



DEPARTMENT OF THE ARMY
PROGRAM EXECUTIVE OFFICE
COMBAT SUPPORT AND COMBAT SERVICE SUPPORT
6501 E. ELEVEN MILE ROAD
WARREN, MICHIGAN 48397-5000

SFAE-CSS

31 May 2016

MEMORANDUM FOR U.S. Army Acquisition Support Center (Ms. Vicky Deguzman),
9900 Belvoir Road, Building 201, Suite 101, Fort Belvoir, VA 22060-5567

SUBJECT: Department of Defense Acquisition Should Cost and Innovation Award
Nomination for the Joint Program Office, Joint Light Tactical Vehicles

1. It is with great pleasure that I nominate the Joint Program Office, Joint Light Tactical Vehicles (JPO JLTV) for the Department of Defense Acquisition Should Cost and Innovation Award.
2. The JLTV is the Army and Marine Corps' 21st century solution to restoring mobility, payload-carrying capacity, and rotary-wing transportability to light tactical vehicles while providing dominating capabilities and protection to warfighters. The program implemented several should cost initiatives which were in alignment with Better Buying Power and resulted in significant noteworthy cost savings.
3. The point of contact for this action is Michael D. Sprang, (586) 239-3784, or email: michael.d.sprang.civ@mail.mil.

Scott J. Davis

SCOTT J. DAVIS

Program Executive Officer,
Combat Support & Combat Service Support

Administrative Information

Award coordinator POC:

Name: Tamara Yates
Telephone: (586) 239-3204
E-mail: tamara.l.yates.civ@mail.mil

Organization, Group, or Team

Name: Joint Program Office, Joint Light Tactical Vehicles
Mailing Address: 6501 E. 11 Mile Road
ATTN: SFAE-CSS-JL
Warren, MI 48397-5000

Primary Organization Point of Contact (POC)

Name: Anisah Zeghir
Title: Business Manager
Telephone: (586) 239-6270
E-mail: Anisah.c.zeghir.civ@mail.mil

Alternate Organization POC

Name: Jaclyn M. Green
Title: Operation Research Analyst
Telephone: (586) 282-6666
E-mail: Jaclyn.m.green.civ@mail.mil

Current Number of Employees: 210

Your organization, group, or team's mission statement:

JPO JLTV's mission is to successfully complete Low Rate Initial Production, Full Rate Production and Fielding to ensure the Joint Warfighter is provided a Light Tactical Vehicle capable of operating across the full Spectrum of Military Operations for the next 30 years and beyond.

Brief description of your organizational structure:

The Joint Program Office, Joint Light Tactical Vehicles (JPO JLTV) is a Joint Major Defense Acquisition Program (MDAP) between the Army and Marine Corps, with the Army as the lead service. COL Shane N. Fullmer assumed responsibilities as the JPO Project Manager in July 2015. Personnel supporting JPO JLTV are located between TACOM, Selfridge ANGB and Quantico, VA. JLTV is comprised of three Product Managers each manning the three lines of business including Test, Systems Integration and Vehicles Systems. Functional Staff support

JPO JLTVs higher headquarters and is structured into Logistics, Systems Engineering and Business Management.

Chain of command to whom your organization, group, or team reports:

Mr. Scott J. Davis, Program Executive Officer, Program Executive Office, Combat Support & Combat Service Support, SFAE-CSS, 6501 E. 11 Mile Road, Warren, Michigan 48397-5000

Names and position titles of individual(s) contributing to organization, group, or team:

Award Narrative

The Joint Light Tactical Vehicle (JLTV) is the Army and the US Marine Corps' 21st century solution to restoring mobility, payload-carrying capacity, and rotary-wing transportability to the light tactical vehicle fleet while providing dominating capabilities and protection to warfighters. The Joint Program Office (JPO) implemented several should cost initiatives which were in alignment with Better Buying Power and resulted in significant cost savings. The JPO utilized competitive prototyping to understand relevant cost structures within a warfighter defined performance trade space. The cost and performance data provided by competitive prototyping initiative was then used to develop an innovative Source Selection Criteria which enabled industry to make cost informed design decisions. These design decisions were consistent with warfighter needs and achieved significant long-run cost savings while ensuring persistent full-and-open competitive in future production contracts.

The JLTV program entered its Engineering and Manufacturing Development (EMD) at the height of Sequestration, with a long and varied list of performance requirements combined with aggressive cost targets. At that time, there was a fear that a new start program could not balance the competing protection requirements the Army demanded while being mobile enough for use by the Marine Corps, and stay within the allowable cost targets. To reduce program risk and better understand the relationship between diverse warfighter requirements and program costs, the EMD phase allowed vendors to develop and test their own innovative solutions to meet the requirements. This strategy gave soldiers and Marines an opportunity to see various designs with different levels of performance and cost. This phase proved that the competing Army and Marine Corps' Key Performance Parameters (KPPs), Key System Attributes (KSAs), and greater than 90% of the remaining "tradeable" requirements were not only achievable, but achievable at or below the program's \$255K (BY12\$) Average Unit Manufacturing Cost (AUMC), a value which was already ~14% below the Milestone B estimated unit cost of \$291K (BY12\$). Having proven the program requirements were achievable and affordable, the JPO turned its attention from EMD to the Low Rate Initial Production (LRIP) contract. The team utilized data collected during EMD and worked with warfighters to tier programs performance requirements and define, in monetary terms, the exact value the government was willing to pay for above threshold performance. The team also performed an in-depth analysis of long-run sustainment cost drivers and the potential cost savings the government could achieve on future production contracts if it procured the Technical Data Package (TDP) from the winning offeror. This analysis resulted in a ground-breaking Source Selection Criteria which positioned the program to achieve significant cost savings, control future life-cycle costs, and maintain effective competition both in the instant solicitation but also in follow-on production contracts. The Source Selection Criteria included many innovative features which were outside of the normal source selection process and in several instances, required early coordination with the Army Acquisition Executive, Navy Acquisition Executive, Defense Procurement Acquisition Policy Office, and Defense Acquisition Executive to gain preliminary concurrence on the framework and ensuring the criteria accurately reflected the guidance of senior leaders. The team also sought and was given deviations to agency level policies when necessary by showing that doing so provided a tangible benefit to the government. The team worked through released various draft solicitations to ensure industry understood the government's criteria and incorporated feedback to maximize the probability of the criteria's

success. Based on updated estimates and firm-fixed price contract prices, the Milestone C's AUMC cost estimate was revised down from \$291K (BY12\$) to \$242K (BY12\$), which equates to ~17% savings compared to the Milestone B unit cost baseline. This cost savings equates to ~\$1.4B (TY\$) on the current production contract that was awarded on August 25, 2016 and ~\$2.6B (TY\$) over the life of the program.

The winning offeror's proposal is anticipated to save ~\$2.2B (TY\$) in life-cycle sustainment costs for vehicles procured on the current production contract and their design is estimated to save \$7.9B (TY\$) across the end-state fleet of JLTVs. These savings reflect ~27% reduction in contractor influenced operations & sustainment costs when compared to the government's anticipated baseline.

By incentivizing delivery of a TDP at the first production contract award, the government is positioned to hold full-and-open competition in future production contract awards, preventing major cost growth of the system by dependence on a sole source vendor for future contracts. By procuring the TDP, the JPO anticipates saving at least ~5% on future hardware procurement costs with the potential savings being even higher.

JPO staff has worked with several offices to ensure the best practices identified in the JLTV solicitation are documented for use across the department. The JPO has worked closely with the Defense Procurement Acquisition Policy Office to help update the department's Source Selection Procedures and document some of the methods the JPO utilized to monetizing the value warfighters place on performance and how to incorporate that value in Source Selection Criteria. The JPO has also worked with various Army, Navy, and Air Force program offices to review their draft Source Selection Criteria and share the JPO's insights based on its experience. Lessons learned have been briefed at DAU's local Senior Service College Fellowship. The anticipated savings realized by the JLTV Source Selection Criteria are anticipated to save taxpayers billions of dollars and has ensured warfighters will have a highly capable, 21st century light tactical vehicle.

The program has recently realized additional should cost savings through the JLTV Milestone C Test Evaluation Master Plan (TEMP) Right-Sizing efforts. The draft Milestone C TEMP was based on a comprehensive test strategy, in essence a "Low Risk effort" with significant testing planned based on not knowing the winning vendor. After the LRIP contract was awarded JPO JLTV developed a strategy to optimize the test plan for our selected vendor while providing our Soldiers and Marines with a system that balances Protection, Payload and Performance as soon as possible. This included collecting and leveraging data from EMD testing, post EMD testing, and LRIP component and system-level testing and Modeling and Simulation to demonstrate KPP and KSA compliance, ensure vehicle safety, demonstrate vendor contractual compliance, and support a positive Full Rate Production decision. After several months of negotiations with the key stakeholders, the Program office was able to avoid ~\$37M (TY\$) in test costs by removing low risk, duplicate or test events with limited information gaps that wouldn't produce results beyond what was already known. This savings reflects ~17% reduction from the test costs in the original Milestone C TEMP of \$212M (TY\$).

Award Citation Abstract

The Joint Light Tactical Vehicle (JLTV) is the Army and the Marine Corps' 21st century solution to restoring mobility, payload-carrying capacity, and rotary-wing transportability to light tactical vehicles while providing dominating capabilities and protection to warfighters. The Joint Program Office (JPO) implemented several should cost initiatives which were in alignment with Better Buying Power and resulted in significant cost savings. The JPO utilized competitive prototyping to understand relevant cost structures within a warfighter defined performance trade space. The cost and performance data provided by competitive prototyping initiative was then used to develop an innovative Source Selection Criteria which enabled industry to make cost informed design decisions. These design decisions were consistent with warfighter needs and achieved significant long-run cost savings while ensuring persistent full-and-open competitive in future production contracts.

