

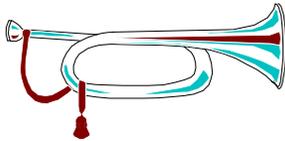


AMC COST BUSTERS \$ BUGLE



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ATCOM's Support of AMC's FY98-03 \$1.8B POM Promise

The Army Materiel Command has made a commitment to the Army that it will continue to provide materiel development and sustainment services at the current level while reducing the projected costs for those services by \$1.8B over the POM years. In support of this commitment, ATCOM is pursuing an aggressive agenda of cost cutting goals. Its efforts are concentrated on reducing the number of spares and increasing maintainability. Reducing replacement costs of spares will save money that would have been used by troop units to buy repair parts for their equipment.

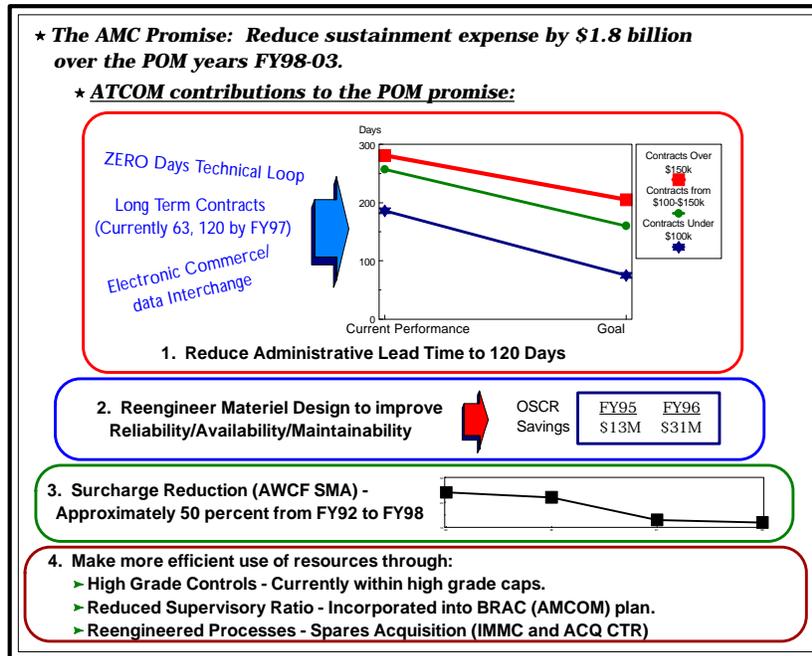
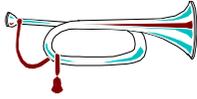
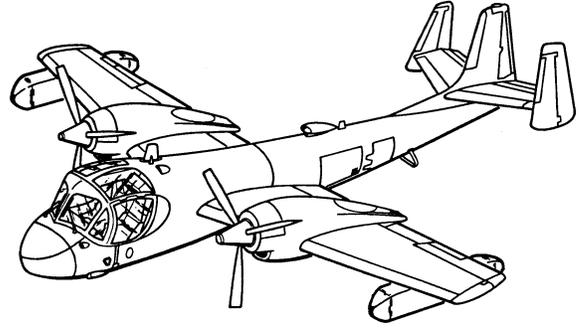


Figure 1 - ATCOM Support of POM Promise

The following are some of the ATCOM Cost Busters initiatives supporting the commitment.

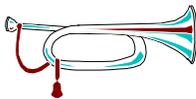


Aircraft Exchange/Sale



The Fixed Wing Aircraft Exchange/Sale program is an innovative way to dispose of aircraft and parts in a manner that retains value in the fixed wing fleet and limits the disposal expense to the minimum amount possible. The Fixed Wing PM was faced with an unanticipated DOD directed downsizing and was ordered to retire 124 U-21 aircraft over a nine month period. By aggressively pursuing the idea of exchanging old aircraft for new, the PM was able to exchange 124 U-21 aircraft at an average unit cost of \$50K for a new Beech 1900D + parts + \$800K (cash is required to be deposited in the U.S. Treasury). The total value of the contract is \$6.2M. The PM was able to do this by convincing GSA to grant a waiver to FPMR 101-46.202(a) which says that you have to replace aircraft one-for-one. The waiver allows the restriction to be broadened to reflect that replacement items are to perform the same mission and "like" functions. Once the legal hurdles were overcome, the bids were received and contract award occurred within a 90 day period. A FY97 requirement exists for 35 Cessna UC-35's. A second waiver has been approved and expires October 31, 1998. The PM has ten C-12's valued at \$300K each that have been designated for retirement. This exchange would net the PM one UC-35 in FY97 and the prospect of another UC-35 in FY98 with the retirement of excess aircraft. The UC-35 is valued at \$3.9M. There are no OMA savings since these aircraft have been designated as excess and non-supportable.

POC: LTC Bill Lake
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ATCOM OSCR Program



Many of ATCOM's cost savings initiatives are collected under the Operating and Support Cost Reduction (OSCR) Program.

Exceeded FY96 Goal

FY96 was a challenging year for the OSCR program. Although we experienced some difficulty getting hardware items on contract, we project ten year net savings of \$31.6M or 105% of a \$30M goal. An economic analysis is pending on the savings forecast.

A total of 79 potential candidates were received and evaluated in the OSCR program office. Of these candidates, 24 were neither economically nor technically feasible. Forty-four are still active. Most, if not all, are expected to eventually produce operating and support cost savings. The remaining 11 candidates, all procedural ones, accounted for the entire savings generated during the fiscal year.

Lessons Learned

Procedural changes can result in as much if not more savings than a monetary investment in a project.

Submit projects when they come to mind, not when they are requested by a data call. It is better to submit a project and allow us to package it for potential funding, rather than to postpone submission. Early project submission allows for more time to do a complete package.

A contract proposal is often different from a definitized contract. Details are very important. What was left out of a proposal becomes both relevant and costly in a contract.

Much of our time this past year was devoted to candidates for Program Budget Directive 714 (PBD-714) funding, one of three funding categories within the OSCR program. PBD-714 finances selected technology insertion or modification projects which enhance either the reliability or maintainability of weapons systems. A total of 21 out of 59 candidates were developed for consideration. Four of the 21 have been funded in FY97 while the remaining 17 are projected to be funded in FY98 through FY00.

Our success is attributable to the combined efforts of all personnel in ATCOM, PEO-AV, PMOs, contractors, and end users. Our savings goal was achieved through teamwork. Only through further cooperative efforts can we expect to accomplish our future goals of decreasing operating and support costs. We welcome any suggestions to help reduce the Army's operating and support costs.

Surpassed FY97 Goal

FY97 is becoming a very fruitful year for the ATCOM OSCR program. The savings goal of \$35M stands at \$37.5M or over 107% of the goal at the end of the second quarter.

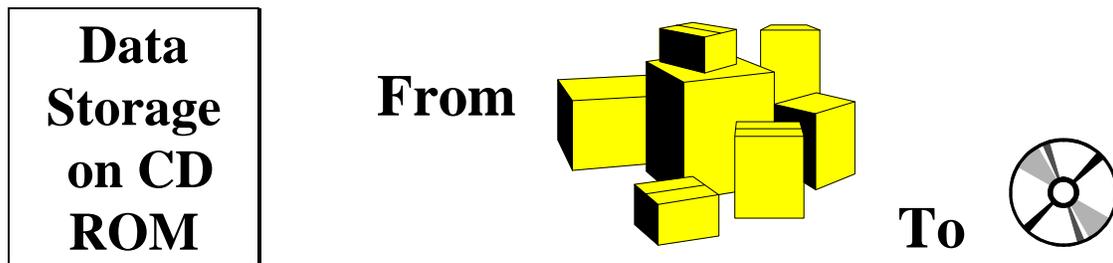
The Value Engineering (VE) program has contributed over three-fourths of the OSCR goal thus far. VE claims savings for the first three years of an initiative. Those plus any savings beyond three years are captured by the OSCR program.

Additional savings for the year may come from three projects which were contracted during FY96 for delivery in this fiscal year. These have the potential to save another \$37M. Total savings for the year may reach over \$67M or nearly 213% of the goal. Quite an accomplishment for a program that has been in the AVRDEC for less than two years.

Procedural Changes Highlight OSCR Success.

Eleven procedural changes and four VE projects accounted for all of ATCOM's claimed savings for FY96. Although funding was requested and received on multiple projects, the savings for them will not materialize until FY97 and beyond. The success only goes to prove that one does not necessarily need to spend a lot of money to produce savings.

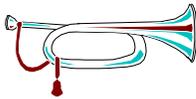
ATCOM OSCR POC: Mr. Karim Abdian
DSN: 693-1667



Savings will be gained by converting contract documents to CD ROM, to reduce storage and retrieval, and the cost of shipping files. A team effort by the ATCOM Acquisition Center and the Defense Printing Services Office has made a significant start toward multi-year savings on the cost of storing completed contract folders. With more than 10M pages of contract documents to store, current annual storage and retrieval costs are estimated to be \$1.3M. For a one time cost of \$1.2M, that same quantity of pages will be scanned and stored electronically on compact disks with embedded retrieval software for low maintenance, easy retrieval, and rapid search capability. This initiative is especially important to ATCOM due to the command's up-coming relocation to four separate sites. Costs for packaging and shipping files are estimated at more than \$800K. The real

savings will come over the storage life of the files, as the convenience of CD retrieval and the ease of final disposition replaces cumbersome paper-bound practices.

POC: Mr. Jack Bequette
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RETROEUR



Retrograde-Europe is the reuse of existing military non-rolling stock from downsizing U.S. military units in Europe. Items, from uniforms and personal supplies to tools and heavy equipment, were cataloged, reclassified, and advertised for redistribution to other military agencies, both in the United States and worldwide.

A total of 1431 containers with stock valued over \$400M was distributed. A cost comparison completed in August of 1996 documented a 12.0 benefit to investment ratio, the costs avoided being in the form of uniforms, personal supplies, tools, and equipment that would have been procured for the using units.

POC: Mr. Joseph Turek
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Acquisition Reform



ATCOM has employed several acquisition-focused initiatives such as electronic commerce, simplified acquisition procedures, concurrent acquisition work flow, presolicitation groups for Milestones 2 and 3, delegation of maximum contract administration to administrative contracting officers, and expediting small purchases through use of a Small Purchases Team.

ATCOM recently announced the award of the new C-12/RC-12 LCCS contract. This is a five-year contract. The Fixed Wing PMO, working closely with its matrix support elements, implemented the policies and ideals of the acquisition reform movement within OSD and DA. This resulted in issuing a solicitation with very few military specifications and standards. The source selection evaluation board has received and is evaluating proposals which are expected to lead to savings of several million dollars.

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Success Stories

New UH-60 Tip Cap Clobbers Costs

The redesign effort for a new composite Main Rotor Blade Tip Cap for the UH-60 series (BLACK HAWK) helicopter is near completion. The project was funded in FY96 with \$183K from the OSCR Army Working Capital Fund (AWCF) program.

The effort for a new tip cap came as the result of an examination of high cost drivers by both the Army and the Navy. Tip caps were being removed at an unusually high rate due to the cracking of the aluminum skin and erosion. The prime contractor, Sikorsky, was asked to submit possible solutions to prevent frequent tip cap replacement.

Approval for the engineering change came from a meeting of the Joint Configuration Control Board (JCCB) in August of 1996 with the redesign effort placed on contract in September. Mean Time Between Removal (MTBR) of the redesigned cap is projected to increase from 1,000 hours to over 5,400 hours. Cost of the new item will not change significantly.

Made from graphite material instead of aluminum, the new tip cap skin will have a fatigue life four times that of aluminum and not be subject to corrosion. Leading edge erosion protection is provided by the existing nickel abrasion strip with the addition of a stainless steel mesh to specific skin surfaces aft on the nickel strip. Lightning protection is provided via stainless steel and copper mesh. Completely interchangeable with the current configuration, the tip cap will be common to all UH-60 series aircraft and is expected to be available in October.

Savings as a result of the change are projected to exceed \$36M over the next ten years.

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Improved Inspection Criteria to Save \$ 337 K

This initiative eliminates unnecessary replacement of serviceable springs during depot overhaul of the strut assembly by clarifying depot maintenance level inspection criteria. Elastomeric

springs are experiencing a high scrap rate despite supplier findings that a large number of these components are serviceable. With the revised criteria, the life of shock struts will be extended and therefore the demand for replacement struts reduced.

The project used local AWCF funds of \$25K and is expected to save \$337K over the next ten years. New inspection criteria are expected during the 3rd quarter of FY97.

POC: Mr. Karim Abdian
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AH-64 Apache Transmission Oil Filter Bowl Seal Addition

The AH-64 main transmission was originally designed for 4500 hours of operation between overhauls. However, the transmission was being removed at a mean time of 1400 hours. Some reasons for removal included corrosion, metal in the oil, bearing failure, oil leakage, accessory seizures, and over torque during operation. This initiative will prevent moisture and other contaminants from entering the transmission case by introducing a second O-ring to seal the oil filter bowl. Required transmission overhauls as a result of corrosion are expected to be reduced by 67 percent.

The project was begun in FY96 using \$130K of AWCF funds. Ten year net savings are estimated at over \$1M. Delivery of the redesign effort is expected in the first quarter of FY98.

POC: Mr. Karim Abdian
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AH-64 Apache Tail Rotor Leading Edge Erosion Guard

Sand and other debris suspended in the air tend to erode the tail rotor blade leading edge along with nicks and dents from larger debris. Both erosion and dents may require the removal of the tail rotor blade from the aircraft. To minimize removals, this project adds a replaceable leading edge erosion strip to the tail rotor blade design. The erosion strip is bonded to the blade assembly and is replaceable at depot level.

The effort was funded with \$371K from the AWCF account in FY96 with anticipated delivery during the first quarter of FY99. Savings over a ten year period are projected to exceed \$6.4M.

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Gearbox Output Shaft Seal Improvement

The intermediate gearbox assembly of the Apache helicopter has experienced metal contamination due to the wear of the magnetic carbon seal on the gearbox output shaft. Trials of a lip type seal proved that the gearbox seal is protected from contaminants by the use of a lip

seal. This initiative replaces the present carbon seal with a lip type seal and thereby minimizes the possibility of metal contamination. Funding for the project in the amount of \$71K came from the OSCR-AWCF account with delivery anticipated in the first quarter of FY98. Savings are predicted to surpass \$683K over ten years.

POC: Mr. Karim Abdian
DSN: 693-1667

AH-64 Revised Pressure Pickup Port of ENCU

This initiative modifies the existing water separator pressure pickup port to preclude water contamination of the temperature control valve. The temperature control valve is part of the Environmental Control Unit (ENCU). By extending a tube from the wall of the separator into the middle of the airflow, the port opening is placed in an area that minimizes moisture intrusion. Funding came from the local AWCF account in FY96 for \$47K with an expected delivery date during the third quarter of FY97. Ten year savings are projected to exceed \$633K.

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The AMC Cost Busters Bugle is a newsletter designed to share ideas and success stories throughout the Command. If you have a good news story to include, see your local Efficiency Czar or call Mr. Phil Brodowski at AMC Headquarters on DSN 767-1104.

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