



## **USD (AT&L) Better Buying Power Initiative:**

### **Target Affordability and Control Cost Growth; Mandate Affordability as a Requirement**

“Mandate affordability as a requirement” is the first specific initiative in the first area of the Better Buying Power initiatives “target affordability and control cost growth”.

In his September 14, 2010, Memorandum for Acquisition Professionals, Dr. Carter outlined 23 initiatives to improve efficiency in defense spending. Although these initiatives span the entire acquisition process, they have one clear objective: to ensure our nation can afford the systems it acquires.

In the decade following 9/11, defense budgets have seen tremendous growth. Along with this growth in funding, however, has come an increase in non-value-added costs. For example, the current defense budget supports a force with essentially the same size, structure, and capabilities as in FY 2001, but at a 35 percent higher cost. Given the current US fiscal condition, we expect defense budgets to decrease over the coming years. Yet, we still need to modernize our systems and restore our equipment. As a result, we’ll need to “do more without more”.

Mandating affordability as a requirement seeks to set the overall constraint on future spending.



## Mandate Affordability as a Requirement

- **Genesis of the Initiative**
- **Direction**
- **Relation between Should-Cost and Affordability**
- **Definitions**
- **Document/DAB Templates**
- **Steps to Achieving Affordability...**
- **References**

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Our mission training module will cover the following:

Genesis of the Initiative: why do we need to do this?

Direction: what specifics does our guidance provide?

Definitions: what do certain terms mean exactly?

DAB templates: what information does the program office need to provide?

Steps to Achieving Affordability...self explanatory

References: what are our sources?



## Genesis of the Initiative

### USD (AT&L) Memo to Acquisition Professionals, 14 September 2010

- Affordability (conducting a program at the cost constrained by the maximum resources the Department can allocate for that capability) is to be treated as a requirement before granting authority to proceed with the program
- The program affordability target will be treated by the PM like a KPP (that is, a design parameter not to be sacrificed or compromised without my specific authority).



**Affordability is based on the PM's ability to understand and manage the Program's Elements of Cost from Program Start to Program Termination**

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In his initial guidance to the acquisition workforce, Dr. Carter defined what he meant by affordability and what we can expect to happen if we can't achieve affordability goals.

Basically, affordability means to manage programs for weapons or information systems without exceeding our available resources. Those resources include funding, schedule, and manpower.

If we fail to live within our resources, we can expect to waste more time, effort and money on cancelled programs; see more budget uncertainty; lose the confidence of taxpayers and our industry partners alike; and, most importantly, place our warfighter's lives at risk because we've failed to provide them the weapons they need.



## Genesis of the Initiative (Cont'd)

### Additional Affordability Drivers:

- *Greater Demands on Shrinking Resources Pool*
  - DoD needs to accommodate first (\$460B) cut, with possible Sequestration cut (\$1.2B), while
    - Achieving a good design/production strategy for each program within the above resource constraints, and
    - Achieving an economical life cycle support plan
- *Increased Need to Manage Products within Capability Portfolios*
  - Can't afford unnecessary redundancy in products any more
- **Result:** Urgent emphasis on cost management, to be exercised continuously across the program life cycle (design through production to fielding and sustainment)
  - Acquirers must use their best judgment, honed by their knowledge and experience, to achieve this goal
  - “. . . the alternative: broken or cancelled programs, budget turbulence, uncertainty and unpredictability for industry, erosion of taxpayer confidence . . . , and . . . lost capability for the warfighter in a dangerous world.” (AT&L Memo of 14 September 2010)

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In his initial guidance to the acquisition workforce, Dr. Carter defined what he meant by affordability and what we can expect to happen if we can't achieve affordability goals.

Basically, affordability means to manage programs for weapons or information systems without exceeding our available resources. Those resources include funding, schedule, and manpower.

If we fail to live within our resources, we can expect to waste more time, effort and money on cancelled programs; see more budget uncertainty; lose the confidence of taxpayers and our industry partners alike; and, most importantly, place our warfighter's lives at risk because we've failed to provide them the weapons they need.



## Direction

### **USD (AT&L) Memo to Secretaries of the Military Departments & Directors of the Defense Agencies, 03 Nov 2010**

#### **Milestone A Requirements**

- Establish affordability target at MS A
  - Functional equivalent of a Key Performance Parameter
  - Initial metrics are average unit acquisition cost and average annual unit operations and support cost
- Show results of capability excursions around design performance points
- Present target in context of available resources for the portfolio/mission area

#### **Milestone B Requirements**

- Present systems engineering tradeoff analysis
  - Show how cost varies in relation to design and schedule parameters
  - Includes spiral upgrades
- Provide cost tradeoff curves around major affordability drivers
  - How program has established a cost-effective design point for the drivers

#### **Milestone C Requirements**

- USD(AT&L) approves range of production rates
- Deviation without USD(AT&L) approval will lead to revocation of milestone

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Here are the affordability requirements which DoD has implemented at milestone reviews.

At Milestone A, programs must establish an affordability target, or program cost. This target will be the functional equivalent of a Key Performance Parameter, such as speed, power or data rate. That is, the affordability target is a design parameter not to be sacrificed with the specific authority of the USD(AT&L). The initial metrics for setting and tracking the target will be the average unit acquisition cost and the average annual unit operations and support cost. This target will serve as the basis for pre-milestone B decision making and tradeoff analysis. This analysis will show the results of capability excursions around expected design performance points to highlight elements suitable to establish the cost and schedule trade space. This analysis will also be in the context of the portfolio or mission area. In the case of new programs, the analysis must show the adjustments necessary to absorb the new program within the portfolio.

At Milestone B, programs must present a systems engineering tradeoff analysis showing how cost varies in relation to design and schedule parameters. This analysis will pay due attention to spiral upgrades. As part of this analysis, programs must provide cost tradeoff curves, or trade space around major affordability drivers, to show how the program has established a cost-effective design point for these affordability drivers.

At Milestone C, the USD(AT&L) will approve a schedule for production based on economical production rates. To enforce adherence to the schedule, the USD(AT&L) will revoke the program's milestone if the program deviates from the schedule without express approval.



## Relation Between Should-Cost and Affordability

### USD (AT&L) Memo to Acquisition and Logistics Professionals, "Should-Cost and Affordability", 24 August 2011

- Pre-milestone B emphasis is on defining and achieving affordability target
  - What does an Affordability Target Provide?
    - Goal for unit production and sustainment costs of product based on forecasted budget
    - Provides design constraint on product
    - Captures product's expected capability against its expected life cycle cost
    - Independent Cost Estimate incorporates affordability target
  - Cost increases above approved affordability target will result in decreased requirements or program termination
- Post-milestone B emphasis shifts to defining and achieving should-cost estimate

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On August 24, 2011, Dr. Carter released a memo to explain the differences between should-cost and affordability. The primary difference between the two relates to the program life cycle.

Prior to Milestone B, the emphasis should be on defining and achieving the affordability target. Program offices need to set targets in terms of two metrics: the average unit acquisition cost and the average annual unit operations and support cost. These targets need to be:

- Within what the Department or Service can pay, i.e., be within expected budgets.
- Drive design trades and choices about affordable priorities, i.e., provide a design constraint on the products we build, procure, and sustain.
- The basis for trades between capability and cost.

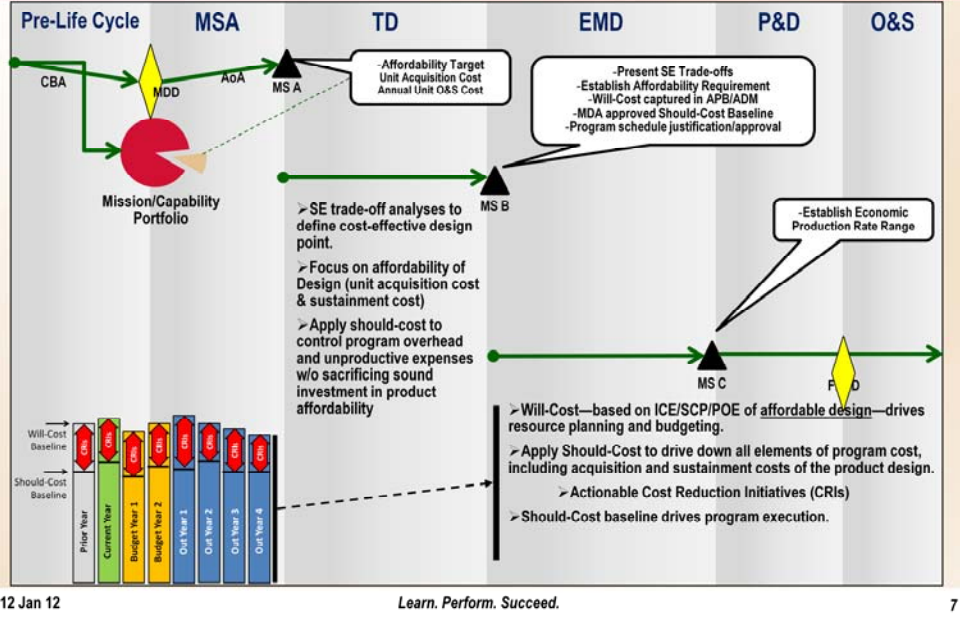
Independent cost estimates (will-cost estimates) incorporate the affordability requirements.

After Milestone B, the emphasis shifts to defining and staying within the should-cost estimate.

If, however, costs increase above the affordability target, program management must meet with the MDA to determine which requirements to drop or if the program must be terminated.



# Should-Cost & Affordability



A picture of what we've just been discussing...



## Affordability: Acquisition Strategy / Technology Development Strategy

### Specific requirements (see Section 8.2 of the TDS/AS Template):

- List established cost goals and the rationale supporting them
- (If a TDS)
  - Indicate the Affordability target – should be presented in the context of the total resources available to the portfolio(s) or mission area(s) of the program
  - If a new start: provide the quantitative analytical basis for stating the resources expected to be available in the portfolio/mission area can support the program
- Discuss the rationale for program procurement rate and schedule, as referenced to the Program's Economic Order Quantity, and Affordability Target
- For "Should Cost"
  - Summarize "should cost" application to the
  - Identify the should cost initiatives planned for the program acquisition (provide a tabular summary)
  - Specify how these should cost initiatives will play in contract negotiations





## Affordability: Acquisition Strategy / Technology Development Strategy

### Specific requirements (continued) (see Section 8.2 of the TDS/AS Template):

- Explain how the cost management approach adequately considers funds management. Identify contingent liabilities planned for or associated with the program, and which have been funded. Summarize plan to obtain approval for any unfunded contingencies
- For acquisition of Federal information Processing resources greater than \$100M, identify the key outcome performance measure and how they will be measured and reported on
- Summarize plans to control program costs, specifically Program Acquisition Unit Costs, Average Procurement Unit Costs, and Life Cycle Costs. List and describe cost control tools and processes
- Summarize the acquisition's processes and projected schedule to update estimates



## DAB Template MS A

### MS A Affordability Requirements

- **Portfolio View**
- **Production Cost Target Basis**
- **Sustainment Cost Target Basis**
- **Key trade-offs contemplated during Technology Development phase**

*(The analysis that provides the basis for providing both the production and sustainment cost goals. The following charts are examples of the type of analysis expected. This analysis should cover the expected life cycle of the product under review in the context of the portfolio(s) of products of which it is a member. If the historical norm for the portfolio is significantly exceeded then address affordability in a broader service context.)*

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At Milestone A, program Managers will need to establish affordability targets and perform capability excursions. They'll present their results using the Defense Acquisition Board templates. These templates present:

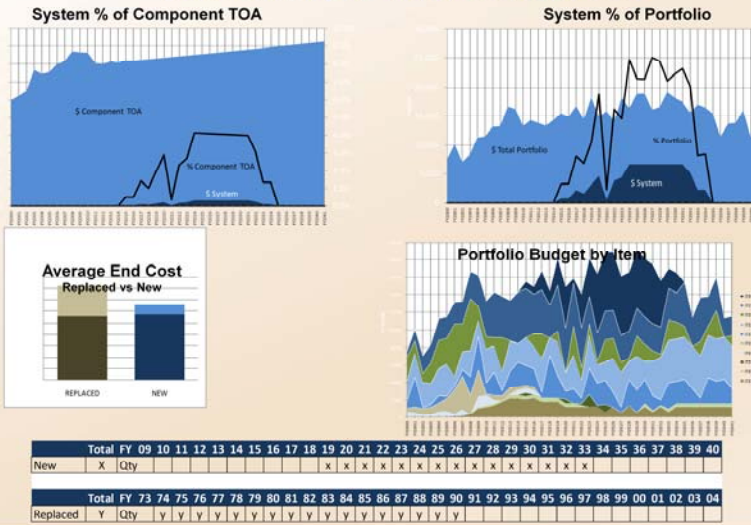
- The results of analyses within the context of the weapons system portfolio.
- The basis for the program acquisition cost metric.
- The basis for the operations and support cost metric.
- The trade-offs expected at Milestone B.

The slides which follow show examples of the affordability requirements charts within the template. program office personnel must determine the analyses behind the information contained in these charts. [Note: DAU's efforts going forward should be on assisting, clarifying, and standardizing the analyses needed to produce these charts.]



# DAB Template MS A

## Portfolio Analysis View: Production Cost



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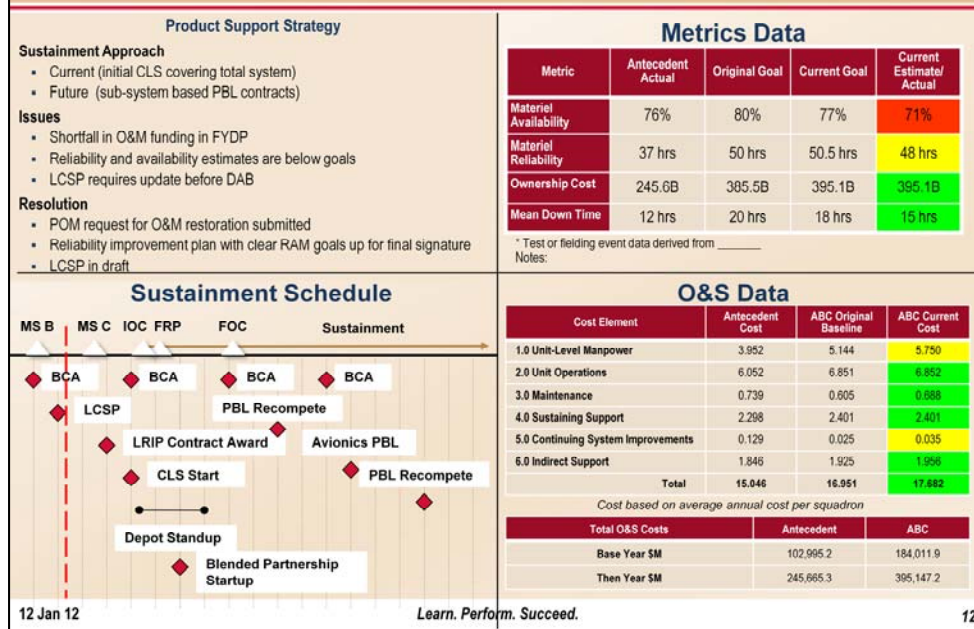
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The first affordability chart in the DAB template present the results of analysis within the weapons system portfolio context. It also shows how the cost of a new system compares to the cost of the system being replaced. These graphs are only examples. Program office personnel should use graphs which present information in a clear, unambiguous, and easy-to-understand format.



# Sustainment Quad Chart



Program office personnel need to define how they will present the results of their sustainment cost analysis. One approach may be a sustainment quad chart. The chart shows the:

- Product support strategy in the upper left quadrant.
- Sustainment schedule in the lower left quadrant.
- Metrics data in the upper right quadrant.
- O&S data (total and per unit) in the lower right quadrant.

This is an example of a sustainment quad chart.



## DAB Template MS A

### MS A Affordability Requirements

#### Affordability Targets

Description	Cost Target
PAUC	\$27.8M
O&S	\$40.3B

#### Cost Drivers & Trade Excursions Plan

Description	Trade Excursion	Date
- Range Readjustment	Speed/Range Tradeoff Review	2Q FY11
- Reliability Growth	RAM Study	3Q FY11
- Engine Redesign	NAVAIR /CTR Focus Group	3Q FY11
- Prognostics & Health Mgmt.	Independent Logistics Assessment	3Q FY12
- F/A-XY Avionics Reuse	NAVAIR Tiger Team	3Q FY12
- Reduced Ordnance Load	JROC Review	4Q FY12

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The Milestone A affordability requirements chart presents the affordability metrics for production and O&S. The metrics are unit costs: average acquisition cost and average annual O&S cost. Also on this chart are the cost drivers and proposed trade excursions, along with the their dates.

Technical personnel in the program office will need to determine the cost drivers, while cost personnel will need to determine the affordability targets based on the life cycle cost.



## DAB Template MS B

### MS B Affordability Analysis

- Updates of:
  - Portfolio View
  - Production Cost Target Basis
  - Sustainment Cost Target Basis
- Additional Charts:
  - APB KPP Status
  - Program Cost Drivers and Contemplated EMD phase Trade Excursions
  - System Engineering Trade-Off Analyses

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At Milestone B, Program Managers will need to establish engineering trades and perform trade-off analyses to show how varying key design feature affects target cost. They'll present their results using the Defense Acquisition Board templates. These templates present:

- The results of analyses within the context of the weapons system portfolio.
- The basis for the program acquisition cost metric.
- The basis for the operations and support cost metric.
- The trade-offs expected during the EMD phase.

The slides which follow show examples of the affordability requirements charts within the template. Program office personnel must determine the analyses behind the information contained in these charts. [Note: DAU's efforts going forward should be on assisting, clarifying, and standardizing the analyses needed to produce these charts.]



# DAB Template MS B

## APB Key Performance Parameters

Characteristic	Objective	Threshold	Demonstrated	Current Est.
<b>AH-1Z</b>				
MFHBA (hrs)	35	24	26.7	50.6
MMHFH (hrs)	3.6	4.3	2.8	3.2
Cruise Speed (kts)	165	135	138	138
Payload (Hot Day) (lbs)	3500	2500	3179	3179
Weapon Stations Universal Mounts	6	4	4	4
Precision Guided Munitions	16	12	16	16
Maneuverability / Agility (G's)	-0.5 to 2.5	-0.5 to 2.5	-0.5 to 2.79	-0.5 to 2.5
Mission Radius (nm)	200 x 1 (Aux Fuel)	110 x 1	135nm x 1	135nm x 1
Shipboard Compatibility	Yes	Yes	Yes	Yes
Interoperability	All Top Level IERs	All Critical Top Level IERs	All Critical Top Level IERs	All Critical Top Level IERs
<b>UH-1Y</b>				
MFHBA (hrs)	40.2	33.1	55.8	52.3
MMHFH (hrs)	2.9	3.9	2.5	2.4
Cruise Speed (kts)	165	140	156	156
Payload (Hot Day) (lbs)	4500	2900	3079	3079
Weapon Stations	2 Univ. Mounts	2 Hard Mounts	2 Hard Mounts	2 Hard Mounts
Maneuverability / Agility (G's)	-0.5 to 2.3	-0.5 to 2.3	-0.5 to 2.3	-0.5 to 2.3
Mission Radius (nm)	200 x 1 (Aux Fuel)	110 x 1	129nm x 1	129nm x 1
Shipboard Compatibility	Yes	Yes	Yes	Yes
Interoperability	All Top Level IERs	All Critical Top Level IERs	All Critical Top Level IERs	All Critical Top Level IERs

Why they matter . . .

\*AH-1Z Cruise Speed revised in CPD

COLOR DEFINITIONS

- Exceeds Objective Requirement
- Exceeds Threshold Requirement
- At risk of not meeting Threshold
- BREACH - does not meet threshold

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This chart shows the key performance parameter chart established at Milestone A and included in the acquisition program baseline. It also shows the objective, threshold, demonstrated, and current values for each KPP.

This chart sets the baseline for performing trade excursions, as shown on the following chart.

After setting the KPP values at Milestone A, technical personnel will have to monitor performance in order to determine demonstrated values and current estimates.



# DAB Template MS B

## MS B Affordability Requirements

### Proposed Affordability Targets

Description	Affordability Requirement	Current Estimate
PAUC	\$22.6M	\$24.4M
O&S	\$32.9B	\$35.6B
TBD	XXX	XXX
TBD	XXX	XXX
TBD	XXX	XXX

### Cost Drivers & Trade Excursions

Description	APUC	PAUC	RDT&E	Proc.	O&S	Schedule Impact
Original Cost Estimate	\$26.7M	\$32.3M	\$1.32B	\$15.1B	\$39.1B	N/A
- Range Readjustment	-\$0.3M	-\$0.4M	+\$2M	-\$75M	-\$100M	None
- Reliability Growth	+\$2.2M	+\$2.3M	+\$15M	+\$50M	-\$1.5B	+6 Months
- Engine Redesign	-\$0.7M	-\$1.1M	+\$4M	-\$125M	-\$75.0M	+3 Months
- Prognostics & Health Management	+\$0.2M	\$0.3M	\$0.0M	\$0.0M	-\$2.0B	None
- FIA-XY Avionics Reuse	-\$1.9M	-\$2.4M	-\$16M	-\$50M	+\$200M	-6 Months
- Reduced Ordnance Load	-\$1.8M	-\$2.0M	+\$2M	-\$15M	\$0.0M	None
Current Cost Estimate	\$24.4M	\$29.0M	\$1.31B	\$14.9B	\$35.6B	N/A

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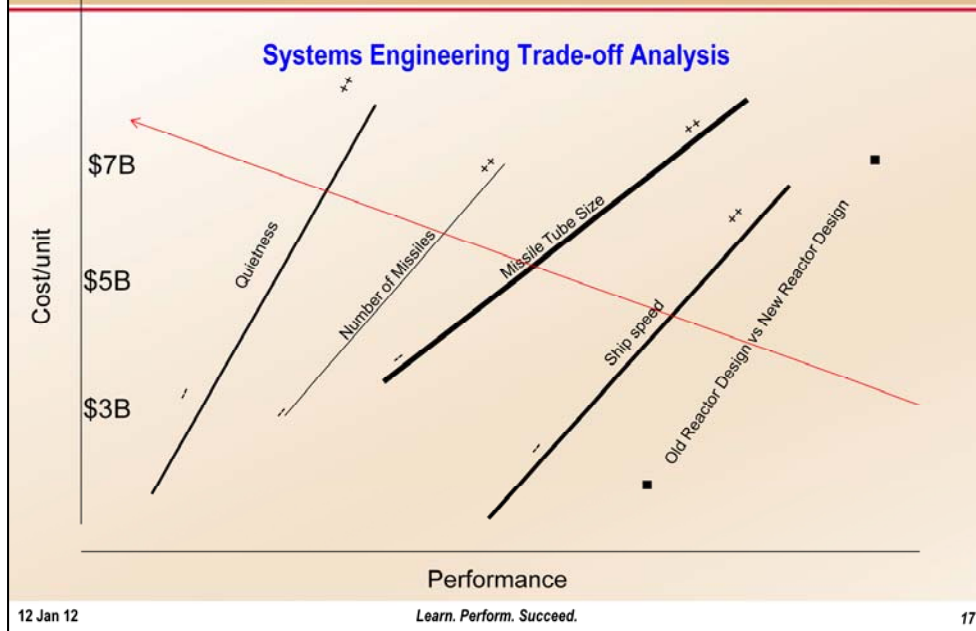
The Milestone B affordability requirements chart presents the affordability metrics for production and O&S. The metrics are unit costs: average acquisition cost, average annual O&S cost, and other targets as may be determined. Also on this chart are the cost drivers and the results of trade excursions. Excursion results show how varying the cost drivers affects the affordability targets, program costs, and the program schedule.

Technical, logistics, and cost personnel in the program office will need to work together to perform the trade excursions and document the results.





## DAB Template MS B



This chart is an example of how the Program Manager Office may want to present the results of the cost drivers and trade excursions in a graphical format. Technical personnel within the PMO should determine how best to format this chart.



## Steps to Achieving Affordability...

- **Milestone A**
  - Determine forecasted funding, schedule, and production rates
  - Decide on affordability drivers/design performance points
  - Perform capability excursions around design performance points
  - Establish affordability targets
  - Complete Technology Development Strategy (TDS) template
  - Complete DAB MS A template
- **Milestone B**
  - Present justification for program schedule and production rates
  - Perform systems engineering tradeoff analysis
  - Provide cost tradeoff curves around major affordability drivers
  - Complete Acquisition Strategy (AS) Template
  - Complete DAB MS B template
- **Milestone C: Obtain MDA approval of production rates**

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This chart presents a summary outline of how program office personnel may proceed in organizing their efforts for milestone reviews. This outline may serve as a planning document, which then leads to more detailed analyses, and then to the construction of the DAB template. [Note: DAU's efforts going forward should be on assisting, clarifying, and standardizing the analyses needed to produce these charts.]



## References

- **USD(AT&L) Memos:**
  - 14 Sep 2010: “Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending”
  - 3 Nov 2010: “Implementation Directive for Better Buying Power - Obtaining Greater Efficiency and Productivity in Defense Spending”
  - 24 Aug 2011: “Should Cost and Affordability”,
- **Service Memos**
  - Army: SAAL-ZR 10 Jun 2011: “Army Implementation of USD(AT&L) Affordability Initiatives”
- **DoDD 5000.01**  
<http://www.dtic.mil/whs/directives/corres/pdf/500001p.pdf>
- **DoDI 5000.02**  
<http://www.dtic.mil/whs/directives/corres/pdf/500002p.pdf>
- **DAU Glossary of Defense Acquisition Acronyms and Terms** <https://dap.dau.mil/glossary/Pages/Default.aspx>

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This chart presents a summary reference of current guidance regarding the BBP affordability initiative.



## Backup Charts



## Definitions

### **ASA (AL&T) Memo to Program Executive Officers, “Army Implementation of USD (AT&L) Affordability Initiatives”, 10 June 2011**

#### **Milestone A Requirements**

- Set affordability targets at MS A
- Manage to them in a similar manner as a Key Performance Parameter

#### **Milestone B Requirements**

- Establish engineering trades
- Show how each key design feature affects target cost
- Perform trade-off analysis

#### **Presentation Requirements**

- All programs will use the Defense Acquisition Board template for affordability

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ASA(AL&T) issued an implementing directive to the Army acquisition workforce on June 10, 2011. This directive primarily addressed will cost / should cost, but it did contain limited guidance on the affordability initiative.

At Milestone A, programs will set affordability targets which are the functional equivalents of key performance parameters. Program will then manage to the targets.

Independent cost estimates (will-cost estimates) incorporate the affordability requirements.

At Milestone B, programs will establish engineering trades and show how each key design feature affects target cost. Then, programs will perform trade-off analysis to ensure program cost stays below target.

Finally, program offices will have to use Defense Acquisition Board templates for affordability at milestones and other important decision points.



## Definitions

- Milestone A: The point at which a recommendation is made . . . regarding . . . entry into the Technology Development phase. (DODI 5000.02)
- Milestone B: The point at which a recommendation is made regarding entry into the Engineering and Manufacturing Development phase. (DODI 5000.02)
- Milestone C: The point at which a recommendation is made regarding entry into the Production and Deployment phase. (DODI 5000.02)

<http://www.dtic.mil/whs/directives/corres/pdf/500002p.pdf>

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DoDD 5000.01 defines affordability in terms of resources available at both the Service and Department levels. This definition provides the basis for the meaning of affordability with the BBPI context.

DoDI 5000.02 defines Milestone A as the point where the MDA determines if a program should proceed into the Technology Development phase. In the BBPI context, Milestone A is the point at which programs set affordability targets. These targets will be the basis for pre-MS B decision making and systems engineering tradeoff analysis.

DoDI 5000.02 defines Milestone B as the point where the MDA determines if a program should proceed into the Engineering and Manufacturing Development phase. For BBPI purposes, Milestone B is the point at which programs will perform systems engineering tradeoff analyses and provide cost tradeoff curves around major affordability drivers.



## Definitions

- **Operations and Support Cost:** Funded primarily with the O&M and Military Personnel appropriations. However, RDT&E, Procurement, and/or MILCON appropriations may also be used, as appropriate, based on the nature of the effort, after the weapon system has been deployed. This category includes all costs for personnel, equipment, and supplies associated with operating, modifying, maintaining and supporting a weapon system in the DoD inventory. This includes all direct and indirect costs. These costs do not include any of the development costs, procurement costs or any other part of the program acquisition costs for the weapon system, nor do they include any disposal costs for the weapon system. Because the system is already fielded, the MIL-HDBK 881B WBS does not apply to this cost term. (Defense Acquisition Guidebook)
- **Tradeoff:** Selection among alternatives with the intent of obtaining the optimal, achievable system configuration. Often a decision is made to opt for less of one parameter in order to achieve a more favorable overall system result. (Defense Acquisition Guidebook)

<https://dap.dau.mil/glossary/Pages/Default.aspx>

Operations and support cost includes all the personnel, equipment, and supply costs associated with operating, modifying, maintaining, and supporting a weapons system. The O&S phase of the program's life cycle begins when the first operational unit activates and ends when the last operational reaches the end of its service life.

A tradeoff is a selection among alternatives to obtain the optimal system configuration. For BBPi purposes, after the program manager sets affordability targets at Milestone A, program office personnel must perform trade-off analyses between cost and system design parameters to ensure the program stays within the affordability targets.



## Definitions

- **Acquisition Program Baseline (APB):** Baseline that reflects the threshold and objective values for the minimum number of cost, schedule, and performance attributes (called "key performance parameters") that describe the program over its life cycle. Cost values reflect the life cycle cost estimate, scheduled dates include key activities such as milestones and the Initial Operational Capability (IOC), and performance attributes reflect the operational performance required for the fielded system. The Key System Attributes (KSAs) that support the Sustainment KPP are also reflected in the APB. (Defense Acquisition Guidebook)

<https://dap.dau.mil/glossary/Pages/Default.aspx>

The acquisition program baseline is a program document that specifies the threshold and objective values for cost, schedule and performance over a program's life cycle. Costs values include total cost for each program phase, average production unit cost (APUC), and program acquisition unit cost (PAUC). Schedule values are key program dates, and performance values are key performance parameters.





## Definitions

### **USD (AT&L) Memo to Acquisition Professionals, 14 September 2010**

- “Affordability means conducting a program at a cost constrained by the maximum resources the Department can allocate for that capability.”



## Definitions

### **Affordability, the 5000 view:**

- The degree to which the life-cycle cost of an acquisition program is in consonance with the long-range modernization, force structure, and manpower plans of the individual DoD Components, as well as for the Department as a whole. (DOD DIR 5000.01  
<http://www.dtic.mil/whs/directives/corres/pdf/500001p.pdf>)

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DoDD 5000.01 defines affordability in terms of resources available at both the Service and Department levels. This definition provides the basis for the meaning of affordability with the BBPI context.

DoDI 5000.02 defines Milestone A as the point where the MDA determines if a program should proceed into the Technology Development phase. In the BBPI context, Milestone A is the point at which programs set affordability targets. These targets will be the basis for pre-MS B decision making and systems engineering tradeoff analysis.

DoDI 5000.02 defines Milestone B as the point where the MDA determines if a program should proceed into the Engineering and Manufacturing Development phase. For BBPI purposes, Milestone B is the point at which programs will perform systems engineering tradeoff analyses and provide cost tradeoff curves around major affordability drivers.



## Definitions

- **Program acquisition cost:** A multi-appropriation cost. It consists of all costs associated with developing, procuring and housing a weapon system. Because it consolidates development, procurement and military construction costs, RDT&E, Procurement and MILCON appropriations are included. This is the complete cost of acquiring a weapon system - ready to operate. (Defense Acquisition Guidebook

<http://www.dtic.mil/whs/directives/corres/pdf/500002p.pdf>)

DoDI 5000.02 defines Milestone C as the point where the MDA determines if a program should proceed into the Production and Deployment phase. For BBPi purposes, Milestone B is the point at which the USD(AT&L) can approve the program's range of production rates.

Program acquisition cost is the complete cost of acquiring a weapon system. It consists of all costs necessary to develop, procure, and house the system. It includes RDTE, Procurement, and MILCON appropriations.