

Web-LCCA Acquisition Decision Support System

Challenge

The current DoD systems acquisition environment is characterized by these trends:

- Budgetary constraints will continue
- Heavier reliance on "primes"
- Operations and Support cost must not increase - risk in supportability
- Acquisition compromises (tradeoffs) between cost and performance are becoming more prevalent.

Recent DoD initiatives address these challenges.

R-TOC (Reduction - Total Ownership Costs)

R-TOC is a DoD initiative to reduce the Total Ownership Cost of military systems. Driven by the LCC of weapon system (as specified in DoD 5000.4-M) and aimed at reducing and/or controlling the direct and indirect costs attributable to these systems. Actions required by Program Offices include:

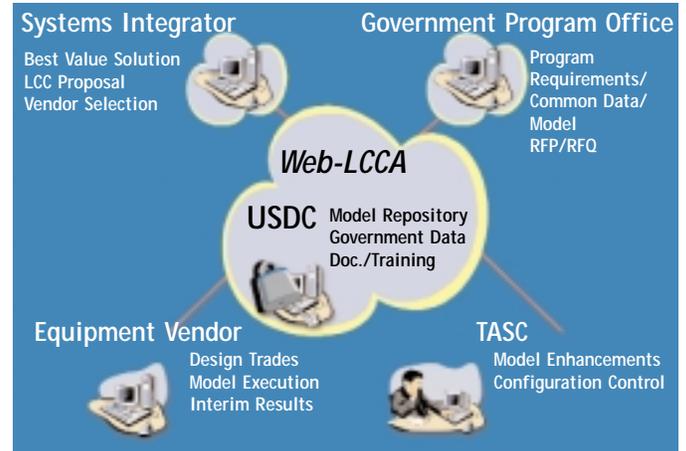
- Cost Control - Capture and arrest cost growth
- Cost Reduction - Reduce cost, capture savings (maintenance, spares, etc.)
- Invest to Modernize - Invest when Return on Investment (ROI) decisions make sense.

CAIV (Cost as Independent Variable)

CAIV is a new DoD initiative that requires cost to be considered co-equal to performance in making acquisition decisions and not as an outcome of acquisition programs. CAIV guiding principles include:

- Affordability-driven vs. Requirements-driven
- Cost is built-in rather than an "outcome"
- Design tradeoffs must be decided with full information about cost relationships.

This new way of thinking about acquisitions requires that the unconstrained requirements list shall be tailored by considering cost impacts leading to increased requirements rationalization.



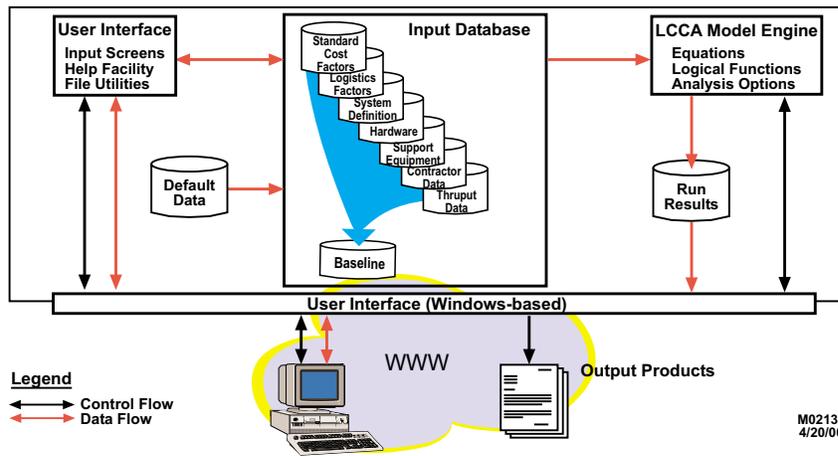
Web-LCCA offers a collaborative decision framework

All parties contribute to the acquisition decision process: the Government Program Office issues requirements and provides a common cost model and data; the System Integrator and/or Equipment Vendor conducts cost-sensitive design trades and offers the best value solution; U.S. Display Consortium provides the standard LCC model, training, and documentation. TASC provides model enhancements and configuration control, training materials, documentation updates, etc. The Web enables fast and efficient access.

Benefits of TASC's Approach

Web-LCCA supports these acquisition processes:

- Competitive Procurement - Where the government and industry benefits from the use of a *common LCC model* for source selection decisions.
- Cost Baselineing - Where different vendors often wish to obtain a quantitative measure of how their product's life-cycle cost compares to that of competitors before a bid/no-bid decision is made.
- Product Exploration - Where the Government acquisition authority needs life-cycle cost information in order to understand the cost range of compliant competitive products available in the marketplace prior to embarking in an acquisition program.
- Requirement Rationalization - Where the Government Program Office will want to fully understand the cost impacts of a new requirement and knowing where to tailor or hold a requirement based on the associated life-cycle cost.



Web-LCCA Operational Environment

Capabilities

Web-LCCA is a design-oriented life-cycle cost analysis system which consists of:

- User Interface - The mechanism used to select program options, create and modify input data, and move between and among the other system components.
- Input Database - An input database manager which makes it easy to describe equipment, its usage, deployment, and maintenance concept via eight input files. It also contains default data and a on-line help facility to aid input file creation.
- LCCA - The analytic engine which implements over 35 cost estimating equations used to calculate hardware, support investment, and maintenance/support costs. Flexible Cost Breakdown Structures (CBSs) are defined and tailored to specific Program applications. Analysis results are available in eleven different reporting formats.

Types of decision processes supported include:

- Reductions in spares, manpower, and test equipment to lower LCC with smallest impact on weapon system operational availability
- Trade-off analyses of design, maintenance concepts, and acquisition strategies for minimum Total Ownership Costs (TOC)
- LCC-based competitions in a streamlined Source Selection process
- Identify cost impacts of operational availability
- Assess quantity and design commonality impacts on cost
- Quantify cost risks from design and supply uncertainties.

TASC has applied decision support tools over the past 25 years to address equipment acquisition issues. The LCCA system has been applied to numerous life-cycle cost studies of electronic equipment and logistics support scenarios.

Insights

Web-LCCA is particularly useful for:

- Preparing LCC estimates in response to government RFPs
- Projecting TOC of alternative system designs
- Conducting two level (2 LM) maintenance studies
- Evaluating Contractor Logistics Support options
- Comparing systems acquisitions alternatives
- Estimating aging equipment modification costs
- Conducting cost/benefit studies
- Assessing cost risk of programmatic and supply uncertainties
- Quantifying tradeoffs between operational availability and total ownership costs
- Establishing the cost sensitive trade space under CAIV guidelines.

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