

NDIA PMSC Meeting Minutes

Industry Meeting – June 18, 2013

1. Ms. Tracie Thompson, PMSC Chair, called the meeting to order and welcomed all the attendees. Per the PMSC's practice, all attendees introduced themselves. Tracie discussed the agenda, the working groups, and various logistics items.
2. Note: These minutes are intended to supplement the charts shown during the presentations (as applicable). Charts will be uploaded to the PMSC website shortly after the meeting.
3. Due to technical difficulties, the discussion around the voting to be held later in the day was pulled forward in the agenda. Mr. Gary Humphreys discussed the open board positions, the vote for Vice-Chair, and the vote on the System Acceptance Guide (not on the ballot – will be a room vote).
4. Ms. Carol Boser, Lockheed Martin, spoke regarding her nomination for Vice Chair. Carol discussed her background and experiences and goals for the PMSC.
5. Tracie called up the nominees for the PMSC Board – Mike Cuticchia (Rolls Royce), Scott Gring (Lockheed Martin), John Kanicsar (Orbital Science), and Dan Lynch (Raytheon). Each nominee discussed their background and reasons for pursuing the board position. The vote will take place at the break and 2 of the 4 nominees will be elected to the board.
6. Mr. Chris Miller from Artemis, host of the meeting with NDIA, welcomed all the participants to the conference. The social tonight will be hosted by Artemis. Chris discussed Artemis' history and their business model – focus on customer success first vs growth (different from many software company business models). Artemis has been growing and has introduced new enterprise versions of Artemis products.
7. Tracie provided a PMSC update to the group. She introduced the current board members, provided a status against 2013 objectives, provided an overview of the working groups and discussed the current environment the PMSC operates in. Tracie noted that the IMPR DID should be on many contracts by now and that the IPMR Implementation Guide was published earlier this year. There are several issues that the PMSC is still seeking USG input on – stop work issue, subcontractor/prime CAR process, compliance engine tool, etc. Some of these items may be addressed at the joint day tomorrow. Tracie discussed the future meeting plan – next meeting is September 10-11 hosted by SAP in Newtown Square, PA (near Philadelphia). 2014 meetings are tentatively planned for Jan 28-29, Jun 17-18, and Sep 16-17.

8. Mr. Dan Butler provided a status on the ANSI Standard. Dan noted that ANSI 748-C was approved in March 2013. Dan noted that the 32 GLs are unchanged but several edits were made to improve key concepts, provide additional clarity and strengthen the use of Integrated Program Management. Graphics were added to the document. The standard is for sale. Dan noted that there was an error – Contract Budget Baseline vs Contract Budget Base – that has now been corrected. If someone purchased the document before this correction was made, you should get an update for free (Dan is following up with the publisher). Dan noted that more detailed discussion on OTB/OTS will be covered in the Intent Guide update.
9. Ms. Joan Ugljesa provided an update on the efforts of the Guides Working Group. Each guide is reviewed on a 3 year cycle. The Intent Guide will be updated based on the update to the ANSI standard (latest version is Aug 2012). IBR guide is also in process of being updated. The Acceptance Guide will be voted on today and subsequently published.
10. Mr. Wayne Abba discussed the status of the IBR Guide update. The guide is being re-written vs an update. Wayne noted that most parties believed that the guide in its current form was insufficient to conduct an IBR. A large number of industry and government personnel are involved in the guide update. The working group is organized in various subgroups to work various chapters and reviewing the document. A draft outline and schedule have been created. It is anticipated that the document will be approximately 50 pages, excluding Appendices. Target completion date for draft document is October 2013.
11. Tracie presented information on the changes in the System Acceptance Guide. The document underwent a major re-write. The focus is on the civilian agencies – how to get your system accepted outside of DCMA/DoD. The approval of the guide is being voted on during this meeting. Tracie took a vote and the guide was approved and will be posted to the website.
12. Gary Humphreys provided ballots for voting on Vice Chair and the 2 open board positions. Voting is performed by the identified members – one vote per company. A break was taken after the ballots were distributed.
13. A 20 minute break was taken.
14. Mr. David Ricci presented on the DCMA Subcontract CAR Policy. David started with a presentation that DCMA made on April 25, 2013 based on an NDIA and AIA letter expressing concern with DCMA's policy that CARs received at a subcontractor be sent to the prime. DCMA believes that industry's supply chain management is a major concern. Industry's belief is that the rule may make sense for property or quality but not for business systems like EV. DCMA wants one policy/process for everything. The DCMA charts show the industry concern and the DCMA response to each point. DCMA has stated (although the policy itself is vague) that if they have a prime relationship with the company then they

would deal directly (issue CAR) to the “subcontractor” and not the prime. DCMA asserts that there are only 32 sites where a subcontractor exists and there is not a prime relationship. DCMA has indicated a willingness to listen to industry comments and concerns on the issue. Dave noted that DCMA has stated they will update the process instruction by the end of June.

15. Mr. Steve Barnoske provided an update on the ICPM. This is a small group of industry and government personnel with a program management focus. Typically one person from each major company is represented. Of note, the prior co-chairs (Mike Joyce from Lockheed Martin – new position, and Dave Ahearn from DoD - retiring) are changing. Steve will be the new industry lead. Ms. Darlene Costello is currently named as the co-lead from the government. Last meeting topics were Better Buying Power 2.0 and topics on anti-tamper, exportability and PMO training.
16. Ms. Sung Soon Stultz introduced Mr. Robert (Bobby) Sturgell, Sr. Vice President of Rockwell Collins’ Washington Operations office, who provided a briefing on Sequestration, Fiscal Cliff Impact to Industry. Bobby presented information on the 2014 federal budget request, the budget vs revenues and the splits of what the budget is spent on. Bobby addressed the potential impacts to industry. We saw minimal impacts in 2013 to programs – reductions and cancellations, in part due to the ability to spend prior year unobligated funds and because DoD did not have plans in place. Bobby expects a much bigger impact in 2014 and 2015 when planning is in place and unobligated funds are exhausted. More scrutiny on contract awards, delays, unexercised options, etc are expected.
17. Tracie announced that Ms. Carol Boser has been elected as vice-chair and that Mr. Scott Gring and Mr. Dan Lynch have been elected to the PMSC Board.
18. A break for lunch was conducted.
19. Tracie called the meeting back to order and introduced Mr. Howard Hunter from Johns Hopkins Applied Physics Laboratory. Howard presented the Lab’s EVMS implementation and use on NASA missions. The lab is a not for profit business with a \$1.1B portfolio and 4500+ employees (70% scientists and engineers). They do lots of work in civil space. EVMS has been implemented and used on several space programs. Howard discussed the importance of management support, keeping it simple, showing value of the system, and using an incremental approach (don’t expect a compliant system on day 1 but rather show utility in each phase).
20. As we were a few minutes ahead of schedule, some pictures were shown from Gary Humphreys’ son’s wedding which took place in Seoul, South Korea. Gary showed pictures from the Korean Peninsula and the border between North and South Korea.
21. A break was conducted.

22. Mr. Rob Levinson – Bloomberg Government. Contractors are bearing much of the FY13 sequester (since Defense couldn't touch since aspects of their business (personnel)). Of the 3 possible scenarios for FY14 the most likely scenario is that sequester will continue and will happen at the beginning of the year (unlike FY13). BY FY30 the O&M and Personnel costs are growing at faster rate which squeezes the spend for procurement and RDT&E. Even with the budget shrinking, areas that will still get support: Special Operations, Unmanned vehicles, Cybersecurity, Space and Attack Submarines. Likely to be impacted by budget reductions: Ground sources ("no longer size active forces to conduct large protracted stability operations"), navy surface fleet, ("surface ships are under tremendous cost pressure"), Air Force ('pressure to trim F35 buy, especially Air Force's planned 1,763 jets'), Nuclear arsenal, and missile defense. Question: Do you see the same shifts internationally as projected for US? A: Yes, to a certain degree, moving in the same direction: UAV, Cyber, and anti-aircraft. Question: O&M is a major spend but wasn't projected as part of the cut. A: O&M is hard to cut and hard politically. Tricare is O&M spending.
23. Dan Lynch – Inconsistency in IPMR DID and IPMR Implementation Guide – AUW, UCAs, NTEs and the Like: IPMR DID paragraph 3.2.1.3.1 and IPMR implementation Guide paragraph 4.4.2. Raytheon used the PARCA issues portal to send "The implementation guide seems to be contradictory to the inflexible statement in the DID and as we all recognize, the DID is the document that we measure compliance to, not the Implementation Guide." The response from PARCA was "...in cases where there are discrepancies, the Implementation Guide should be followed as it is DoD's interpretation of how to implement the DID...." The question is order of precedence...and "Does the DID override the contract"
24. Gary Humphrey – Clearing House – LOE issue: Humphrey's Blog came out with some discussion on "LOE findings from DCMA's Compliance Software ...this spawned a lot of discussion. DCMA Pamphlet calls out: Paragraph 5.9 and subsequently in 5.11: "There should be no ETC or ACWP in a WP where BCWP = BAC (100). The issue comes with LOE where work goes beyond original period of performance. What is the process that contractors use and is it documented in your SD?" There are multiple perspectives / opinions (from both with DCMA and within Industry) on this and CARs and DRs are written against this. Gary Humphrey's write up on this subject will be sent out by Traci Thompson to the membership. Question: Could you use Apportioned Effort for LOE? Yes
25. Clearing House Working Group – Pete Wynne stepped up to be the Lead.
26. Working Group – Change the Production Working Group – Production Manufacturing Naval Construction EV working Group (PMNC EV Working Group)

