



SECRETARY OF THE ARMY
WASHINGTON

15 NOV 2017

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Directive 2017-31 (Acquisition Reform Initiative #5: Aligning Sustainment Policy to Foster Cost Efficiency and Improved Readiness)

1. References. A complete list of references is at the enclosure.
2. The purpose of this directive is to align and update acquisition and sustainment policies to encourage improvements in readiness and cost efficiencies. Product support plans must be closely managed and monitored to ensure that fielded Army materiel consistently meets Soldier needs at best value. The results will reduce cost execution during a program's operations and support phase which, on average, accounts for 70 percent of total life-cycle costs. This directive is a continuation of Army Directive 2017-22.
3. I direct the following actions:
 - a. The Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA (ALT)) will update Army Regulation (AR) 70-1 (Army Acquisition Policy) to:
 - (1) require Government use of a standard Failure Reporting and Corrective Action System (FRACAS) software tool, as established by U.S. Army Materiel Command (AMC), to inform independent logistics assessments, weapons system reviews, and operational sustainment reviews to ensure that reliable systems are produced for Soldiers. Contractors supporting the Government are not required to use the standard software tool, but the contractor's tool should be compatible with the Government software. (Target: Not later than (NLT) 30 July 2018.)
 - (2) define transition to sustainment as:

The deliberate and predictable conditions-based transition of responsibility to execute sustainment from the program manager to USAMC, including operation and maintenance funding for equipment hardware and software life-cycle sustainment. The time period is bounded by initiating transition to sustainment at the full-rate production decision and is complete no later than initial operation capability plus 3 years. Transition to sustainment will be executed in a manner that is consistent with the requirement in DODD 5000.01 that the program manager will be the single point

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of accountability for accomplishing program objectives for total life-cycle systems management, including sustainment.

(Target: NLT 30 April 2018.)

(3) Require the inclusion of transition to sustainment conditions and timeline in each program's Life-Cycle Sustainment Plan. (Target: NLT 30 April 2018.)

b. The ASA (ALT) will update AR 700-127 (Integrated Product Support) to:

(1) require the Product Support Manager to brief the system's product support strategy highlights in the Life-Cycle Sustainment Plan at each Milestone Army Requirements Oversight Council/Army Systems Acquisition Review Council concurrence forum. (Target: NLT 30 April 2018.)

(2) require the Product Support Manager to use the standard FRACAS tool, as established by AMC, to track system failures and corrective actions. (Target: NLT 30 July 2018.)

(3) require an independent logistics assessment for selected Acquisition Category (ACAT) III programs, at the discretion of the Milestone Decision Authority and upon AMC recommendation, to ensure that selected ACAT III programs receive an independent assessment of product support. Independent logistics assessments will be completed before Milestone Decision C. (Target: NLT 30 April 2018.)

(4) require the Intellectual Property Strategy to be tied to acquisition and sustainment outcomes (for example, procurement of spare parts and organic depot maintenance) and development of the Contract Data Requirements List. Require expected intellectual property outcomes and the approach to data and data rights (such as technical data and computer software) to be addressed in the Acquisition Strategy or Life-Cycle Sustainment Plan not later than Milestone B (all ACAT levels). If the intellectual property and sustainment strategies require data and data rights, program managers and contracting officers will require priced contract options for technical data packages and associated intellectual property rights in the Contract Data Requirements Lists for all requests for proposal and contracts during the Technology Maturation and Risk Reduction and Engineering Manufacturing and Development acquisition phases. (Target: NLT 30 January 2018.)

(5) include a definition of retention objective. (Target: NLT 30 April 2018.)

(6) update the content of the Life-Cycle Sustainment Plan's Annex to include the retention purpose(s) (all ACAT programs) facilitating divestiture of unwanted materiel. (Target: NLT 30 April 2018.)

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(7) require the Product Support Manager to submit the draft Depot Source of Repair analysis to AMC for approval NLT 60 days before Milestone Decision C to enable earlier preparation of depot facilities and promote early coordination and planning for long-lead issues (for example, military construction, capital equipment, and skillsets). (Target: NLT 30 April 2018.)

c. The ASA (ALT) also will:

(1) update AR 702-19 (Reliability, Availability, and Maintainability) to include reliability and maintainability as mandatory knowledge, skills, and abilities (KSAs) for ACAT I and designated ACAT II or III programs. (Target: NLT 30 April 2018.)

(2) update AR 700-90 (Army Industrial Base Process), after coordination with the Office of the Secretary of Defense, to define critical manufacturing capabilities and required minimum sustaining manufacturing workloads for Army arsenals to support Army readiness and the Army's manufacturing requirements in support of Joint Chiefs of Staff contingency operations. (Target: NLT 30 April 2018.)

d. The ASA (Financial Management and Comptroller) will engage the Under Secretary of Defense (Comptroller) with the results of the ASA (ALT) study of capital asset economic useful life by January 2018 to seek revision of Department of Defense 7000-14R (Department of Defense Financial Management Regulation), Volume 4 (Accounting Policy), paragraph 060205 regarding the recovery period for depreciating organic industrial base (OIB) capital assets. The ASA (Financial Management and Comptroller) will seek to align asset replacement timelines with updated economic useful life periods to reduce the effect of capital asset replacement on AMC's cost recovery rates, while still maintaining the equipment readiness of the OIB. (Target: NLT 30 April 2018.)

e. The Deputy Chief of Staff (DCS), G-3/5/7 will update AR 71-32 (Force Development and Documentation) to include the definition of retention objective and require the update of the force file data to document retention objective decisions. (Target: NLT 30 April 2018.)

f. The DCS, G-4 will coordinate with the Commander, AMC to revise AR 750-1 (Army Materiel Management Policy) to implement procedures for the approval of all unplanned new depot work in accordance with AMC guidance (Memorandum, AMCOL-L, 18 July 2017, subject: Command Policy Memorandum – Unplanned Organic Industrial Base (OIB) Workload Acceptance (CPM 750-3) (reference v). (Target: NLT 30 April 2018.)

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g. The DCS, G-8 will:

(1) develop an interface between the Army Enterprise Equipping System and the Lead Materiel Integrator Decision Support Tool to ensure that materiel fielding plans (quantities and schedule) are synchronized with their replaced system's disposal or divestment. (Target: NLT 30 April 2018.)

(2) update AR 71-9 (Warfighting Capabilities Determination) to:

(a) require Capability Developers to establish reliability and maintainability as mandatory KSAs for ACAT I and designated ACAT II or III programs. (Target: NLT 30 April 2018.)

(b) include the following language:

Cross-Functional Teams or the new Modernization Command will initiate initial Life-Cycle Sustainment Plans at Materiel Development Decision and make them available for the PM team before Milestone B.

(Target: NLT 30 April 2018.)

(c) include the definition of retention objective for major end items, in the context of the Army Acquisition Objective or Procurement Objective, and align associated responsibilities for management of the retention objective to facilitate divestiture and displacement decisions. (Target: NLT 30 April 2018.)

h. The Commander, U.S. Army Training and Doctrine Command (TRADOC) will update TRADOC Regulation 71-20 (Concept Development, Capabilities Determination, and Capabilities Integration) to require capability developers to establish reliability and maintainability as mandatory KSAs for ACAT I and designated ACAT II or III programs. (Target: NLT 30 April 2018.)

i. The Commander, AMC will:

(1) develop a policy to describe the skillsets and personnel requirements necessary to manage FRACAS to ensure that personnel are trained to operate and manage the system. (Target: NLT 30 April 2018.)

(2) assess and select an existing Army FRACAS to standardize use of a single system. (Target: NLT 30 April 2018.)

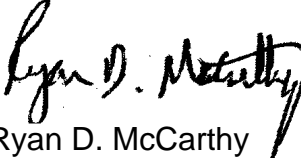
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(3) provide the DCS, G-4 with proposed changes to AR 750-1 based on AMC guidance concerning the approval of all unplanned new depot work (reference v). (Target: NLT 30 April 2018.)

4. The policies in this directive apply to the Active Army, Army National Guard/Army National Guard of the United States, and U.S. Army Reserve.

5. This directive is rescinded upon publication of these policy changes in AR 70-1, AR 71-9, AR 71-32, AR 700-90, AR 700-127, AR 702-19, AR 750-1, and TRADOC Regulation 71-20.

Encl


Ryan D. McCarthy
Acting

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REFERENCES

- a. Section 1735, Title 10, United States Code, The Defense Acquisition Workforce Improvement Act of 1990.
- b. Section 1741, Title 10, United States Code, Policies and Programs: Establishment and Implementation.
- c. Section 3016b(5)(A), Title 10, United States Code, Assistant Secretaries of the Army.
- d. Section 1122, National Defense Authorization Act for Fiscal Year 2017, Public Law 114-328.
- e. Section 808, National Defense Authorization Act for Fiscal Year 2016, Public Law 114-92, Volume 129 Statute at Large, p. 888–889.
- f. Chief of Staff of the Army, Report to Congress on Linking and Streamlining Army Requirements, Acquisition, and Budget Processes in Response to National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2016, Section 808 (May 2016).
- g. Department of Defense (DoD) Directive 5000.01 (The Defense Acquisition System), May 12, 2003, Certified Current as of November 20, 2007.
- h. DoD Instruction 5000.02 (Operation of the Defense Acquisition System), January 7, 2015; Incorporating Change 1, Effective January 26, 2017 and Change 2, Effective February 2, 2017.
- i. DoD 7000-14R (Department of Defense Financial Management Regulation); Volume 4 (Accounting Policy); Chapter 6 (Property, Plant, and Equipment); June 2017.
- j. Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 3170.01I (Joint Capabilities Integration and Development System (JCIDS)), 23 January 2015.
- k. Headquarters, Department of the Army (DA) General Orders No. 2017-01 (Assignment of Functions and Responsibilities Within Headquarters, Department of the Army), 5 January 2017.
- l. Army Directive 2017-22 (Implementation of Acquisition Reform Initiatives 1 and 2), 12 Sep 2017.
- m. Army Regulation (AR) 70-1 (Army Acquisition Policy), 16 June 2017.
- n. AR 71-9 (Warfighting Capabilities Determination), 28 December 2009.

Enclosure

- o. AR 71-32 (Force Development and Documentation), 1 July 2013.
- p. AR 700-142 (Type Classification and Materiel Release), 2 June 2015.
- q. AR 700-90 (Army Industrial Base Process), 27 January 2014.
- r. AR 700-127 (Integrated Product Support), 7 October 2016.
- s. AR 702-19 (Reliability, Availability, and Maintainability) 28 April 2015.
- t. AR 750-1 (Army Materiel Management Policy), 12 September 2013.
- u. U.S. Army Training and Doctrine Command (TRADOC) Regulation 71-20 (Concept Development, Capabilities Determination, and Capabilities Integration), 28 June 2013.
- v. Memorandum, AMCOL-L, 18 July 2017, subject: Command Policy Memorandum – Unplanned Organic Industrial Base (OIB) Workload Acceptance (CPM 750-3)