OSD Product Support BCA Guidebook

Joseph “Colt” Murphy
Senior Financial Analyst
ODASD Materiel Readiness
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Joseph.murphy@osd.mil
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Introduction

• Product Support BCA Guidebook
  – Draft document
  – Final review phases within Materiel Readiness

• Purpose of brief
  – Explain the PSM need for standardized, transparent, and defendable decision making process
  – Present an overview of the BCA guide, context, and application
Overview

• Product Support Background
  – Assessments of DOD Product Support Actions
  – Product Support Strategy
  – Product Support Business Model

• Product Support BCA Guidebook
  – Definition
  – Structure
  – Delivery
  – Other considerations
Findings from GAO Report—December 2008

• “29 PBLs examined (9 USA, 10 DON, 10 USAF)
  – Most of the Services have not established internal controls necessary to ensure a comprehensive assessment...many inconsistencies across the Services guidance.
  – In general, BCAs were either not done, not fully documented, or were not comprehensive or sound
  – Almost all costs were either difficult to verify/validate or trace back to sound accounting data”
**Product Support Business Model:**
Provide Program Managers a model template for a weapon system support strategy that drives cost-effective performance and capability for the Warfighter across the weapon system life cycle and enables most advantageous use of an integrated defense industrial base.

**Industrial Integration Strategy:**
Align and expand the collaboration between Government & Industry that produces best value partnering practices.

**Governance:**
Strengthen and develop organization and mgmt processes to deliver the right sustainment information to decision-makers.

**Metrics:**
Use existing metrics to catalyze sustainment strategies and trigger continuous supportability analysis.

**O&S Costs:**
Improve O&S cost visibility and influence.

**Analytical Tools:**
Build a toolbox of analytical approaches (including BCA).

**Supply Chain Operational Strategy:**
Connect platform product support strategies to enterprise supply chain approaches that produces best value across the DoD components.

**Human Capital:**
Integrate Product Support competencies across the Logistics and Acquisition workforce domain to institutionalize successful traits of an outcome-based culture.

**Weapons System Data:**
Define, collect, report, and manage the data we need to drive effective Life Cycle Product Support.
Product Support Manager

• Product Support Strategy
  – The business model of an integrated system
  – Balance across functional areas and stakeholders
  – Evolutionary process develops the strategy

• Congressional influences on the Strategy
  – Required governmental position with responsibility
  – Improved credibility and transparency of data and decision making
  – Directive in governing frequency and supporting documentation of decision making
    • NDAA 2010 Section 805, WSARA 2009
DoD Product Support
Strategy Process

- Implement & Assess
- Integrated Warfighter Requirements & Support
- Form the Product Support Management IPT
- Baseline the System
- Identify/Refine Performance Outcomes
- Identify/Refine Financial Enablers
- Establish/Refine Product Support Agreements

PM/PSM
Integrated Commercial + Government Industrial Base

Execution
- Identify Product Support Provider(s)
- Designate Product Support Integrator(s)
- Determine Support Method(s)

Planning
- Business Case Analysis
- Product Support Value Analysis
Analysis of support and strategy options

Best Mix of Public/Private Capabilities

Performance Based Support

Optimal use of Performance Based Strategies

• Partnering Opportunities
• Title 10 (CORE & 50/50)
• Service Policies
• OSD/Service Guidance

• Existing Infrastructure
• Best Competencies
• Operational Mission
• Best Value Assessment

ORGANIC

CONTRACTOR

Organic Support

Best Mix

Contractor Support

Transaction Based Support

Optimal use of Performance Based Strategies
# Product Support Decision Matrix

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1.1 Industry-Centric Platform Strategy</td>
<td>1.1 Industry-Centric Platform Strategy</td>
<td>1.2 Blended DoD-Industry Platform Strategy</td>
<td>1.3 DoD-Centric Platform Strategy</td>
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<tr>
<td>(Example: C-12 Huron)</td>
<td>(Example: C-17)</td>
<td>(Example: Common Ground System)</td>
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<tr>
<td>2.1 Industry-Centric Subsystem Strategy</td>
<td>2.2 Blended DoD-Industry Subsystem Strategy</td>
<td>2.3 DoD-Centric Subsystem Strategy</td>
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<td>(Example: HIMARS)</td>
<td>(Example: APU)</td>
<td>(Example: M119-A2 Howitzer)</td>
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<td>3.1 Industry-Centric Component Strategy</td>
<td>3.2 Blended DoD-Industry Component Strategy</td>
<td>3.3 DoD-Centric Component Strategy</td>
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<tr>
<td>(Example: Military Tires)</td>
<td>(Example: USAF IPV)</td>
<td>(Example: War Reserve, Contingency Stock)</td>
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</table>
Overview

• **Product Support Background**
  - Assessments of DOD Product Support Actions
  - Product Support Strategy
  - Product Support Business Model

• **Product Support BCA Guidebook**
  - Definition
  - Structure
  - Delivery
  - Other considerations
• What is a BCA?

“A (Product Support) BCA is a structured methodology and document that aids decision making by identifying and comparing alternatives by examining the mission and business impacts (both financial and non-financial), risks, and sensitivities”
Purpose of a BCA

• Support decisions that balance benefits, costs and risks within some form of prioritization

• Provides a fair and objective study to lead to a decision, not justify a decision after the fact

• For product support strategies, assess performance and costs with the goal to:
  – Optimize total system availability
  – Minimize cost
  – Minimize logistics footprint
Product Support BCA Guidebook Overview

- Purpose
- People
- Data Management
- Process & Content
- Governance
- Documentation
- Checklist
- References
<table>
<thead>
<tr>
<th>BCA People</th>
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<tr>
<td>A. Sponsor</td>
<td>I. PSI/PSP</td>
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<tr>
<td>B. Owner</td>
<td>J. Data Manager</td>
</tr>
<tr>
<td>C. Warfighter</td>
<td>K. Legal &amp; Contracts</td>
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<tr>
<td>D. PM/PSM</td>
<td>L. Approval Authorities</td>
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<td>E. Governance Body</td>
<td>M. Subject Matter Experts (SMEs)</td>
</tr>
<tr>
<td>F. Business Analyst</td>
<td>N. Other</td>
</tr>
<tr>
<td>G. Logistician</td>
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<tr>
<td>H. Systems Engineer</td>
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The BCA process flow prepares, performs, and presents a BCA in a structured manner to ensure effective documentation and credible decision support.
### Executive Summary

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<td>Desired Outcomes</td>
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<td>Evaluation Criteria</td>
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<tr>
<td>Alternatives</td>
<td>Current Baseline/Anticipated Initial Support/Status Quo</td>
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<tr>
<td></td>
<td>Alternatives</td>
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<tr>
<td>Mission and Business Impacts</td>
<td>Benefits and Nonfinancial Analysis</td>
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<td></td>
<td>Cost and Financial Analysis</td>
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<td>Sensitivity Analysis</td>
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<td>Conclusion</td>
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<td>Recommendations</td>
<td>Specific Actions Based on Business Objectives</td>
</tr>
<tr>
<td></td>
<td>Implementation Plan</td>
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</tbody>
</table>
Comparison of Alternatives

- Overall integrated score for each alternative
  - Requires extensive weighting and scoring (scoring criteria essential)
  - Rolls cost, schedule, and performance into a single score
  - Potential to lose important distinctions in the process
  - Good for repeatability and transparency

- Robust discussions of the recommendation present the trade space around the decision
BCA Delivery

- An undelivered BCA = no BCA
  - Narrative document, fully addresses the study
  - Comprehensive and organized in a useful manner for decision makers and reviewing officials
  - Fully supported with documentation
    - Anticipated oversight requirements
    - Credibility required to stand up to rigorous auditing

- The document is iterative by nature
  - Foundation for follow-on studies within the program
  - Useful in analogy methodology of future programs
Other BCA Attributes

• Standardized BCA process
  – Its principles are similar to those of any scientific or objective based study
  – Emphasis on credibility, transparency and repeatability

• Process is standard yet methods are not prescribed
  – Tailor to the problem statement
  – Availability of required data can drive analysis
  – Required fidelity of the results can drive scope
  – Time and resources available vary by program
Other BCA Considerations

• Workload associated with a BCA can vary from moderate to very large

• You get what you pay for (sometimes)

• Standardized BCA process has many positives
  - Decision support becomes consistent
  - Process clarity provides greater understanding and less ambiguity
  - Structure inherently provides for easier review, updating, and incorporating into follow-on studies
Product Support BCA Requirements

Milestone B BCA Attributes:
- Includes all sections of the generic DoD BCA
- Estimates according to comparable systems
- Provides a more detailed analysis on plausible alternatives

Milestone C BCA Attributes:
- Includes all sections of the generic DoD BCA
- Builds on the Prior B BCA and either validates original recommendation or provides a new one based on actual data
- Includes data from initial fielding and testing

FOC BCA Attributes:
- Mandates data collection
- Collects lessons learned
- Conducts variance analysis
- Validates recommendations
- Continues iteration as program matures

Note 1: BCA to be updated every 5 years or prior to each change to the strategy.
Note 2: Following determination of the best value alternative and as needed thereafter, a contract BCA helps determine the best-value solution provider.
DoD Product Support BCA Principles to Keep in Mind

• Product Support BCAs should be based on Warfighter requirements

• Be linked to Warfighter outcomes, metrics and contract incentives

• For ACAT 1 programs, develop initial BCA prior to MS B and perform detailed BCA prior to MS C

• Use best value determination

• Update BCA every five years or prior to a change in Product Support Strategy
Sustainability and the Best Value Determination

• Sustainability strongly affects the requirements and affordability equation

• Included in benefits and risk sections of guidebook

• Important component in risk analysis and trade space in comparison of alternatives
Discussion
Back-up
Product Support Strategy
Specifics

• For legacy programs, assess changes to existing strategy – develop new program strategy

• For legacy programs, use cost and performance history for baseline – for new programs establish baseline early in the life cycle

• Reflect operational requirements and DoD guidance for contractors on the battlefield

• Address flexibility to support contingencies and surge requirements

• Value and affordability based decision