

Headquarters U.S. Air Force

Integrity - Service - Excellence

Air Armament Symposium

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SAF/AQP

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U.S. AIR FORCE





U.S. AIR FORCE



- **Advocate**: Cutting-edge Technology And Superior Weapons, Equipment, Training, And Support For The Warfighter And First Responder
- **Promote**: A Vigorous, Responsive, Government – Industry National Security Team
- **Provide**: A Legal And Ethical Forum For Exchange Of Information Between Industry And Government On National Security Issues

Thanks For All You Do For The USAF



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Massive Ordnance Penetrator (MOP)

- Program Transitioned From DTRA Tech Demo To USAF QRC Program In Jan 2010



- Successful Integration On B-2
- Successful Inert / Live Test
- Awarded Production Contract
- Will Provide USAF Capability 2011



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Small Diameter Bomb II (SDB II)

- Risk Reduction Synergies
 - Identified critical discrepancy
 - Updated joint analysis tool
 - Improved lethality accuracy modeling



- EMD Phase Off To Strong Start With GBU-53/B
 - Contract awarded; CDR soon after
 - Delivering new capability
 - USAF & DoN aircraft integration



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Universal Armament Interface (UAI)

- **Industry-Gov't Team Success**
 - **F-15E/LJDAM out-of-cycle integration done in 3 months and \$2.5M vice normal 3-5 years for OFP and \$20-25M!**



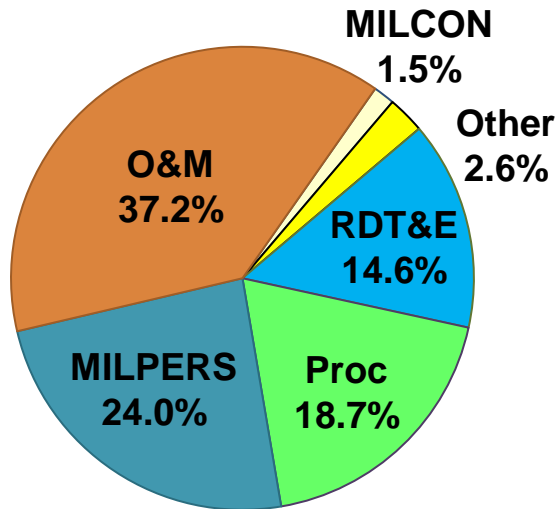
- **Significant Operational Capability**
 - **83% F-15E aircraft have UAI**
 - **All JDAM variants now UAI**
 - **Coalition warfare game changer for US/NATO/Joint Strike Fighter Program**



Appropriation Summary

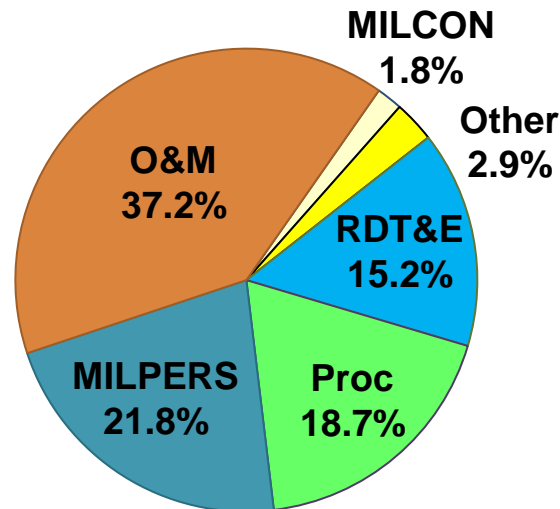
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20-yr Avg



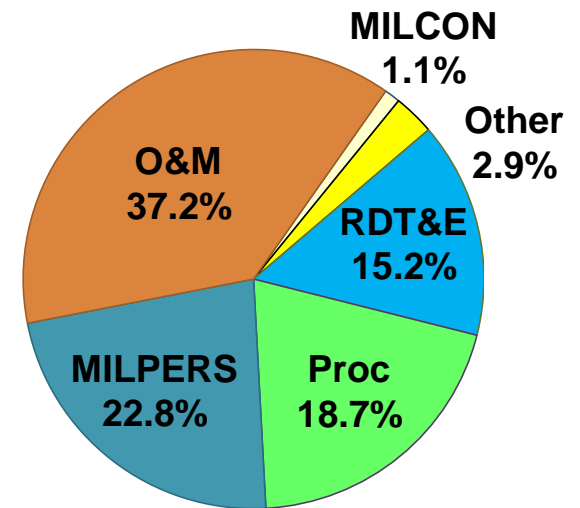
\$103.1B
(BY11)

FY10 PB



\$130.3B
(BY11)

FY11 PB



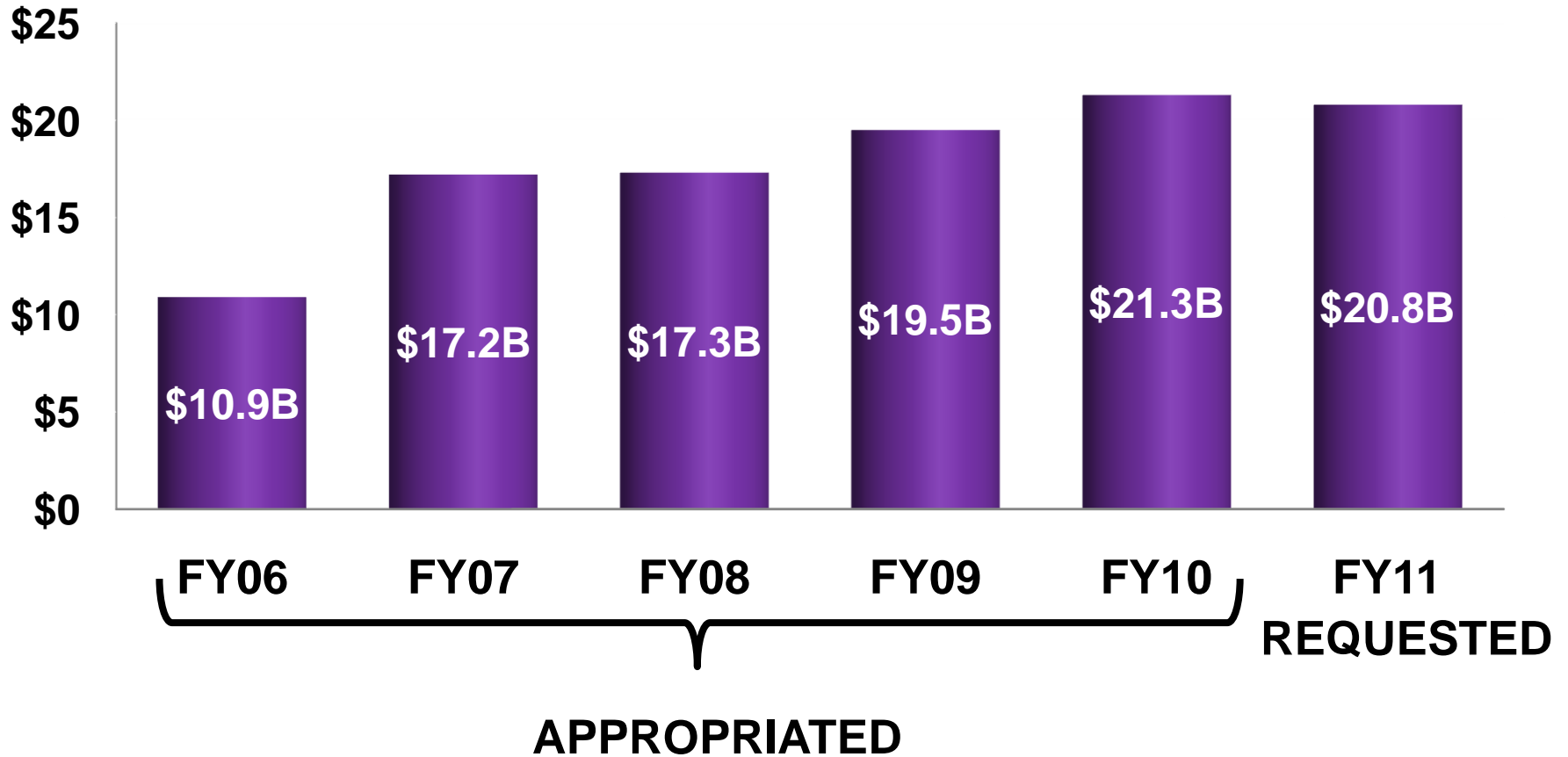
\$119.6B
(BY11)

Other = BRAC, Family Housing Construction, Defense Business Operations, Medicare



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Overseas Contingency Ops (OCO) Funding





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Nation At An Inflection Point

- **Rapid Advancement Of Threat Capability**
- **Increasing Cost Of Personnel, Weapon Systems**
- **Resources Committed To War Effort**
- **Budget Will Not Increase In Real Dollars**
- **Aging Weapons Systems; Critical Need For Modernization, New Capability**
- **Increasing Time, Cost To Develop, Acquire Capability**

Dept of Defense Must Change How We Do Business



SECDEF Gates Direction

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- Find \$100 Billion In Overhead Savings Across Fiscal Year Defense Plan (FYDP)
- “Take a hard, unsparing look at how we operate...The goal is to cut our overhead costs and to transfer those savings to force structure and modernization within the programmed budget...two to three percent real growth.”
- USAF Target Is \$28.3B

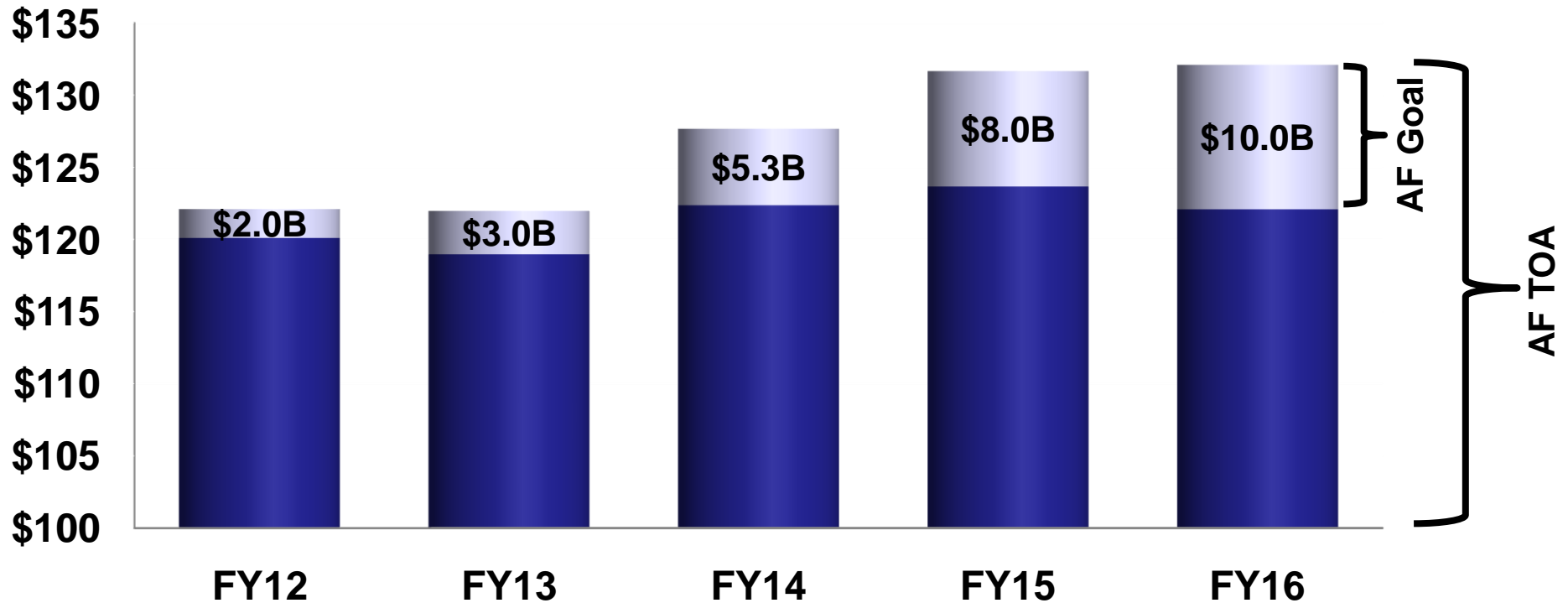
(\$B)	FY12	FY13	FY14	FY15	FY16	FYDP
Goal	2.0	3.0	5.3	8.0	10.0	28.3

- Savings Must Be Met Through Real Reductions In Overhead And Support Functions Or Efficiencies Within Accounts; Specific, Actionable, And Measurable



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USAF Budget, Efficiency Goal



AF TOA based on FY11 PB



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SECDEF Guidance

- **Competition Major Source Of Productivity In Defense Industry**
- **Create Incentives For Productivity And Share Cost Overruns**
- **Review Department's Bureaucratic Processes That Help Make Contractors Inefficient**
- **Programs More Affordable Without Sacrifice To Capability**
- **Affordability A Firm Requirement To A Program**
- **Higher Industry Performance = Higher Financial Reward**

We Owe It to The Men and Women Who Serve Our Nation



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AT&L Initiatives

- 1. Target Affordability And Control Cost Growth**
- 2. Incentivize Productivity And Innovation In Industry**
- 3. Promote Real Competition**
- 4. Improve Tradecraft In Services Acquisition**
- 5. Reduce Non-Productive Processes And Bureaucracy**



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Target Affordability And Control Cost Growth

- Mandate Affordability As A Requirement—Like A Design Parameter Not To Be Compromised
- Drive Productivity Growth Through “*Should Cost*” Not “*Will Cost*” Management
- Hold Production Rates at Economic Order Quantity Levels
- Set Shorter Program Timelines And Manage To Them





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Incentivize Productivity And Innovation In Industry

- Increase The Use Of FPIF Contract Type Where Appropriate Using A 50/50 Share Line And 120 Percent Ceiling As A Point Of Departure
- Adjust Progress Payments To Incentivize Performance
- Reinvigorate Industry's Independent Research And Development And Protect The Defense Technology Base





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Promote Real Competition

- **Present A Competitive Strategy At Each Program Milestone**
- **Require Open System Architectures And Set Rules For Acquisition Of Technical Data Rights**
- **Increase Dynamic Small Business Role In Defense Marketplace Competition**



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Improve Tradecraft In Services Acquisition

- **Create A Senior Manager For Acquisition Of Services In Each Component Following The Air Force's Example**
- **Require That Services Contracts Exceeding \$1B Contain Cost Efficiency Objectives**
- **Increase Small Business Participation In Providing Services**





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Reduce Non-Productive Processes And Bureaucracy

- **Eliminate Low-value-added Statutory Processes**
- **Reduce By Half The Volume And Cost Of Internal And Congressional Reports**
- **Reduce Non-value-added Overhead Imposed On Industry**
- **Align DCMA And DCAA Processes To Ensure Work Is Complementary**





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AQP Perspectives

- **Times Have Changed**
- **Affordability Is The Key Driver**
- **Increasing Emphasis On Fiscal Accountability**
- **It Is All About Finding Efficiencies**
 - **Business deal, overhead, organization, force structure, training, sustainment, minimum capability**
- **Do More Without More**





War-winning Capabilities ... On Time, On Cost