



# **How to Tackle the Cost of Sustainment?**

## **Summary of CSIS Report on Performance-Based Logistics**

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## Keys to Effective Use of PBL

**Partnership**

**Sufficient Contract Length**

**Tailored Contract Scope**

**Aligning Incentives**

## PBL Challenges

**Trust**

**Education**

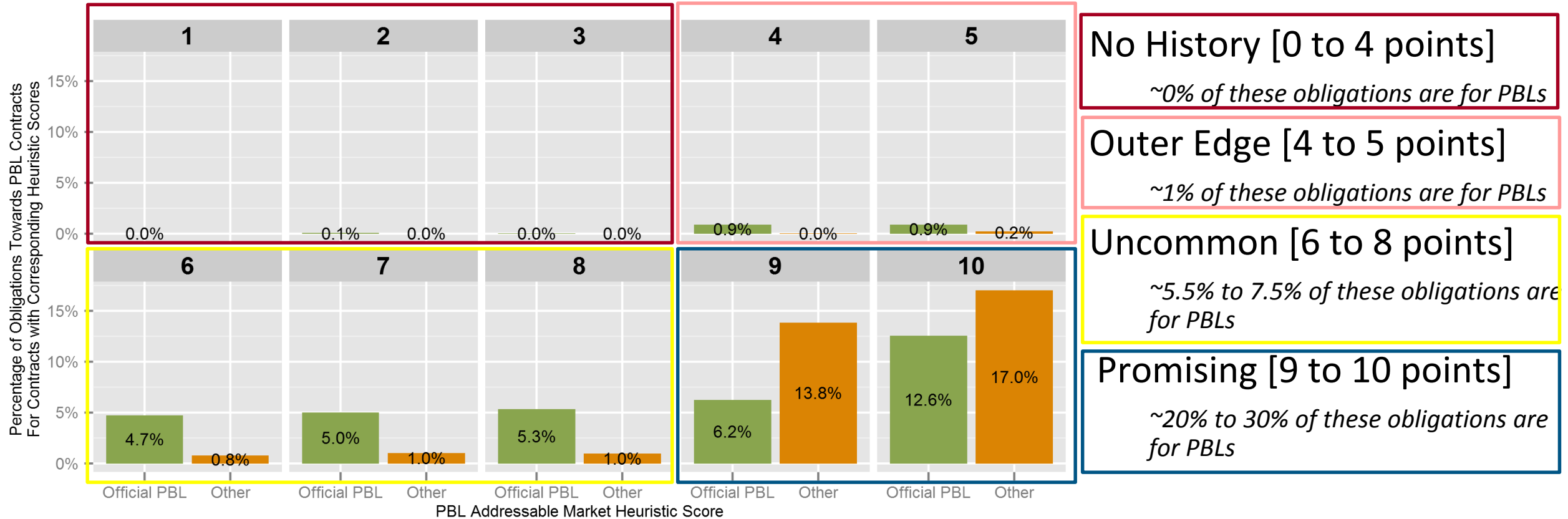
**Contracting Regulations**

## High Leverage Areas of Opportunity for PBL

- Poorly performing programs/systems
- Sole-source environments
- Commercially-sourced programs/systems
- Highly complex programs/systems
- Small fleets

# PBL Addressable Market (1/3): Scoring Actual PBLs

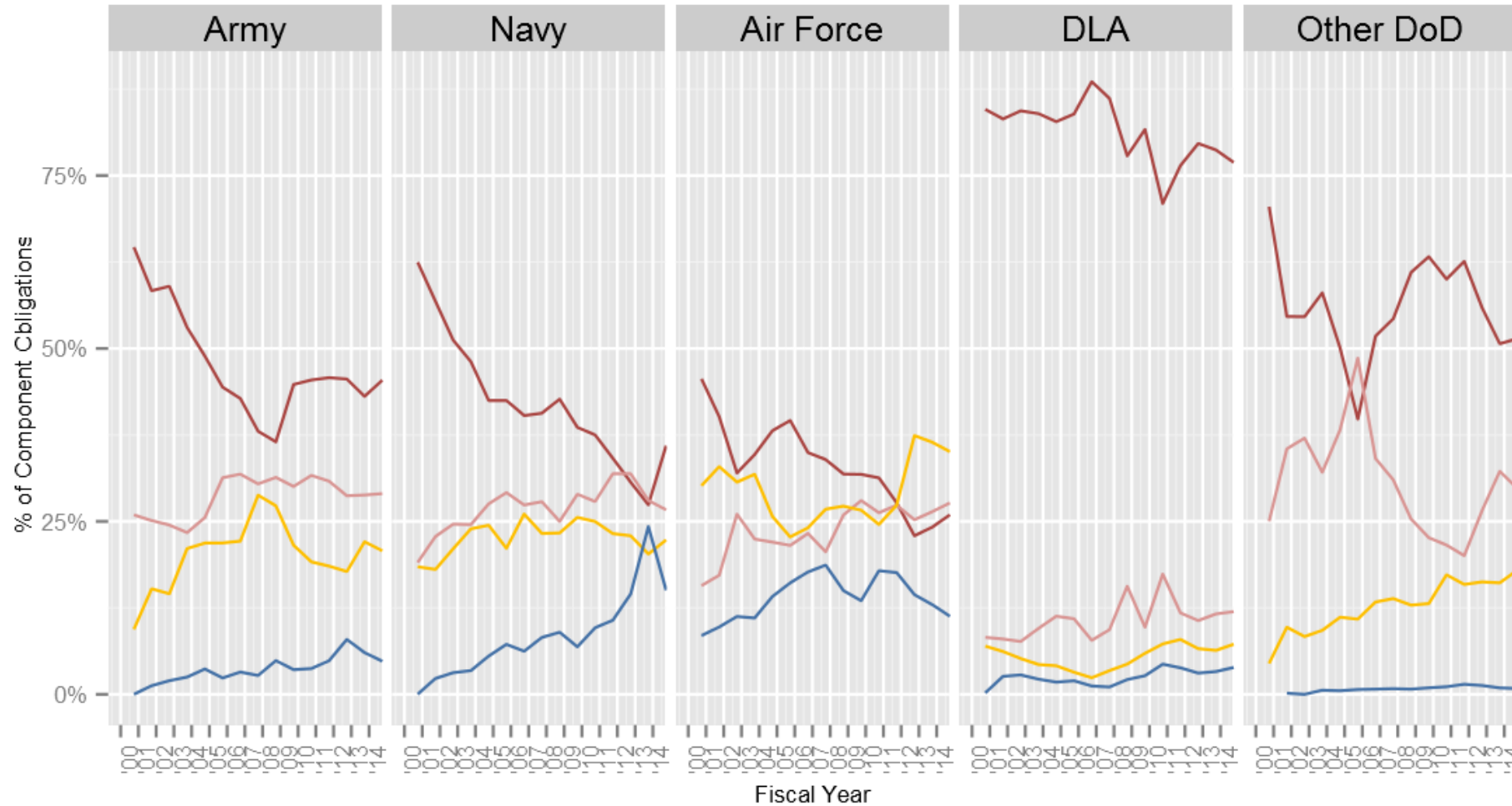
The scoring was then condensed into four categories.



The validity of this heuristic is supported by its effectiveness at identifying existing PBLs, but note that even with a score of 10, over 70% of dollars go to non-PBL contracts.

# PBL Addressable Market (2/3):

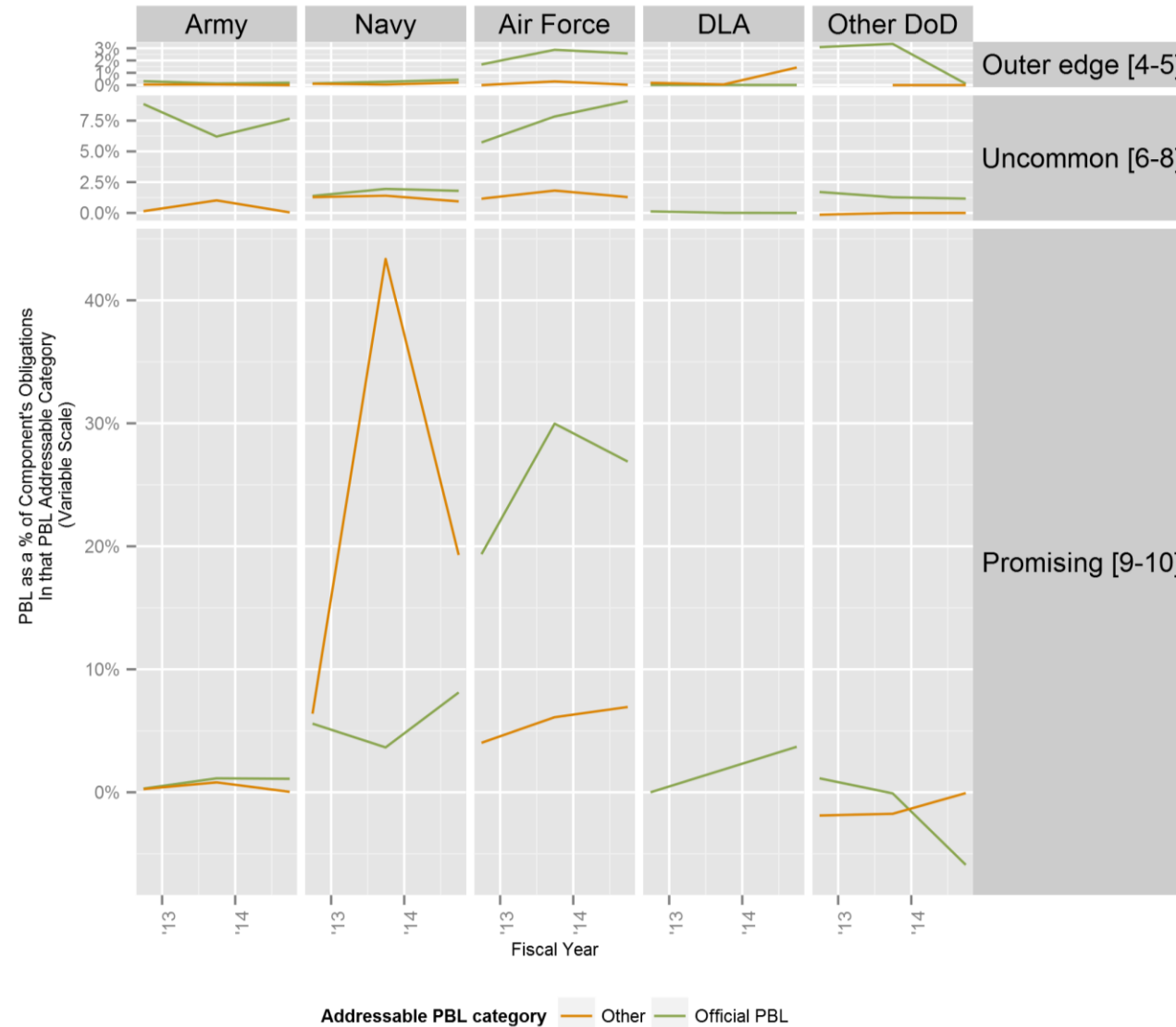
## Percentage of Contract Spending by PBL Addressable Market Category by Components



Addressable PBL category — Promising [9-10] — Uncommon [6-8] — Outer edge [4-5] — No history [0-3]

# PBL Addressable Market (4/4):

Existing PBL as a Percentage of each Addressable Market Category by Component



# Recommendations Tied to Larger Enterprise

- 1. Leverage Better Buying Power 3.0 to develop a coordinated strategic approach to PBL with the military services**
- 2. Clarify the use of Operations and Maintenance (O&M) appropriations and Working Capital Funds to fund PBL contracts**
- 3. Explore extending contract duration as an incentive for PBL contracts**
- 4. Elaborate on the definition of a PBL to clarify what it is, not just what it achieves**

## Recommendations Implementable within DLA

5. Explore PBL arrangements to address legacy and obsolete parts
6. Refine estimates of the addressable market for PBL to illuminate discussions with industry
7. Build on BBP3.0's call for "common ways to measure PBL effectiveness...and to use those measures to track results" to better understand the addressable market
8. Continue training and education for personnel and develop guidance encouraging open communications and partnering
9. Develop guidance for performance-based products contracts for practitioners