



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

19 JAN 2002

MEMORANDUM FOR SECRETARY OF THE NAVY
ATTN: ACQUISITION EXECUTIVE

SUBJECT: Cost-as-an-Independent Variable (CAIV) and Spiral Development
Implementation Plans

As you know, I have established five goals for acquisition, technology and logistics to move us toward excellence. In order to guide and measure our progress toward accomplishing these goals, I have established a set of metrics, some of which I plan to report on to the Secretary of Defense.

Under my first goal, "Achieve credibility and effectiveness in the acquisition and logistics support process," I have approved a metric to require, by the end of FY02, 100% of defense programs to incorporate a cost-as-an-independent variable (CAIV) plan and to have an evolutionary acquisition or spiral development implementation plan in place. The two plans will be a discrete part of each ACAT I acquisition strategy and will be executed throughout the acquisition cycle and updated as necessary. Although I have asked for mandatory plans for evolutionary acquisition, I realize that there will be rare cases in which evolutionary acquisition is not the best acquisition strategy. In those cases, the plan should demonstrate why evolutionary acquisition is not appropriate and what alternative steps are being taken to reduce cycle time.

The Reduction in Total Ownership Cost (RTOC) working group, led by Dr. Spiros Pallas (PD, S&TS), will develop DoD templates as guidelines for the two plans by the end of March 2002. Use of these templates will be optional. They are intended as general guidelines to assist the process, but not to constrain it. Program Managers should immediately begin work on individual plans rather than wait for the optional templates. Please provide me with progress reports on March 1 and June 3, 2002, and submit the finished products to me by the end of September 2002.

We will adjust the DoD 5000 documents during the next update cycle to reflect this guidance. The DoD lead office is Strategic & Tactical Systems, with Dr. Pallas as POC. He can be reached on (703) 695-7417.

E. C. Aldridge

