



**DCMA**



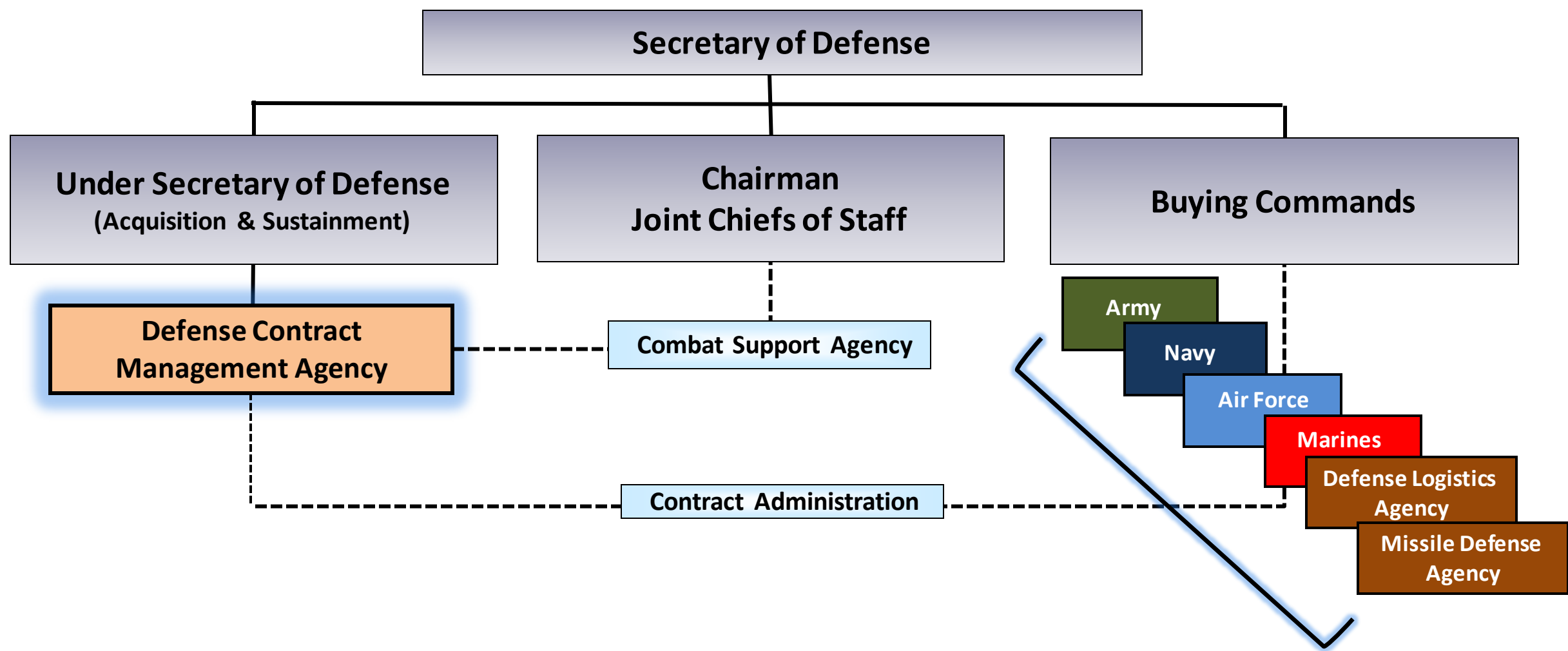
*One team, one voice delivering global acquisition insight that matters.*



# Naval Postgraduate School Acquisition Research Symposium

**Vice Admiral David H. Lewis**  
**Director, Defense Contract Management Agency**  
**10 May 2018**

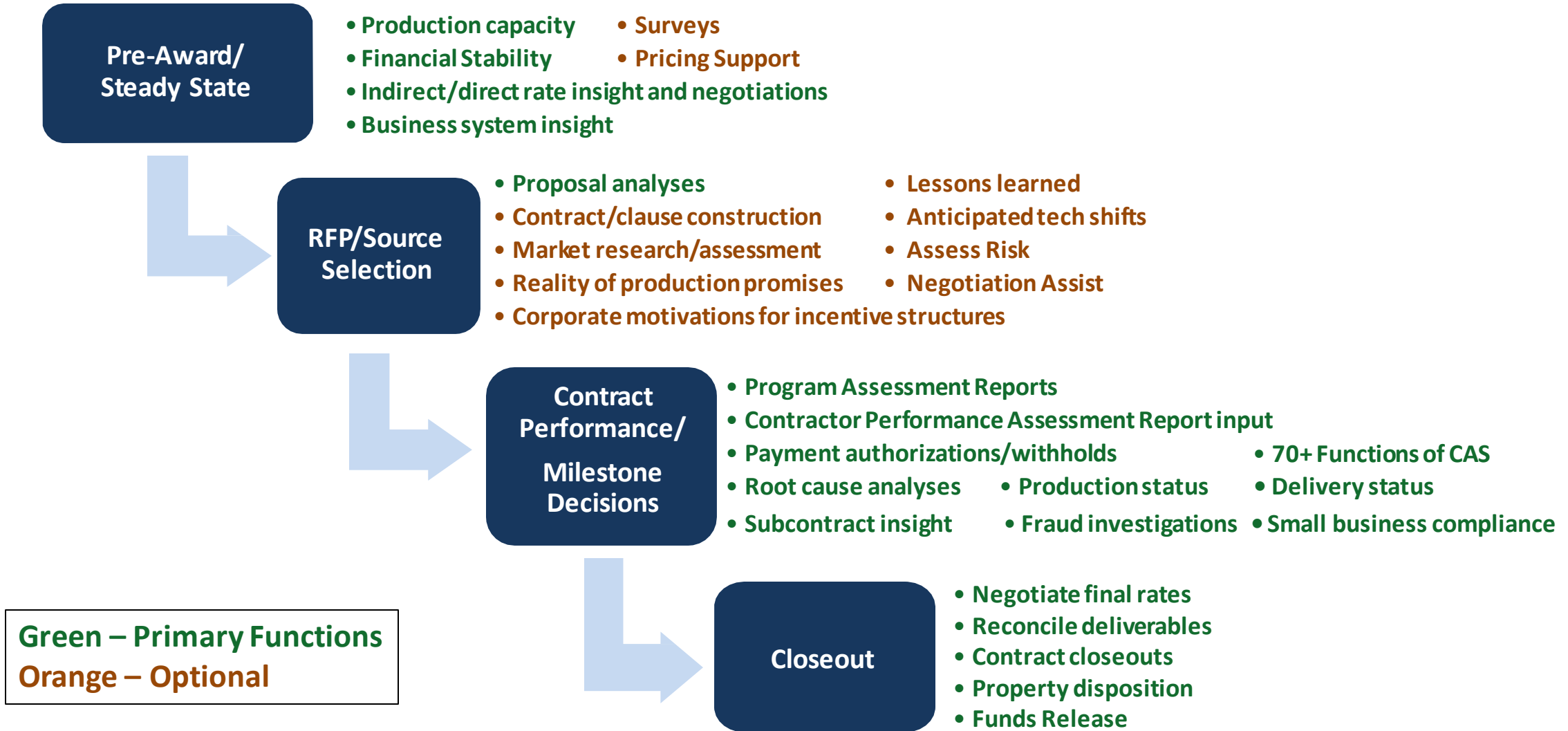




- **Contract Administration Functions - [FAR 42.302\(a\)](#) / [DFARS 242.302\(a\)](#)**
  - **78 functions (normally assigned to DCMA) if we administer the contract\***
    - Incorporates broad range of disciplines: Contract Administration, Engineering, Quality Assurance, Financial Management and Payments, Higher level Financial Analysis, Project Management, Industrial and Property Management, Safety, Aviation, and Accounting
  - **4 functions must be performed by DCMA if we administer the contract**
    - Negotiation of forward pricing rate agreements
    - Establishment of final indirect cost rates and billing rates
    - Determination of contractor's compliance with Cost Accounting Standards; including disclosure statement adequacy & compliance
    - Adequacy determination of the contractor's accounting system

*\* Contracts not administered by DCMA enumerated at DFARS 242.202(a)(i)*

# Where DCMA Assists by Phase



## Scope of Work

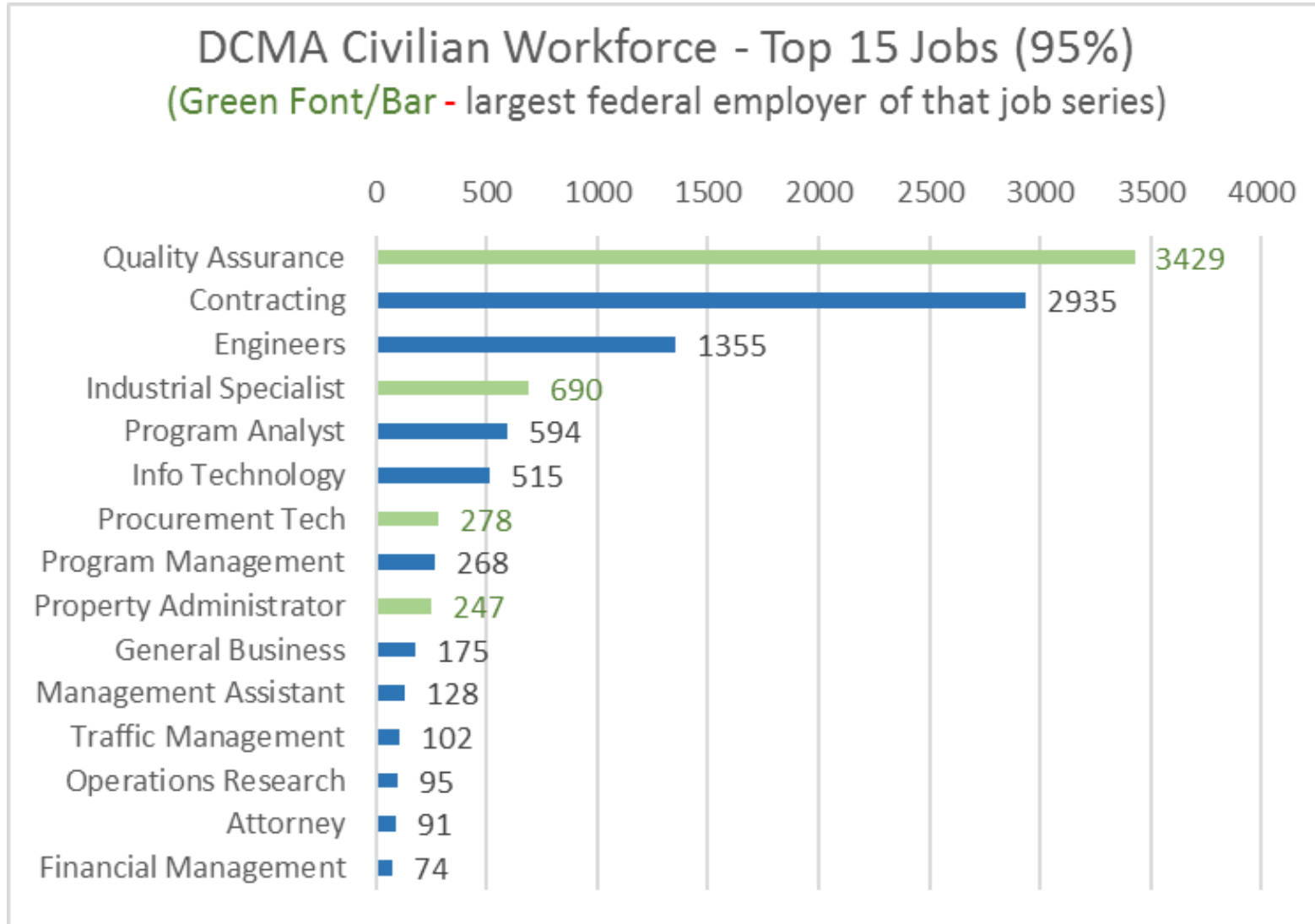
Total Contract Amount	\$5.1 trillion
Obligated Amount	\$2.0 trillion
Serviced Contractor Locations	19,495
Active Contracts	343,261
• Contract Unliquidated Obligations	\$232.4 billion
• ACAT I (IAC, IC, ID) & II Programs	163
Aircraft Accepted (FY17)	1,354
Aircraft Acceptance Flying Hours (FY17)	16,810
Oversight of Government Property	\$154.6 billion
Progress Payments	\$19.7 billion
Performance-based Payments	\$12.3 billion

## Span of Control

Civilians On-Board	11,258
Military (Active Duty – 390, Reserve – 147)	537
Budget Authority	\$1.46 billion
Reimbursable Target	\$231.9 million

**DCMA authorizes \$630 million in contractor payments per business day**

***Ensuring the Warfighter gets what was ordered on time and at the right cost***



## DCMA Measurable Return on Investment (ROI)

- Saved: **\$691.5M**
  - Contract terminations, EEO claims, property administration, surge support efforts (negotiated) and travel savings
- Recovered: **\$781.3M**
  - Contract litigation, cost accounting standards, fraud cost recoveries, incurred cost settlements, and property claims
- Cost Avoided: **\$3.651B**
  - Commercial pricing, EEO settlements, contract litigation, property and plant clearance, surge support efforts (recommended) and worker's comp claims
- Projected savings over the next 3-5 years: **\$2.65B**
  - Forward Pricing Rate Agreements and Recommendations (FPRAs and FRRs)

***\$5.12B*** actually saved, recovered and cost avoided against a ***\$1.4B*** budget =  
***3.65:1 Return on Investment***

## DCMA Contribution to Lethality

- In FY17 Delivered **741.2M** items worth **\$173.3B** to the warfighter

## JAN 2018

**72% On-Time Delivery**

### Platform Deliveries (Unit Cost > \$1M)

### Magnitude of Item Deliveries

#### Aircraft

- 2 Fighters (\$95.2M)
- 4 Tiltrotor (\$259.1M)
- 1 Electronic Warfare (\$60.1M)
- 4 Anti-Submarine Warfare (\$554.4M)
- 8 Helicopters (\$129.6M)

#### Total Items

- 36.3M items delivered
- \$4.3B in total product deliveries

8 Aircraft Engines (\$163.1M)

15 Missiles (\$25.4M)

32 Combat Vehicles (\$68.5M)

5 Targeting Pod Enhancements (\$8.1M)

6 Countermeasure Systems (\$9.7M)

1 Sensor Netting System (\$1.5M)

#### DLA Contract Items

- 7M items delivered
- \$600M in total product deliveries

#### Program Items

- 49.6K items delivered
- \$1.9B in total product deliveries

**Direct Warfighter Support**

## OCT 2017 – MAR 2018

**71% On-Time Delivery**

### Platform Deliveries (Unit Cost > \$1M)

### Magnitude of Item Deliveries

#### Aircraft

- 34 Fighters (\$2.8B)
- 28 Tiltrotor (\$1.9B)
- 18 Transport (\$1.1B)
- 5 Electronic Warfare (\$300.5M)
- 2 Airborne Early Warning (\$289.1M)
- 11 Anti-Submarine Warfare (\$1.5B)
- 1 UAV
- 145 Helicopters (\$1.8B)

#### Total Items

- 281.6M items delivered
- \$40.1B in total product deliveries

#### DLA Contract Items

- 49.3M items delivered
- \$4.9B in total product deliveries

#### Program Items

- 941.2K items delivered
- \$21.5B in total product deliveries

56 Aircraft Engines (\$600M)

440 Missiles (\$1.3B)

40 Missile Systems (\$387.5M)

182 Combat Vehicles (\$481.6M)

13 Targeting Pod Enhancements (\$19.5M)

26 Countermeasure Systems (\$49.2M)

3 Radar Systems (\$63.4M)

18 Sonar Systems (\$59.3M)

2 Assault Bridges (\$8.9M)





## DCMA Western Region HQ – Carson, CA

- Contract Management Offices**
- Boeing Huntington Beach, CA
  - Denver, CO
  - Lockheed Martin Denver, CO
  - Lockheed Martin Sunnyvale, CA
  - Los Angeles, CA
  - Palmdale, CA
  - Phoenix, AZ
  - Raytheon, Tucson, AZ
  - Santa Ana, CA
  - Stockton, CA
  - NPO (NASA Product Operations), San Antonio, TX

## DCMA Central Region HQ – Chicago

- Contract Management Offices**
- Bell Helicopter, Fort Worth, TX
  - Boeing, St. Louis, MO
  - Chicago, IL
  - Dallas, TX
  - Dayton, OH
  - Detroit, MI
  - Huntsville, AL
  - Lockheed Martin, Fort Worth, TX
  - Twin Cities, MN
  - AIMO (Aircraft Integrated Maintenance Office) Operations), St. Augustine, FL

## DCMA Eastern Region HQ – Boston

- Contract Management Offices**
- Atlanta, GA
  - Baltimore, MD
  - Boeing, Philadelphia, PA
  - Boston, MA
  - Garden City, NY
  - Hampton, VA
  - Hartford, CT
  - Lockheed Martin, Marietta, GA
  - Lockheed Martin, Moorestown, NJ
  - Lockheed Martin, Orlando, FL
  - Manassas, VA
  - Orlando, FL
  - Philadelphia, PA
  - Raytheon, Tewksbury, MA
  - Sikorsky Aircraft, Stratford, CT
  - Springfield, NJ
  - APO (Aircraft Propulsion Operations), Hartford, CT
  - NSEO (Naval Special Emphasis Operations), Philadelphia, PA

## DCMA Centers

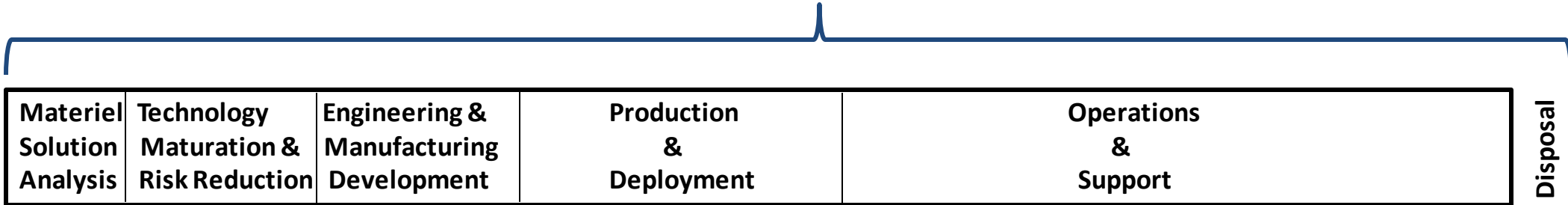
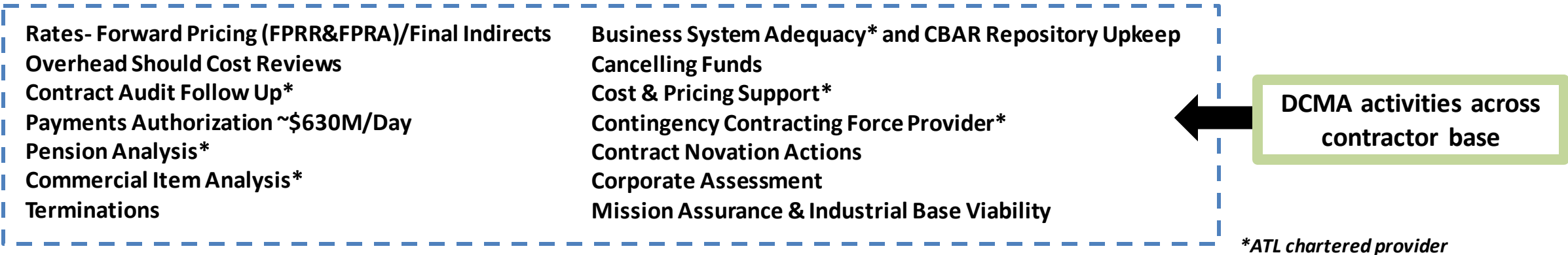
- Business Integration Center
- Business Operations Center
- Closeout Center
- Contract Integrity Center
- Contracts Disputes Resolution Center
- Earned Value Management Systems Center
- Cost & Pricing Center
- Logistics Center
- Safety Center
- Small Business Center

## Special Programs

- Contract Management Offices**
- Linthicum, MD
  - Addison TX
  - Laguna Niguel, CA

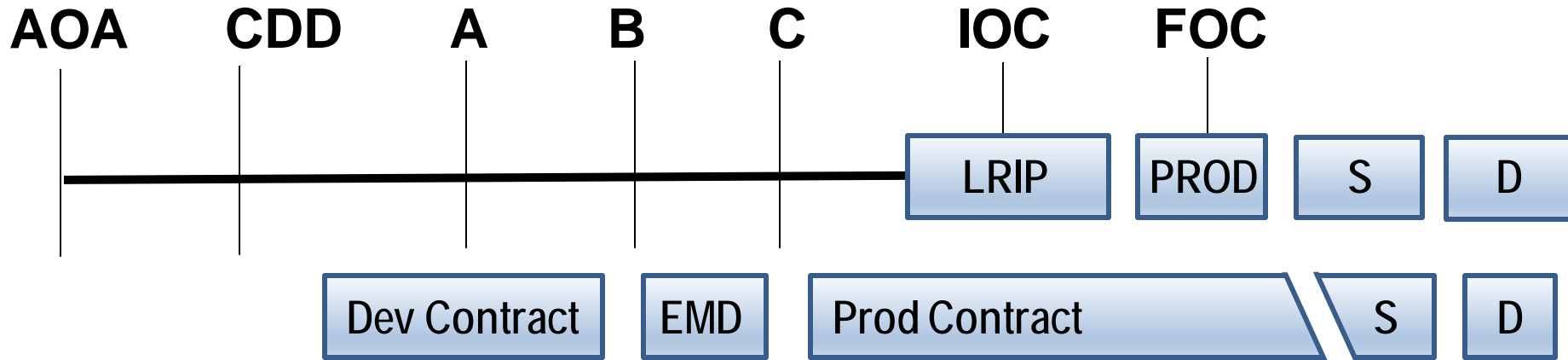


**Not Just Foreign Military Sales**

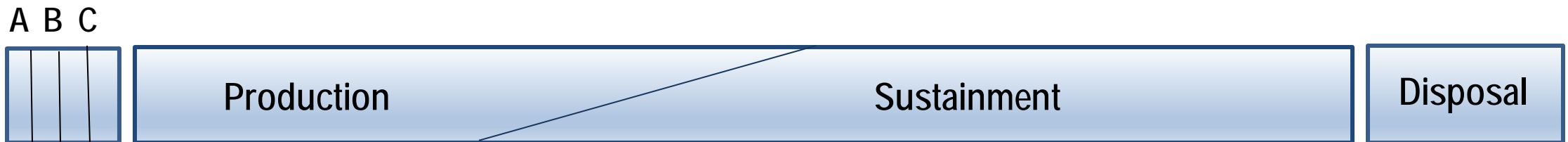


# Acquisition vs. "Acquisition"

## As taught



## Reality



**Start Production**

B-52 1952  
 F-15 1974  
 F-16 1975  
 DDG-51 1985

**End Production**

B-52 1963  
 F-15 2022  
 F-16 TBD  
 DDG-51 2030

**Retire**

B-52 TBD  
 F-15 TBD  
 F-16 TBD  
 DDG-51 TBD

- Feedback loop to program office
- “Real metrics”?
- Services’ best practices on modernization (Reset, SLEP, etc.)
- Driving innovation (e.g., Sig Sauer pistols)
- Use of commercial items
- Model for productivity
- Design for modernization

- DAWIA Certification vs Commercial Certification
  - Are there alternatives to DAWIA certification that could be satisfied by industrial/commercial certification?
- Contract Administration career field
- Cost and Pricing career field

M247 SGT YORK



RIM-50 TYPHON



USS UNITED STATES (CVA-58)

XB-70 VALKYRIE



A-12 AVENGER II



When the O-3s and E-5s reach for the tools they need, those tools have to be there, and they have to work.

