

The Secretary of Defense Performance-Based Logistics Awards Program
for
Excellence in Performance-Based Logistics
in
Life Cycle Product Support

Section 2
Summary of Criteria Accomplishments

Throughout the period July 2012 to June 2013, the Combat Operations Center (COC) program distinguished itself through insightful planning and execution of Performance Based Logistics (PBL) activities that surpassed system performance requirements and reduced total ownership cost. As a result, since 2009 the COC program has realized a total **cost reduction of 21% while maintaining system availability well above the objective requirement.**

The AN/TSQ-239(V) COC is the Marine Corps' premier Command and Control (C2) capability, with the largest variant comprised of over 3,000 commercial-off-the-shelf and non-developmental items (COTS/NDI). There are more than 260 COCs fielded in three variants around the globe to Marine operating forces. The COC's COTS/NDI design approach purposely took maximum advantage of the commercial small-computer world's extremely competitive technology and its ever advancing product capability, extremely high reliability, market availability, and low costs attributable to end-item and component manufacturing economies of scale. The COC is currently the only Acquisition Category III program in the Marine Corps using PBL at the system level for field (intermediate) level maintenance.



Combat Operations Center

The COC PBL initiative began in 2007 and was expanded to its current form in 2009 with a contract award by the Product Support Integrator (PSI) of a 5-year performance-based, decreasing Firm Fixed Price (FFP) contract to the Product Support Provider (PSP). The COC PBL infrastructure delivers worldwide field-level sustainment in accordance with Department of Defense (DoD) metrics and the orders and directives governing PBL within the Marine Corps, Department of the Navy, and DoD.

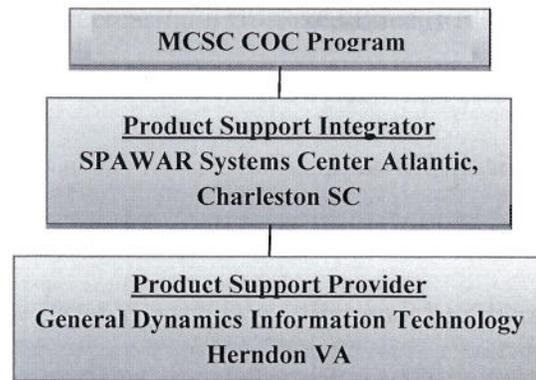


Figure 1: COC PBL Organization

Figure 1 displays the COC PBL organization, representing a trifecta of Public/Private Partnership excellence. In concert with a Performance Based Agreement (PBA) between the Marine operating forces advocate and the COC program, two overarching metrics (and numerous derivative metrics) are consistently monitored and analyzed for performance compliance over time: global availability and sustainment cost per COC per month.

The COC availability threshold is 80% with an objective of 85%. As a result of PBL,

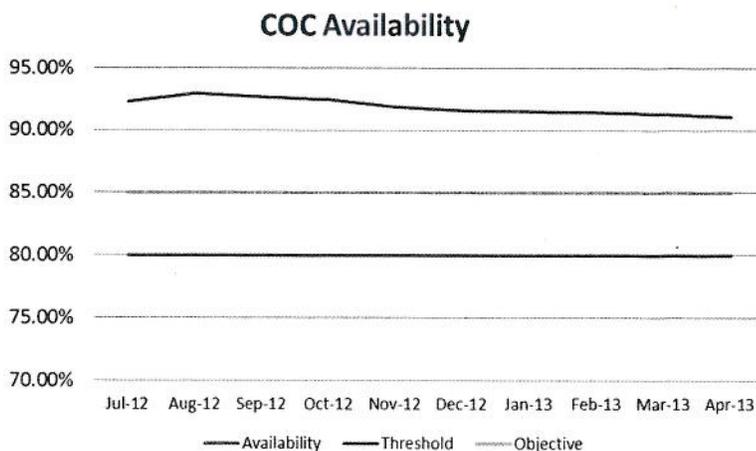


Chart 1: COC Availability as a Result of PBL

COC maintained an average availability of 91.2% throughout this period (including combat operations). Maintaining this availability is particularly noteworthy when coupled with the cost reduction and sustainment

performance noted below. Chart 1 reflects COC availability throughout this period. The COC PBL program has achieved significant efficiency in reducing the logistics footprint of on-site PSP technicians, **from over 85 worldwide in 2009 to less than 50 today (from 18 to 11 in Afghanistan, a 39% reduction in forward deployed employees) with no operational degradation.** Through an innovative and uniquely transparent and cooperative contract strategy, the PSI has continuous and near real time access to the PSP's data stream. This key insight enables very accurate and continuous program health assessment and enables long-term planning for more affordable and competitive follow-on PBL contracts. COC system availability and reliability are tracked closely by the COC program office using the monthly Enterprise Management Report (EMR) produced by the PSI (Encl: (1); Figure 1). The EMR details the performance of sustainment support delivered to the COC program in accordance with the Information Technology Enterprise Solutions-2 Services contract, Task Order V701. There are multiple facets of the monthly roll-up which address aspects of systems engineering such as configuration management, manufacturer work order tracking, engineering change proposal tracking, and trend analysis on high failure items. Though these particular areas are not PBL metrics, their health can be determined by the availability metric, which in the case of the COC reflects the rigor put into systems engineering processes and tracking. Diminishing manufacturing sources (DMS) are monitored continuously and reported quarterly (Encl: (2)). The purpose of DMS forecasting for potentially-unsupportable components that may adversely affect COC performance is to minimize or eliminate impact through deliberate planning and recommend solutions in time to prevent degraded performance.

As of the last compiled EMR, COC had 114 components being tracked on the DMS list. Additionally, the PSI, as a component of the Space and Naval Warfare Systems Center – Atlantic, also coordinates world-class logistics and engineering services in support of the COC program that includes timely engineering solutions to continuously mitigate COTS/NDI obsolescence issues. As a result of this innovation and expertise, the COC program has reduced (and continues to reduce) COC

sustainment costs by over 65% since COC field sustainment began in 2004. Chart 3 shows that between 2009 and 2013, COC Operating and Support costs per system were reduced

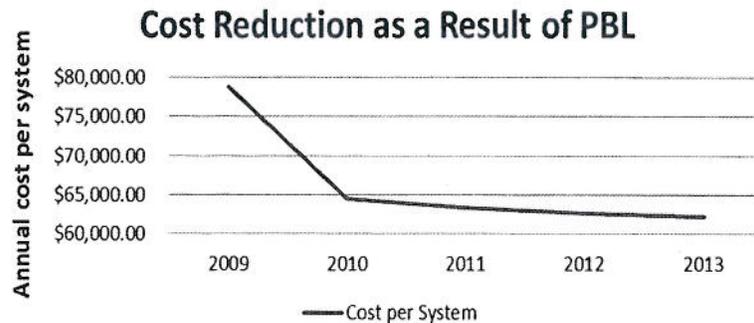


Chart 3: COC Cost Savings Attributed to PBL

from \$79k per system to roughly \$62k per system per year, representing a **21% decrease to sustainment costs in the last 4 years without degrading system availability.**

Since July 2012, COCs use of PBL has achieved similar noteworthy results. Chart 4 overlays recent Operating and Support costs with Availability throughout and leading into this period, demonstrating how COCs innovative PBL approach is enhancing the effectiveness and efficiency of the sustainment strategy, resulting in dramatic cost reductions while maintaining exceptional availability – thereby maximizing Warfighter readiness while reducing Total Ownership Costs. **The COC program operates outside of traditional service logistics commands, thereby enabling the PSP to leverage all of industry when procuring spares - a win for both industry and the government.**

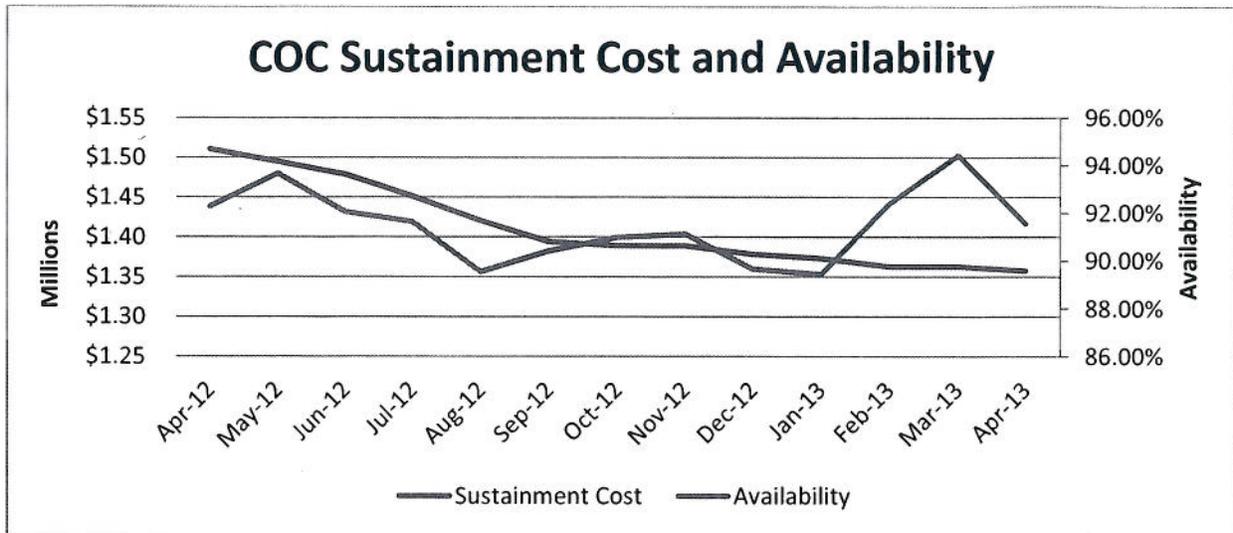


Chart 4: COC Sustainment Cost and Availability

Over the last 12 months, the COC Program demonstrated comprehensive logistics planning and execution skills, leading successful development of a tailored PBL strategy that is sustaining more than 260 COCs both in CONUS, OCONUS, and deployed in Operation Enduring Freedom. Their efforts directly align with emerging strategic initiatives such as should cost/will cost and maximizing system affordability. The COC sustainment team’s resourcefulness, experience, and logistics innovations sustained system operational availability while reducing support costs and logistics footprint. Their dedication and diligence throughout this period has resulted in a **21% Operations and Sustainment cost reduction** and a **39% reduction in forward deployed support personnel** while consistently **maintaining over 90% availability.** Their noteworthy efforts are most deserving of the 9th Annual Secretary of Defense Performance-Based Logistics Award.

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Section 4
Achievements

Over the last 12 months, the COC product support team has demonstrated comprehensive logistical planning and execution skills, leading successful development and implementation of tailored PBL strategies sustaining 260 COC systems in CONUS, OCONUS, 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 – 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 resulted in a **21% Operations and Sustainment cost reduction** and a **39% reduction in forward deployed support personnel** while consistently **maintaining over 90% availability**. Their noteworthy efforts are most deserving of the 9th Annual Secretary of Defense Performance-Based Logistics Award.