



## **A Naval Business Model for an Affordable Future**

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Interoperable  
Open Architecture for  
Defense Acquisitions

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“And while the law of competition may be sometimes hard for the individual, it is best for the race, because it ensures the survival of the fittest in every department.”

-Andrew Carnegie

# Better Buying Power 2.0

## Promoting Effective Competition for the Life Cycle

This item is continued from BBP 1.0 and will focus on improving the Department's early planning for open architectures and the successful execution of the plan to provide for open architectures and modular systems. This will include the **development of a business model and associated intellectual property strategy** (data rights planning) that can be implemented over the lifecycle of the product, starting while competition still exists.

**Enforce open system architectures and effectively manage technical data rights:**



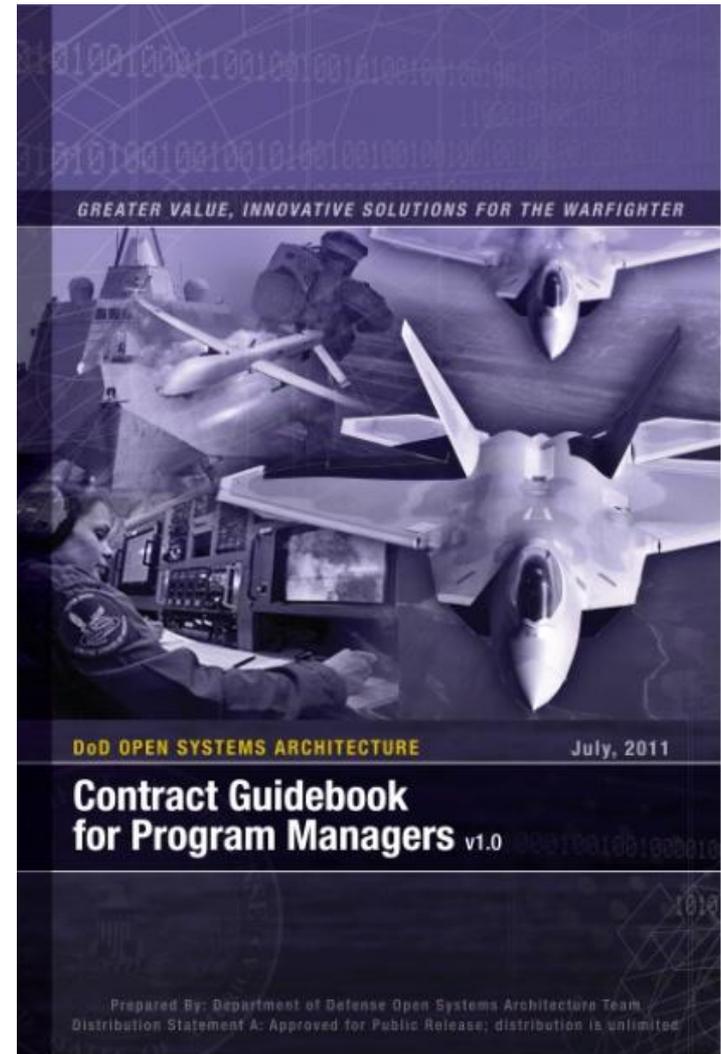
<https://acc.dau.mil/bbp>



# OSA Implementation Tools

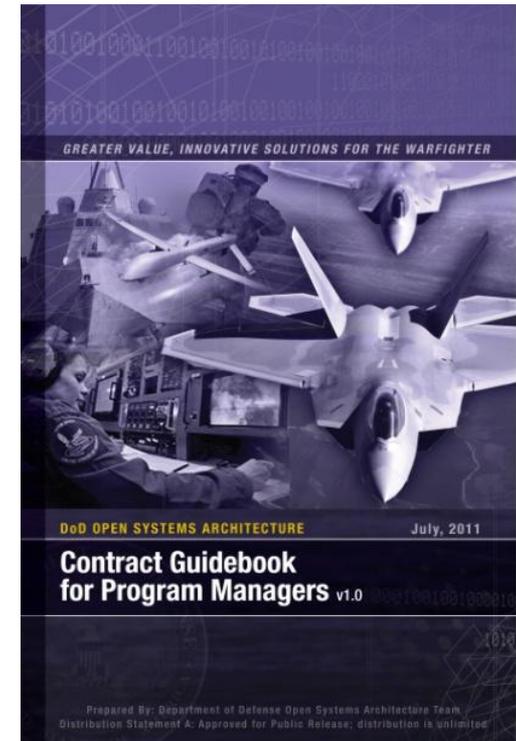
- **Data Rights Brochure**
- **OA Assessment Tool**
- **Contract Guidebook 1.1**
  - **SETR**
  - **Gate Reviews**
- **Implementation Workbook \***
- **Acquisition Qualification Standards \***
- **Intellectual Property Strategy Guide\***

\* Coming Soon



# Compendium of Best Practices Can Help PMs

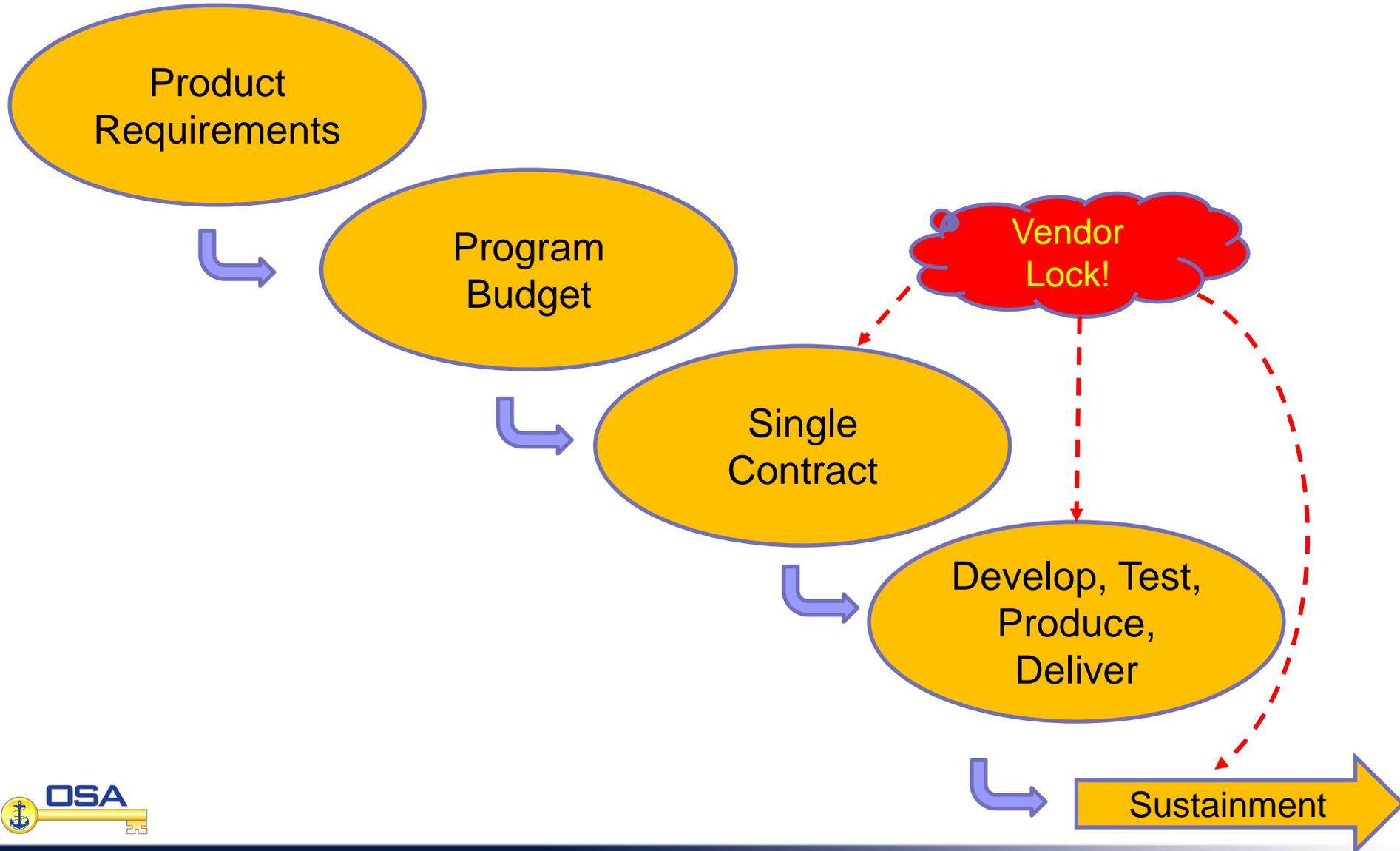
- Leverage a consistent message to industry
- Reduce our risk in contracting:
  - Statement of work
  - Deliverables
  - Instructions to offerors and grading criteria
- Leverage data rights for the life cycle
- Capture OSA best practices for the program
  - Early-and-often design disclosure
  - Breaking vendor lock
  - Peer reviews for technology evaluation
  - Minimize duplication / maximize enterprise value



<https://acc.dau.mil/osaguidebook>



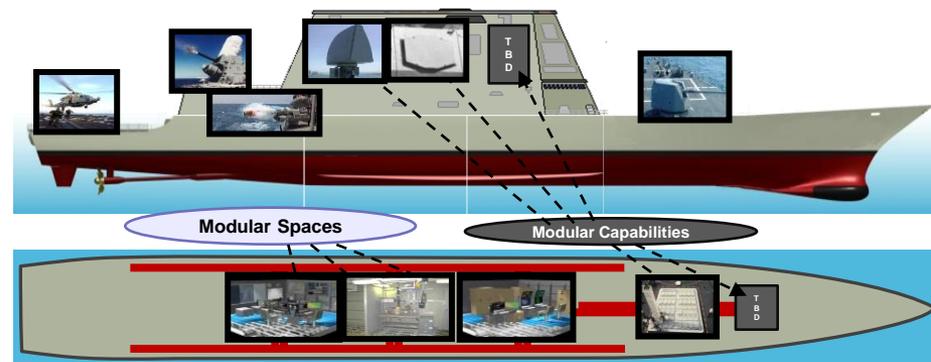
# Naval Business Model: 219+ Years





# Naval OSA Business Model – Top-Level Strategy

- Procure Basic Platforms
- Develop/ Maintain Capability Product Lines
- Integrate and Deliver



# Competition at All Levels

Platform

Component

Integrator

# Competition Lowers Costs and Increases Performance

- Government must set the stage for competitive acquisition
- Business strategy must mirror the technology architecture
- Competition is real when the Incumbent can lose
- Limited IP (proprietary) is allowed in Open Systems Architecture
- There will be more opportunities for Industry



# The Paradigm Shift

## **Objective: Competition at the Component Level**

### **Government must be able to share:**

- Design documentation, interfaces, tools, etc
- Architecture of components small enough to be risk- prudent

### **Focus on what is needed for competition:**

- Scale big enough to entice new players with new innovations
- Environment for innovation through limited IP licenses

### **Government must be a smart buyer.**

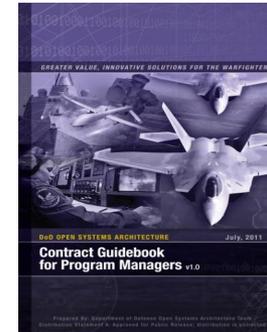
# Naval Enterprise OSA Strategy\*

*OSA Vision: Affordable, Open Platforms that Easily Accommodate Open Modules*

- Business Changes



- Implementation Tools



- Technical Reference Frameworks



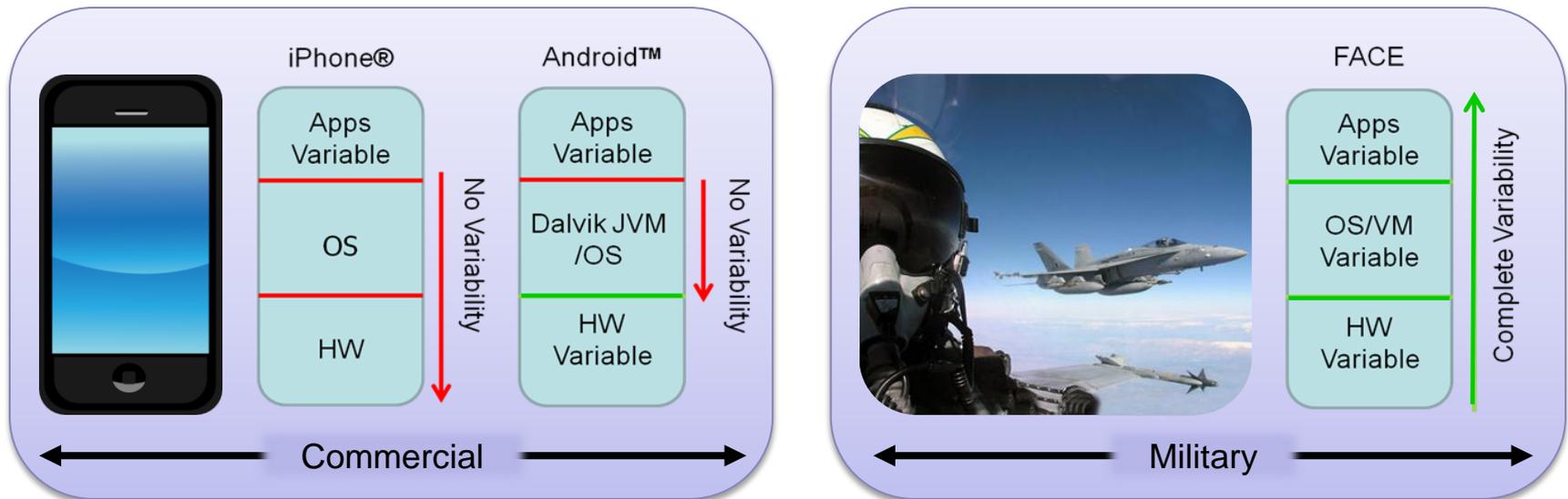
- OSA Training



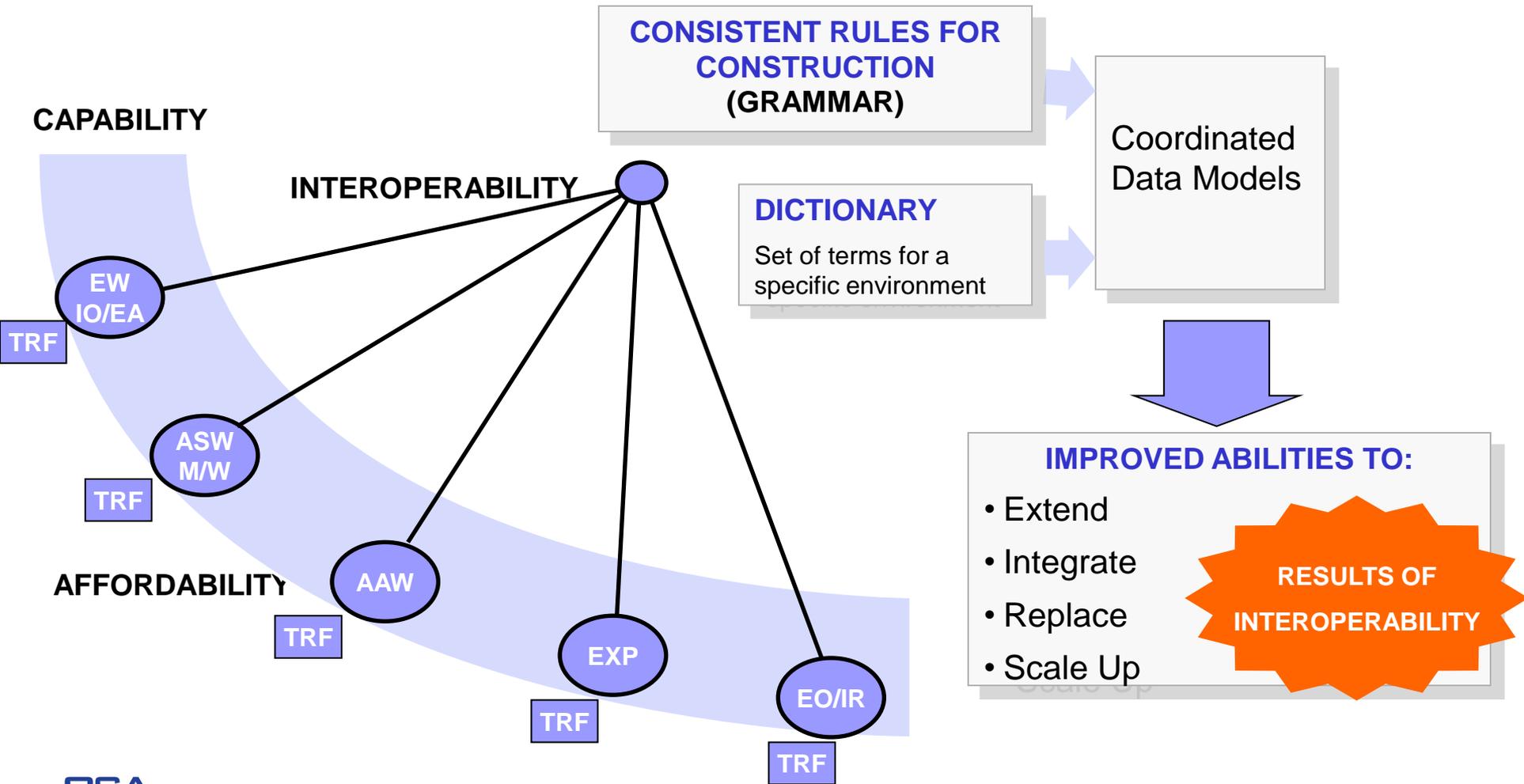
\*ASN RDA “Naval Open Systems Architecture Strategy” 26 November 2012

# Common Foundations Yield Competition at all Levels

- Impact of a Common Operating Environment (COE), established the Smartphone application market
- FACE provides competition at all levels (platform, integrator, component) for embedded systems



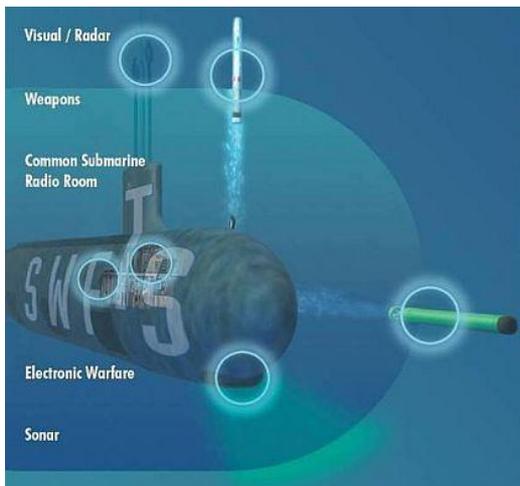
# Rules for Construction Lead to Interoperability



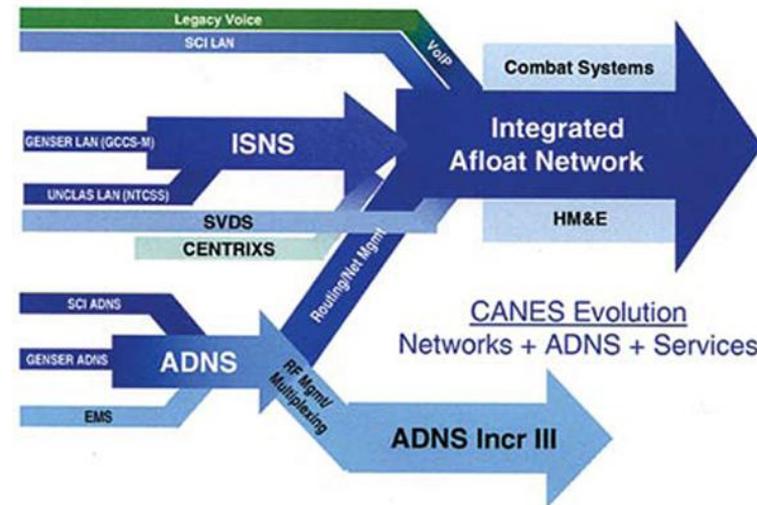
# OSA Example Programs - Navy



Open Interfaces - SPIES



SEWIP



# What do we want to buy?



- **Bugatti Veyron**
- **Estimated retail \$2,250,000**



- **Ford Commercial Pickup**
- **Estimated retail \$40,000**
- **50x price difference**
- **Add your own features**

## Challenge for Government:

- Use best practices from the Contract Guidebook to establish a more competitive relationship with industry.
- Use Data Rights to negotiate and get better prices.
- Establish Intellectual Property and Data Rights as a basis for future competition.
- Compete more often with smaller scope.

# Message to Industry

More opportunities to win new work by competing Platform, System, Component separately

The Navy is moving out on OSA:

- Competing more current work
- Pursuing competition to get a better deal
- Getting a handle on our Data Rights

Breaking vendor lock and getting a better deal is our responsibility to the taxpayer and to the warfighter.



# Who will our suppliers be?

## DEFENSE INDUSTRY LEADERS WHO

- Help develop open standards
- Are first to bring modularized options
- Seek opportunities to sell across domains and across DoD

**Will you be an OSA Leader?**



# Questions or Comments?

