OFFICE OF THE UNDER SECRETARY OF DEFENSE

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ACQUISITION AND
TECHNOLOGY

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MEMORANDUM FOR DSAC EXECUTIVE COMMITTEE MEMBERS

SUBJECT: Decision Memorandum and Meeting Summary -- DSAC Executive Committee Meeting of November 16, 1999

Dr. Spiros Pallas provided background information on the Total Ownership Cost Reduction (R-TOC) Initiative and presented highlights of the Service R-TOC plans that have been submitted. Several associated issues were discussed with the following results.

- The DSAC agreed that each Service should continue to maintain ten pilot programs. The Services should work directly with Dr. Pallas to replace existing pilot programs that are not well suited to demonstrating innovative R-TOC initiatives transferable to other programs. There will be no change in the Section 816 pilot programs reported to Congress.

- The DSAC agreed that all currently fielded pilot programs should continue to strive to find ways of reducing FY 2005 operating and support (O&S) costs by 20 percent. The Services should ensure that the pilot program plans document all ongoing R-TOC efforts.

- The DSAC agreed that a 20 percent reduction in FY 2005 O&S costs was not appropriate for systems early in development. The Services should work with Dr. Pallas to identify an alternative goal in those cases.

- There was insufficient data to make a decision on an R-TOC Program Budget Decision (PBD). Dr. Pallas was directed to work with the Services to create a list of program by program R-TOC investments with associated returns on investment that can have a significant impact by FY 2005. If such a list can be developed, it should be presented to Dr. Gansler within two weeks for a decision on whether to pursue a no-offset PBD.

DLA and the Army presented their plans for implementing activity based costing and activity based management. Their plans were approved. There was some discussion about the extent of implementation and experiences gathered from past implementation efforts. Both DLA and the Army were tasked to document their lessons learned and provide them to the Director, Systems Acquisition, for dissemination to the other Services. This data should be submitted as part of their standard quarterly reporting.

The attachment briefly summarizes the meeting and provides the status of the open action items.

Stan Z. Soloway
Deputy Under Secretary of Defense
(Acquisition Reform)

Attachment:
As stated

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