



2016 Major Automated Information System Annual Report



Logistics Modernization Program Increment 2 (LMP Inc 2)

Defense Acquisition Management
Information Retrieval
(DAMIR)

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Common Acronyms and Abbreviations for MAIS Programs

Acq O&M - Acquisition-Related Operations and Maintenance
ADM - Acquisition Decision Memorandum
AoA - Analysis of Alternatives
ATO - Authority To Operate
APB - Acquisition Program Baseline
BY - Base Year
CAE - Component Acquisition Executive
CDD - Capability Development Document
CPD - Capability Production Document
DAE - Defense Acquisition Executive
DoD - Department of Defense
DoDAF - DoD Architecture Framework
FD - Full Deployment
FDD - Full Deployment Decision
FY - Fiscal Year
IA - Information Assurance
IATO - Interim Authority to Operate
ICD - Initial Capability Document
IEA - Information Enterprise Architecture
IOC - Initial Operational Capability
IP - Internet Protocol
IT - Information Technology
KPP - Key Performance Parameter
\$M - Millions of Dollars
MAIS - Major Automated Information System
MAIS OE - MAIS Original Estimate
MAR – MAIS Annual Report
MDA - Milestone Decision Authority
MDD - Materiel Development Decision
MILCON - Military Construction
MS - Milestone
N/A - Not Applicable
O&S - Operating and Support
OSD - Office of the Secretary of Defense
PB - President's Budget
RDT&E - Research, Development, Test, and Evaluation
SAE - Service Acquisition Executive
TBD - To Be Determined
TY - Then Year
U.S.C- United States Code
USD(AT&L) - Under Secretary of Defense for Acquisition, Technology, & Logistics

Program Information

Program Name

Logistics Modernization Program Increment 2 (LMP Inc 2)

DoD Component

Army

Responsible Office

Program Manager

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Date Assigned: July 17, 2014

References

MAIS Original Estimate

September 21, 2015

Approved APB

Defense Acquisition Executive (DAE) Approved Acquisition Program Baseline (APB) dated September 20, 2015

Program Description

The Logistics Modernization Program (LMP) is a System (combination of commercial-off-the-shelf hardware and software solution) that delivers an Enterprise solution that builds, sustains, and generates warfighting capabilities using one of the world's largest, fully-integrated supply chain and maintenance, repair, and overhaul solutions in the world. It is the Army's core logistics IT initiative that replaced the two largest National level logistics systems: the inventory management Commodity Command Standard System and the depot and arsenal Standard Depot System. LMP support is critical to the Army achieving an integrated Enterprise solution that enables materiel readiness and provides asset management and accountability, architecture, and acquisition compliancy.

The LMP Increment 2 mission is to deliver new or expanded capabilities to the Army Materiel Command (AMC) Industrial Base to address the Increment 2 problem statement and support strategic Business Transformation elements for the Army (e.g., National Maintenance Program (NMP), Enterprise Equipment Master and Automatic Identification Technology (AIT) and the DoD directive for Item Unique Identification; achieve Army Business Council and the DoD Enterprise Transition Plan objectives; support the applicable DoD and Army Enterprise Resource Planning (ERP) integration efforts; and support the alignment of applicable DoD End-to-End business processes.

When fully deployed, the LMP Increment 2 will deliver capabilities that address critical AMC requirements for automation of the industrial base shop floor operations, standardization of Ammunition AIT, Non-Army Managed Items management, Army Prepositioned Stock planning, NMP, and the expansion and refinement of the integration between ERP systems.

The LMP has approximately 21,000 users at more than 50 Army and DoD locations within the Continental United States and Outside the Continental United States, including the Army's Lifecycle Management Commands at Communications Electronics Command, Aviation and Missile Command, and Tank- Automotive and Armaments Command, as well as Joint Munitions & Lethality, Army Sustainment Command, Defense Finance and Accounting Service, and United States Special Operations Command. The LMP Increment 2 will add 9,000 users and extend capabilities for 5,000 existing users. Stakeholders include DoD/OSD, Department of the Army, and Congress. Beneficiaries include all customers, including and especially item managers and depot production planners, and stakeholders, as well as Soldiers who ultimately use the items and parts repaired and tracked through the LMP system.

Per the ADM dated July 6, 2015 the MDA approved MS C and authorized limited fielding of Wave 3 Capabilities (Shop Floor Automation) for Initial Operational Test & Evaluation at Corpus Christi Army Depot, McAlester Army Ammunition Plant, and Rock Island Arsenal Joint Manufacturing and Technology Center.

Business Case

Business Case Analysis, including the Analysis of Alternatives: The LMP Inc 2 Business Case Analysis and APB were approved for MS B and signed on August 27, 2013. Key functional requirements for LMP Inc 2 will include efforts related to the Expanded Industrial Base - Shop Floor Automation, Plant Maintenance, Automatic Identification Technology, LMP Equipment Master, and Item Unique Identification; as well as Non-Army Managed Items, National Maintenance Program, Army Prepositioned Stock, Extended Ammunition, and other Enterprise Resource Planning integration efforts.

Firm, Fixed-Price Feasibility: The determination of the development/integration contract type was based on cost risk associated with the estimated cost of satisfying the requirement, not any lack of clarity of the technical requirement. The LMP contract is an Indefinite Delivery type of services contract containing both a Requirements portion (FAR 16.503) and an Indefinite Quantity portion (FAR 16.504). The contract allows the award of task orders on a Firm Fixed Price (FFP) basis and on a Cost-Plus-Fixed-Fee (CPFF) basis. Development and consulting efforts are on a CPFF Level of Effort basis. Modernized Sustainment services and Modernized Data Processing services are delivered on a FFP basis.

Independent Cost Estimate: The program has not experienced a Critical Change which would induce the independent cost estimate required by 10 U.S.C. 2334(a)(6). The March 29, 2013 Army Cost Position for LMP Inc 2 was approved on May 22, 2013 and endorsed by the CAPE in support of MS B.

Certification of Business Case Alignment; Explanation: I certify that all technical and business requirements have been reviewed and validated to ensure alignment with the business case. This certification is based on my review of the Sections 3 and 4 of the LMP Increment 2 Business Case, ADM), key functional requirements, Critical Design Review (CDR) Reports, and Economic Analysis (EA).

Business Case Certification:

Name: Mr. Douglas K. Wiltsie

Organization: Army/PEO Enterprise Information Services for LMP Inc 2

CAC Subject: CN=WILTSIE.DOUGLAS.K.1024952718,OU=USA,OU=PKI,OU=DOD,O=U.S. GOVERNMENT,C=US

Date: 3/7/2014 01:09 PM

Business Case Changes

Per the ADM dated July 6, 2015, the MDA approved MS C and authorized limited fielding of Wave 3 Capabilities for Initial Operational Test & Evaluation at Corpus Christi Army Depot, McAlester Army Ammunition Plant, and Rock Island Arsenal Joint Manufacturing and Technology Center.

In accordance with guidance on Acquisition Documentation within the LMP Increment 2 MS C ADM, the LMP Increment 2 Business Case was updated for the FDD using change pages to remove information from the 2013 version of the LMP Increment 2 Economic Analysis and replace it with references to the Economic Analysis that will be completed following approval of the Army Cost Position being developed for the FDD. The LMP Increment 2 Business Case Change Pages were approved and signed by the Program Executive Officer for Enterprise Information Systems on October 29, 2015, for the FDD.

There has been no significant change to the Business Case since it was last certified.

Independent Cost Estimate: The program has not experienced a Critical Change which would induce the independent cost estimate required by 10 U.S.C. 2334(a)(6). The LMP Increment 2 Army Cost Position for the MS C was approved by the Assistant Secretary of the Army Financial Management and Comptroller on May 22, 2015.

Program Status

Annual Report: The program is on track to remain within the schedule, cost and performance thresholds identified in the MAIS OE; there have been no Significant or Critical Changes (as defined by 10 U.S.C. Chapter 144A) reported since the previous MAR submission to Congress.

Schedule

Schedule Events		
Events	Original Estimate Objective	Current Estimate (Or Actual)
Preferred Alternative Selected ¹	Dec 2011	Dec 2011
Milestone A ²	N/A	N/A
Milestone B ³	Jun 2013	Aug 2013
Milestone C ⁴	May 2015	Jul 2015
FDD	Oct 2015	Feb 2016
FD	TBD	TBD

Memo

1/ The Preferred Alternative Selected represents the Funds First Obligated date established by the December 27, 2011, Logistics Modernization Program (LMP) ADM.

2/ Per the LMP ADM dated December 27, 2011, LMP Increment 2 was authorized to Proceed into the Prototyping Phase (Post MS A).

3/ Per the August 27, 2013, ADM, the MDA approved the LMP Increment 2 MS B and authorized entry into the Engineering and Manufacturing Development Phase of the acquisition lifecycle.

4/ Per the July 6, 2015, ADM, the MDA approved the LMP Increment 2 MS C and authorized limited fielding of Wave 3 for Initial Operational Test & Evaluation at Corpus Christi Army Depot, McAlester Army Ammunition Plant, and Rock Island Arsenal Joint Manufacturing and Technology Center.

Performance

Performance Characteristics		
Original Estimate Objective/Threshold		Current Estimate (Or Actual)
KPP 1.0 NR KPP 1.1 Support net-centric military operations¹		
The LMP Increment 2 solution will provide 95% of the assigned baseline capabilities designated as critical with acceptable, documented workarounds and correctable system non-conformances.	The LMP Increment 2 solution will provide 90% of the assigned baseline capabilities designated as critical with acceptable, documented workarounds and correctable system non-conformances.	Will meet Threshold
KPP 1.0 NR KPP 1.2 Enter and be managed in the network		
LMP must allow user roles and permission changes in less than 4 business hours after roles and permissions have been granted at least 95% of the time.	LMP must allow user roles and permission changes in less than 1 business day after roles and permissions have been granted and entered at least 90% of the time.	Will meet Threshold
KPP 1.0 Net Readiness (NR) KPP 1.3 Exchange Information²		
LMP must be able to successfully process 98% of (inbound/outbound) IDOCs into the system.	LMP must be able to successfully process 95% of (inbound/outbound) IDOCs into the system.	Will meet Threshold
KPP 2.0 Survivability KPP 2.1 System Information Assurance		
IAW DIACAP, DoD Directive 8500.1, DoDI 8500.2, AR 25-1 with ATO low residual Risk.	IAW DIACAP, DoD Directive 8500.1, DoDI 8500.2, AR 25-1 with IATO medium residual Risk	Will meet Threshold
KPP 2.0 Survivability KPP 2.2 Information Assurance System Disaster Recovery³		
LMP shall recover LMP critical capabilities within 24 hours of declaration of a disaster to a state not more than 2 hours prior to disaster.	LMP shall recover LMP critical capabilities within 24 hours (the MAC II requirement) of declaration of a disaster to a state not more than 4 hours prior (the data mirroring frequency) to disaster.	Will meet Threshold
KPP 3.0 Sustainment KPP 3.1 Operational Availability⁴		
Server Availability 99% .	Server Availability 95%.	Will meet Threshold
KPP 4.0 Training KPP 4.1 Proficiency Level		
Training must enable LMP Increment 2 users to perform critical tasks to standard 90% of the time after training.	Training must enable LMP Increment 2 users to perform critical tasks to standard 75% of the time after training.	Will meet Threshold

Memo

1/ AMC defined a subset of business processes as LMP Increment 2 Mission Critical Functions which are identified and tracked to specific requirements within the Requirements Traceability Matrix.

2/ Process means receiving, sending, and sequential transmission. "Successfully process" includes more than just the identification of IDOC failures. "Successfully process" encompasses the positive recognition of receiving, sending, and

sequential transmission of an IDOC.

3/ LMP critical capabilities in regards to business contingency plans to include workaround process reside in the AMC Business Contingency Plan.

4/ Server availability includes Enterprise Resource Planning Central Component, Complex Assembly Manufacturing Solution, Process Integration, Portal, and Network. Metric reflects availability after four hour approved maintenance window or any approved maintenance exceptions.

Acronyms and Abbreviations

AMC - Army Materiel Command

DIACAP - Department of Defense Information Assurance Certification and Accreditation Process

DoDI - Department of Defense Instruction

IAW - In Accordance With

IDOC - Intermediate Document

LMP - Logistics Modernization Program

MAC - Mission Assurance Category

NR - Net Readiness

Cost

LMP Inc 2				
Appropriation Category	BY 2015 \$M		TY \$M	
	Original Estimate	Current Estimate Or Actual	Original Estimate	Current Estimate Or Actual
Acquisition Cost				
RDT&E	0.0	0.0	0.0	0.0
Procurement	0.0	0.0	0.0	0.0
MILCON	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0
WCF-C	340.7	370.6	344.7	370.8
WCF-O	59.6	48.1	60.4	48.4
Total Acquisition Cost	400.3	418.7	405.1	419.2
Operating and Support (O&S) Cost				
Total Operating and Support (O&S) Cost	285.9	289.9	324.8	324.1
Total Life-Cycle Cost				
Total Life-Cycle Cost	686.2	708.6	729.9	743.3

Cost Notes

1. This report and the Budget Year IT-1 Exhibit cover different time periods thus the costs will not match.
2. Then Year dollars are included for information purposes only; cost variances will be reported against Base Year dollars.
3. The O&S costs reflect all work performed during that phase, regardless of the type or source of funding.