

Joint Air-to-Surface Standoff Missile (JASSM)



Acquisition Reform In Action

U.S. AIR FORCE

Edith Levin

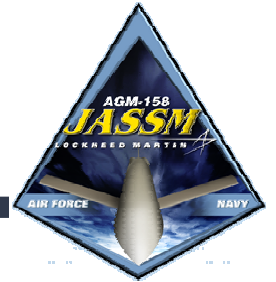
Lethal Strike System Program Office

AAC/YV

17 June 2003

Integrity - Service - Excellence

Overview



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



JASSM 101



What Is JASSM?



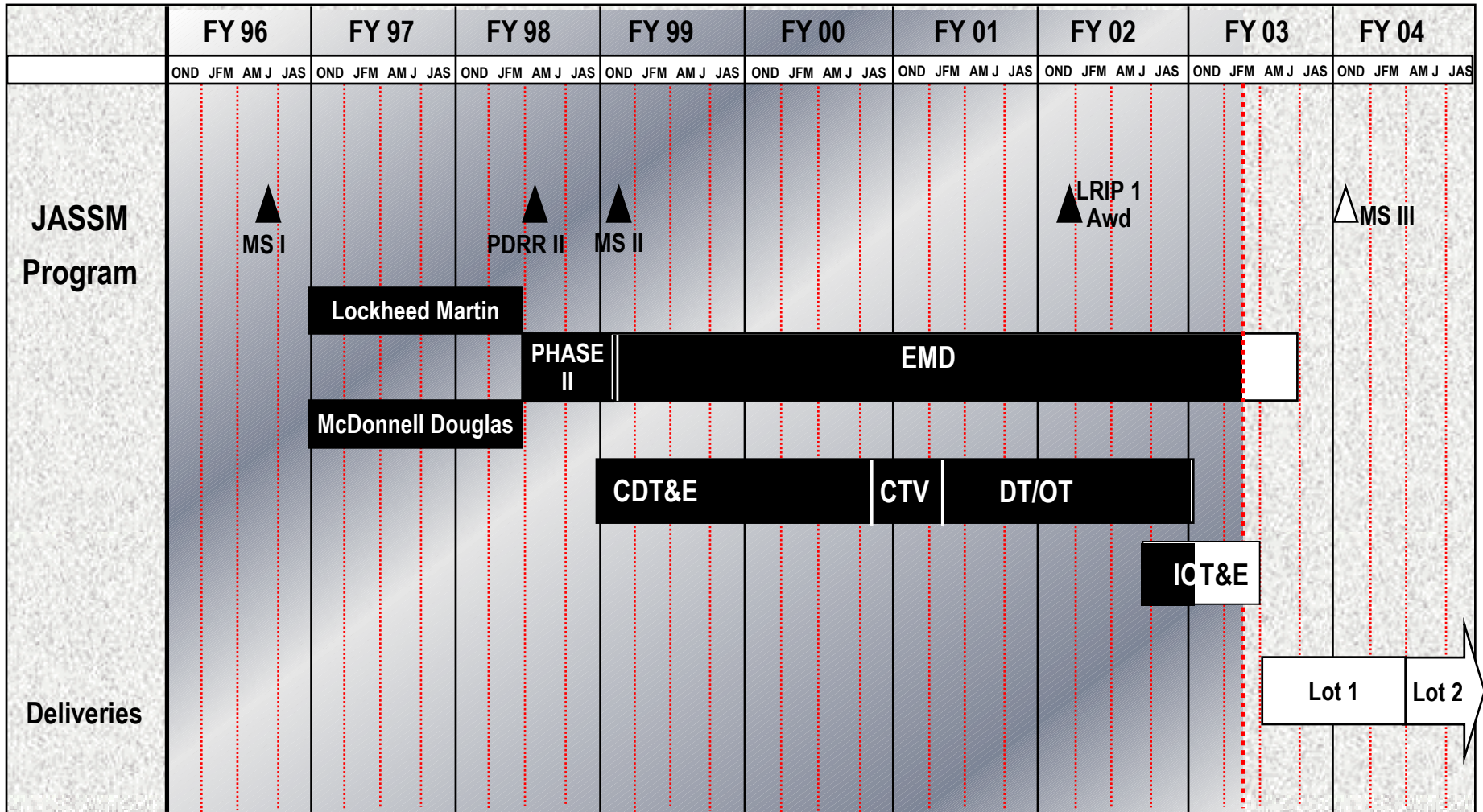
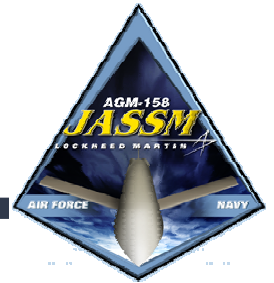
A joint Air Force and Navy Program to provide an autonomous, long range, conventional, air-to-ground, precision missile able to strike highly defended, high value targets



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

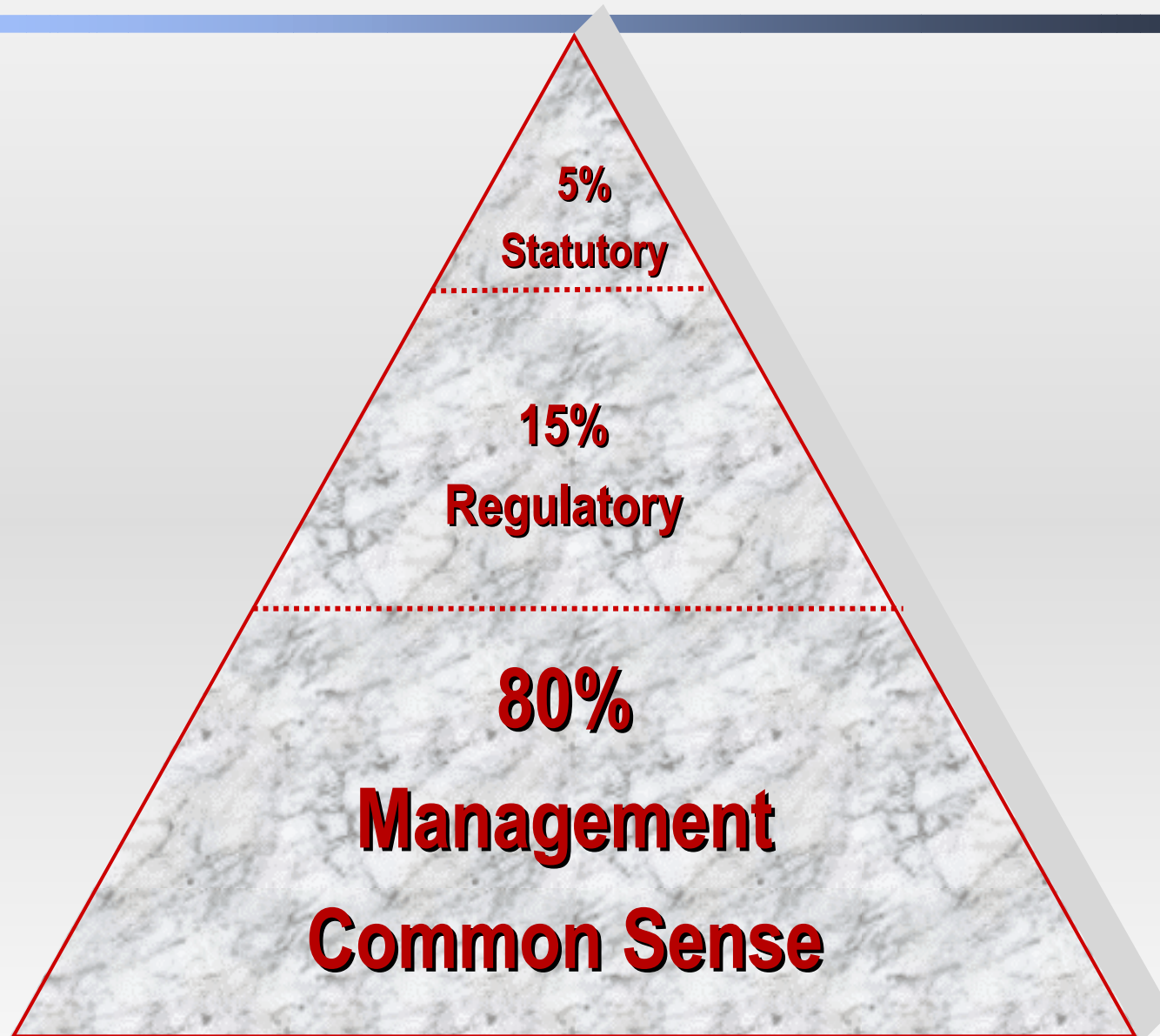
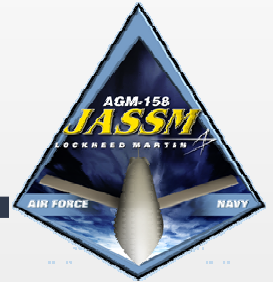
A B-2 Spirit stealth bomber is shown in flight against a clear blue sky. Below it, a red X-43 hypersonic aircraft is also in flight. The background shows a hazy horizon over a landscape.

Acquisition Reform 101

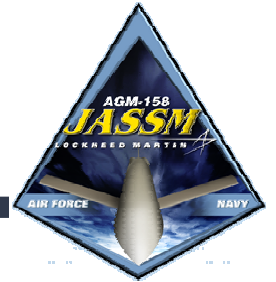
What Is Acquisition Reform Trying to Do?

- **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%**

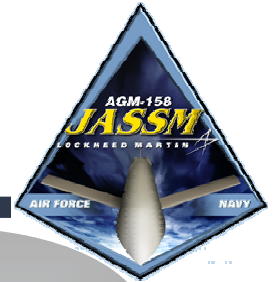
Reform Approaches



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*

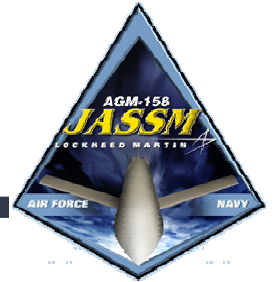
If what you're doing isn't working, stop doing it

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

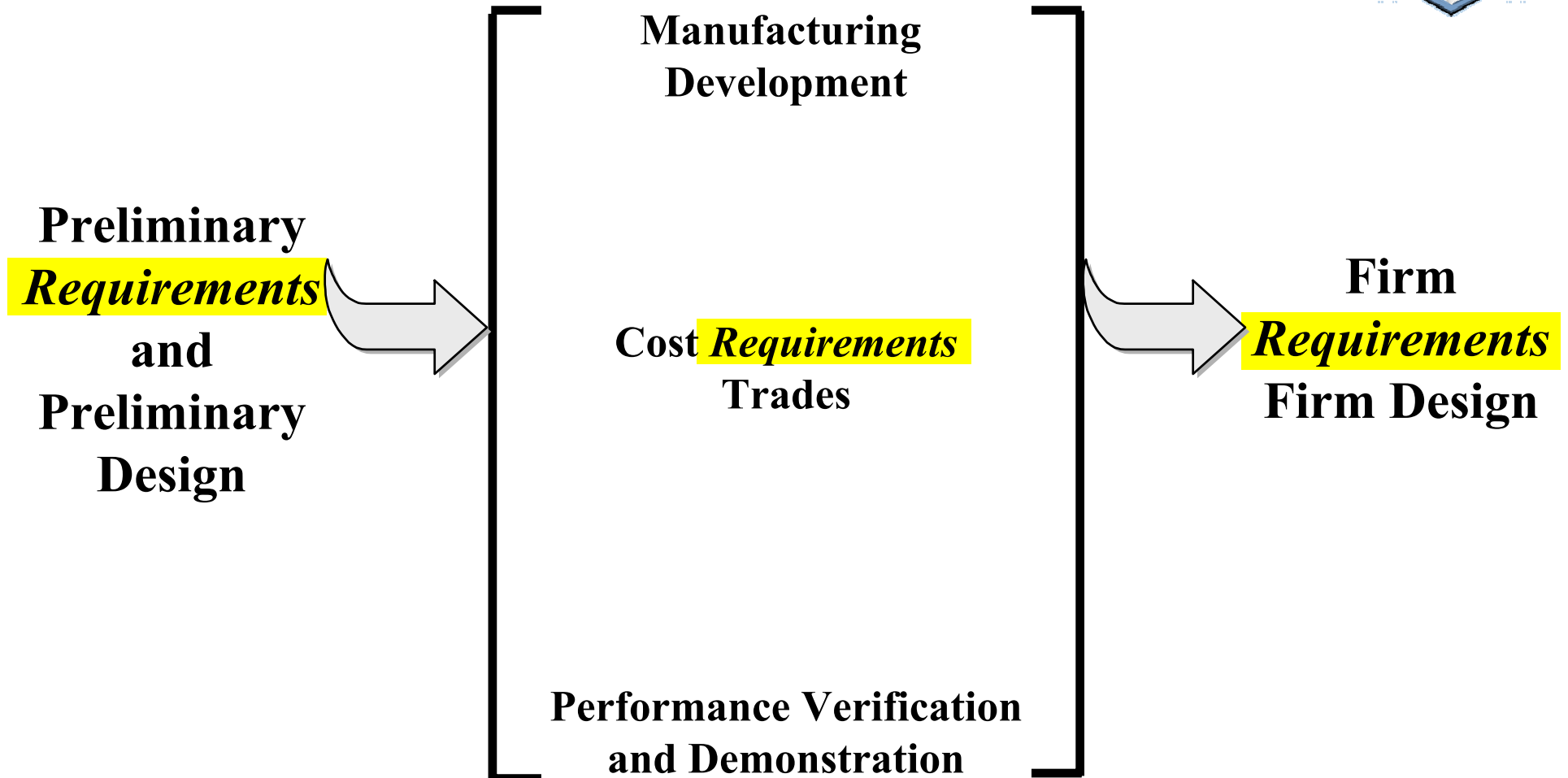
Green = Positive results

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

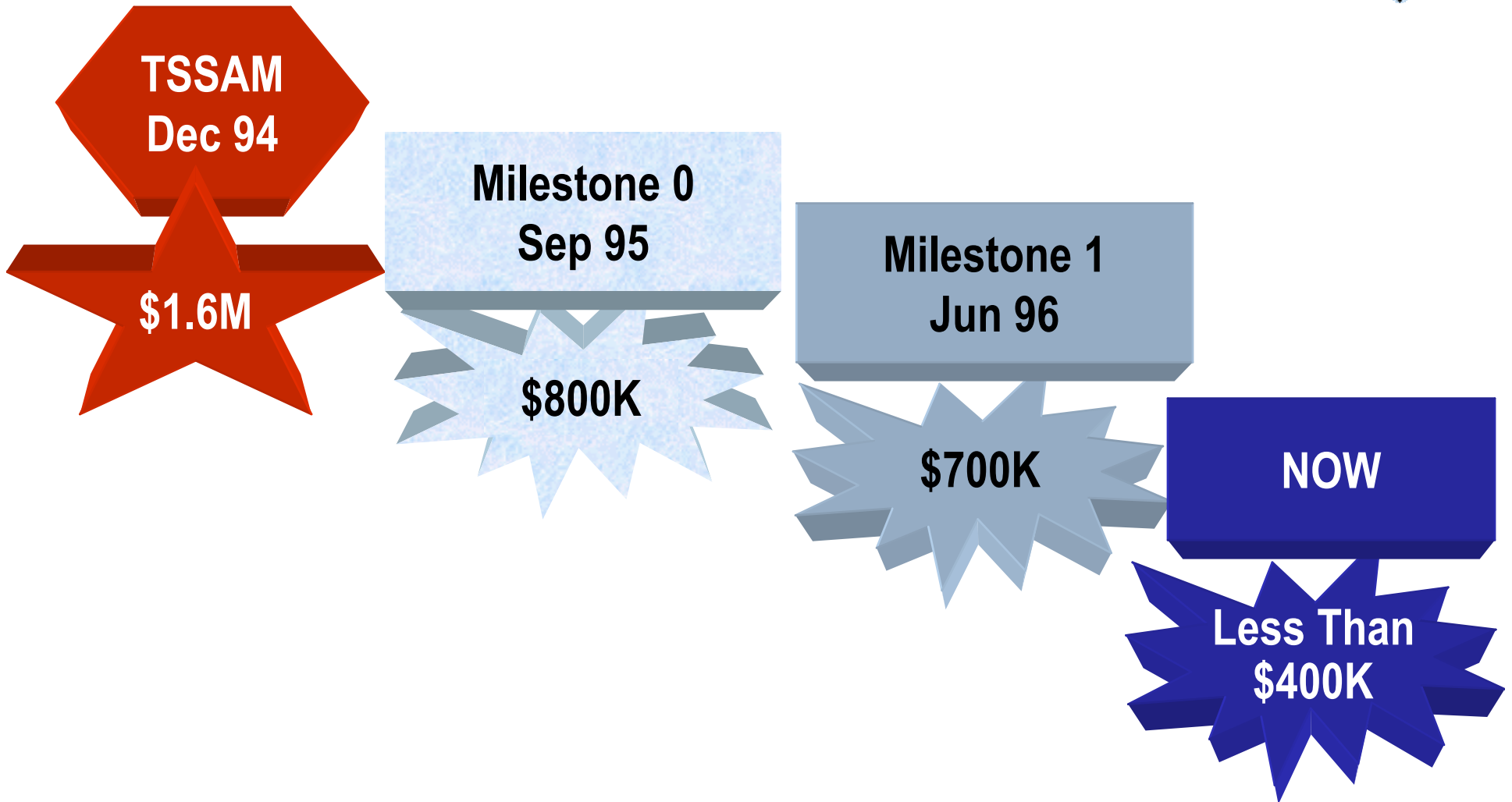
Cost As An Independent Variable (CAIV)



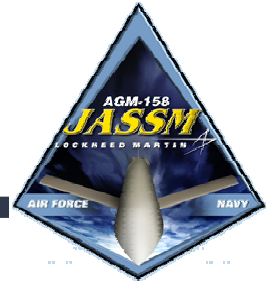
- **Established Objective & Threshold unit cost values in ORD**
- **Established 3 Key Performance Parameters in ORD**
 - All other requirements were tradable
 - Trades reviewed by cost performance integrated product team
- **Results - lower material costs and reduced cycle time**
 - 40-50% savings in 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\$



Affordability Importance



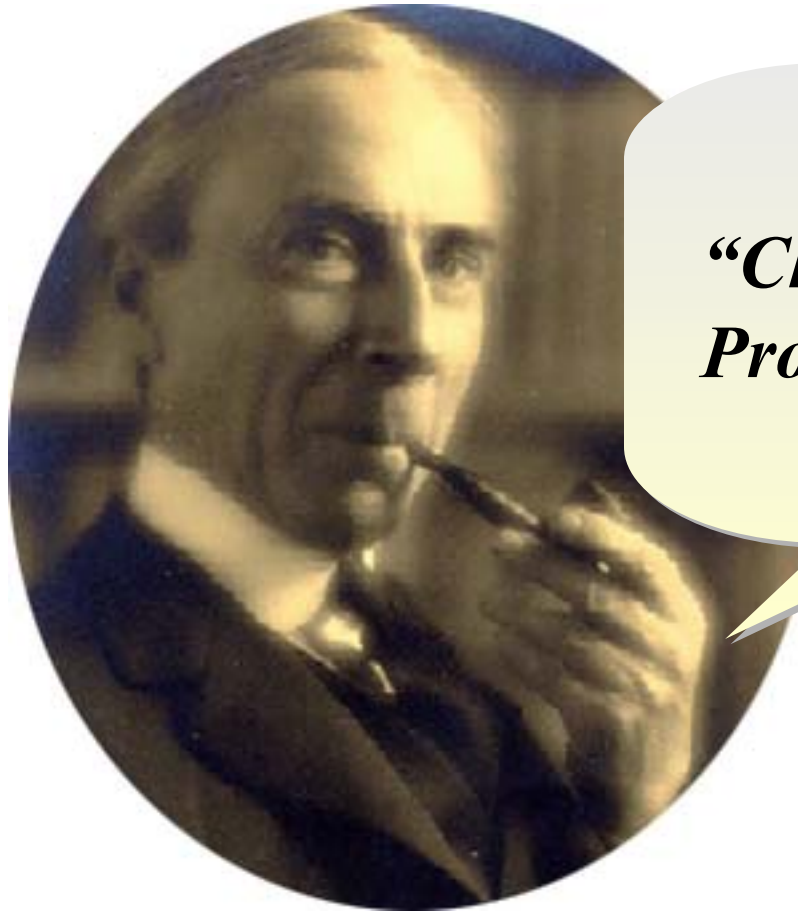
- **No “Unaffordable Requirements”**
 - Every requirement must have a known and acceptable cost implication before it is firm
 - No potential requirement exempt from cost trades
 - Evolution from “Desired operating characteristics” to “Requirements”
- **Acquirers and contractors must learn to deal with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

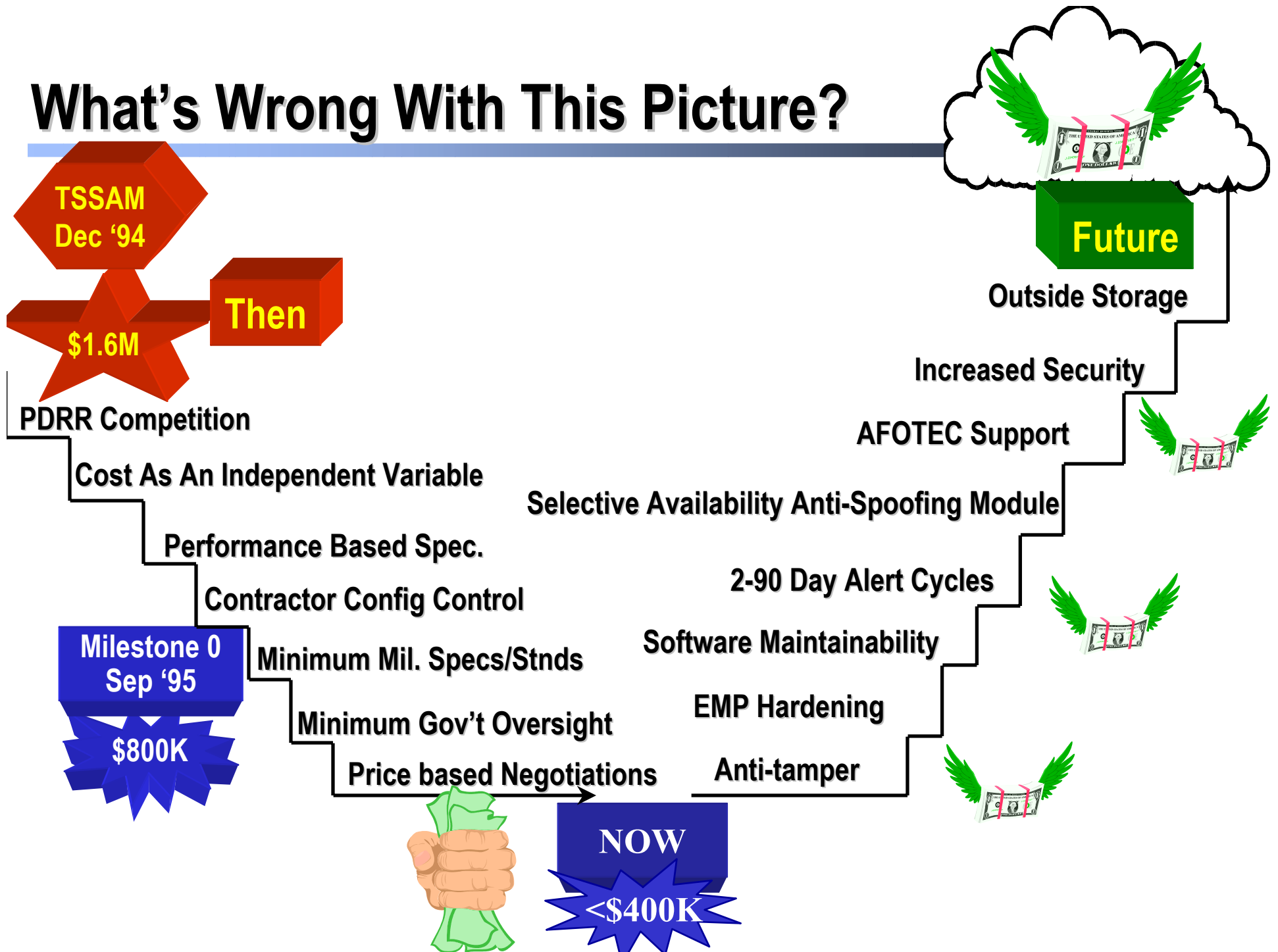


*“Change is indubitable, whereas
Progress is a matter of controversy.”*

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

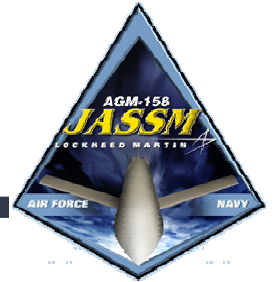


**Controlling changes is key
to achieving favorable production prices**

JASSM Source Selection



Streamlined JASSM Solicitation

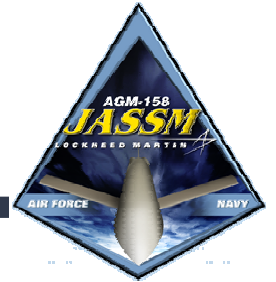


- **Request for Proposal**
 - Extensive Government / Industry collaboration yields draft RFP
 - FAR/DFARs waivers
 - Limited CDRLs - only 16 for PDRR

- **Customized RFP**
 - 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 ?

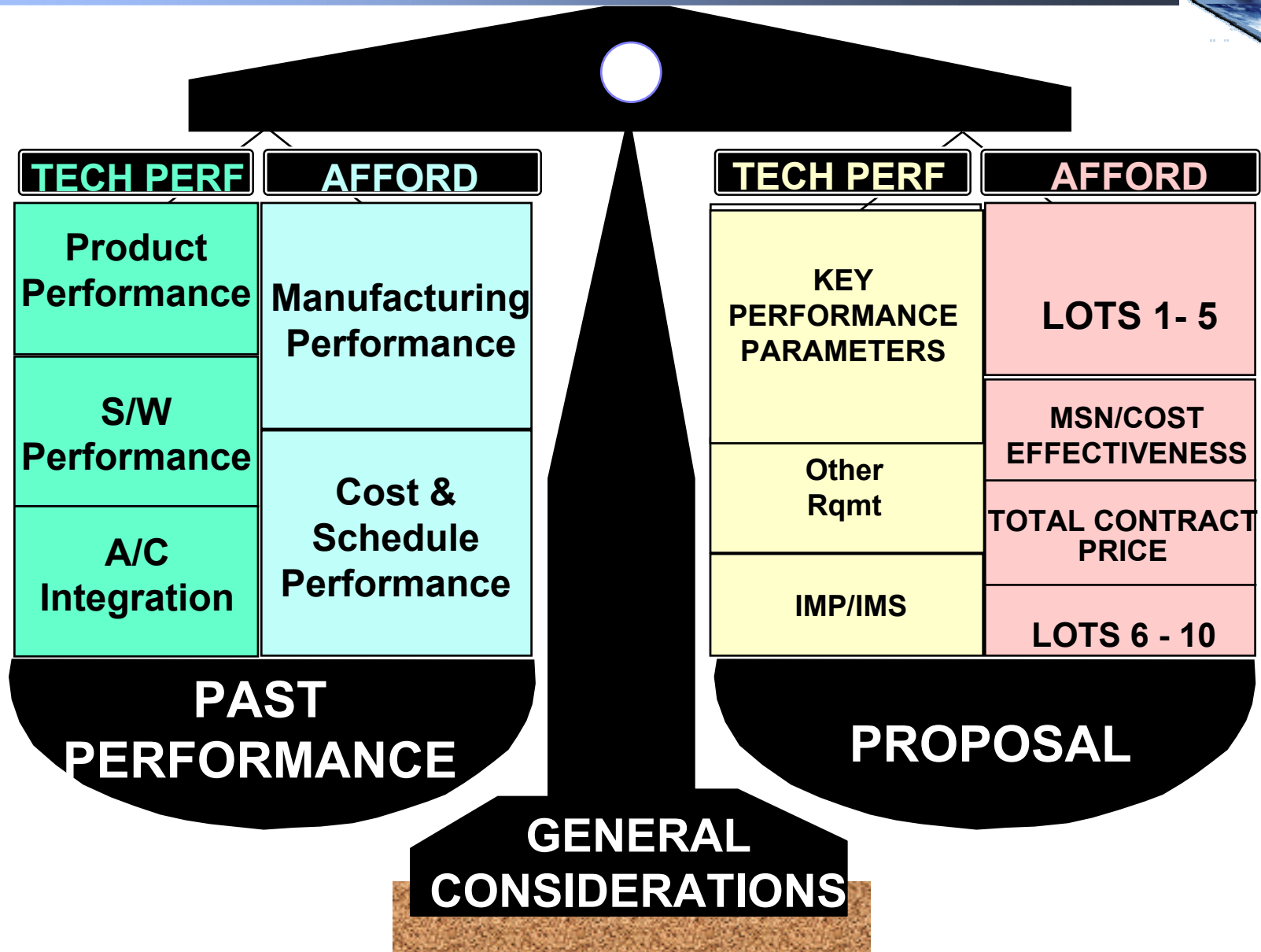
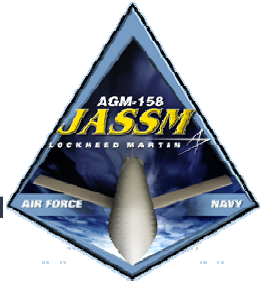


- **Elevate the role of Past Performance in Source Selection**
 - Major indicator of future performance
 - Focus on key-discriminators critical to program
- **Two contract awards provides enormous competitive leverage**
 - First team contractor staffing
 - Aggressive affordability work
 - Stimulates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



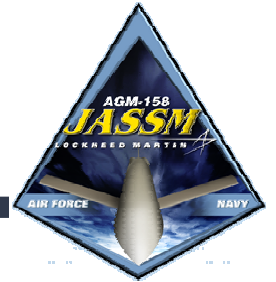
Commit to Improvement

Contractor Help Team

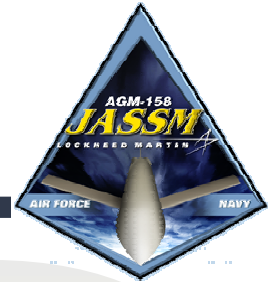


- **Concept pioneered in JDAM, refined in JASSM**
- **Cadre of people assigned to each competing contractor**
 - Trusted contractor agents
 - No source selection or oversight responsibility
- **Function: Help the contractor win**
 - Interface with program office, other government offices
 - Advise, supplement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



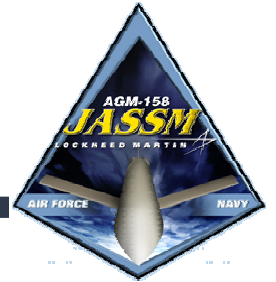
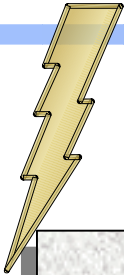
*“Change is not made without inconvenience,
even from worse to better.”*

Richard Hooker
(1554–1600), British theologian

A large, bright, multi-lobed explosion or fireball is shown against a clear blue sky. The explosion is composed of several bright, glowing lobes of orange and yellow fire, with a dark, smoky plume rising from the base. The text "Ongoing JASSM Initiatives" is overlaid in the center of the image in a bold, white, sans-serif font with a black outline.

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.**

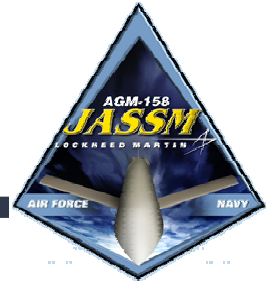
Where JASSM is Today - Procurement



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**

