

MORS CBP II Workshop April 4-6, 2006

Concept Decision Implementation

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Outline

- Key Challenges from Plenary Speakers
- QDR Initiatives: Concept Decision
 - As Is and To Be Process
 - Portfolio context
- Evaluation of Alternatives
 - Elements of the EoA
- Examples – CSAR-X and IAMD
- Questions to address during the workshop

Key Issues from Plenary Speakers

Ryan Henry: Deal with uncertainty and unpredictability

Ken Krieg: Dealing with issues in the 'lower right quadrant', i.e., low cultural commitment from Services but high utility to Joint Warfighter

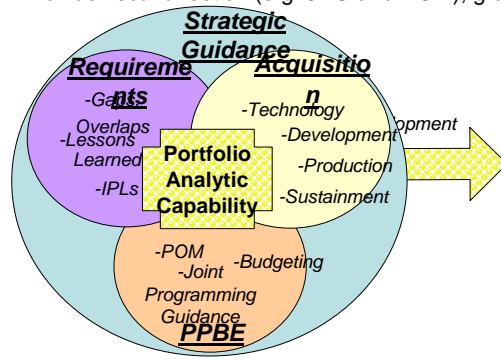
All: Resource constraints will become severe in the near future

Hence, help senior leaders make informed decisions that include where can we take risk; how can we link risk and readiness issues to capability gap development; how does one balance risk; and how

Enterprise Portfolio Management

Enable strategic portfolio management through Acquisition, Requirements, Programming Reviews; enhance capability area review concept

- Create multiple views through common language and data transparency across Acquisition, Requirements and PPBE
- Tee up hard investment and divestment decisions – are we meeting joint needs; spending smartly? Identify issues (e.g. FoS/SoS, engineering and test)
- Implement Risk-Based Oversight - focus on joint enablers, high risk programs
- Provide fiscal direction (e.g. JPG and POM); grade Service POMs and performance

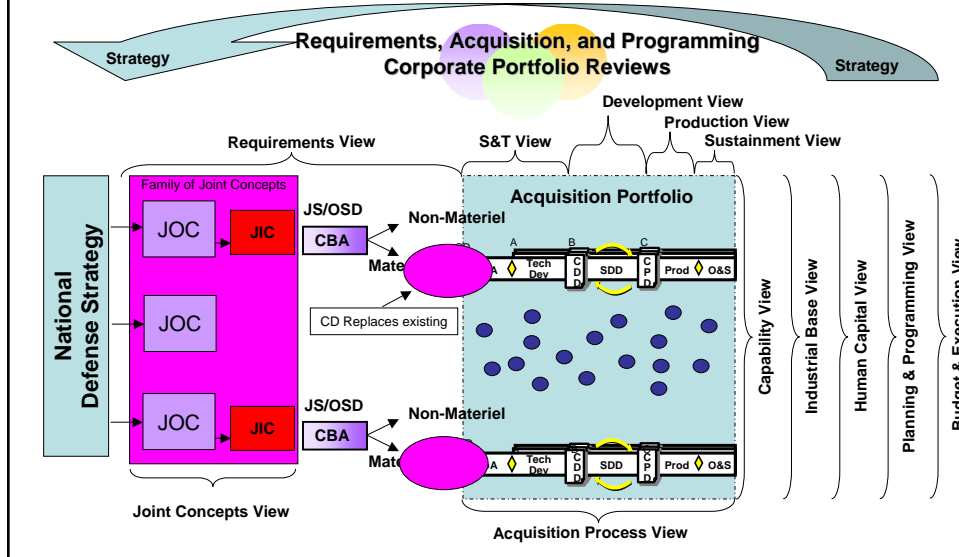


Multiple Portfolio Views:

- Systems vs. Capabilities
- Investment vs. Capabilities
- System Context
- Highly dependent programs (Joint Enablers)
- Procurement Optimization
- S&T vs. future needs
- Sustainment Efficiency
- Market Value

Big A: Portfolio Management

Continuous portfolio assessment against needs and fiscal constraints

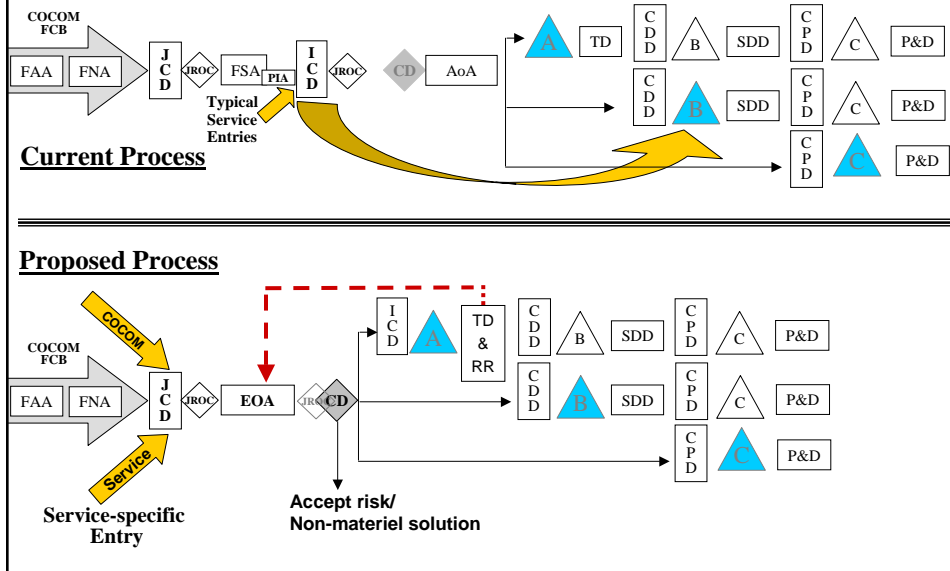


QDR Recommendation:

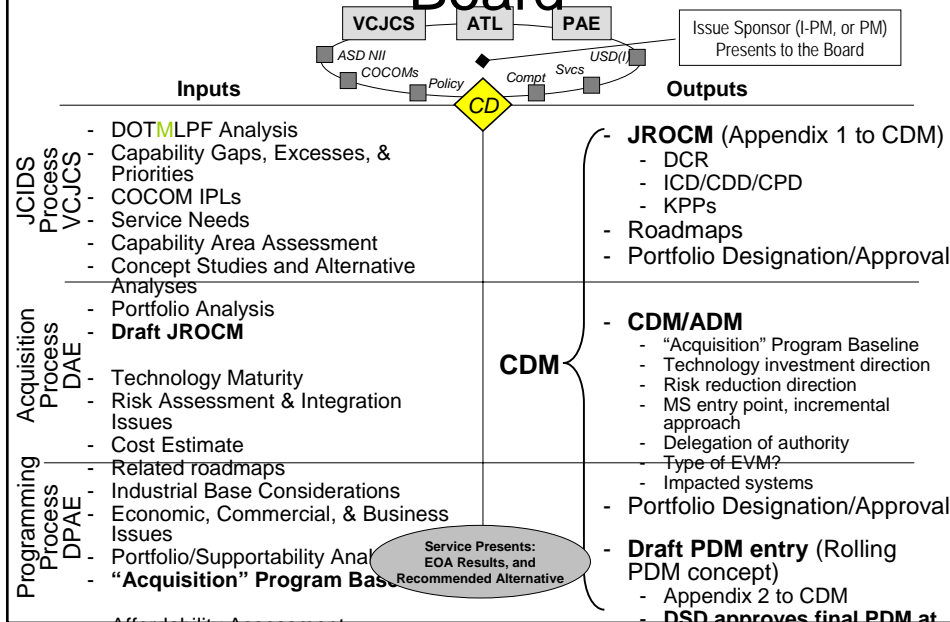
Improving DoD Investment Decisions

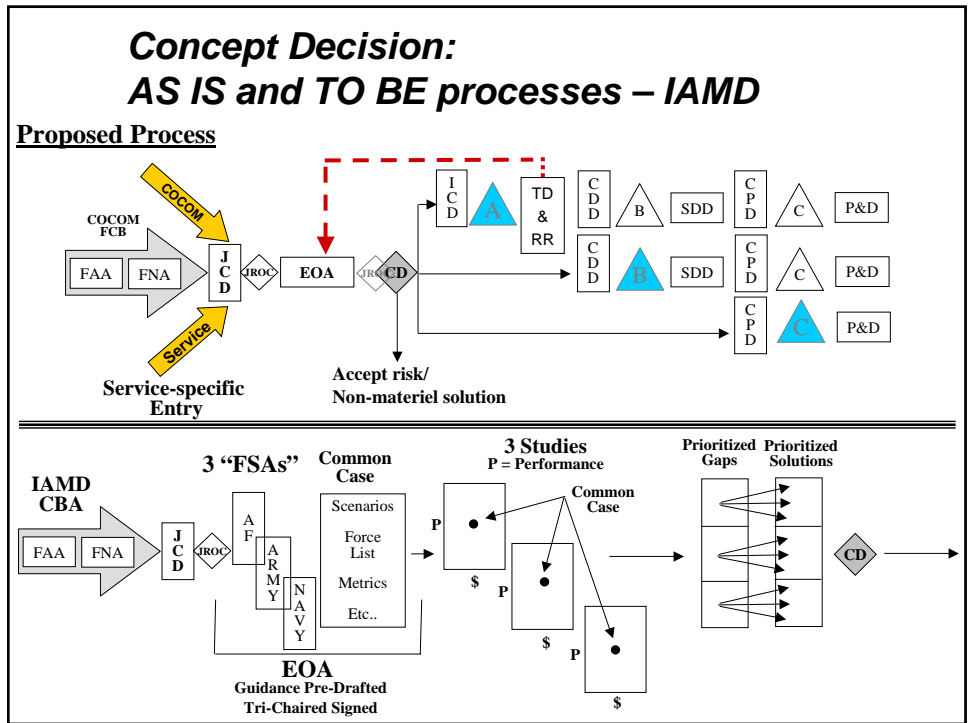
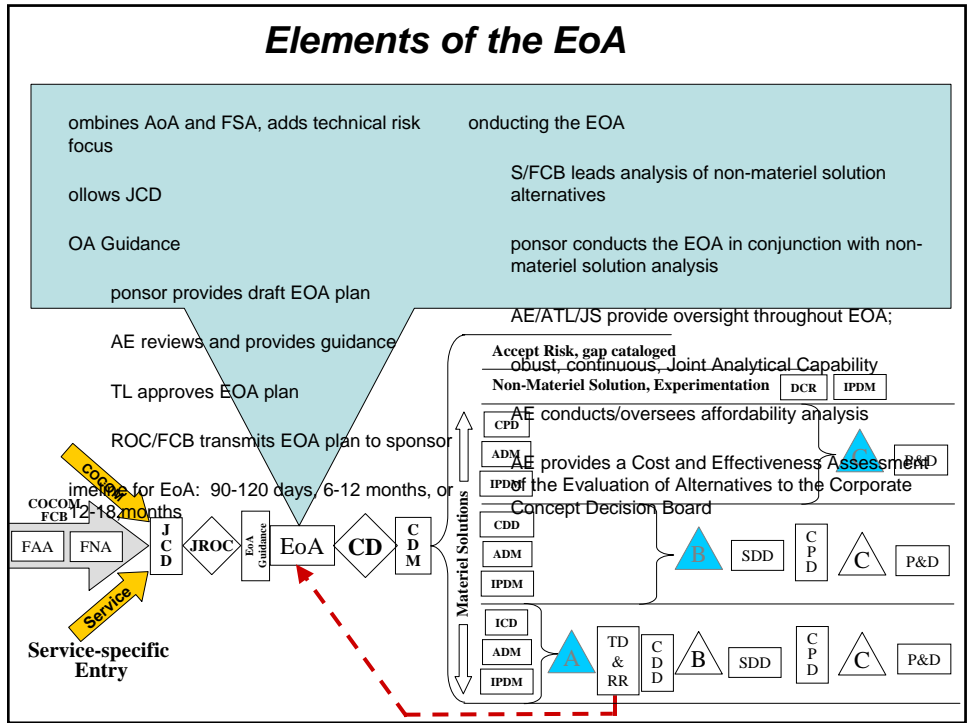
- QDR: Investment is not governed by any one DoD process
 - Requirements, Acquisition and Programming interpret strategic guidance independently in making investment decisions
- Packard guidance and policy about right
 - Never fully implemented
 - Packard vision needs refinement and disciplined implementation
 - Coordination of Requirements, Acquisition and Programming for Investment Decisions is possible within current Title X authorities
- Concept Initiation through a Corporate Board
 - Convergence of three processes during requirements determinations
 - Concept Decision Review Board drafts scope and conditions for final phases of requirements determination process
- Investment Review through a Corporate Board
 - Concept Decision Review Board routinely reviews pre-MS B acquisition programs and other programs as necessary

Concept Decision: AS IS and TO BE processes



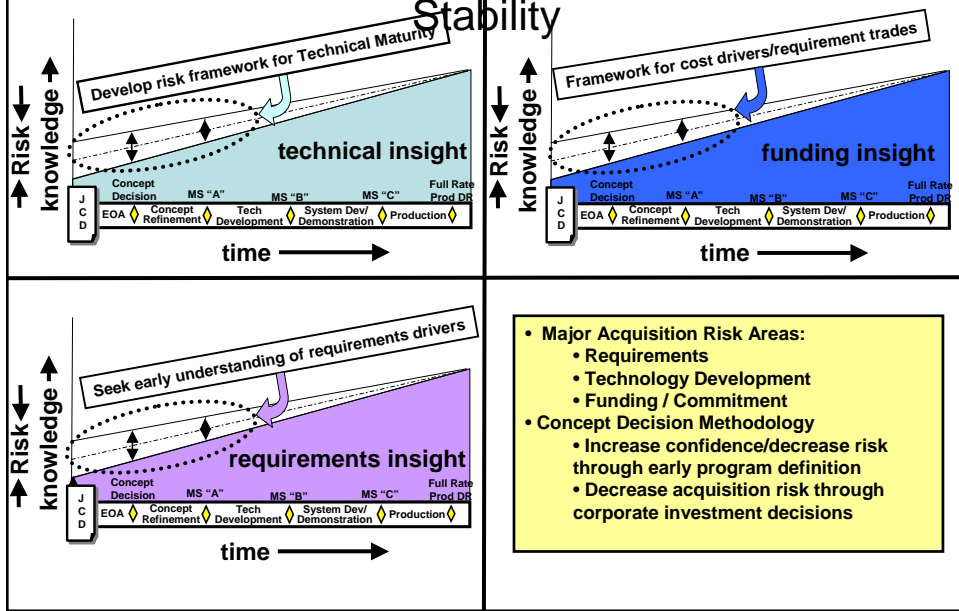
Concept Decision Review Board



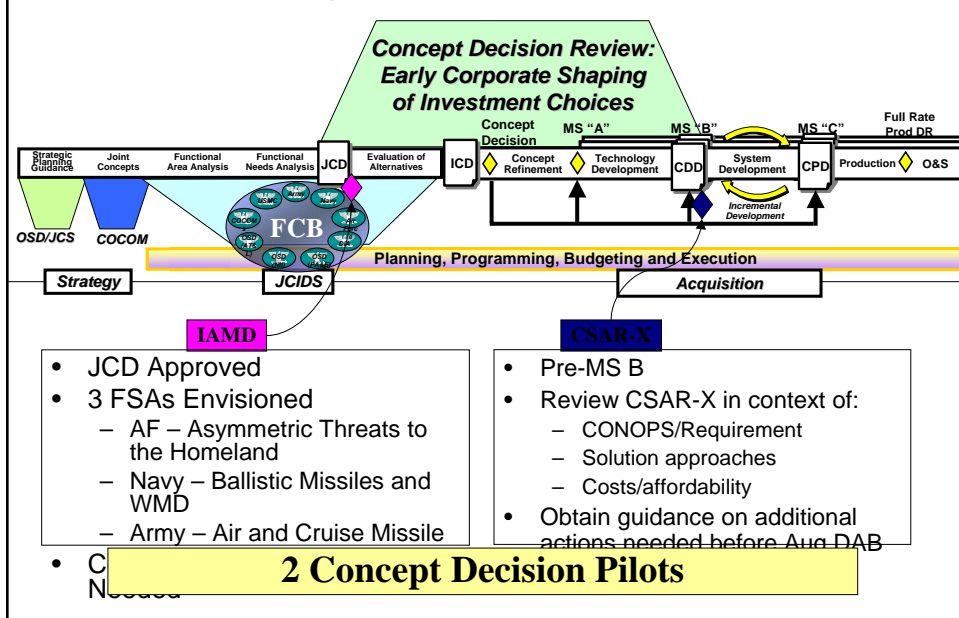


Concept Decision Reviews

Early Insights Enhance Acquisition



Concept Decision Review



CSAR-X Review Agenda

- Introduction - Meeting Purpose and Expectations
- Joint Staff:- CSAR Concept of Operations and Requirement
- Air Force: - Proposed CSAR-X Acquisition Strategy
- AT&L: - Rotary Wing Portfolio
 - Technical Risk Characterization
 - Industrial Base Capacity
- PA&E - Program Analysis
 - Evaluation of Alternatives

Concept Decision Memorandum (NOTIONAL)

- Single document with associated attachments (JROCM, ADM, Draft PDM entry)
- Potential JROC entries:
 - Roles and missions decisions
 - Requirements decisions (CDD update to reflect performance trades and/or reduced quantity)
- Potential ADM entries:
 - Direction to maintain/alter current solicitation
 - Direction to augment ongoing developments
 - Next milestone and entry criteria
- Potential Draft PDM entries:
 - Identification of offsets
 - PB07 actions
 - POM08 actions
 - FYDP actions
- Additional Signatories?

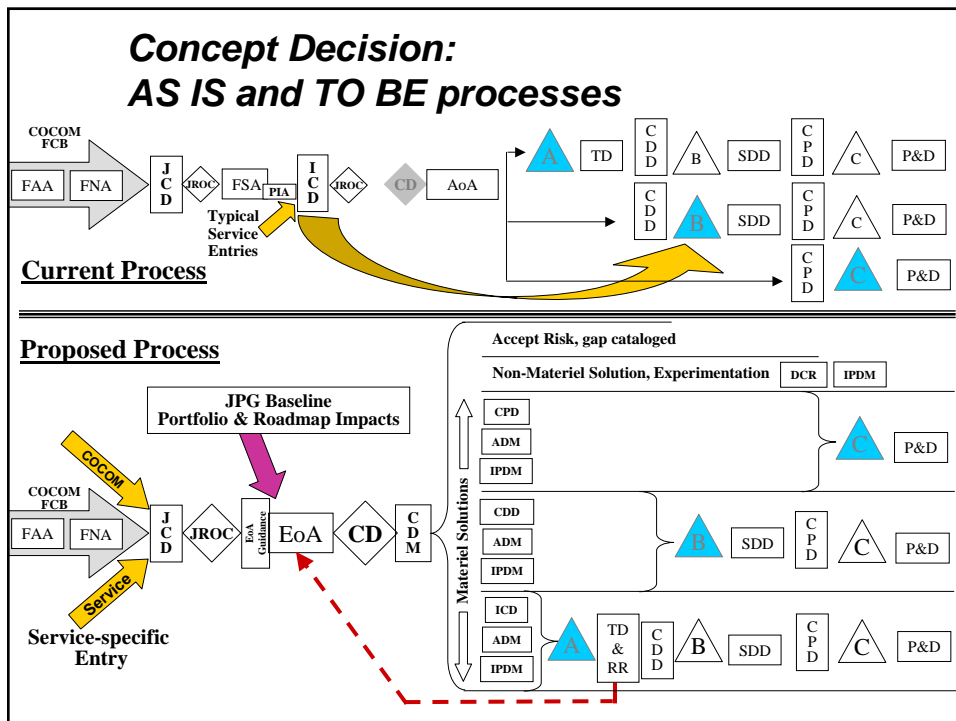
Recommended Authorities

- Title X – None
- DoD 5000
 - EoA to replace AoA
 - AoA replacement (EoA) precede Concept Decision
 - Approve EoA guidance
- CJCS 3170
 - Sponsors enter JCIDS at completion of FNA – when a gap has been identified
 - EoA to absorb and replace FSA
 - Eliminate ICD as a separate step preceding

Some things to address during this workshop (WG-3)

- Determine what an EoA should accomplish and its differences among an FSA or AoA
- Develop an EoA methodology that includes how to bound the portfolio, determine options, describe solution space, how to analyze options and associated risks, and the outputs desired within the allotted time period to conduct an EoA.
- Determine all of the inputs and conditions for success required of the EoA, to include guidance (and who does), time and resources needed, such as a tripartite analytical capability, and the elements of an investment strategy .
- Define all of the factors of planning for conducting an EoA, to include the oversight and approval process, who does the EoA, its costs, and how much time is needed to complete the EoA.
- Identify what impacts an EoA would have on other

Backup



Elements of the EOA

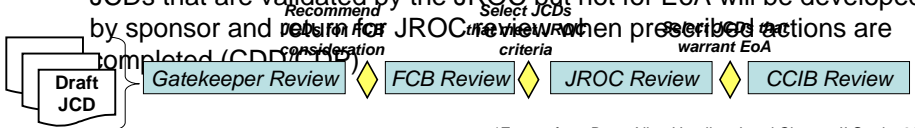
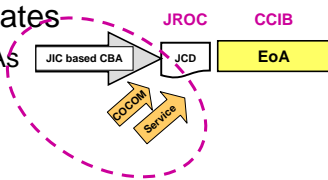
- Combines AoA and FSA, adds technical risk focus
- Follows JCD
- EOA Guidance
 - Sponsor provides draft EOA plan
 - PAE reviews and provides guidance
 - ATL approves EOA plan
 - JROC/FCB transmits EOA plan to sponsor
- Conducting the EOA
 - JS/FCB leads analysis of non-materiel solution alternatives
 - Sponsor conducts the EOA in conjunction with non-materiel solution analysis
 - PAE/ATL/JS provide oversight throughout EOA;
 - Robust, continuous, Joint Analytical Capability
 - PAE conducts/oversees affordability analysis
 - PAE provides a Cost and Effectiveness Assessment of the Evaluation of Alternatives to the Corporate Concept Decision Board

Expected Range of Concept Decision Discussions

- Today: CSAR X
 - Block 0 – current needs, to include
 - Minimum quantities
 - Costs and risks
 - Schedule - time defined approaches
 - Block 10 – future growth, to include Joint Solutions
 - Portfolio/JCA considerations
 - Additional analysis needed, if any, before MS B
 - Concept Decision Memorandum
- Future: Implementing Concept Decision methodology
 - Reducing investment risk through corporate decision making
 - Stable requirements, funding and acquisition strategy

Selection Criteria for EoA*

- Three primary sources for EoA candidates
 - Joint Integrating Concept (JIC) based CBAs
 - COCOM-sponsored JCDs
 - Service/Defense Agency initiated JCDs
- Selection method for JROC
 - FCBs recommend JCDs to gatekeeper (i.e., JS J-8)
 - Gatekeeper approves candidates for JROC out brief based on:
 - Anticipated magnitude of solution (typically meets ACAT 1 criteria)
 - Impact on Joint warfighting capabilities (criteria set by VCJCS)
- Expanded JROC (with representative from AT&L and PA&E) determines which JCDs should transition to EoA
 - JCDs that are validated by the JROC but not for EoA will be developed by sponsor and return for JROC review when prescribed actions are completed (CDREPs)



*Extract from Booz Allen Hamilton Lead Change II Study, 2006

Overall Recommendations. Establish Clear Guidance for the New Processes*

Evaluation of Alternatives (EoA)

- **Answer “what needs to be done” and how the capability fits into the larger mission area(s)**
 - Identify the relative military contribution of the capability in the appropriate operational applications
- **Describe the alternative solutions examined and the basis for solution selection**
 - What are the relative merits and inherent limitations of different solutions vis-à-vis technological maturity, industrial base capacity, international treaty obligations, etc.
 - Evaluate alternatives with regard to operational soundness, anticipated cost of procurement, likely life cycle costs, lease vs. buy options, etc.
- **Develop unifying methodology and metrics to measure success**
 - Include tools and experimentation metrics and results
- **Include a plan or plans for subsequent actions**
 - State a “business case,” a test and evaluation plan, relationships to other programs, the executing Service/DA, and initial CONOPS for each solution

Milestone Entry Aspect of the Solution Decision

- **Articulate the specific criteria governing selection of the entry milestone**
 - **Technological readiness** of individual components and integrated whole
 - **Interoperability** among various components and with other interdependent systems

*Extract from Booz Allen Hamilton Lead Change II Study, 2006

QDR IPT 5 Guiding

principles - Excerpts from Mr.

Krieg's testimony to SASC, 27 Sep 05

- “we need an agile, capability-based acquisition system”
- “mandates clearly stated requirements, developed in conjunction with the warfighter and the acquisition community, a thoughtful analysis of available alternatives, mature technologies and independently assessed costs”
- “we must base our decisions on authoritative data captured in a comprehensive management information approach linked not only to acquisition, but also to requirements, and the planning, programming, budgeting and execution system. This will help us to achieve insight and clarity, and honestly balance risks at the portfolio level to get the best value for the taxpayer.”
- “what we have missed so far is the integration of requirements, acquisition and resources -- working together -- to permit early and regular trade offs between cost, performance and

Effective Enterprise Leadership
Working Group

QDR IPT 5

Effective Enterprise

Leadership (EEL) Problem Statement

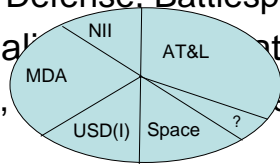
- The AS-IS
 - System-focused solutions that lack capability or portfolio context
 - Lack of cost, schedule, performance trades prior to ICD/CDD and MS B leading to non-optimal, non-best value solutions
 - Component-operated needs identification processes; lack of joint gap and solution development
 - FSA (w/AMA) and AoA are separate activities done in series that are to some extent duplicative

Effective Enterprise Leadership – Key Themes

- What is the portfolio, and how is it apportioned?
- How do we manage the portfolio with authoritative information?
- Who is the customer? How do we measure success?
- Joint accountability
- How do we strategically align S&T to meet

What is the portfolio, and how is it apportioned?

- What is the market segment, and how do we oversee it?
 - Sustainment, new innovation
- How do we value the portfolio?
 - Advances advantage, hedge, big bet, maintain current
- How does it map against joint capability areas?
 - Homeland Defense, Battlespace Awareness, etc
- How does it align with strategic guidance?
 - Traditional, Metric, Disruptive



Looking at the Total Portfolio

Value to the Portfolio

| | Advances Against Advantage | Hedges Against Risk | Big Bet To change Rules | Maintains Current Capability | Accepts Risk |
|-----|----------------------------------|---------------------------|-------------------------------|------------------------------------|-----------------|
| Now | | | | | |
| | | | | | |
| Far | | | | | |

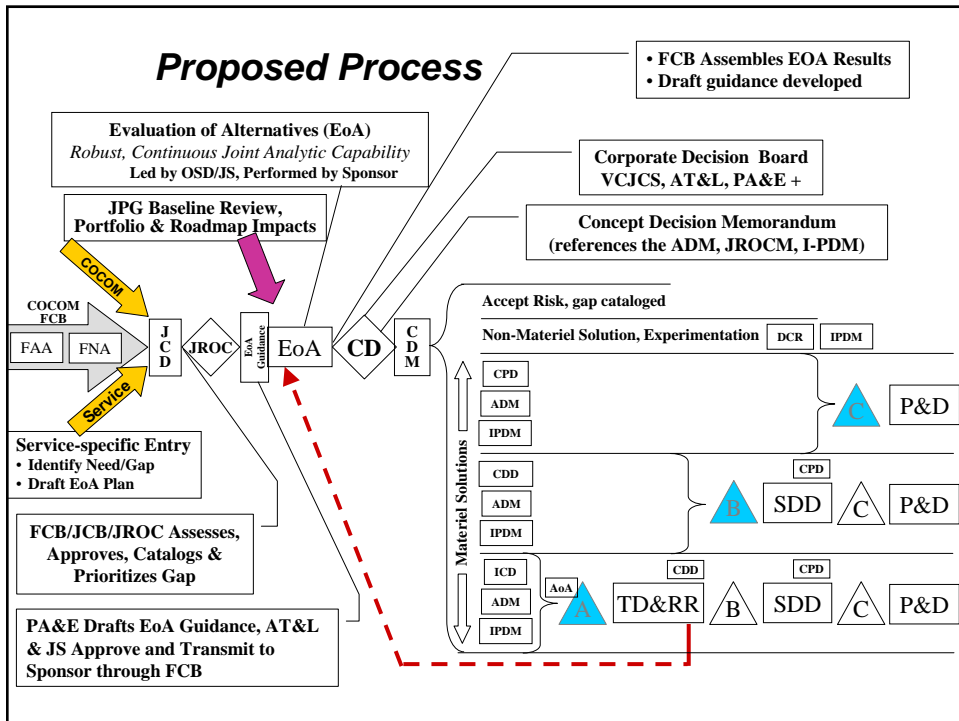
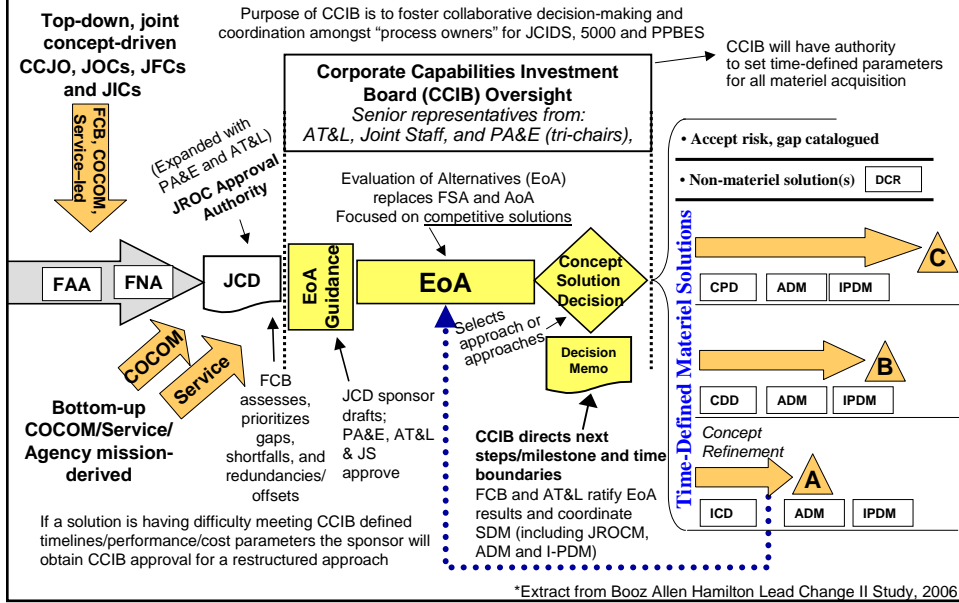
How Do We Manage the Portfolio

- How can we balance our requirements, identify the gaps, excesses?
- How do we exercise appetite control, make the hard decisions?
- How do we empower the JROC and its acquisition counterpart (DAB?)
- How do we manage above the platform level
 - How do we assess platforms, given their context?

Who is the customer? How do we measure success?

- How can we trade cost, schedule and performance? (70% of the capability for 30% the cost in 50% of the time)
- What is the process to create success?
- What are the execution roadmaps to get us there?
- What are oversight measures?
 - EVM, cost, cycle time

Expected "Deliberate" Process*



Working Group 3 Major Tasks

- **EoA Design & Implementation**
 - Determine what an EoA should accomplish and its differences among an FSA or AoA
 - Develop an EoA methodology that includes how to determine options, describe solution space, how to analyze options and associated risks, and the outputs desired within the allotted time period to conduct an EoA.
 - Determine all of the inputs and conditions for success required of the EoA, to include guidance (and who does), time and resources needed, such as a tripartite analytical capability, and the elements of an investment strategy .
 - Define all of the factors of planning for conducting an EoA, to include the oversight and approval process, who does the EoA, its costs, and how much time is needed to complete the EoA.
 - Identify what impacts an EoA would have on other programs, portfolios, and the need for a refined analysis post-EoA.
 - Determine how to implement the EoA, and how it supports rapid and limited development acquisition.
- **Analytical and Resource Needs:**
 - Determine the data, tools, models, and resources needed to conduct an EoA
- **Concept Decision:**
 - Identify who participants, what information is needed (level of detail), entrance/exit criteria, how does the Concept Decision benefit from an EoA, and what are the components of an investment decision
- **Current Process Baseline:**
 - Describe the problems of the current JCIDS analysis process (from FNA to FSA), and its transition to the Acquisition and Programming processes
 - Outline the AoA process and what constitutes a good AoA

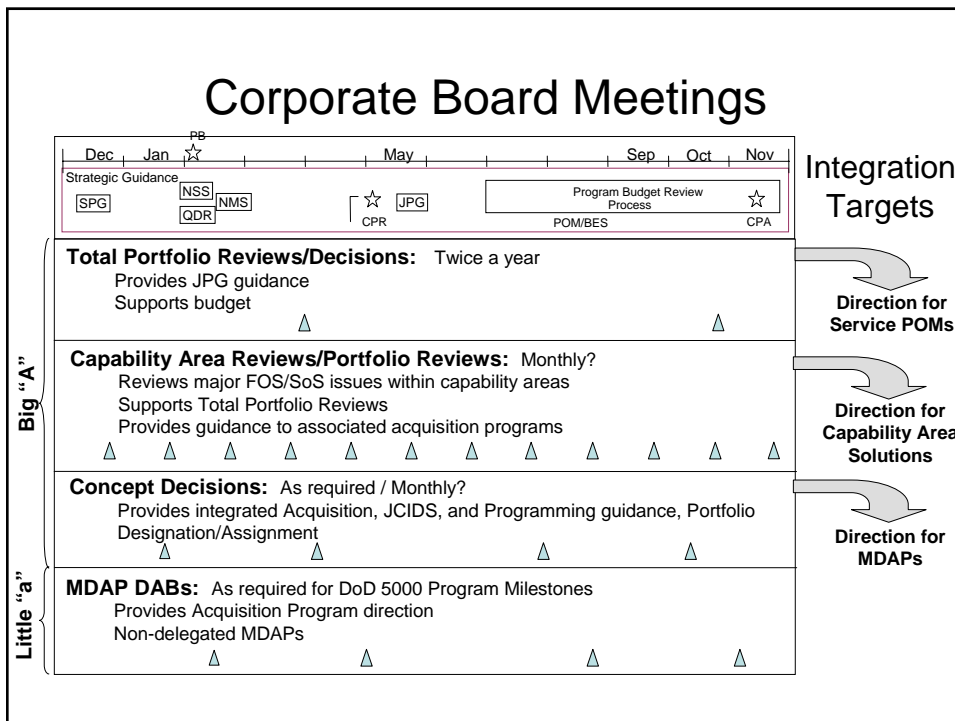
Notional Business Rules

- Screening criteria for what goes to the Corporate Board
- APB Breach is too late to return to Corporate Board
- Method of tracking program performance to specification, as opposed to just cost and schedule.
- How do catalog of gaps relate to CAR's and Roadmaps?
- Management system to capture interdependencies among programs
- If ACAT III will be included in Corporate Board oversight, and delays in processes are expected, do all entities/agencies have to follow this process of Corporate Board?
- Go back to Corporate Board after TD & RR.
- EOA includes analysis across the portfolios
- Draft EOA Plan that accompanies the JCD will go to FCB/JCB/JROC, although JROC does not approve the Plan

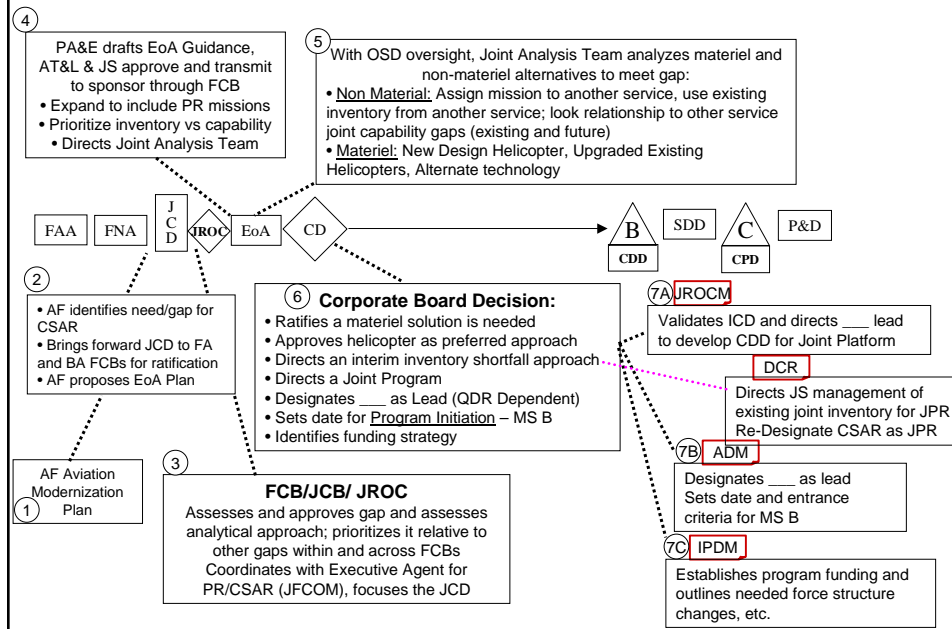
Notional Business Rules

- Draft EOA plan serves up as input to EOA Guidance, but it does not start the analysis or begin to recommend preferred solutions (should have a description of possible alternatives).
- “Matrix Service Support” ⇒ Lead Sponsor responsible for doing EOA, other components involved as needed.
- Rolling PDM- Gets Sponsor “assurance of full funding” done up front.. Need offsets to “fully fund”, based on affordability.
- Will we be able to baseline at Concept Decision? (i.e. will we have sufficient info?)
- What will be the difference among the JCIDS, ACQ, and PA&E portfolios
- Need to explain well the difference between Capability Area and Portfolio

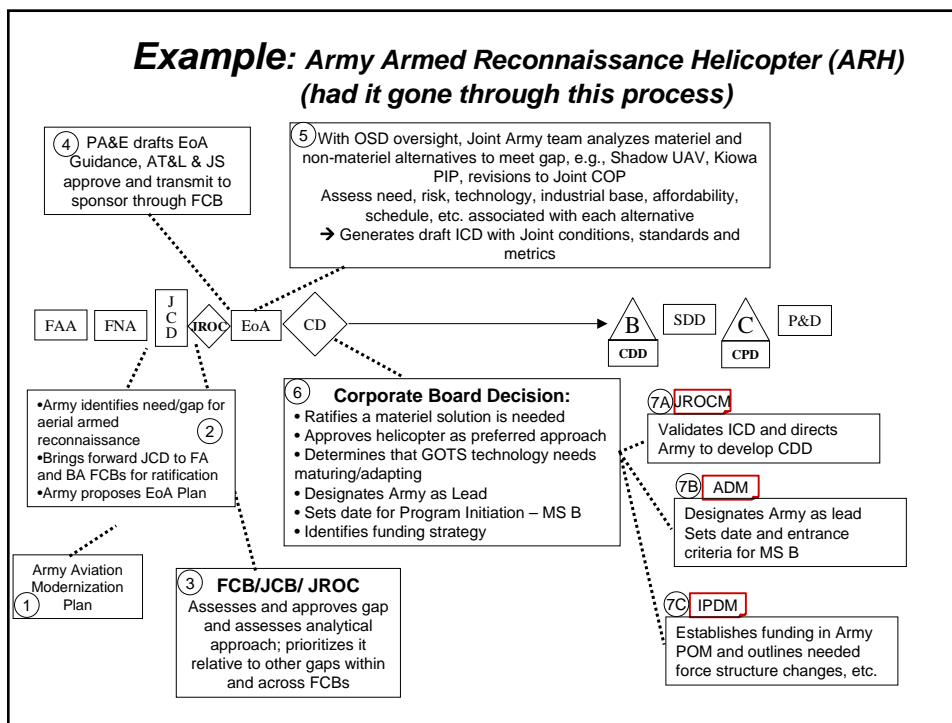
Corporate Board Meetings



Example: One view of CSAR-X



Example: Army Armed Reconnaissance Helicopter (ARH) (had it gone through this process)



Example: C2 JIC – using this process

