Defense Acquisition in Transition
6TH ANNUAL ACQUISITION RESEARCH SYMPOSIUM

Achieving
Performance-based
Life Cycle Management

Lou Kratz

Vice President, Corporate Engineering & Technology

Lockheed Martin

"Why did we have to bypass existing institutions and procedures to get the capabilities we need to protect our troops and pursue the wars we are in?"

Secretary of Defense Robert Gates
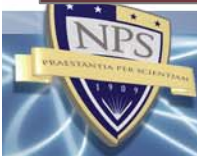at September 2008, The National Defense University

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May 12-14, 2009
Monterey, CA

1945 - 1990

Present

Threat

Bipolar (Soviet Union) → Multi-polar (Terrorism, near-peer competitors, and rogue states)

Technology

Military technology the driving force → Commercial technology the driving force

Requirements

Stable and predictable requirements. Match or counter Soviet weapons systems → Unpredictable and unstable with the multiplicity of threats and adversaries behavior

Acquisition& Sustainment:

Conventional industrial competitors enabled DoD to capitalize on competitive market forces. Incremental change → Global War on Terror Demands, Current Market Dynamics

NPS
PRAESTANTIA PER SCIENTIAM
1909

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Current Dynamics

- Cost and Schedule Growth

- Personnel Shortage

- Complex Threat

- New Administration

The Industrial Base

"It's not the responsibility of this building to worry about the economic impact of budgetary decisions. It's the responsibility of the secretary and this building to provide recommendation to the president about what's in the best interest of our national security."

Pentagon Press Secretary
Geoff Morrell

The DoD "Death Spiral"

- DEFERRED MODERNIZATION
- AGING WEAPONS SYSTEMS
- INCREASED OPERATIONAL TEMPO
- REDUCED READINESS
- INCREASED MAINTENANCE
- INCREASED O&S COST
- FUNDING MIGRATION FROM PROCUREMENT TO O&S

For 60 years, DoD attempted to improve its life cycle process through incremental changes

- Carlucci Initiatives

- Specification and Standards reform

- Joint Capabilities Integration Development System (JCIDS)

- Packard Commission

Acquisition Reform Act 2009

Acquisition Organization

- *System Engineering Capabilities*
- *Developmental Testing*
- *Technological Maturity Assessments*
- *Independent Cost Assessment*
- *Role of Combat Commanders*

Acquisition Policy

- *Trade-offs of Cost, Schedule and Performance*
- *Preliminary Design Review (PDR)*
- *Life Cycle Competition*
- *Nunn-McCurdy Breaches*
- *Organizational Conflicts of Interest*
- *Acquisition Excellence*

Proposed Solution

The DoD acquisition and life cycle processes have proven to be impervious to incremental improvements

Fundamental Change is Critical

- Effects-based Requirements = Effective cost/performance trades

- Commercially Driven R&D Model = Instill technology and requirements discipline

- Industry Provided Life Cycle Product Support based on best-in-class performance