

Defence Acquisition Change Programme

Directorate of Supplier Relations (DSR) Annual Seminar

10 July 2008



Defence Acquisition Change Programme



A Case for Change

- **Changing threats** – requires greater agility and responsiveness
- **New challenges** for industry – restructuring of supply base and the retention of critical capabilities
- **Rapid technological change** – increasing divergence between MoD and Commercial technology cycles creating obsolescence issues and barriers to innovation
- **Complex systems** – integration across all lines of development and taking a through life perspective
- **MoD skills base** – demanding more of our staff – understand broader context – behaviours as well as delivery
- **Reputation** – Delivering the best capability for our Armed Forces to time and cost
- Following the Enabling Acquisition Change study undertaken in 2006 and building on the work of Smart Procurement, acquisition reform has been set up under the Defence Acquisition Change Programme (DACP) delivering, embedding and sustaining changes made since 2006 and continuing to improve acquisition performance.



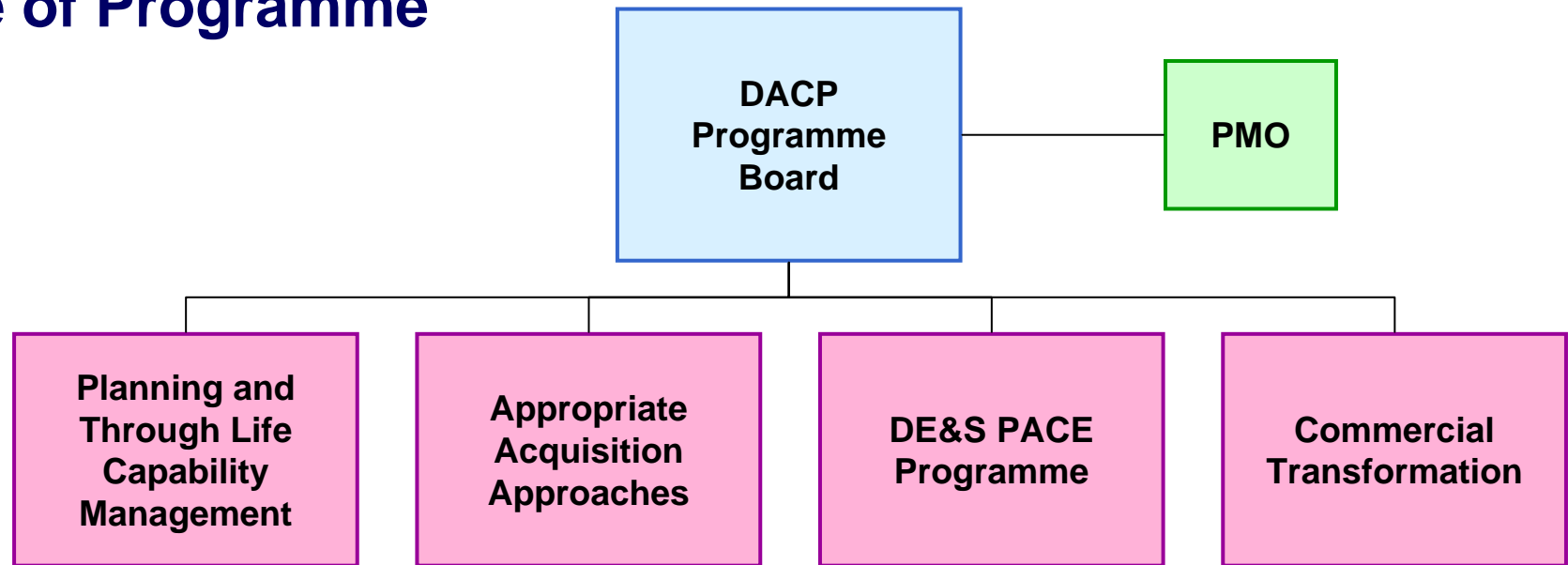
DACP Overarching Objective

‘To bring about a step change improvement in acquisition performance through creating a more agile acquisition system and managing capability through life’

Specific Objectives

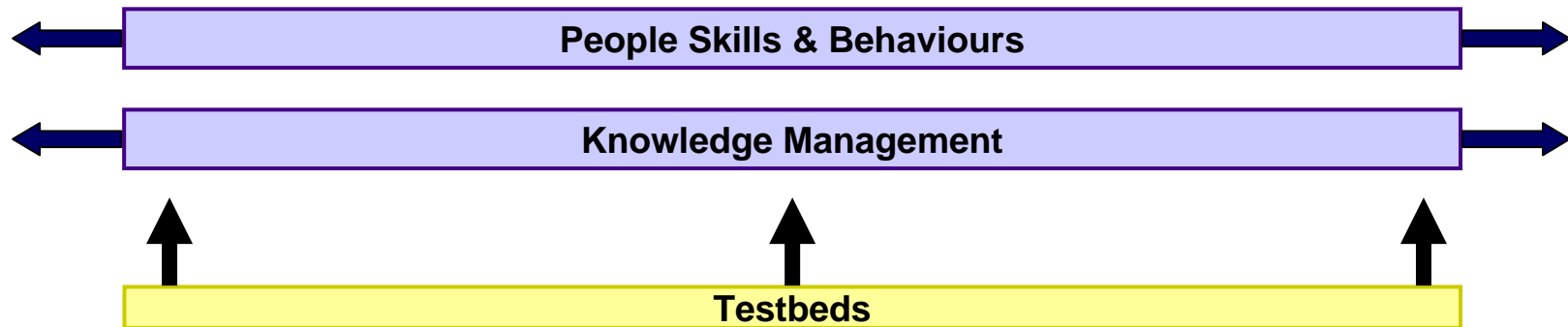
Objective	Requiring/allowing/driving
Equipment & support plan that is more stable, affordable & realistic whilst allowing greater agility	<ul style="list-style-type: none">• Better costing & forecasting; more focus on in-service support costs• Less disruption and delay to programme• More responsiveness to operational needs & changing requirements• More systematic application of TLCM• Willingness to take difficult decisions
Significantly shorter acquisition cycle time – reducing time from “decision to effect”	<ul style="list-style-type: none">• Applying lessons from UORs• Appropriate, more incremental approaches to acquisition• Greater emphasis on open system architecture, technology insertion• Process streamlining; applying AOF disciplines
Reduced cost of doing business – for both MoD and Industry	<ul style="list-style-type: none">• Stronger focus on the value of time• Reduced cycle time• Reduction in MOD and industry overheads
More effective delivery	<ul style="list-style-type: none">• Further transformation of DE&S• Greater empowerment and accountability• Better use of staff; higher skills levels• Changing culture and behaviours – ‘Team Defence’• Partnering best practice; more effective commercial arrangements
Industrial transformation	<ul style="list-style-type: none">• Industrial capacity that meets current and futures needs of Defence• DIS sector transformational milestones• Greater Defence Industry efficiency

Shape of Programme



Objective:

- Stable programme
- Shorter cycle times
- Effective delivery
- Reduced cost
- Industrial transformation



Way Forward

High Level Blueprint

- The Blueprint outlines the design of our acquisition system and provides direction on how we will improve and develop into the future. It enables a coherent and consistent approach to our change activities and describes the transformation in the five core principles on which our acquisition system is based:
 - Needs of the Front Line
 - Value for Money
 - Agility
 - Innovation
 - Commercial Astuteness

Acquisition Cycle Time Strategy (ACTS)

- This strategy sets out how the MoD will achieve a significant reduction in acquisition cycle times, a core objective of DACP. The strategy highlights important improvements to be made to the acquisition system such as the increased use of incremental acquisition, programme management and technology development carried out separately from specific projects.

Through Life Capability Management (TLCM)

- TLCM translates the requirements of Defence policy into an approved programme that delivers the required capabilities, through-life, across all Defence Lines of Development.
- Capability Planning:
 - capability definition → capability goals → baseline → risk and opportunity analysis → capability investigation → endorsed capability plan.
 - carried out by the MoD Unified Customer (ECC, DE&S, User, S&T, Centre).
 - pilot capability investigations now underway with industry.
- Capability Delivery:
 - adopting a programme management approach – currently being developed by DE&S and the DCDS(EC).

Appropriate Acquisition Approaches

- Part of capability planning is identifying and developing the right acquisition strategy for each capability area which will set out how MoD:
 - Manages requirements to the defence market place
 - Procure and support the requirement
 - Manage technical risk
 - Considers future capability needs
- In selecting the most appropriate Acquisition Strategy the aim is to accelerate the rate at which we delivery capability upgrades to the Front Line.
- To provide direction on determining which Acquisition Strategy to adopt, DACP has produced Guidance that examines all the influences and constraints highlighting the best approach for the Programme or Project.

Approaches:

Traditional sequential

Incremental

Evolutionary

Hybrid

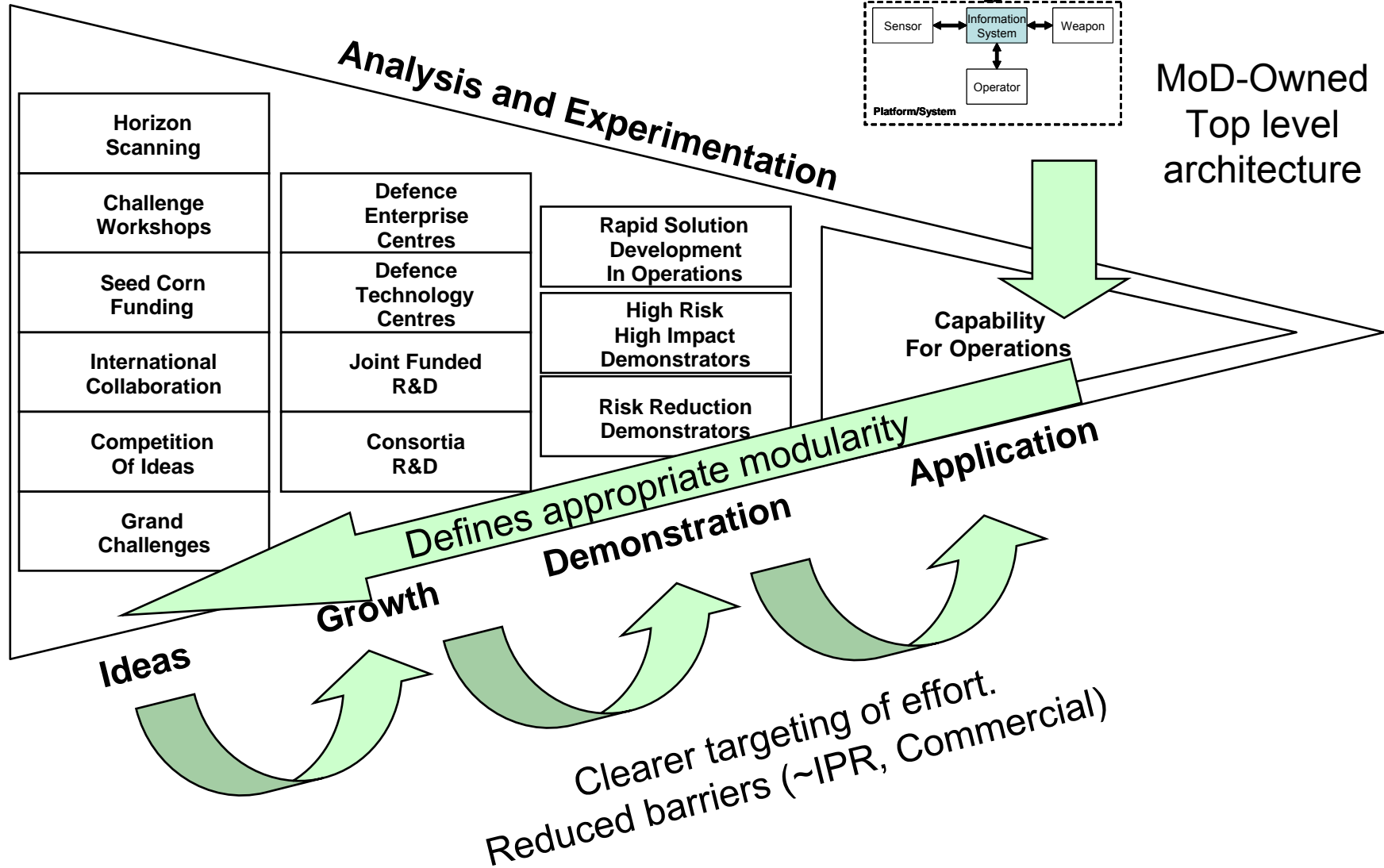
Managing R&D

- Considerable work underway to improve the early stages of innovation in SIT. This work is investigating more effective ways to realise the potential generated in military capability.
- Drawing technology development out of core projects, separating technology development from product development. Seeking the following benefits:
 - Greater agility – anticipating technology needs rather than waiting for clear requirements
 - Better returns from R&D through greater continuity of funding
 - Greater industrial investment in innovation, with MoD providing testbeds & integration opportunities
 - Reduced risk to delivery – with technology risks not compounded within projects
- MoD will need to accept and manage a number of risks:
 - Technology driving the requirement
 - Higher ‘failure rate’ on technology investment (balanced against risk saving)
 - Plundering of R&D funding for short term need
- Dependent upon test infrastructure investment, greater User involvement, changed skill sets and open architectures

Open Architectures and Systems

- To effectively exploit technological innovation, we need to maximise the ‘openness’ of our architectures and commercial arrangements.
- MoD will increasingly accept the role of ‘design owner’ :
 - Explicitly accepting risk
 - Defining open standards where appropriate and at the right time in the acquisition cycle
- Giving:
 - More affordable partitioning of risk between MoD and Industry
 - Clearer “access” for industrial innovation
 - Greater competition across wider supplier base
 - Greater flexibility in deployed systems and acquisition, giving greater agility in our capability
- Risks to be managed:
 - Failure to develop appropriate commercial relationships
 - Failure to develop effective methods for managing IPR within competitive constraints

Open Innovation Model



Commercial Approaches

New commercial models are being developed allowing MoD to work effectively with defence suppliers in a more innovative environment. Changes include:

- Developing a **Standard Contracting Framework**, and associated guidance **including R+D contracts**. Offering greater clarity to industry on MoD ways of working to encourage SME's bid for MoD business.
- Develop MoDs understanding of **supply chains** to enable delivery of innovation and agility. MoD fully recognises and supports the SBAC's 21st Century Supply Chain initiative.
- The **Innovation Strategy** sets out a range of initiatives to stimulate and encourage innovation within the defence industrial base. We intend to publish the Defence Technology Plan setting out our research and technology needs enabling Industry to understand specific technical requirements and areas of interest

Enabling Workstreams

People, Skills, Behaviour

- Individuals – Embed Defence Values for Acquisition and close the skills gap.
- Teams – Acquisition Leadership, embed TLCM across MoD Unified Customer, agree a strategy for joint work with industry on behaviours and DVfA.
- Organisations – Departmental behaviours from DACP LFE, support Role of the Military in Acquisition (ROMIA) implementation – the Military Acquisition Stream.

Knowledge Management

- Information Exploitation:
 - Improvement of information flow, manipulation, transparency and integrity
 - Business Cases for “quick win” improvements
 - Sound Architectural principles for the long term improvement based on Enterprise Architecture
- Acquisition Performance Framework:
- Acquisition Operating Framework

Questions

