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ACQUISITION  
TECHNOLOGY  
AND LOGISTICS

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF DEFENSE  
(LOGISTICS AND MATERIEL READINESS)

SUBJECT: TLCSM Executive Council Meeting Report; October 6, 2005

The six (6) programs participating in the Management Initiative Decision (MID) 917 "Performance-Based Logistics" (PBL) pilot briefed the Total Life Cycle Systems Management (TLCSM) Executive Council on October 6, 2005 relative to their experiences with the revised processes specified in the MID. Key highlights included:

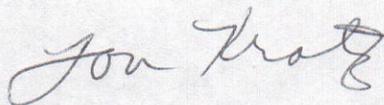
- The **TOW ITAS** program reported very favorable results derived through the use of four (4) PBL supported LRUs. Improvements have been realized in ITAS performance; system availability has increased; and total ownership cost has been reduced. These benefits have been demonstrated during wartime with the deployment of all ITAS units to OIF/OEF. The TOW ITAS program is currently working on the next PBL contract for FY07 – FY11 that will be a 5-year multiple-year contract with a 5-year option.
- Life cycle contractor support under PBL is being provided for **Sentinel** unique parts. Using this approach, the contractor has exceeded the contractual requirements for 90% readiness. The Sentinel program, however, identified some "lessons learned" from their experiences with PBL:
  - Funding must be stable for the program to succeed. There have been funding shortfalls for Sentinel each year to date. The PMO has had to use its own funds to cover the shortfalls.
  - Unique NSNs are needed to allow a transparent supply process at the retail level. Sentinel is currently using part numbers to solve this problem for out-of-country requisitions.
- The **B-2** program received direction from USD/AT&L on October 3, 2005 to implement PBL in accordance with the findings of their BCA. Their BCA assumed a phased implementation plan beginning with contractor PBL in CY07 and continuing with organic PBL in CY08. It also assumed an anticipated level of O&M funding as its baseline PBL funding. A key element to the predicted performance improvement is consolidation of all sustainment funding starting in FY07. The B-2's status as a MID 917 pilot program and USD/AT&L and USD/C endorsement of the BCA should provide the imperative to enable the Air Force to accomplish funding consolidation. The program is integrating PBL with the B-2 Aircraft Availability Improvement Program (AAIP)/eLOG21 and will focus on meeting the goal of 38% by FY11.
- The **ALQ-99 TJS** program conducted an industry survey to confirm the economic viability of PBL. There were six (6) respondents to the RFI with only two (2) of them providing "to be" PBL cost estimates. Both estimates exceeded the "cost savings" projections identified in the BCA, leading the program to conclude that an umbrella PBL



approach for ALQ-99 TJS is not feasible. Therefore, the Council accepted the program's recommendation to pursue PBL for new acquisition programs.

- The **Expeditionary Fighting Vehicle (EFV)** program is currently in the System Development and Demonstration acquisition phase and is moving ahead to ensure that PBL processes are implemented. A BCA was not conducted due to the fact that the program office decision was to implement PBL in its acquisition strategy. Two (2) accomplishments to-date are: 1) PBL O&M resources are included under one Sub-Activity Group (SAG) and 2) the PBL O&M budget will be within one line of accounting.
- LRIP I contract performance for the **Joint Strike Fighter (JSF)** program is scheduled to begin in early 2007. Therefore, there has been no actual performance against the program's BCA which validated PBL as the best sustainment process for the JSF. The program plans to follow its PBL roadmap and asked for the Council's assistance in two (2) areas: 1) POM 08 guidance directing a single DoD-level SAG, and (2) extending single DoD-level SAG applicability to procurement funding.
- **Conclusions / Action Items**
  - The Council acknowledged the lessons learned on the Sentinel program and agreed that the TOW ITAS and Sentinel programs have successfully completed the MID 917 pilot. No further MID 917 efforts are required for these two (2) programs.
  - Mr. Kratz asked Ms. Kolesar (PA&E/CAIG) to work with the Services to resolve cost-related issues. Specifically, PA&E is working on two issues. First, the CAIG is working with JSF on its Cost and Software Data Reporting (CSDR) plan so that O&S costs via the PBL contract execution phase will be collected for analysis. Ms. Kolesar offered to work with the other MID 917 pilots as well. She recommended that the DAES-S process could be the venue to work the other MDAPs to expand this initiative. Secondly, Ms. Kolesar reminded participants that the CSDR data is actual return cost data, while the MID 917 PBL SNaP data collection is a projection of anticipated PBL costs for the MID 917 pilot programs.
  - Mr. Kratz asked Mr. Atchley to contact Ms. Bennett regarding the status of the NSN issue.
  - Mr. Kratz asked the Services to identify other programs that may be good candidates for the MID 917.
  - PRTM will draft a memo to the Comptroller detailing the outcome of the MID 917 Review.
  - The Council will continue its evaluation of the outcomes resulting from the revised PBL processes used on the B-2, ALQ-99 TJS, EFV, and JSF programs.

The next TLCSM Executive Council meeting will be held on December 1, 2005 at 0900 – 1030 in Pentagon Conference Room, 2C554 #7.



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