

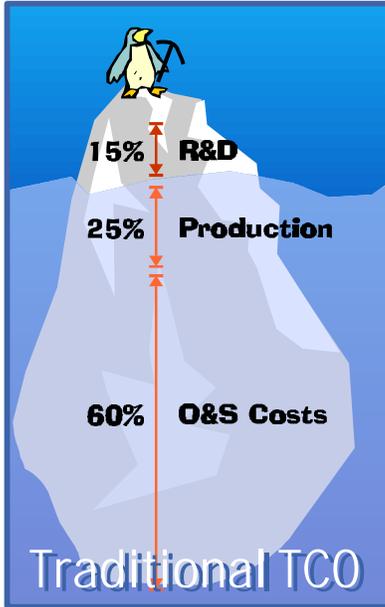


# Army Acquisition Reform

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## Chipping Away at the Iceberg



### Total Cost of Ownership (TCO)

In Nov 97, Project Managers took on a new role...not only were they going to develop and produce their weapons systems, now they would manage their operating and support costs. By managing this iceberg, PM's are expected to reduce the total cost of ownership for each weapon system...thus allowing the Army to plow back the savings into the research, development and production arena. Although, at first, this was culture shock, PEO Intelligence Electronic Warfare & Sensors (PEO IEW&S) and their related project managers have embraced their new responsibility and set about making changes for "Total Cost Ownership (TCO)" planning and execution. They are making headway!

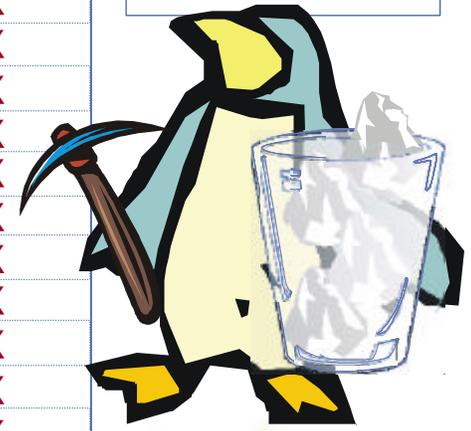
Project Manager Joint STARS/Joint Tactical Terminal (JTT) executed their new TCO responsibility with some truly interesting and cost saving results. PM JSTARS/JTT used acquisition reform initiatives to reduce total cost of ownership for the Joint Tactical Terminal/ Common Integrated Broadcast System – Module (JTT/CIBS-M) as compared to its predecessor system, the Commanders Tactical Terminal-3 Channel (CTT-3)

Check out how they chipped away at the iceberg shaped life cycle costs (LCC).

Acquisition Reform Initiative	CTT-3 Awarded 3/95	JTT/CIBS-M Awarded 9/97
Best Value Competition		X
Open Systems Architecture		X
COTS/NDI Technologies		X
Commercial Software Programming Language		X
Ten Year Failure-Free Warranty Program		X
Cost As An Independent Variable (CAIV)		X
Performance Based Specifications and Standards		X
Value Engineering Management Workshop Requirement		X
Strong Partnering Program with Prime Contractor & Sister Services		X
A 72 Hour Turn Around Time for the Replacement of Failed JTT Hardware		X
Streamline Support Organization Structure		X
Prime Vendor Support		X
Common JTT Control Client		X
Standard, Joint Operator/Maintenance Trainer		X
<b>Total Life Cycle Cost (LCC)</b>	\$690 M	\$314 M
<b>O&amp;S Portion of LCC</b>	\$360 M	\$132 M

**JTT TCO**

15% R&D  
43% Production  
42% O&S



➔ **55% LCC Savings**  
➔ **63% O&S Cost Savings**

\*Initially, savings will be realized in FY99 with payback completed over the next 20 years of Life Cycle

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