



Department of the Navy Performance Based Logistics

M. G. Ahern

27 May 2004

**2004 DoD Procurement Conference
(Logistics Panel)**

DoN PBL Overview

- **Aggressively Pursuing PBL**
 - Catalyst USD(ATL) PBL memo of 13 Feb 02
- **Implementation Plan**
 - ASN(RDA) approved 26 Apr 02
 - Application Matrix
- **Guidance Document**
 - DoN Approval 27 Jan 03
 - Weapon System Support Model
- **Current Status**
 - DoN
 - NAVICP
- **PBL Successes**
- **PBL Funding**
- **Summary**

DoN PBL Implementation Plan

April 2002

Highlights:

- **Standing Working Group populated with the right people:**
 - Major Systems Commands, N4, N7, N8, FFC, NCCA, HQMC, ASN(RD&A) staff, and NAVICP.
- **Implementation Schedule:**
 - All ACAT I & II programs were required to implement PBL or provide rationale for not implementing PBL.
 - All programs required to identify PBL level of application with start and completion dates.
- **Unique DoN PBL Matrix:**
 - Single ILS element for a single component (minimum).
 - Multiple ILS elements for system, subsystem, & component.
 - All ILS elements for an entire system (maximum).
 - Enables PBL strategies to be tailored to fit individual system/subsystem/component.
 - Not one size fits all.

PBL Application Matrix

	All ILS Elements	Multiple ILS Elements	Single ILS Elements
System Level	(S1) All ILS elements for an entire system	(S2) Multiple ILS elements for an entire system	(S3) A single ILS element for an entire system
Sub-System Level	(Sub 1) All ILS elements for an entire sub-system	(Sub 2) Multiple ILS elements for an entire sub-system	(Sub 3) A single ILS element for an entire sub-system
Component Level	(C1) All ILS elements for a single component	(C2) Multiple ILS elements for a single component	(C3) A single ILS element for a single component

- DoN PBL Guidance.
- Leverage existing & future NAVICP PBLs.
- Enables increased program participation.
- Goal is to transition from lower right to upper left.

Facilitates PBL implementation for all programs (including legacy)

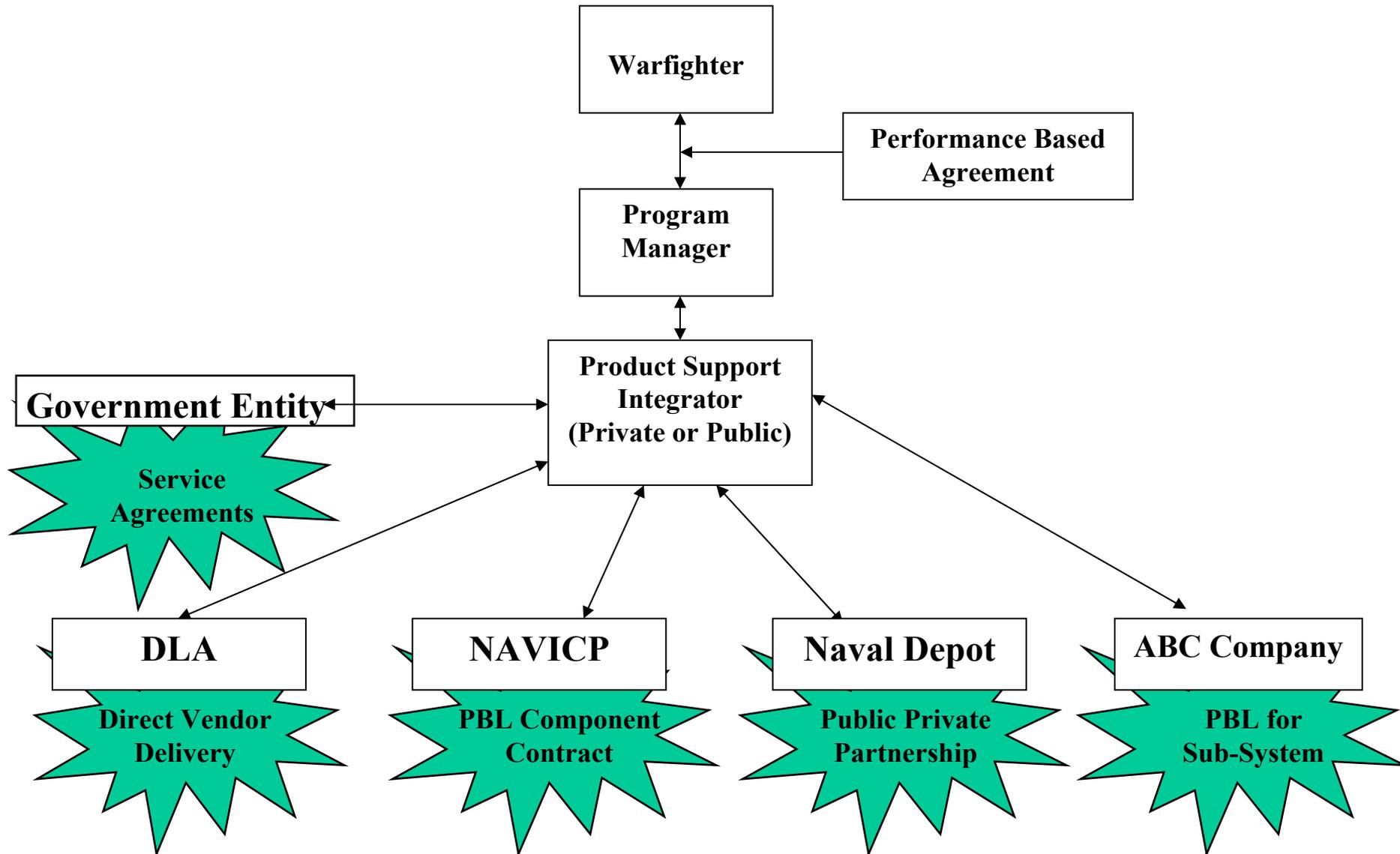
DoN PBL Guidance Document

Jan 03

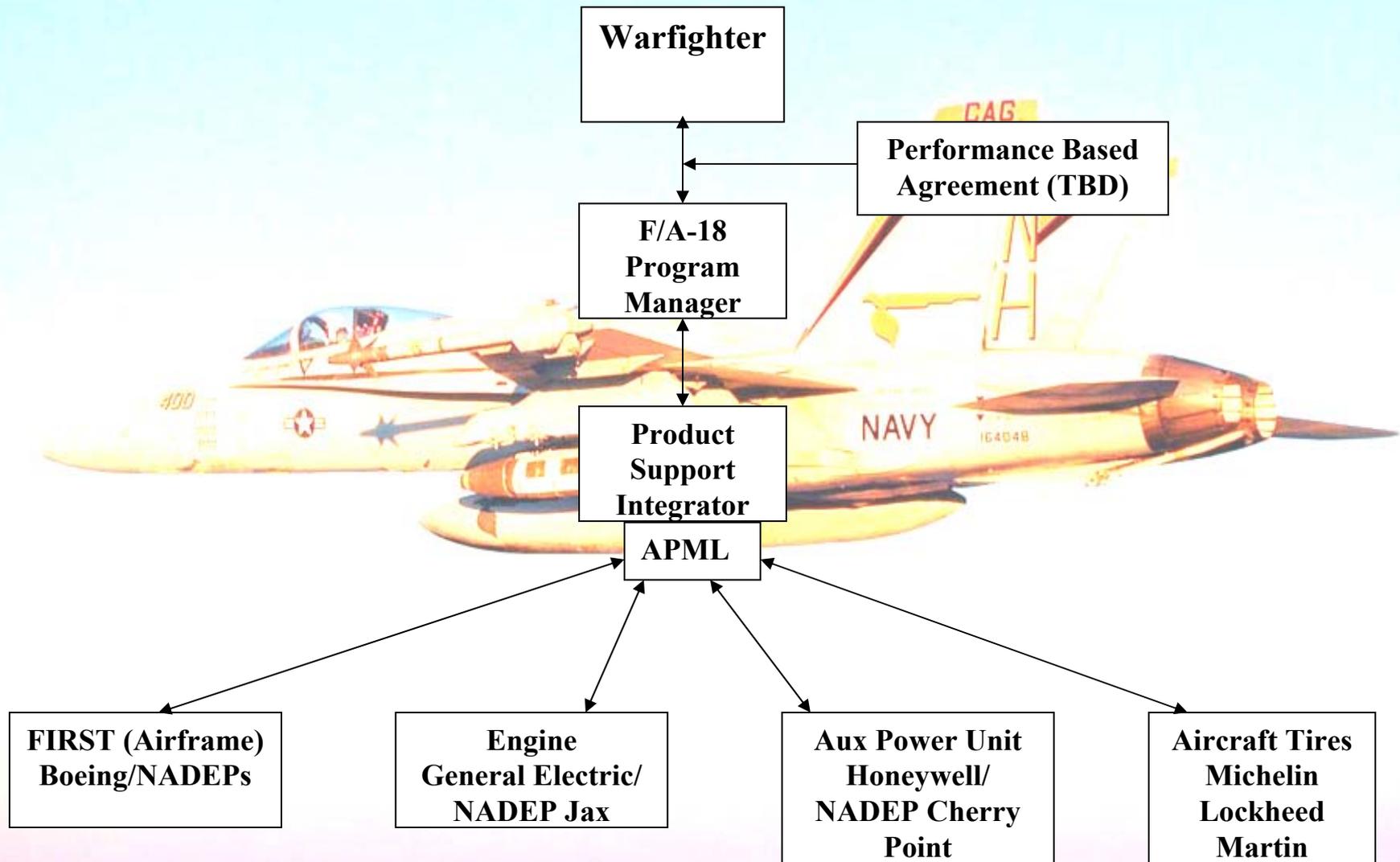
Highlights:

- **Articulated the DoN PBL strategy.**
- **Defined Performance Based Agreements (PBAs).**
- **Established clear roles and responsibilities.**
- **Imperative to use sound Business Case Analysis (BCA).**
- **Designed Weapons System PBL support model.**

Weapon System PBL Support Model



F/A-18 E/F Application of Weapon System PBL Support Model



DoN PBL Implementation Plan Update

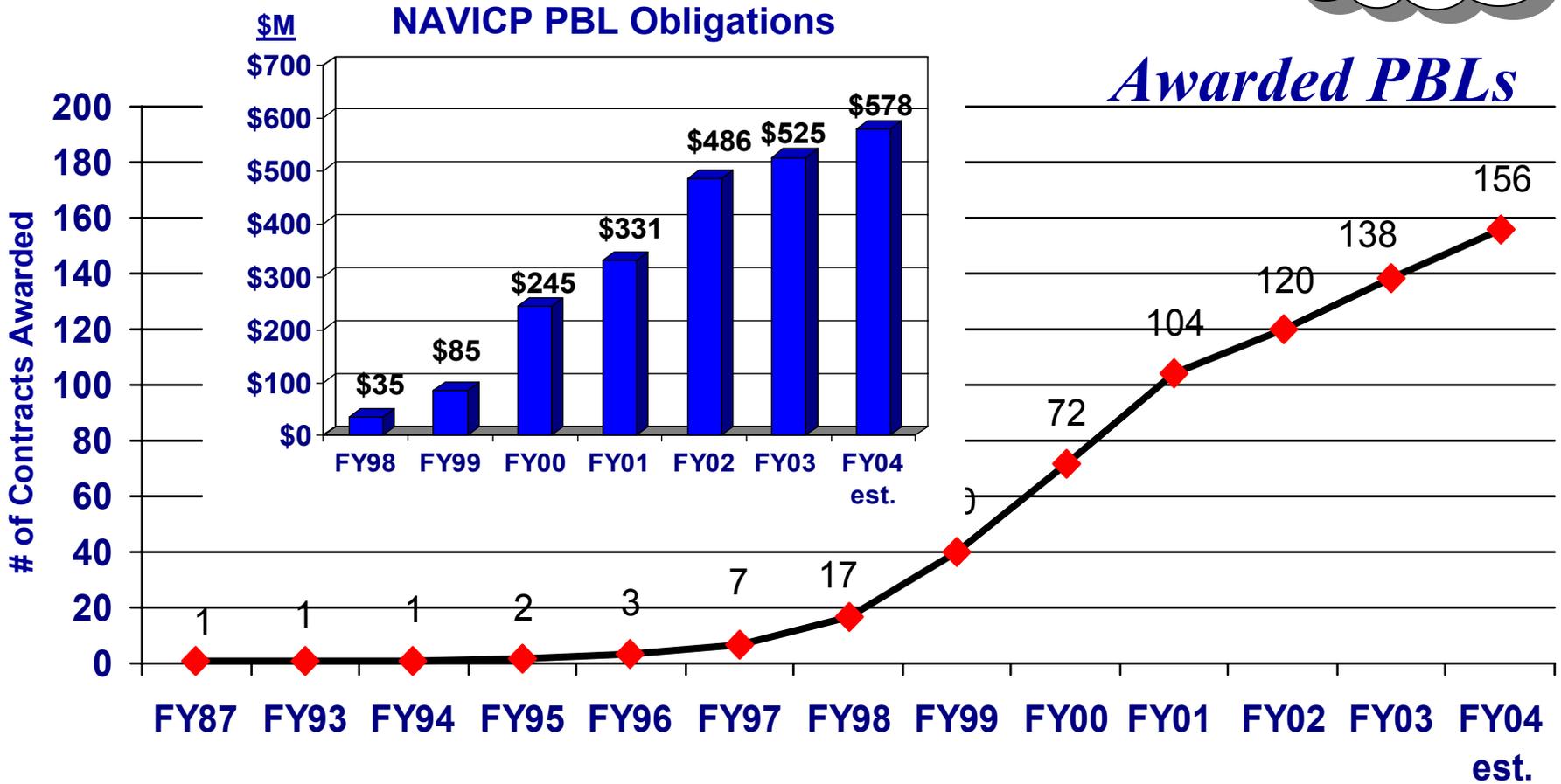
DoN has aggressively implemented PBL:

- Myriad of applications by platform, system, subsystem and component.
- Currently 74% of ACAT I and II Programs are actively executing PBL.
- NAVICP has awarded 141 PBL contracts (58 additional PBL negotiations are in progress):

	<u>Awarded</u>	<u>In-Progress</u>
– New Systems:	54	15
– Fielded Systems	<u>87</u>	<u>43</u>
Total	141	58
– Partnerships	9	20

NAVICP PBL Status

42K Items,
12% of total
Obligations



DoN PBL Successes

Types of PBLs ... Moving Across the Spectrum

Component

eBusiness !!!



GPETE

- Electronic marketplace ... 30 General Purpose Electronic Test Equipment (GPETE) Vendors
- Online ordering; no inventory investment
- Online engineering/technical support
- Computer-based training
- Expanded revenue opportunities ... provider of choice for all of DOD

Component



Aircraft Tires

- 23 types ... 17 platforms
- Inventory management / warehousing / transportation
- Guaranteed availability
- Availability was 81% ... now 98%
- BCA savings of \$46M over 15 years

Sub-System



Raytheon

AEGIS Raytheon

- Inventory management / CONUS transportation and tracking / Class II ECP authority
- Obsolescence management
- Availability was 69% ... now 86%
- BCA Savings of \$6.1M over 4 years

DoN PBL Successes

Types of PBLs ... Moving Across the Spectrum (cont)

Subsystem



Auxiliary Power Units

- Public-Private Partnership
NADEP Cherry Point
- 4 APUs: F/A-18, S-3, P-3 & C-2
- Inventory management/
warehousing/engineering
- 30%-60% reliability
improvements
- First Public-Private
Partnership
- Availability was 70% ...
now 90%
- BCA savings of \$14M over 10
years

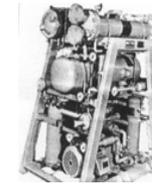
System



F/A-18E/F FIRST

- Public-Private Partnership (3
NADEPs)
- Over 100 systems
- 131 suppliers: 15K parts
- Inventory management /
warehousing / MIS / engineering
- Reliability improvements
- Teaming with 3 NADEPs
- 85% availability vs 67%
for F/A-18 C/D
- BCA savings of \$52.4M over 5
years

Subsystem



DDG Flt IIA Reefer Storage

- 38 units (2 per 19 ships)
- 1 integrator w/sub to OEM
- Proof of concept - All ILS
elements managed by Bath
Iron Works
- Availability & reliability
improvement plan
- Multiple funding line: first 2
years PEO Ships & ICP; next 3
years includes Fleet Funding
- 100% availability **11**
and reliability

DoN PBL Financing

Navy Working Capital Fund (NWCF)

- Directly funds NAVICP PBL Contracts
- Leveraging NAVICP's success with component PBLs
- NWCF permits long-term contracts and single line accounting for supply support.

Flying Hour Program

- Directly funds Power-by-the-Hour (PBTH) contracts on V-22 and C130J Engines.

CNATRA

- Directly funds T45 aircraft and training systems.

Fleet O&M,N

- I.e., Ships Reefers.

“As with no cookie cutter approach...PBL funding mechanisms aligns with customer requirements.”

Summary

- **DoN Aggressively Implementing PBL.**
- **Proven Track Record of successful PBL implementation at all levels.**
- **Success =**
 - **Lowering Total Life Cycle Management Cost.**
 - **Improving Warfighter Capability.**
- **Successful Funding Strategy to execute PBLs.**