



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

SEP 20 2012

ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: 2012 Secretary of Defense Performance-Based Logistics Awards Selection

I am pleased to announce the 2012 Secretary of Defense "Gerald R. Beck" Performance-Based Logistics (PBL) Award Winners:

- System Level Award:  
C-17 Globemaster Integrated Sustainment Partnership – U.S. Air Force  
C-17 Program Office, Wright Patterson Air Force Base
- Sub-system Level Award:  
P-3 AN/APS-137D(V)5 Radar – U.S. Navy  
Naval Supply Systems Command – Weapon Systems Support
- Component Level Award:  
Industrial Prime Vendor, Depot Consumables Support – Defense Logistics Agency  
Defense Supply Center – Philadelphia

Performance-Based Logistics is a key Department of Defense strategy used to deliver an integrated, affordable, support solution designed to optimize system readiness. The Secretary of Defense PBL Awards recognize Government/industry teams that have demonstrated outstanding achievements in providing our Warfighters with exceptional operational capability through PBL agreements and are examples of "Better Buying Power" in action. Please extend my sincere congratulations on behalf of the Secretary of Defense to this year's winners. Attached is a summary of their outstanding PBL award accomplishments.

The awards will be presented on October 30, 2012, at the Aerospace Industries Association Fall Product Support Conference in Charleston, South Carolina.

For further information, my point of contact is Mr. Mark Gajda, ODASD(MR), at 571-256-7052 or mark.gajda@osd.mil.



Frank Kendall

Attachment:  
As stated

cc:  
USD(AT&L) Direct Reports

**DISTRIBUTION:**

**SECRETARIES OF THE MILITARY DEPARTMENTS**

**CHAIRMAN OF THE JOINT CHIEFS OF STAFF**

**DIRECTOR, OPERATIONAL TEST AND EVALUATION**

**DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION**

**DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY**

**DIRECTOR, DEFENSE LOGISTICS AGENCY**

**DIRECTOR, MISSILE DEFENSE AGENCY**

2012 SECRETARY OF DEFENSE PERFORMANCE-BASED LOGISTICS AWARDS WINNER  
ACCOMPLISHMENT SUMMARY

**System Level *Beck* Award – C-17 Globemaster Integrated Sustainment Partnership**

The C-17 Globemaster Integrated Sustainment Partnership is recognized for its performance-based logistics (PBL) teaming of the United States Air Force (USAF) and The Boeing Company to provide global sustainment support to all operators of the C-17. This team ensured high aircraft availability and reliability for 239 aircraft, based at 18 main operating locations for the air or defense forces of the United States, the United Kingdom, Australia, Canada, Qatar, the United Arab Emirates, and NATO. Using a “Virtual Fleet” construct, they pooled and positioned spares and services enabling 55,000 sorties and over 220,000 flying hours while maintaining an 86 percent aircraft in-commission rate with an average of 49 sorties flown between aircraft failures. By aggregating requirements, examining demand patterns, and repositioning buy and repair processes, costs per flying hour were reduced by 10 percent.

**Sub-System Level Award – P-3 AN/APS-137D(V)5 Radar**

The P-3 *Orion* Radar performance-based logistics (PBL) team has set the benchmark for PBL at the sub-system level. The results of the team’s efforts culminated in the award of a 10-year contract valued at \$120.7M. The PBL supports 72 Navy P-3 Anti-Submarine Warfare/Anti-Surface Warfare Improvement Program (AIP) aircraft with total operations of approximately 26,000 flight hours per year. Raytheon responsibilities under the contract encompassed logistics and inventory management, requirements determination, depot repair and spares production, sustainment engineering, and a reliability growth program. The firm-fixed price PBL incentivized Raytheon to make investments which produced \$4.5M in direct savings to the Fleet Flying Hour Program (FHP), improved availability to 99 percent, and increased reliability by 121 percent. This was achieved through improved parts support, investments in reliability, optimized depot processes, and decreased depot returns. The P-3 AIP Radar system currently stands at its highest level of combat readiness and customer satisfaction since its introduction to the Fleet.

**Component Level Award – Industrial Prime Vendor, USAF Depot Consumables Support**

In April 2006, the Defense Logistics Agency Defense Supply Center – Philadelphia awarded a performance-based Industrial Prime Vendor (IPV) contract to Lockheed Martin that consolidated end-to-end supply chain management responsibility for over 96,000 unique consumables supporting all Air Force depot maintenance activities. Prior to the PBL contract, DLA was experiencing growing inventory carrying costs utilizing a labor-intensive process involving frequent contracting actions for each part type across numerous manufacturers, small businesses, and distributors. These variations in customer demand complicated manufacturer’s delivery times, which resulted in frequent stock-outs and delays. Under the IPV PBL contract, bin fill rates have averaged 99.77 percent (as compared to a low of 62 percent under non-PBL support) and reduced annual costs by \$3.8M.