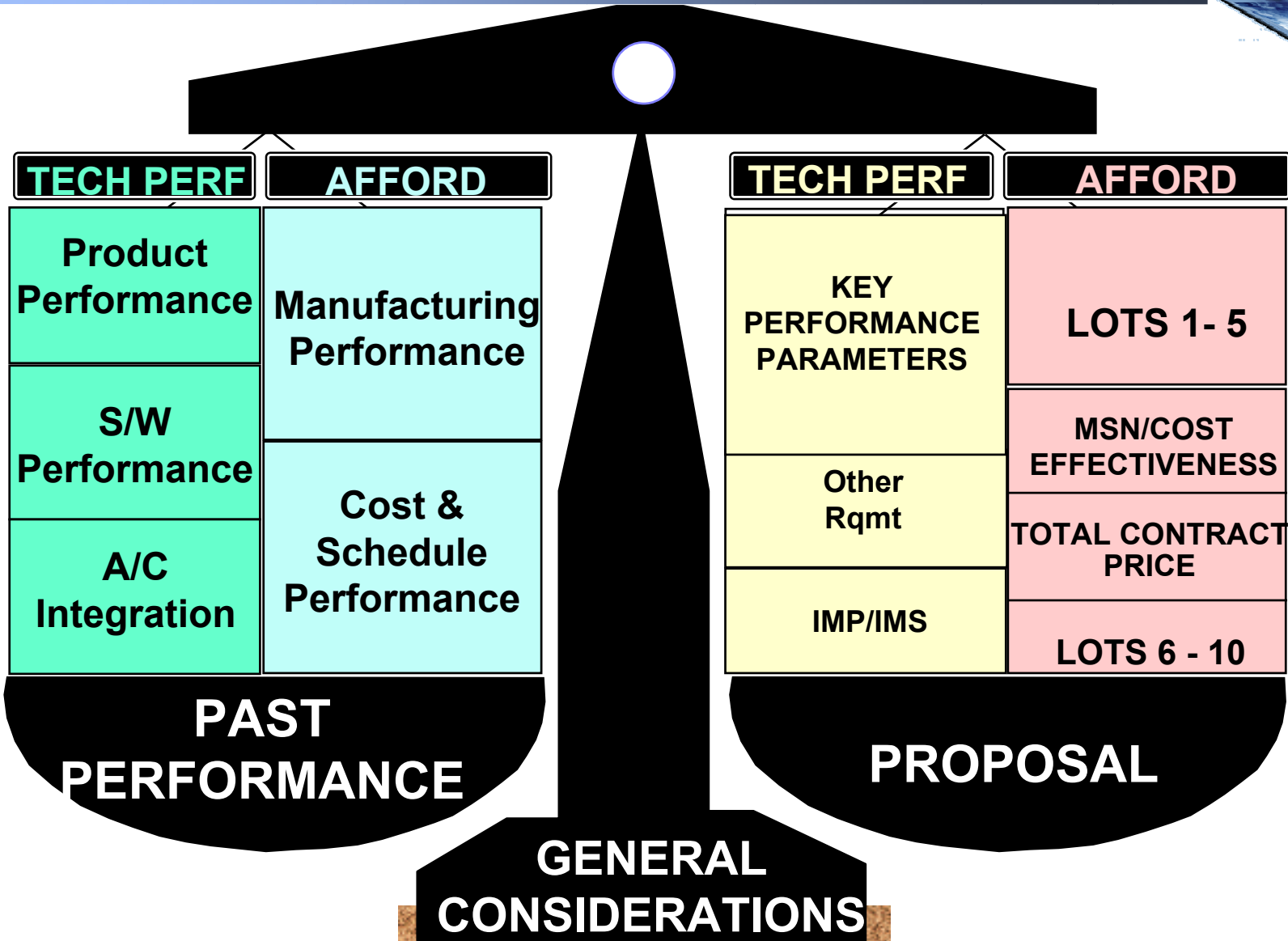


- **Elevate the role of Past Performance in Source Selection**
  - Major indicator of future performance
  - Focus on key-discriminators critical to program
  
- **Two contract awards provides enormous competitive leverage**
  - First team contractor staffing
  - Aggressive affordability work
  - Stimulates innovation in approach
  - Cost/Schedule control incentive



**Downplaying the Role of Past Performance or Awarding Only One Contract Would Make Great Execution Unlikely**

# JASSM Evaluation Criteria





*There's always room for improvement, you know—it's the biggest room in the house.*

*Louise Heath Leber  
On being chosen Mother of the Year  
NY Post May 61*



**Commit to Improvement**

# Contractor Help Team

---



- **Concept pioneered in JDAM, refined in JASSM**
- **Cadre of people assigned to each competing contractor**
  - Trusted contractor agents
  - No source selection or oversight responsibility
- **Function: Help the contractor win**
  - Interface with program office, other government offices
  - Advise, supplement contractor workforce
  - Clear communications, think *out-of-the-box*

# Results

---



- **Solicitation approach worked**
  - Required up-front thought
  - Required continuous interface with offerors
  - 47 days from proposal receipt to contract
- **Smaller proposals helped Government and Contractors**
  - Ample info available for selection
- **Past Performance made a difference in selection**
  - Insight into past programs requires research
  - DCMC provided tremendous value
  - Can't rely totally on CPARS (AF only)
- **Release of Standards controversial but effective**





*“Change is not made without inconvenience,  
even from worse to better.”*

**Richard Hooker**  
**(1554–1600), British theologian**

A large, bright, fiery explosion or missile impact over a desert landscape. The explosion is a massive, billowing cloud of orange and yellow fire and dark smoke, rising from the ground. The background shows a flat, arid desert under a clear blue sky. The text "Ongoing JASSM Initiatives" is overlaid in the center of the image.

# Ongoing JASSM Initiatives

# Lightning Bolt 99-6



## Test of improved contract accounting and payment processes

- Four processes being tested
  - Roll up of accounting data
  - IMPAC card as a payment mechanism
  - **Payment pre-validation by the program office**
  - Standardization payment instructions

# JASSM Spend Plan Procedures

---



- **JASSM initiative approved by all parties (AF, DCAA, DFAS)**
- **Negotiated spend plan on contract**
- **Contractor invoices against negotiated spend plan vice actuals**
  - **Win / Win**
    - **Eliminates booking lag in contractor accounting system**
    - **Improves contractor's cash flow**
    - **Improves government expenditure rates**
  - **Quarterly audit by DCAA to reconcile contract spend plan and actual costs**



*Although personally I am quite content  
with existing explosives,  
I feel we must not stand in the path  
of improvement*

## **Winston Churchill**

**Of report of the MAUD Committee that it  
would be possible to make a uranium bomb.**

# Where JASSM is Today - Procurement

---



## Lockheed Martin bid commercial pricing Lot 1-5

- ✓ **Very aggressive pricing (FFP) -- Govt realizes great prices early**
  - ✓ Lockheed based bid on implementing PBA for Lots 6-9
  - ✓ Govt accepted Lots 1-5 and Lots 6-9 pricing strategy
    - ✓ Aggressive Lots 1-5 with <\$400K for aggregate
- ✓ **Key suppliers are small businesses -- long term agreements**
  - ✓ Key suppliers based bid on PBA
  - ✓ Financial viability contingent on suppliers earning true value for Lots 6-9
    - Risk: Suppliers might be forced to renege on Lots 1-5
- ✓ **In the Govt's best interest to implement PBA for all production**

# Where JASSM is Heading - Procurement

---



**The Air Force will price Lots 6-13 based on value**

**Establish JASSM value relative to other competitive weapon systems**

- ✓ **Weapon technical performance**
- ✓ **Contractor delivery performance**
- ✓ **Market conditions**
- ✓ **Weapon roadmap**

# JASSM Implementation of PBA



**Cost-based pricing incentivizes contractors to increase costs  
to earn more profit**

✍ Ktrs earn more profit the less efficient they become

**PBA will provide the win-win position**

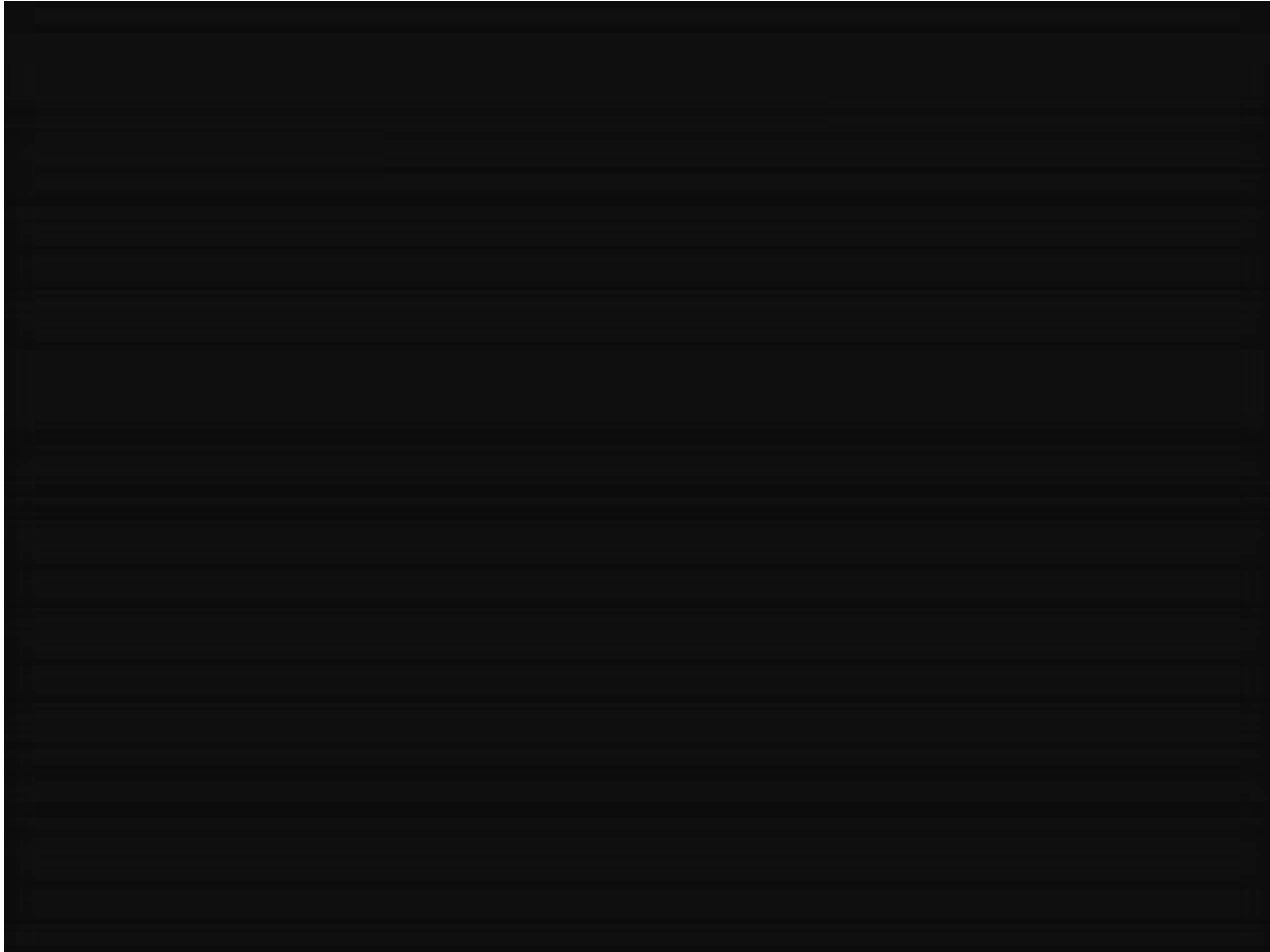
- Govt realizes overall competitive price for comparable weapons
- Ktrs realize market based profits -- compete on value to customer
- Ktrs are incentivized to drive down costs to increase profits
- Other comparable weapon systems are incentivized to lower prices to win market share

**The Government must use market forces  
in weapon procurement decisions**



# JASSM Test Highlights

---



**THE MISSION:**  
*Keeping the peace and protecting  
the peacemakers. To go farther  
with accuracy and effectiveness.  
Challenging the unknown  
and returning triumphant.  
Every day.*

**We understand the mission.**  
**THE JASSM TEAM**

