



ASNE

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Executive Director PEO IWS
10 February 2012

Report Documentation Page

Form Approved
OMB No. 0704-0188

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE 10 FEB 2012	2. REPORT TYPE	3. DATES COVERED 00-00-2012 to 00-00-2012			
4. TITLE AND SUBTITLE ASNE		5a. CONTRACT NUMBER			
		5b. GRANT NUMBER			
		5c. PROGRAM ELEMENT NUMBER			
6. AUTHOR(S)		5d. PROJECT NUMBER			
		5e. TASK NUMBER			
		5f. WORK UNIT NUMBER			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Department of the Navy Research, Development & Acquisition, PEO IWS, Washington, DC, 20350		8. PERFORMING ORGANIZATION REPORT NUMBER			
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)		10. SPONSOR/MONITOR'S ACRONYM(S)			
		11. SPONSOR/MONITOR'S REPORT NUMBER(S)			
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES Presented during ASNE Day 2012 "Naval Warfare - Critical Engineering Challenges" February 9-10, 2012, Arlington, VA					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 14	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			



Program Executive Officer Integrated Warfare Systems

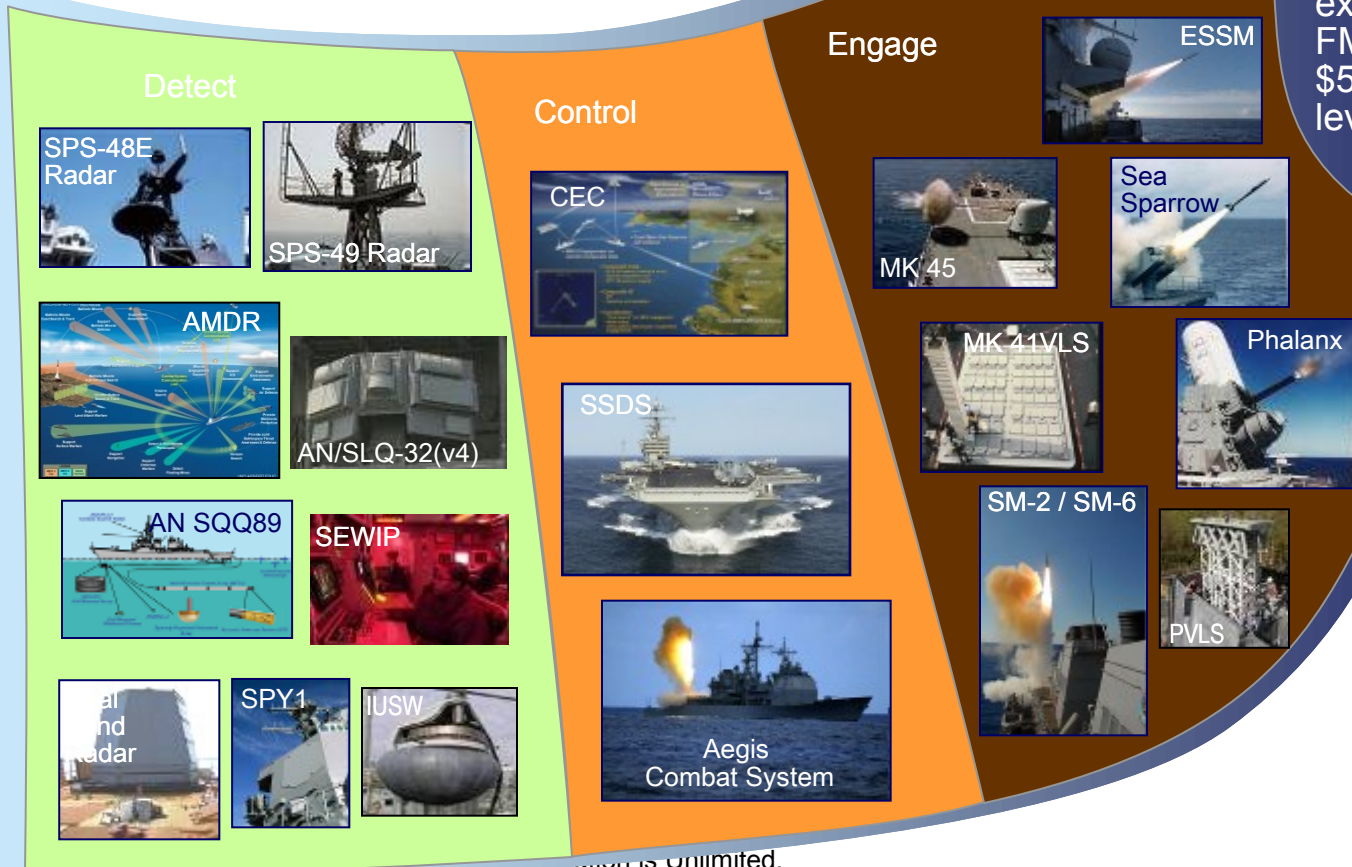
- ◆ The PEO IWS organization is aligned to develop, procure and deliver Enterprise Warfighting Solutions for Surface Ships
 - ◆ PEO IWS has life cycle responsibilities for combat system performance, design management, systems engineering, installation, integration, test, maintenance and disposal

DELIVERY

- 238 USN Ships
- 8 USCG Ships
- 25 Nations
- PEO IWS executes 211 FMS Cases at \$567M funding level

INNOVATION

- APLs
- Industry
- NSWC
- NUWC
- ONR
- SBIR/SST
- DARPA
- Aegis BMD



155 Programs: 4
 - ACAT I
 7 - ACAT II
 4 - ACAT III
 5 - ACAT IV
 6 - R&D
 41 - Inactive
 88 - Non ACAT



Cost Control is a Priority



“Let me be clear again. The department would need to make a strategic shift regardless of the nation's fiscal situation. We are at that point in history. That's the reality of the world we live in. Fiscal crisis has forced us to face the strategic shift that's taking place now.”

Secretary of Defense Leon E. Panetta, Statement on Defense Strategic Guidance - Press Briefing Room, The Pentagon, Washington, DC, Thursday, January 05, 2012

“Building an effective partnership between industry and the Navy will reduce costs and will lead us to the fleet that we need. We owe that to America and we owe that to the generations that will follow us.”

“Every dollar we spend has to count; every dollar we spend has to be used efficiently and effectively.”

“On budget and on time is baseline. That's the standard. It's not a target. “

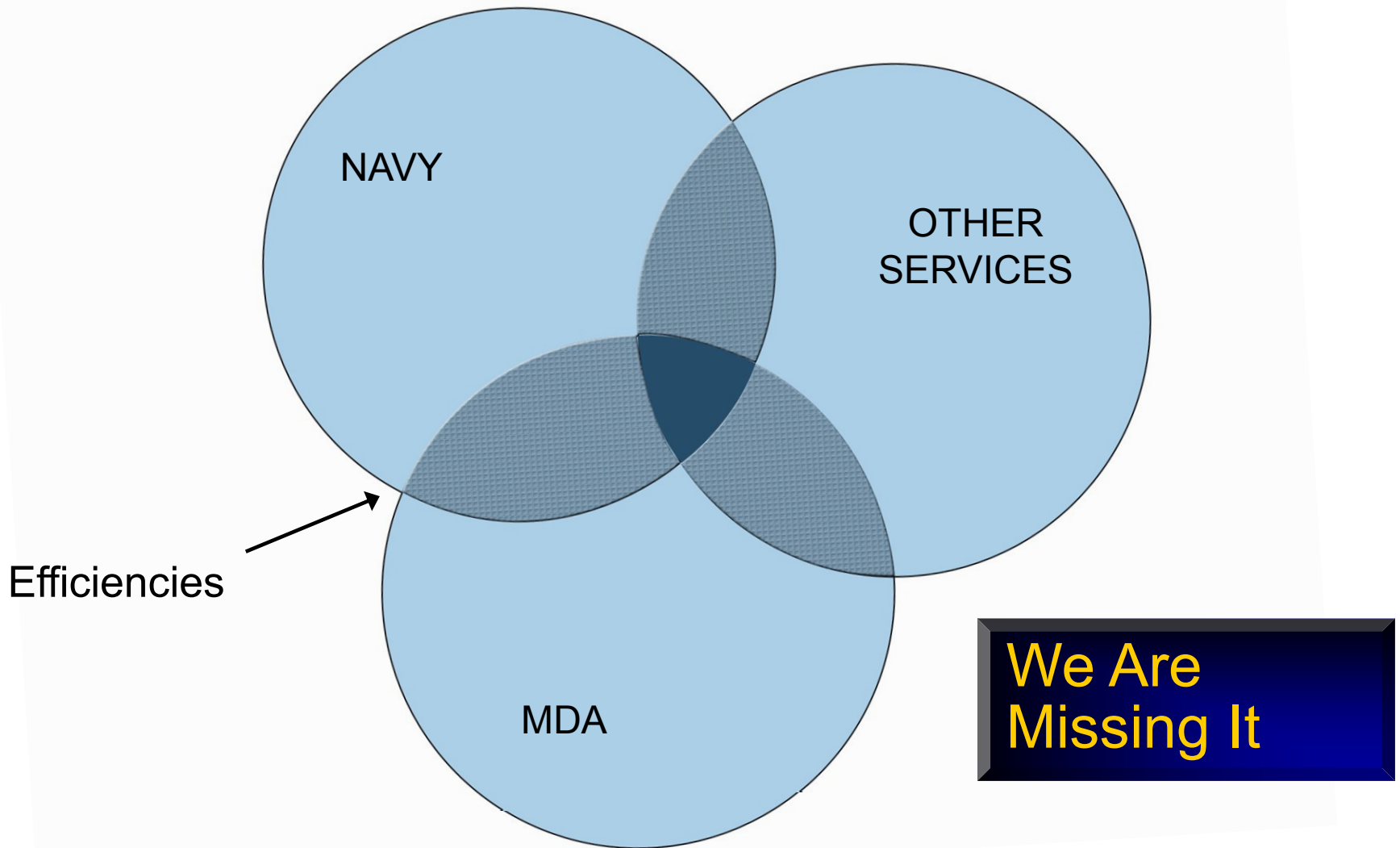
“We have to do everything in our power to control those costs. If we don't do something now, we won't be able to build a fleet we have to have in the future.”



Secretary of the Navy, Ray Mabus

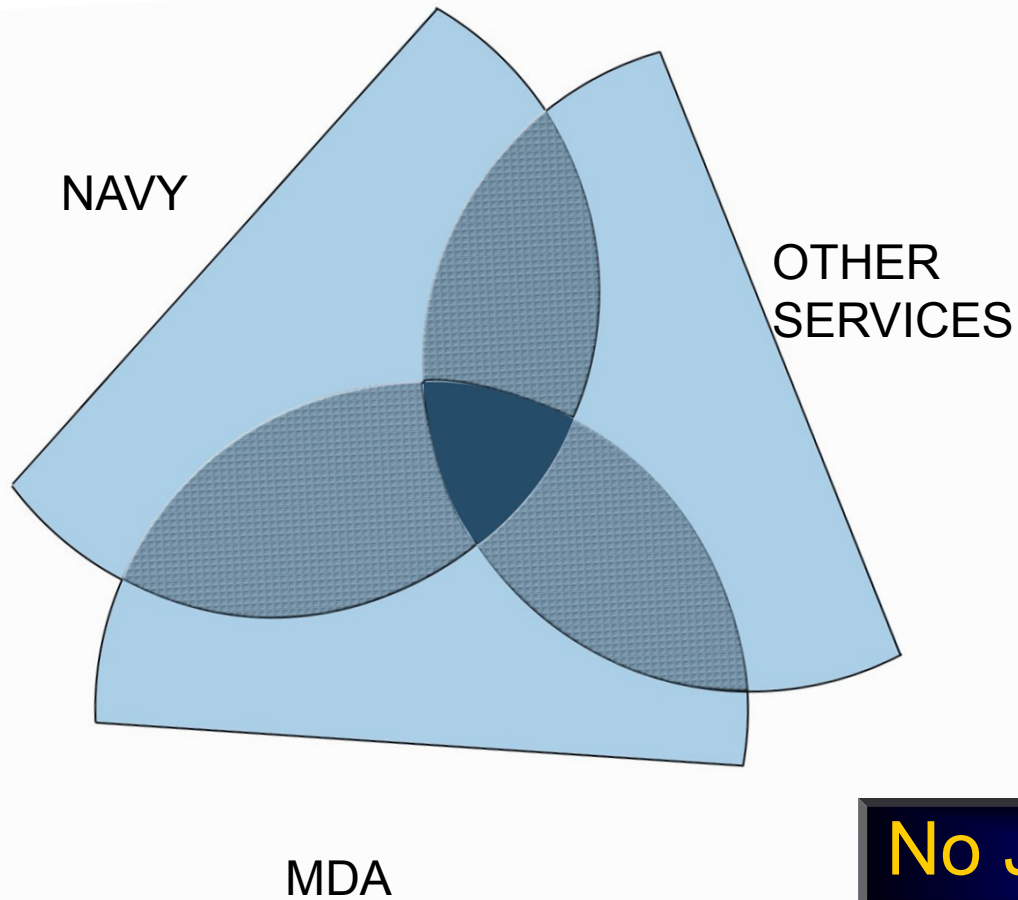


If This is the Focus...





This is what is Expected





It's About Addressing Direct Costs

- How are cross program efficiencies budgeted, contracted and executed
- Pressurizing support costs at all levels
- Multi Year Procurement potential
- Planning realistic projections and margins



4 Questions: 25-50% Challenge for Support Costs

- Identify how to challenge fixed cost
- Identify how to maximize leverage across product lines and programs
- Identify what Government and Industry can challenge together
- Identify what each of you can challenge internally

**PERCEPTIONS ONLY GET
DEFEATED WITH POSITIVE RESULTS**



Challenging Sole Source Behavior & Competing New Requirements

LM

RTN

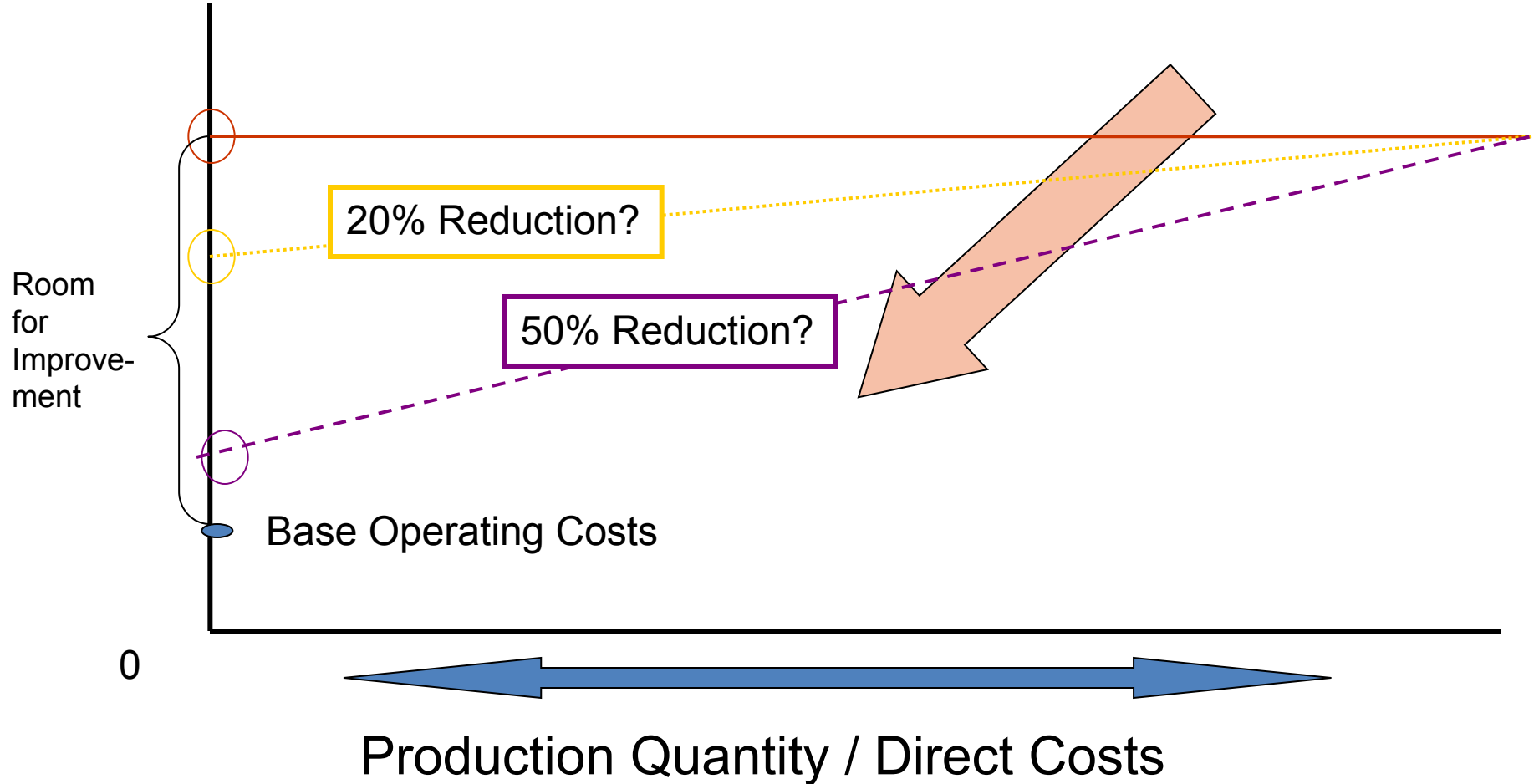
Contract Short Description Title	Planned Award	Est. Value	Est. Yr SS
AEGIS Combat System Engineering Agent (CSEA)	FY13	\$2,200M	1969
Ship Integration & Test Follow-On for AEGIS New Construction	FY13	\$950M	N/A
Cooperative Engagement Capability (CEC) Signal Data Processor	FY12	\$158M	N/A
CEC Production FY12-FY16 (base plus 4 Options)	FY12	\$478M	1992
CEC Design Agent/Engineering Services	FY12	\$671M	1992
CEC Common Array Block Family Antenna	FY12	\$50M	New Req
Ship Self Defense System (SSDS) CSEA	FY14	\$500M	1994
Common Display System (CDS)	FY12	\$107M	2008
Air and Missile Defense Radar (AMDR) S-Band and Radar Suite Controller Engineering Development Models	FY13	\$1,000M	New Req
Surface Electronic Warfare Improvement Prgm (SEWIP Blk3)	FY13	\$400M	New Req
MK 41 Vertical Launching System (VLS) FY13-FY17 Canisters (Inserting Gov't as System Integration)	FY13	\$710M	1995
Surface to Surface Missile System	FY14	\$180M	New Req

This strategy challenges \$6-7 Billion of 15-30 year monopolies across the entire PEO IWS portfolio



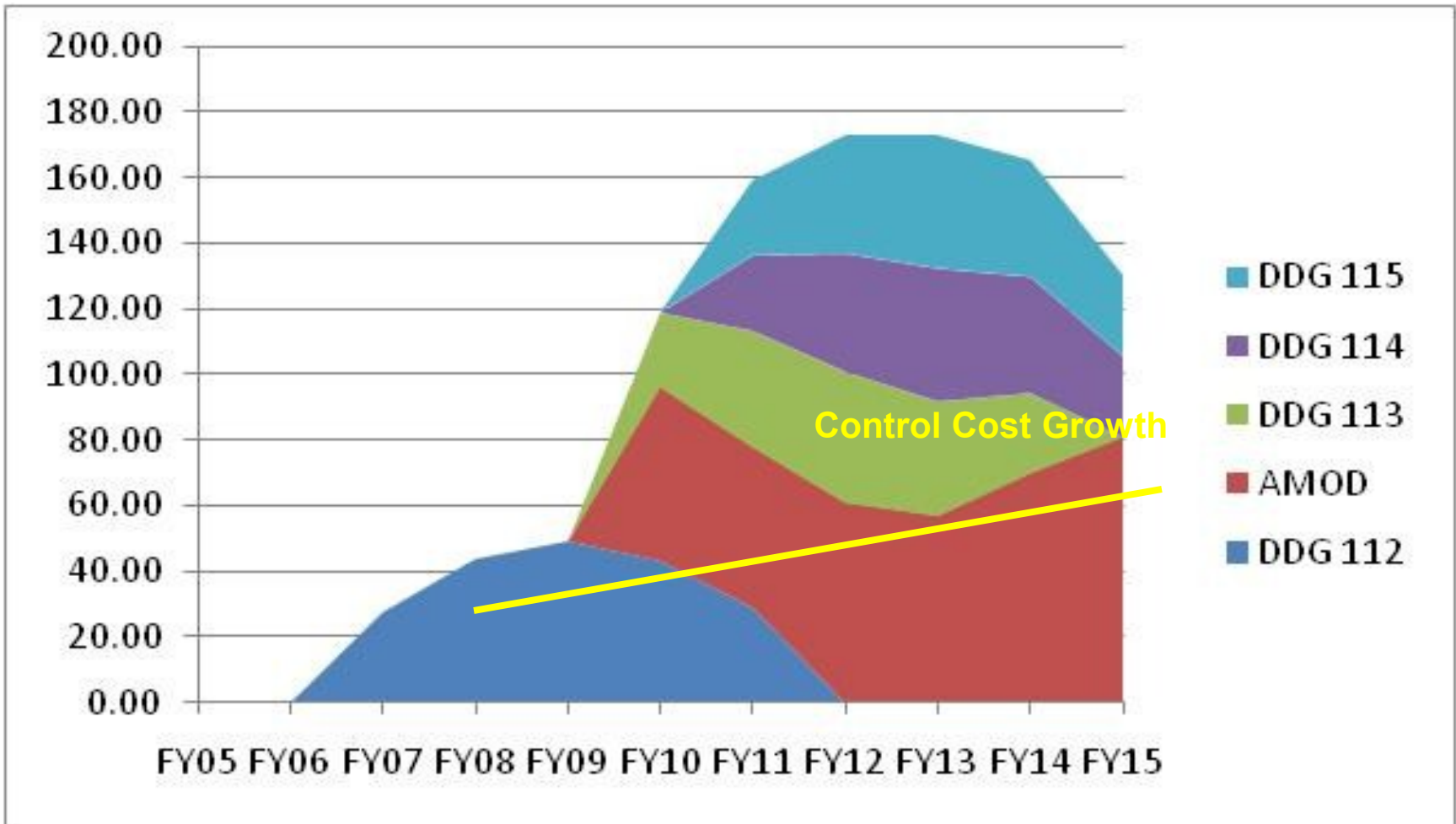
It's About Addressing Overhead Costs

Indirect Costs



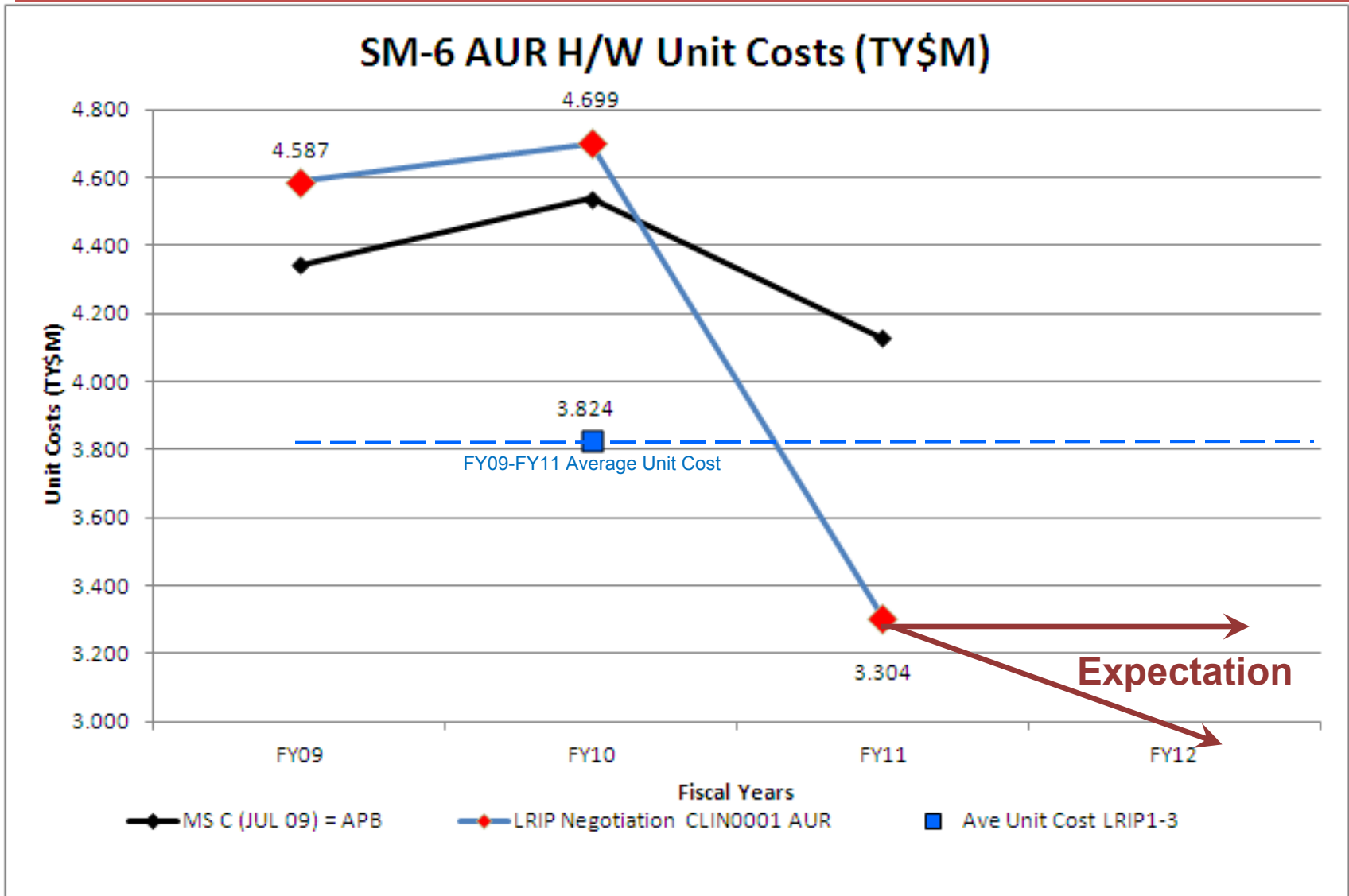


Example of System Cumulative FTE Support Effect



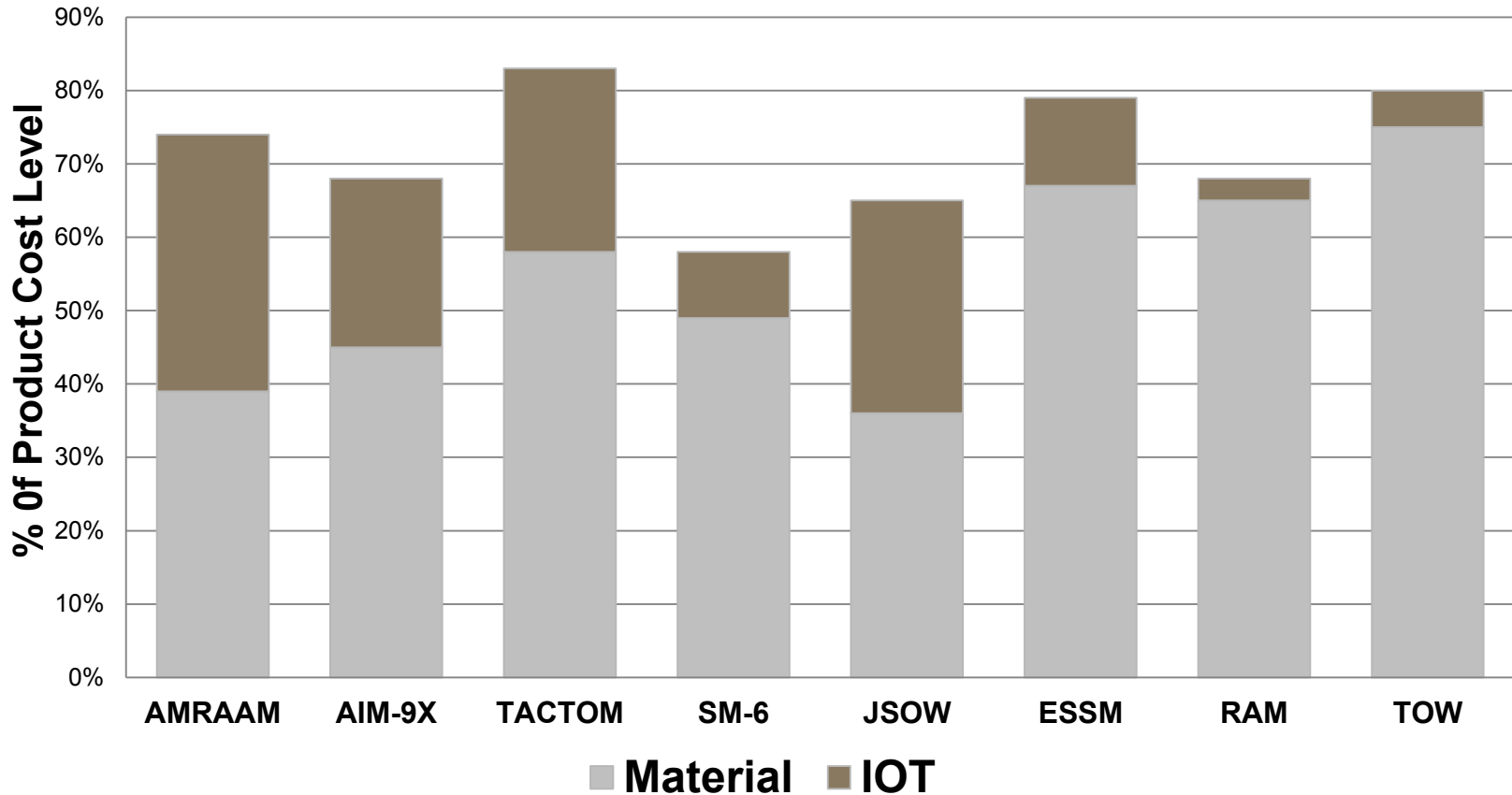


SM-6 Should Cost Analysis





Supply Chain Content



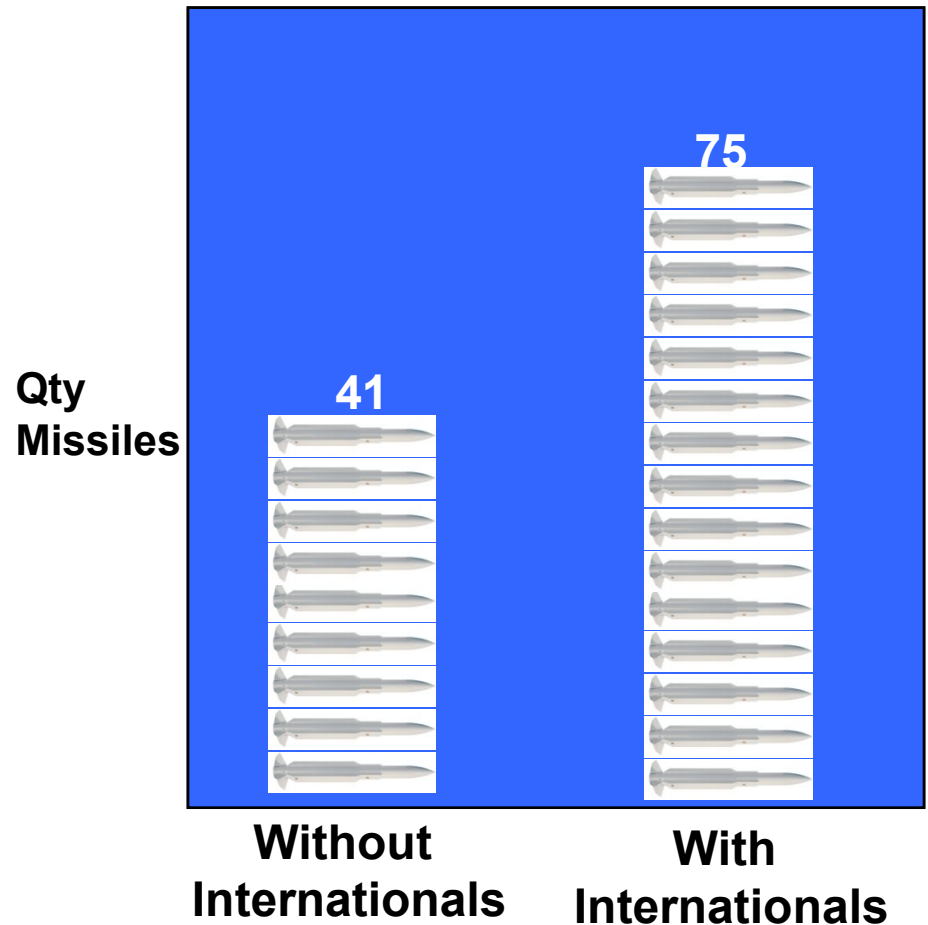
Significant Material Content (72% Avg) in Tactical Missile Programs Provides Opportunity To Increase Competition At Subcontractor Level Or Execute Government Direct Buys From High Value Common Vendors



USN Benefits From FMS Participation in Standard Missile

- The FY08 Contract contained 75 USN and 343 International Missiles
- Without the additional volume from the International Procurements the USN would have only been able to procure 41 missiles for the same price

FY08 SM-2 Procurement



US Navy Realized 34 Free Missiles