

Headquarters U.S. Air Force

Integrity - Service - Excellence



SAE Perspectives

14 May 08

**Ms. Sue Payton
Assistant Secretary of the
Air Force (Acquisition)**



Why Are We Here?



Integrity - Service - Excellence



External Challenges

Air Force Environment

Congressional
Budget Pressure

Increasing
Fleet Age
(Avg > 24 yrs)



Personnel
Healthcare
& Support
Costs Rising

Highly Dynamic
GWOT Demand

31% Rise in
JP8 Fuel Cost
for Air Force
in Past Year

Acquisition Environment

Requirements Creep

Funding Instability

Key Personnel Turnover

Cost-Based Source Selection

Protests

Pass / Fail OT

Technology Immaturity

Externally Driven Challenges

- Declining Resources (\$ and People)
- Increasing Requirements (Recap/Modernization)
 - Demands for New Level of Agility
- Need for More Repeatable/Predictable Results



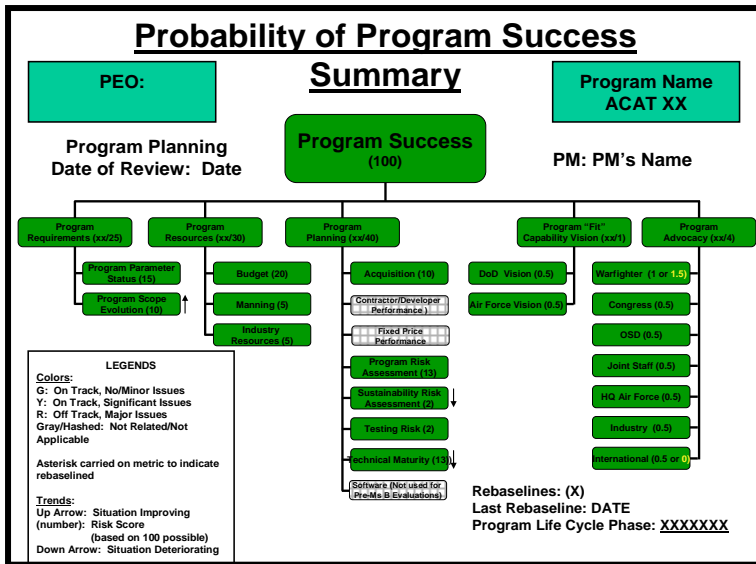
Acquisition Focus



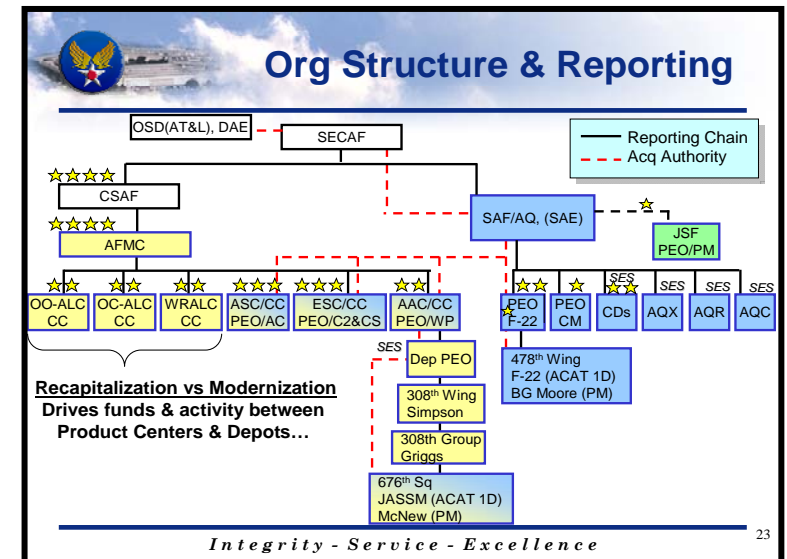
Customer Satisfaction



Big Ticket Programs



Program Execution



Organizational, Policy Issues



Customer Satisfaction

We Are Accountable

RDT&E \$20.2 B

Proc \$21.4 B

**We must break paradigms
-- get it there fast!**



**Tax
Payer**

**Today's
Warfighter
(Urgent Needs)**

**Tomorrow's
Warfighter**



Integrity - Service - Excellence



Time Sink! Big Ticket Programs

KC-45A



CSAR-X



5th Gen
Fighters



New Bomber



80% of My Time is Spent on 20% of the Portfolio

Big Ticket Programs

Washington AOR



GAO: “Factors Contributing to Poor Acquisition Outcomes”



DOD’s buying power eroded due to:

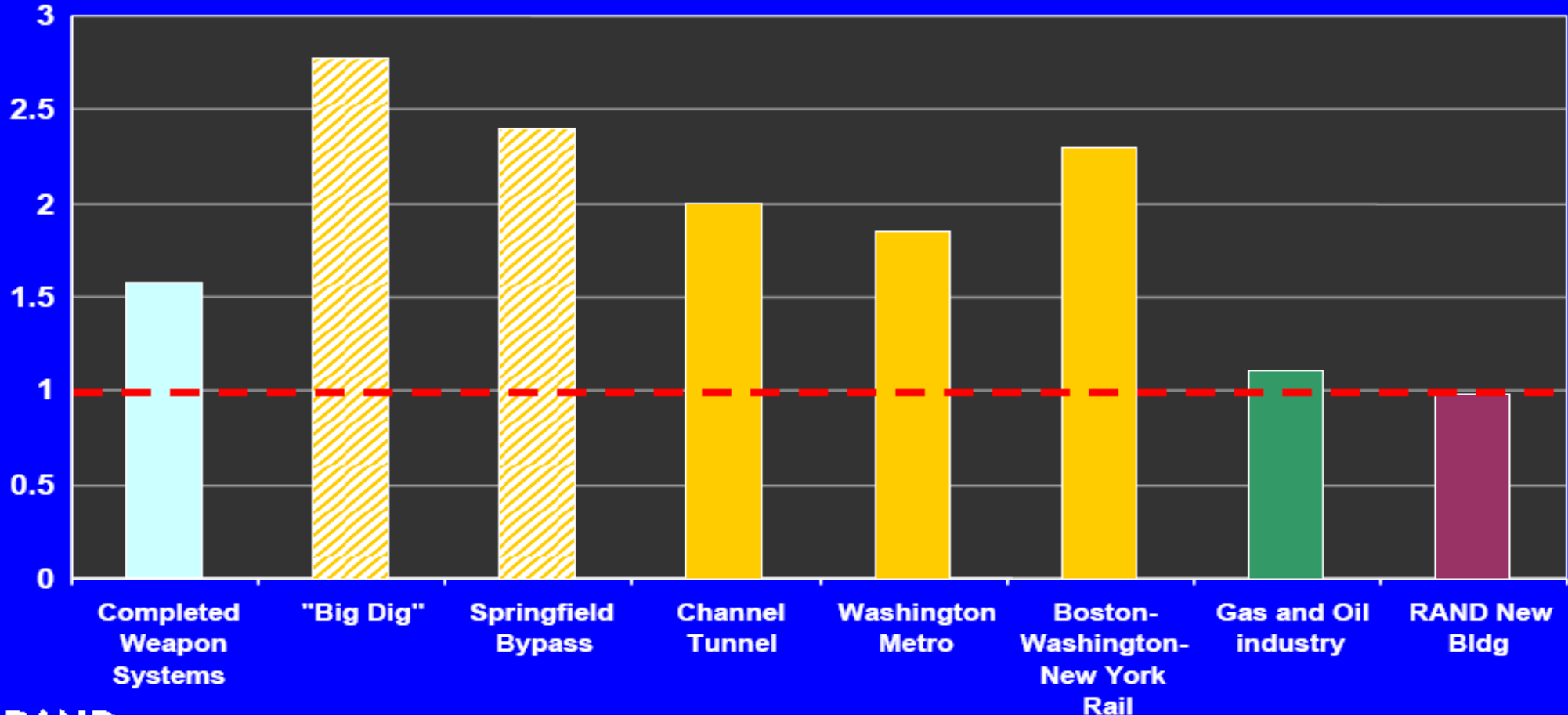
- Unrealistic and continually changing requirements
- Undisciplined management of programs once started
- Workforce capabilities strained to meet 21st century challenges
- Historical preference for grand, revolutionary solutions that depend on immature technology
- Frequent mismatch between wants, needs, affordability, and sustainability
- Lack of competition and adherence to sound contracting practices that adequately allocates risk between the contractor and taxpayer
- Incentives and fees based on attitudes and efforts rather than results



RAND Cost Growth Study (2006)

How Does Weapon System Cost Growth Compare to Civilian Projects?

Cost Growth Ratio





Big Ticket Programs

Congress, Media Outreach

- **Congress - - hearings, meetings, phone calls**
 - **Senators, Congressmen, Professional Staffers**
 - **Tanker, AF Recapitalization, Military Aviation, Mobility, Fighter/Bomber, CSAR-X, AF Acquisition**
- **Media - - proactive engagement**
 - **250 media queries in 2007**
 - **3 media roundtables in 4th Qtr 2007**
 - **28 engagements in Jan and Feb 2008!**

Big Ticket Programs

Protests



- Tanker (KC-45A) under protest
- CSAR-X (HH-47F) under protest since Nov 2006 -- **SUSTAINED**
- JCA (C-27J) under protest 4 months -- **DENIED**
- Security Forces Region 2 -- **DISMISSED**
 - Value of contract \$118M
 - Cost AF an additional \$948K in bridge contract



Program Execution

■ Huge Portfolio

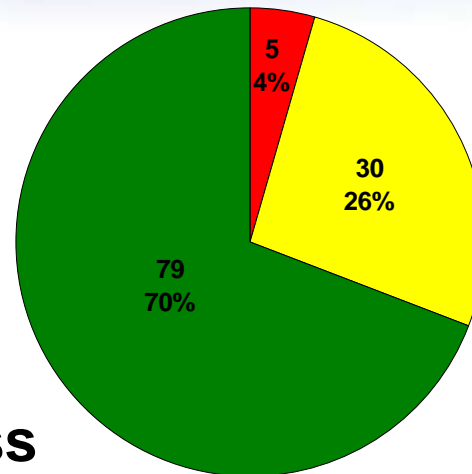
- 114 total programs
- 33 ACAT I programs

■ Programmatic

- Probability of Prog Success
- Monthly Acquisition Report

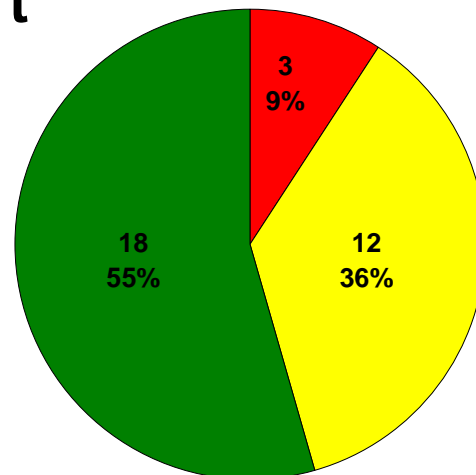
■ Execution issues

- Nunn McCurdy
- Test failures
- Schedule slips
- Cost overruns...



Total Programs (114)

- 70% (79) Green
- 26% (30) Yellow
- 4% (5) Red



ACAT I Prog (33)

- 55% (18) Green
- 36% (12) Yellow
- 9% (3) Red

* Non-space programs

Biggest job—least amount of time, but where my time should be!



Organizational/Policy Issues

- **Baker's Dozen**
- **Empowerment**
- **Integrated Lifecycle Management**
- **Portfolio Management**
- **Changes to Acquisition Policy**



The Baker's Dozen

(13 in 12)

Game Changers (4) Products

- Directed Energy – Non-lethal & Precision
- Advanced Composite Aircraft
- Energy Alternatives & Conservation
- Open Architectures / SW Dev & Reuse

Credibility (8) Standard Processes

- Cost Realism
- Services Contract Initiatives
- Risk Based Programming / Risk Based

Oversight

- Time Certain Acquisition
- Award/Incentive Fee Realism
- Streamlined Quality Source Selection
- Strategic Sourcing
- Proactive External Engagement

Workforce: (1) People

- Human Capital Strategic Planning
 - Program Managers
 - Systems Engineering
 - Contracts Personnel
 - Cost Estimators / Price Analysts

**Desired End State:
Lean Acquisition
with Integrity and
Credibility**



Empowerment



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

OFFICE OF THE ASSISTANT SECRETARY

SEP 07 2006

MEMORANDUM FOR ALL CONTRACTING OFFICERS

FROM: SAF/AQ
1060 Air Force Pentagon
Washington, DC 20330-1060

SUBJECT: Procurement Responsibilities

As the Air Force Senior Procurement Executive, I am proud to represent you and have the opportunity to lead Air Force procurement. This role includes procurement oversight of the entire acquisition system (whether at home station or during contingencies) and includes Installation, Research and Development, and Major Systems Acquisition. To be effective in this role, I need every warranted contracting officer to make your voice heard and to play a vital role in shaping the acquisition decisions that ultimately lead to contracts which you sign.

In carrying out your contracting officer responsibilities, I expect you to do so in full consideration of the flexibilities you have that permit agility, timeliness, and innovation. Let us not forget that we are at war and we owe our deployed force contracting solutions that are responsive to their needs. It takes a team of professionals, including you, as contracting officers to ensure this happens. Additionally, I want to emphasize the importance of supporting congressionally mandated socio-economic goals. The Air Force support to small businesses and the principles of the Competition in Contracting Act must be unquestioned in our everyday acquisition decisions.

Above all, I expect each and every one of you to conduct business with integrity, fairness, and transparency to deliver best value products and services to the warfighter. To that end, I am committed to ensuring the availability of the requisite training, professional development, and other resources necessary for maintaining and improving the knowledge, skills, and abilities of the acquisition team.

Finally, you need to know, your efforts both while deployed and at home station have not gone unnoticed within the Air Force and across the department. Thank you for your hard work and dedicated support to the Air Force and Joint mission. I certainly look forward to meeting many of you as I travel around the Air Force. Please ensure widest dissemination of this memo to every member of the Air Force procurement team.

Sue C. Payton
SUE C. PAYTON
Assistant Secretary of the Air Force
(Acquisition)

PCOs – Sep 06



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

JAN 2 9 2008

MEMORANDUM FOR ALL SAF/AQ PROGRAM ELEMENT MONITORS (PEM)

FROM: SAF/AQ
1060 Air Force Pentagon
Washington DC 20330-1060

SUBJECT: Role of Program Element Monitors

Congratulations on having one of the most important jobs in the Air Force, that of a PEM. I know you receive training on how to do your job, but let me give you my perspective on how critical you are to our success.

Your job is one of the most vital positions on the Air Staff. More often than not, you are the single face for a program and the primary focal point for communicating a program's requirements, funding, health and status, and impact to the fight.

To be effective and successful, you have to be the smartest person in Washington on your program. How do you gain this expert knowledge? By interfacing CONSTANTLY with the MAJCOMs, the Program Office (or depot as appropriate), Congressional Staffers, the appropriate offices within OSD, your counterparts in Requirements (A5), your counterparts in sustainment (A3), and anyone else with a stake or interest in your program. Not only do you need to know your program in great detail, but you need to understand the context of the capability portfolio that it supports and the dependencies with other programs. This requires you to be the smartest person on staff when it comes to your program and it requires you to be steeped in the data contained within our knowledge management systems to include SMART, MARs, PVMS, etc.

Where does this knowledge go? In short: Everywhere! It goes to leadership throughout the Federal Government to answer a never-ending list of questions. It goes to the AF Corporate Process, starting at the Panel level. As the POM build proceeds your knowledge will be used to inform the Group, Board, and Council. It goes to Congress via your staffer interfaces and skill sessions with principals who testify or meet with members. It even goes to the media in response to media inquiries, usually with a short response. Sometimes these skills occur on very short notice and you don't have time to seek new knowledge, you have to already know it.

To be effective, you have to COMMUNICATE! I challenge each of you to aggressively seek knowledge and share it both vertically and laterally. This requires you to not only inform the leadership above you, but you must communicate with your counterparts. Give them constant feedback on what decisions have been made and provide them information to assist them in their roles within the decision-making process. This is the only way to ensure that all

PEMs – Jan 08

Empower Our Workforce



PROGRAM EXECUTIVE OFFICER

IN ACCORDANCE WITH DEPARTMENT OF DEFENSE DIRECTIVE 5000.2
and
MY APPOINTMENT, BY ORDER OF THE SECRETARY OF THE AIR FORCE,
as the
AIR FORCE ACQUISITION EXECUTIVE
I hereby designate
Brig Gen Wendy Masiello
As the Program Executive Officer for
Combat and Mission Support

As Program Executive Officer, your primary responsibility shall be dedicated to executive management of Air Force services. You will assure agile mission support through the acquisition of world-class performance-based services for the war fighter.

You will, as the responsible management official, provide overall direction and guidance for services acquisition. You will establish an Air Force Services requirements process, source selection improvement process, and improve program management and oversight of services acquisitions. You will establish processes that facilitate communication, cooperation, information exchange, and collective decision-making between and among organizations.

You will maintain the U.S. Air Force capability based and life cycle objectives in managing services and will report directly to me on service related activities. You will allocate minimal levels of review between the service Program Manager and the Milestone Decision Authority. You will keep the leadership fully informed of status and report any matters that could affect the U.S. Air Force's ultimate commitment to the service.

You will place primary management emphasis and oversight of requirements handling, source selections and balancing cost, schedule, performance, and supportability while capitalizing on acquisition transformation initiatives. You will ensure compliance with applicable national policies and life cycle policies and directives.

You will serve as an advocate for program management and acquisition workforce career development and competency standards to be established across the Air Force. You will also serve as an advocate to ensure the necessary force structure is in place to support acquisition career development programs.

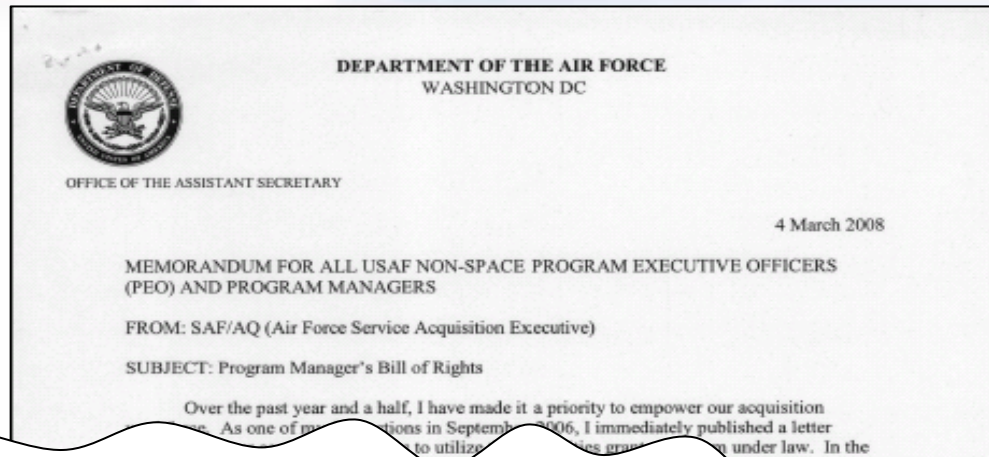
You are hereby appointed authority as the Program Executive Officer for the management of Air Force services. Unless rescinded, this designation will remain in effect until your reassignment.

Air Force Acquisition Executive

PEOs – Fall 07



Empowerment - PMs



You have the right to:

- A *single, clear line of authority* from the SAE**
- Authority* commensurate with responsibilities**
- Adequate financial and personnel resources***
- Be a *demanding customer* to industry**
- Timely decisions* by senior leadership**
- Be candid and forthcoming without fear* of consequences**
- Have judgments respected***
- The best available training and experience* for the job**



Institutionalizing ILCM Construct

SAF/AQ, SAF/IE, AFMC, AF/A4/7

- **SECAF Guidance (06 Jun 07):**
 - Drive an enterprise focus on comprehensive Life Cycle Management
 - Develop processes to avoid requirements creep, technology overreach, unrealistic sustainment plans
- **Clarified SAE Roles**
 - Responsible for all non-space Acq functions with authority and accountability for program execution and management—including:
 - Lifecycle acquisition of systems and services from pre-MS A to weapon systems retirement
 - Research, development, test, evaluation
 - Production & delivery of new systems or mods to existing systems
 - Management flows direct from SAE and MDA to PEOs to SPMs

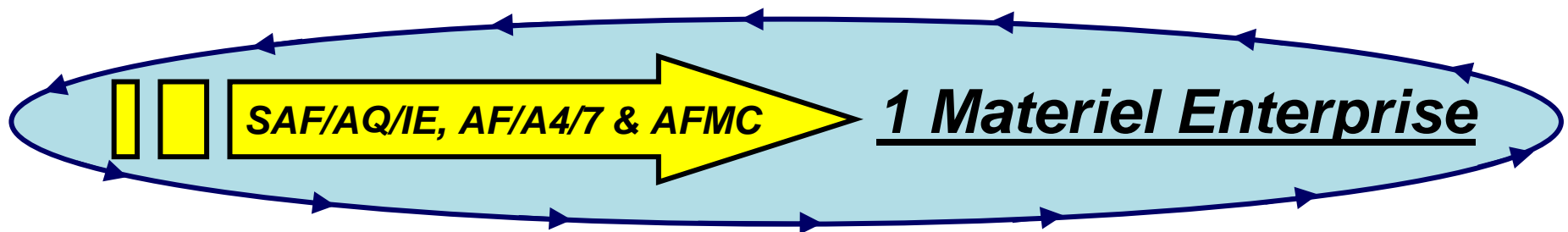
Deliver A Better Product With Higher Confidence of Success



Institutionalizing ILCM Construct

■ Revised roles—directs:

- SAE integrating leadership role of ILCM Executive Forum
- AFMC/CC to support SAE, CSAF, and MAJCOM/CCs by
 - Recommending requirements phasing and adjustments
 - Monitoring, controlling requirements from MS A to fielding
 - Reviewing Acq strategies & plans throughout the Lifecycle
 - Attesting to requirements feasibility prior to all milestones





ILCM--It Can Work!

- **Automated Test Systems and Equipment (ATSE)**
 - **Over 300 of 450+ pieces of DoD Test Equipment are Air Force**
 - **Tremendous opportunity to improve readiness, reduce costs**
 - **Moving into bid process--updated ASP template to include ATE**
- **Recent ILCM Topics/Decisions**
 - **ISPAN and FAB-T (CSBs)**
 - **50/50 Compliance (Review process and outyear projections)**
- **4-star can be extremely influential in requirements feasibility**
 - **Small Diameter Bomb**



Portfolio Management Probability of Program Success

- Emerging tool
- Provides leading assessment of future success
- Identifies:
 - Trends
 - Cross cutters
 - Linkages
- Deployed to all PEOs, PMs



Feedback mechanism, decision making tool – SecAF “I want to see this Qtrly”



Draft 5000.2 Updates

- **More rigors into early phases of acquisition cycle:**
 - **MS A approval prior to Technology Development phase for a major weapon system**
 - **Configuration Steering Boards**
- **Information Technology:**
 - **MAIS Cancellation policy**
 - **“Time Certain” Development**
- **Mandatory Key Performance Parameters:**
 - **Force Protection, Survivability**
 - **Sustainment, Net Ready**
- **Test & Evaluation**
 - **Comparisons with current capability**
 - **Evaluations conducted in the expected “mission context”**



Acquisition Research

- **Launch and maintain higher confidence programs with lower programmatic risk, reduced development cycle**
- **Impacts of industrial base consolidation—has consolidation raised the stakes with regard to winning major competitive awards and made protests more the rule than the exception?**
- **Develop workforce for 21st Century challenges—restore robust system engineering process, practice, discipline**
- **Institutionalize “Leading” decision support, portfolio management tools (PoPS) throughout DoD**
- **Foster culture of empowerment**



What it all comes down to...

Our Vision:

- War-winning capabilities ...on time, on cost





Airpower Summary for 05 May 08

■ IN IRAQ:

- In total, coalition aircraft flew 72 close-air-support missions for Operation Iraqi Freedom. These missions integrated and synchronized coalition ground forces, protected key infrastructure, provided over watch for reconstruction activities and helped to deter and disrupt terrorist activities.

■ IN AFGHANISTAN:

- In total, 46 close-air-support missions were flown as part of the ISAF and Afghan security forces, reconstruction activities and route patrols.

■ CENTCOM SUPPORT:

- Air Force C-130 Hercules and C-17 Globemaster IIIs provided intra-theater heavy airlift, helping to sustain operations throughout Afghanistan, Iraq and the Horn of Africa.



Afghanistan Details – 05 May 08

- **Air Force F-15E Strike Eagles dropped a guided bomb unit-31 and GBU-38s onto enemy positions in the vicinity of Asadabad. The joint terminal attack controller declared the mission successful.**
- **Air Force A-10 Thunderbolt IIs fired cannon rounds onto an enemy building and enemy firing positions in the vicinity of Asadabad. The mission was confirmed as successful by the JTAC.**
- **In Orgune, F-15Es and an A-10 conducted shows of force in order to deter enemy activities against Coalition forces. The JTAC reported the missions successful.**
- **In Bagram, an F-15E dropped a GBU-38 onto enemy combatants in the area. The JTAC confirmed the mission as a success.**



Iraq Details – 05 May 08

- **An Air Force F-16 Fighting Falcon dropped a GBU-38 onto a house borne improvised explosive device in Baqubah. The mission was reported as a success by the JTAC.**
- **In Baghdad, a Navy F/A-18F Super Hornet conducted a show of force in order to deter enemy activities in the area. The JTAC declared the mission a success.**
- **Air Force MQ-1B Predators fired hellfire missiles onto an enemy building in the vicinity of Baghdad. The missions were confirmed as successful by the JTAC.**
- **In Baqubah, an F-16 performed a show of force over a certain location in order to deter movement of enemy combatants. The JTAC reported the mission as a success.**



ISR, Airlift & Refueling –05 May 08

- **Twenty-two Air Force and Navy intelligence, surveillance and reconnaissance aircraft flew missions as part of operations in Iraq. Additionally, eight Air Force, Navy and RAF aircraft performed tactical reconnaissance.**
- **Approximately 151 airlift sorties were flown, 604 tons of cargo delivered and 4,394 passengers were transported. This included approximately 28,470 pounds of troop re-supply air-dropped in Afghanistan.**
- **On May 2, Air Force, French and RAF aerial refueling crews flew 59 sorties and off-loaded approximately 3.4 million pounds of fuel to 282 receiving aircraft.**