



## THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

SEP 27 2013

ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: 2013 Secretary of Defense Performance-Based Logistics Awards Selection

I am pleased to announce the 2013 Secretary of Defense Performance-Based Logistics (PBL) Award Winners:

- System Level Award:  
TSQ-239 (V) Combat Operations Center, USMC  
Marine Corps System Command, MCB Quantico, VA  
Summary of Accomplishment: Implemented a tailored PBL arrangement to sustain 260 Combat Operation Centers, which resulted in a 21 percent Operations and Sustainment cost reduction.
- Sub-system Level Award:  
Apache Sensors PBL, USA  
Apache Project Manager Office, Redstone Arsenal, AL  
Summary of Accomplishment: Implemented a public-private partnership arrangement with Letterkenny Army Depot for repair of the Modernized Target Acquisition Designation Sight/Pilot Night Vision Sensor systems, which increased material availability above 95 percent, supply availability to 97 percent, and saved \$126 million.
- Component Level Award (Tie):  
PATRIOT PBL, USA  
Lower Tier Project Office, Redstone Arsenal, AL  
Summary of Accomplishment: Created a single-point line of accountability within the Army's logistics supply chain resulting in the PATRIOT PBL team increasing material availability to 95.7 percent, and saving \$38.4 million.

F414 Engine PBL, USN

Naval Supply Weapon Systems Support, Philadelphia, PA

Summary of Accomplishment: Initiated a firm-fixed price PBL arrangement resulting in a substantial infrastructure cost avoidance and \$110.2 million savings to the flight hour program as well as material availability of over 95 percent.

Performance-Based Logistics is a key Department of Defense strategy used to deliver an integrated, affordable, support solution to optimize system readiness. The Secretary of Defense PBL Award recognizes government/industry teams that have demonstrated outstanding achievements while 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 detailed summary of their outstanding PBL award accomplishments.

The awards will be presented on October 22, 2013 at the Aerospace Industries Association (AIA) Fall Product Support Conference in Crystal City, Virginia.

For further information, my point of contact is Mr. Denny Hafer, ODASD(MR), at 571-256-0632 or [dennis.a.hafer.civ@mail.mil](mailto:dennis.a.hafer.civ@mail.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  
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Director, Defense Logistics Agency  
Director, Missile Defense Agency

2013 SECRETARY OF DEFENSE PERFORMANCE-BASED LOGISTICS (PBL) AWARDS  
WINNER ACCOMPLISHMENT SUMMARY

**Gerald R. Beck System Level Award – USMC Combat Operations Center (COC) Program**

The United States Marine Corps (USMC) COC Program is recognized for its PBL teaming of the USMC Space and Naval Warfare Systems Center, Atlantic, and General Dynamics Information Technology, to deliver demonstrated comprehensive logistical planning and execution skills, leading successful development and implementation of tailored PBL strategies sustaining 260 COC systems in Continental United States, Outside Continental United States, and deployed in Operation ENDURING FREEDOM. The COC product support team's innovative PBL approach has enhanced the effectiveness and efficiency of their Sustainment Strategy, resulting in dramatic cost reductions while maintaining exceptional availability and thereby maximizing Warfighter readiness while reducing Total Ownership Costs. The COC team's resourcefulness, experience, and logistics innovations have sustained system operational availability while reducing logistics footprint. Their dedication and diligence throughout this period has generated a 21-percent Operations and Sustainment cost reduction resulting in a \$7.1 million savings per year and a 39-percent reduction in forward deployed support personnel, while consistently maintaining over 90-percent availability.

**Sub-System Level Award – AH-64 Apache Sensors PBL**

The AH-64 Apache Sensors PBL team of the Apache Project Manager Office and Lockheed Martin has demonstrated a comprehensive solution to provide the Soldier with the support needed that consistently met or exceeded the required readiness rates. Major achievements included a supply availability rate of 97 percent, a 99-percent availability rate for depot repair parts, materiel reliability improvements increasing Mean Time Between Failure over 70 percent above the Apache Sensors derived requirement resulting in a cost avoidance of over \$18.9 million, a decrease in sustainment costs for spare and repair parts resulting in a cost avoidance of \$126 million facilitated by a public-private partnership with Letterkenny Army Depot repairing over 55 percent of the M-TADS/PNVIS system, and the implementation of a systems engineering approach to supply chain management for early trend identification, fast stock posture, and increased mission capability levels resulting in a \$18.7 million cost avoidance. The program has been credited with improving fleet readiness, reducing average flying hour cost, and reducing the Army's long-term inventory investment. This PBL effort has created better visibility and control of the supply pipeline and, as a result, better support to the Soldier. Apache Sensors PBL is a success story in Soldier support, as it is extremely affordable, flexible, and provides the Soldier the critical assets wherever and whenever needed.

### **Component Level Award (Tie) – F414 Engine PBL**

The F414 PBL Navy and General Electric (GE) team has set the benchmark for performance based engine support. Supporting 1,210 engines in Navy inventory, the proactive approach fostered by this PBL arrangement delivers over \$110.2 million in direct savings to the Navy Fleet Flying Hour Program and has driven substantial infrastructure cost avoidances. Material availability is over 95 percent for all requirement categories. The firm-fixed price PBL arrangement incentivizes GE to make investments and support decisions that pay off over the long-term through improved parts support, improved time-on-wing, optimized depot processes, and decreased depot returns. The GE/FRCSE partnership brings Government/industry best practices to the supply chain and proactively manages readiness goals. GE brings its in-depth knowledge of the F414 engine to sustainment support and integrates that knowledge within existing infrastructure in coordination with Navy members of the PBL team. The F414 PBL is clearly focused on the desired outcomes of Department of Defense Acquisition Reform and Better Buying Power 2.0 guidance and provides unprecedented cost-wise performance to the Fleet.

### **Component Level Award (Tie) – PATRIOT PBL**

The PATRIOT PBL team of the Lower Tier Project Office, PEO Missiles and Space and Raytheon has demonstrated a comprehensive solution to provide the Soldiers who depend on PATRIOT's proven air and missile defense capability the support they need. The PATRIOT PBL creates a single point of accountability within the Army's logistics supply chain that has driven the PATRIOT PBL team to dramatically increase material availability to 95.7 percent. Moreover, the program achieved cost reductions that resulted in \$38.4 million in direct savings to the U.S. Government while supporting a larger and operationally deployed PATRIOT fleet with a lower logistics footprint. The flexible PBL arrangement with Raytheon focuses on responsive, comprehensive, and efficient logistics support. The result has been the PATRIOT PBL regarded as a model sustainment solution within AMCOM and the Army working capital fund. The unparalleled success of the PATRIOT PBL is a major reason for the Army's decision to keep PATRIOT as a flagship air and missile defense system through 2048 and beyond.