

# NDIA PMSC Meeting Minutes

## Joint Government/Industry Meeting – September 11, 2013

1. Ms. Tracie Thompson, NDIA PMSC chair, called the meeting to order. Introductions of all attendees were made. A recognition of veterans and moment of silence of in remembrance of 9/11 was conducted.
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. SAP Welcome – Mr. Magnus Bjorendahl, VP, Aerospace & Defense Industry Solutions welcomed the attendees. SAP is the host for the meeting.
  - a. Magnus noted some of his observations of the meeting yesterday, specifically he noted that although many of the attendees are competitors it is good to see how everyone is willing to work together
  - b. He also commented on yesterday's Keynote speaker (Mr. Trench) and his many thoughts for the future:
    - i. Predictive measures
    - ii. Modernize the way we do earned value and management
    - iii. Will announce today another acquisition on predictive
    - iv. Looking into Mobile
  - c. New technology – HANA – Magnus recommended that someone has not had exposure to it, please do so. There are companies here today that are using it. SAP has been working on it for 5 years and released it about 2 years ago.
4. Mr. David Ricci provided an outbrief for the Contracts working group. Dave noted the working group is looking at the issues of harvesting under-runs, retroactive rate adjustments, stop work impacts, partial terminations and data retention. Mr. Gordon Kranz (PARCA) requested the group examine when EVMS applicability is warranted on various contracts/contract types. It was discussed there are 3 things to consider – ability to have a waiver at the appropriate level, contract type (based on the matrix found in FAR), and given the matrix provide guidance around the items noted as optional. Mr. Kranz also added that the DFARS clause is in with the DAR Council and that the public will have an opportunity to comment.
5. Mr. Jason Miller provided an outbrief for the Services working group. He discussed the purpose of the group and the challenges faced in applying EVM to services work. He discussed the members of the group and goals they have as the group goes forward.

6. Mr. Bill Altman and Ms. Sung Soon Stultz provided a briefing on the Predictive Measures Guide. The guide will provide information on how to use predictive measures to effectively manage programs. It is an outgrowth of the ICPM predictive measures published as a PowerPoint briefing in 2008. The current list of items is around 30 and focused on “predictor” metrics. Bill noted that some measures, like SPI, while not technically a predictor by itself can be when combined with other items.

The guide will provide the metric definition, the calculations, the output/threshold, the predictive information, possible questions (what should the PM ask), and the caveats or limitations. It will also address in what program phase the metric will most likely be used. The guide will be broken down between schedule metrics, cost metrics, risk items, technical performance measures, contract health, supply train metrics, production items and various others. Bill noted the guide is undergoing its 2<sup>nd</sup> internal revision and will be sent to a senior review team. Anticipated approval of the guide is Jun 2014.

7. Mr. Scott Gring provided an outbrief on the Production/Manufacturing/Naval Construction working group. Scott reviewed the members of the group, previous accomplishments and current activity. The group is currently writing an appendix to the original white paper that discusses by guideline the areas where it is believed there are differences between development and production.
8. A break was conducted.
9. Mr. Gordon Kranz provided an update from PARCA. Gordon first introduced Mr. Jim Woolsey who is the Deputy Director for Performance Assessments. Mr. Woolsey discussed how EVM is used at OSD headquarters. His presentation was titled “What do they do with all that data?”. Jim described the PARCA organization and what they are officially required to do. He then discussed USD (AT&L) and Mr. Kendall. Mr. Kendall is a supporter of EVM and regularly reviews the data. The sign on his door says “In God we trust; all others must bring data”.

Jim discussed how AT&L uses the data – essentially it informs decisions. EVM is provided via informal meetings, through the ASD(A) – Mrs. McFarland, memos, DAB meetings, and DAES meetings. Jim highlighted the DAES process, the rating system and categories used in the meetings and how the information is discussed. Jim discussed how EVM data is used in other ways than normal program review type information. For example, EVM data for all contracts by a company, or sorting by type of programs (ie, shipbuilding), or sorting by a particular armed service. He also discussed how EVM data is used to highlight potential system issues or how data is not being adjusted by looking at the trends.

Mr. Kranz followed with various discussion points. Gordon provided a policy status update – DFARS case and EVMS Interpretative Guide. For the DFARS case the goal is to clarify and better define the application of EVM, especially the importance of work scope in

determining applicability. There will also be wording about good program management techniques that should be used when EVM is not applied. Gordon has submitted the case to the DAR Council. It will go through several cycles of review and therefore the words may change. It will be made public in approximately 60 days and then industry will be able to make comments.

On the EVMS Interpretive Guide – Gordon highlighted that Mr. Joe Sweeney and Mr. Dave Kester will be briefing after lunch. This guide will be DOD's equivalent to the NDIA PMSC Intent Guide.

Gordon addressed data alignment between the EVM-CR and DAMIR. DAMIR will pull EVM data directly from the CR. The system went live on Sep 6 and will run in parallel to current processes until the December timeframe. On another subject, Ms. Joan Ugljesa briefed XML changes and clarifications to data exchange instructions.

Gordon discussed the joint PARCA/DCMA meetings that he is holding with various companies (ones with major input into the CR). The meetings cover EVM data quality, policy interpretation discussions and open CARs, and corporate enterprise EVMS tools. Gordon also addressed his discussion with PMSC working group meetings.

10. Mr. Joe Sweeney from DCMA provided a briefing on DCMA's role in EVMS and their future plans. He emphasized the collaboration between the services, PARCA, OSD, etc. He described the process for EVMS being put on contract and then how DCMA activity starts ranging from supporting the programs, status of EVMS, reviews, etc. Joe described how DCMA is coordinating to ensure buy in on how guidelines should be interpreted and reviewed. DCMA will provide this information to industry.

Joe noted DCMA wants to reduce the time and disruptions associated with compliance and surveillance reviews. They are rethinking how to utilize data, integrate compliance and surveillance, focus on risk areas and other initiatives in order to achieve this goal. Joe also noted the policies under development – including the upcoming Interpretive Guide. All these initiatives will drive consistency across the agency (ie CMOs and reviewers).

Joe likened the new process to a doctor using a blood test to identify areas of concern vs past practices where large groups came in to review all guidelines. The Interpretive Guide is planned to be issued in segments. GLs 6, 7, & 23 (scheduling related) are targeted for release in September. During Q&A Joe and Mr. Dave Kester (DCMA) indicated the data tools would be made available to industry.

Dave followed with a more detailed briefing on the Compliance Interpretive Guide (CIG). Dave is driving for consistency, reduced complexity and reduced cost. The goal is to reduce the complexity via technology and data review like Turbo Tax does simplifying tax law. The reviewers in the field will be consistently guided by following the steps in the process. The guide is being built by collecting all the source materials that are being used,

then they are assessing what all that source material means. They then consolidate that information into a series of test steps that validates compliance/non-compliance.

The CIG will identify the attributes of each GL (Dave noted they are attempting to limit the number of attributes needed), the test steps for those attributes, and the metrics or thresholds by which the test steps are measured. Dave provided a scheduling example to show the detail of what he was discussing. It was noted that the attributes and tests may be more or deeper than the PMSC Intent Guide.

11. A break was conducted.
12. Mr. Mike Cuticchia provided an update on the revisions being made to the NDIA Intent Guide. This is essentially the same presentation as was given on the Industry only meeting day – see those notes. One update is an earlier planned completion date – Jan 2014.
13. Mr. Neil Albert provided an update on the revised IBR guide. This is also the same presentation as the one discussed yesterday – see those notes.
14. Mr. Robert Loop presented a discussion on DOE and their use of the NDIA Intent Guide. He discussed how some DOE programs were misinterpreting the Intent Guide by picking specific words out of the guide versus understanding the interrelationships between all the guidelines. Bob discussed examples from work authorization, management reserve, accounting for material, scheduling and other items. Bob also discussed various EVM initiatives within DOE.
15. Ms. Patty Wright provided a DCAA update. She addressed the 8 guidelines that DCAA is responsible for. Patty described the process they use, the training they provide to their auditors and also a status on indirect rates. DCAA performs EVMS audits based on requests from DCMA or SUPSHIP. System validation audits are the priorities. DCAA will audit the contractor prior to the DCMA review so that their report (or draft) is available at the time of the DCMA review.

Patty also discussed annual surveillance. They perform these on a risk based approach, as such, they may only audit a portion of the guidelines on an annual basis. She also discussed their audit program which outlines the steps that DCAA follows to perform audits. An auditor may modify the steps based on the unique circumstances of the specific audit. DCAA relies on contractors to provide their approved policies and procedures, identify the subject matter experts for them to contact and provide CPR data in a timely manner. Patty also addressed forward pricing rates. Obviously the goal is to have FPRAs that make negotiations more efficient. DCAA is working to complete FPRP audits as expeditiously as possible. Lastly, she discussed DCAA's initiative to reduce the backlog on incurred cost audits.

16. Mr. Yancy Qualls provided an outbrief from the Planning and Scheduling Working Group. Yancy discussed the initiatives of the working group including at least reviewing the PASEG annually. Yancy discussed their coordination with the Predictive Measures Guide. Yancy also mentioned how different companies are using “unique predictive measures” around scheduling.
17. Mr. Jerald Kirby discussed the Civilian Agency Industry Working Group. Jerald discussed some of the efforts of the sub-teams: improving program/project management across the civilian agencies, EVMS scalability - what is the minimum that needs to be applied on universities or not for profit organizations (Jerald noted the CAIWG needs help in determining what “EV light” is), and reciprocity.
18. Ms. Sandra Smalley made a presentation on NASA’s Baseline Performance Review (BPR) process. She discussed how NASA analyzes their portfolio on a monthly basis. She mentioned the 10 centers across the country and the NASA organization structure, highlighting the various directorates. Sandra discussed the NASA environment (ie, one of a kind design and build, technical quality at a premium, wide range of cost/schedule/risk tolerance on their portfolio of programs, and others).

The monthly BPR is a senior performance management review focused on fostering communication between the various organizations involved. Programmatic and functional support organizations have the opportunity to discuss aspects of the various programs. Sandra’s office (Office of Chief Engineer) provides an independent assessment. The reviews consolidate all the various data and reports compiled monthly for the program. Sandra showed examples of the metrics used in the reviews.

19. Mr. Buddy Everage discussed the Integrated Program Management Conference. The 25<sup>th</sup> IPMC will be Nov 18-20 and held in Bethesda, MD. Keynote speakers are scheduled for each of the 3 days with robust training curriculum, an NDIA track and lots of vendor booths. Everyone is encouraged to attend. Registration information is at <http://www.mycpm.org/>
20. Neil Albert presented a chart on how the PMSC and CPM interact, where activities overlap and what initiatives are separate. Simplistically, PMSC focuses on EVM policy and CPM focuses on EVM training. PMSC is company focused and CPM is individual focused.
21. Tracie concluded the meeting and thanked everyone for their attendance. She indicated the presentations will be on the website next week.