



Chapter 6

CDG's Role in the Acquisition Phase

SECTION 6-1

Introduction

- 6.1 CDG's involvement in the capability lifecycle does not end at Second Pass approval. Whilst DMO has responsibility for the Acquisition Phase, CDG plays an important role in transitioning a project to the DMO and managing the Capability Baseline.
- 6.2 CDG is also responsible, in conjunction with the CM, for monitoring the performance of DMO as a prescribed agency and for monitoring and assisting in the coordination of FIC elements not managed by DMO to ensure that the endorsed capability states (IOC, FOC as appropriate) are achieved in accordance with the direction provided by Government at Second Pass. The context within which CDG executes this involvement is that provided by the Defence Acceptance into Service (AIS) Process which is described in Section 7.

SECTION 6-2

Transition to the DMO following 2nd Pass Approval

- 6.3 The complexity of transitioning a project to DMO will depend heavily on Government's approval at Second Pass and the extent of changes made to the project's budget, scope and/or schedule (if any). Any changes in these areas will have to be reflected in one or more of the CDD, Acquisition Strategy, APMP or MAA so that the project can be properly baselined prior to formal acceptance by the DMO.
- 6.4 Once the project has been accepted by the DMO, CS Div will prepare a Requirements Phase Closure Report to summarise the status of the Project at the point where DMO accepted responsibility for it. The key areas to be addressed with this report includes a summary of changes to the capability requirements from DCP Entry to handover to DMO, and any lessons learnt in developing the capability proposal and having it endorsed by Government.

Establishing the Capability Baseline

- 6.5 The Capability Baseline is established within the Acquisition Phase MAA through the OCD, FPS and TCD. As discussed previously, these documents provide the materiel requirements and testing framework that the DMO is being asked to deliver and comply with respectively. As such, the Capability Baseline provides the materiel scope of the project and is not to be confused with the Acquisition Baseline, which is established by the DMO and includes (in addition to the CDD) the APMP and

Acquisition Strategy which normally provide the cost and schedule parameters for the project. The Acquisition Baseline will also usually contain additional information over and above that contained in the Capability Baseline, such as compliance with standards and regulations and the identification of GFE etc.

- 6.6 Once the Capability Baseline has been agreed, any changes to the requirements within must be agreed by appropriate CDG delegates, in conjunction with the CM, prior to the DMO amending the Acquisition Baseline. This will ensure that CDG staff can impart their “war fighter” knowledge on any proposed changes and can also monitor the achievement of the capability aspects of the project and, in the case of the CM, to ensure that the changes will not adversely impact on their ability to close the capability gap.

SECTION 6-3

CDG Monitoring and Change Control Activities

Monitoring DMO Performance

- 6.7 The key governance mechanisms that allow CDG to monitor the health and progress of a project in the DMO are:
- a. representation on the DMO Project Management Stakeholder Groups (PMSG) for the individual projects;
 - b. formal reporting of the progress of each project through monthly MAA reporting; and
 - c. executive level overview reporting of the DMO's performance to the Defence Committee.
- 6.8 Materiel Acquisition Agreement (MAA) Reporting. MAA normally contain provisions for monthly reporting of key project performance measures as indicators of a project's overall health. The performance measures fall into four categories:
- a. Project Costs and Budgets;
 - b. Schedule;
 - c. Key Capability Measures / Measures of Effectiveness; and
 - d. Customer Furnished Supplies (These are ‘supplies’ that CDG coordinates in order to ensure that the project progresses smoothly. It might include access to units and bases to develop detailed user requirements or the provision of a military unit during test and evaluation activities).
- 6.9 DMO provides a combination of individual project reports, summary reports for each environmental division, and a financial overview of all projects.



Managing Changes to the Capability Baseline

- 6.10 It would be unrealistic to assume that the Capability Baseline will not change throughout the Acquisition Phase. Changes to the Capability Baseline may result from any number of actions, including:
- a change to Defence's strategic goals and priorities;
 - optimistic or 'cutting-edge' requirements not being realised; or
 - changes in scope to ease cost and/or schedule pressures or as a result of variations proposed by the Contractor once in contract (during design, development or production).
- 6.11 Whilst it is accepted that they will occur, such changes should be minimised, appropriately justified and properly managed so that the performance of the delivered capability, and of all parties involved in that delivery, can be properly measured. CDG and CM representation on DMO IPTs and PMSGs will also facilitate awareness of the status of potential and current amendments.
- 6.12 When considering changes to the Capability Baseline, it is critical that the impact of the changes be measured in terms of scope, cost and schedule. An inability to manage these aspects has often led to poor performance of Defence projects in the past.
- 6.13 Additionally, where a proposed change will require an increase in the project's approved budget (a Real Cost Increase), the impact on the DCP must be considered. Real Cost Increases to cater for scope changes can generally only be provided from the DCP - any increase to one project will therefore be funded by reducing an unapproved project.
- 6.14 As discussed in the previous section, all changes to the Capability Baseline must be endorsed by CDG, in consultation with the CM, prior to the DMO approving any Engineering Change Proposal which will impact the baseline agreed under the MAA.

SECTION 6-4

Acceptance into Service

- 6.15 CDG's role in a project's T&E program is as a facilitator to assist in ensuring that the results of T&E are timely and relevant for the task of informing critical milestone decisions. Specific areas where CDG can facilitate positive outcomes are as follows:
- Facilitate the involvement of the T&E Authority or Authorities** - Although the project T&E authority will manage the overall T&E program, it may be necessary to assist with such things as trial requests (including the development of trial aims and objectives) and test agency involvement (they do data collection etc rather than trial management and reporting) particularly across service boundaries (Note: this is also a DTRIALS responsibility if involved). This may best be achieved through involvement in T&E working groups;

- b. **Facilitate the involvement of the Environmental Technical Authority or Authorities** - Evaluation and endorsement may be required by the Environment Technical Authority to ensure that any agreed environmental approval conditions (from either an internal Environmental Clearance Certificate or an approval by the Minister for Environment and Heritage) have been met;
- c. **Ensure that test plans adequately address the Capability Baseline** - In order for the T&E program to be successful, it is imperative that the test plans address the requirements of the Capability Baseline, as modified throughout the Acquisition Phase. This reinforces the importance of CDG approving any changes to the baseline documentation as discussed in the preceding section;
- d. **Facilitate participant involvement in OT&E activities** - It may be necessary to support the T&E Authority in the identification and release of suitable units/users and the training of users and support personnel (eg: maintainers); and
- e. **Address capability shortfalls or “bonuses” with the DMO and CM** - After analysis of the results of the OT&E program the T&E Authority reports to the CM on the ability of the capability system to meet the endorsed capability state (IOC/FOC). The T&E Authority's report and recommendations are considered by the CM in his/her decision to release the capability system for operational employment. Where the capability system has not achieved the endorsed capability state, CDG will facilitate the review of factors impacting operational release and, in conjunction with the CM and relevant organisations, develop options to manage the capability shortfall in the interim and remedy the shortfall in the longer term. Conversely, T&E may show that the expected level of capability has been exceeded and that other opportunities exist to utilise the capability in scenarios not previously considered or thought possible. CDG will then work with the CM to analyse these opportunities and consider the impact on any other capabilities, whether in service or under development.

Note: The results of T&E can be used for more than assessing the performance of the capability system against the Capability Baseline. For example the Navy's T&E Authority (RANTEAA) will usually investigate the system's performance against “current” operational scenarios, which may include requirements not considered during the development of the Capability Baseline. CDG Staff need to be aware that any shortfalls identified against current operational scenarios may not in fact be shortfalls against the Capability Baseline.



SECTION 6-5

Business Case Closure

- 6.16 Following operational release of the final operational capability and Project Closure, CDG must close the Business Case. The Business Case Closure Report (BCCR) will provide a summary of the project at the point where the Capability Manager has operationally released the final operational capability and DMO has produced its Project Closure Report.
- 6.17 The objective of the BCCR is to:
- a. outline any differences (and the associated approvals) between the Capability Baseline at FOC and the capability approved for DCP Entry (noting that the DMO Project Closure Report should trace changes to the Capability Baseline from acceptance following Second Pass to FOC);
 - b. detail any outstanding action to address the inability of the capability system to meet the endorsed capability state (IOC/FOC) and identify shortfalls against current operational scenarios not captured within the Capability Baseline; and
 - c. detail any Lessons Learnt from a CDG / CS Div Desk Officer perspective.
- 6.18 The DMO's Project Closure Report should be included as an annex to the BCCR, providing a detailed account of the Acquisition Phase of the Project, whereas the CDG's BCCR will summarise the Project's development throughout both the Requirements and Acquisition Phases.