



PSAT Implementation

Views from Industry

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| 322 Major Conclusions | Pending Legislative Change | Industry View |
|---|---|---|
| Revise Depot Maintenance definition | HASC Sec. 321 (2460) <ul style="list-style-type: none"> • Includes modifications • Intermediate and unit • All aspects of software | <ul style="list-style-type: none"> • Conflicted over Modification • Concerned about software • Expansion of denominator? • Business fears unknown |
| Current core approach not working (<i>core and 50/50 = one statute</i>) | HASC Sec. 322/323/324 (2464/2474) <ul style="list-style-type: none"> • Expands to “industrial facilities” • 50/50 report that supports core • CITEs include industrial facilities | <ul style="list-style-type: none"> • Combined Industrial Base • Core & 50/50 at DoD level • 50/50 rolling 2 year average • No 50/50 specific legislation? |
| Acquisition decisions not aligned to organic depot system | HASC Sec. 326 – Amendment to WSAR for O&S for subsystems or components | <ul style="list-style-type: none"> • Why just organic? • Efficiencies at risk? • Business (Organic/Industrial) Case Analysis at Milestone A |
| Oversight reporting not timely for organic depots | HASC Sec. 322 (2464) – Report on 50/50 that supports core | <ul style="list-style-type: none"> • Missed opportunity to drive cost (effectiveness) visibility • You get what you measure |
| Enhanced Governance (<i>Establish Commission</i>) | None | <ul style="list-style-type: none"> • Repeatable Process • PSAT – fully utilized? |

Current Challenges

- Efficiency targets, new instructions and changing laws
- Service unique product support contracting methods
- Tyranny of the clerk(s)
- Years versus quarters

Defense Industrial Integration, when...

- U.S. industrial “ready and control” capabilities are considered
- Partnership/Performance contracting is not tortured contracting
- Firm-Fixed Price is accepted as a “Should Cost” approach
- Commercial sustainment is not treated like FAR-15 sustainment
- OSD guidelines transition into unified direction and execution

Current Opportunity

- FY 2009 and 2011 National Defense Authorization Acts
- Federal deficits and military spending
- Decade of performance-based product support
- Creative public-private partnerships

Defense Industrial Integration, how...

- Craft a sustainment approach that solves 80% of the challenges
- Most of the good ideas identified (PSAT, Proof Points, Enterprise-approach) do **NOT** require new legislative authority...act now
- We know what works...implement it consistently
- If an approach/process can't be replicated, it is not efficient....