

24 May 2002

MEMORANDUM OF AGREEMENT
BETWEEN
NAVAL SEA SYSTEMS COMMAND
NAVAL AIR SYSTEMS COMMAND
SPACE AND NAVAL WARFARE SYSTEMS COMMAND
NAVAL SUPPLY SYSTEMS COMMAND

Subj: MEMORANDUM OF AGREEMENT TO ACHIEVE A MORE COMMON APPROACH
TO SUPPLY AND LOGISTICS MANAGEMENT

Encl: (1) Areas for consideration in the SYSCOM review of
Supply and Logistics Management

1. The Systems Command (SYSCOM) Commanders and Executive Directors have been meeting to identify efforts that can be pursued jointly to become more efficient and effective. Within this approach NAVSEA, NAVAIR, SPAWAR and NAVSUP agree to an examination of our supply and logistics functions to determine better ways to align and transform the execution of these functions and to move towards a more common process where appropriate. The key areas of interest are defined in enclosure (1). We expect that our efforts to improve cross-SYSCOM processes will include other areas in the future.

2. The intent of this MOA is to begin the inter/intra SYSCOM efforts in specific areas. Recommendations for change, for shifting to a more common process, or for adoption of best practices will be presented to the SYSCOM Commanders for a decision. The SYSCOM Commanders will identify and assign internal leaders at the Flag or SES level for this effort. They will identify the specific areas where recommendations will be made to the SYSCOM Commanders by 31 May 2002. NAVSUP will coordinate working group meetings with the other SYSCOMs to develop a set of proposals that will then be presented in draft form to the SYSCOM Vice Commanders at their next SYSCOM Integration Board (SIB) meeting in early June. Fleet Type Commanders/CFFC and Sponsors will be consulted as well. The SYSCOM Executive Directors are tasked to support and coordinate this effort to meet the above dates.

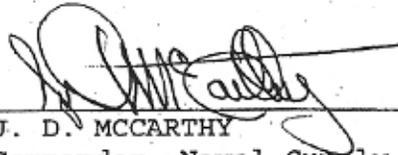
3. We agree to consider the support areas listed in enclosure (1) as a minimum in the review and recommendations. Some of these issues can be considered across the Navy, whereas some may be unique to maritime or aviation logistics. Nonetheless, discussions and recommendations in each case will be shared across all SYSCOMs.

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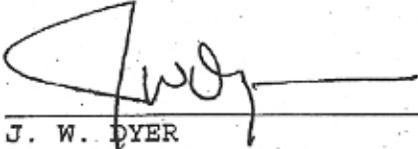
4. We recognize that the results of this effort may lead to process changes as well as workload and workforce changes. We seek better alignment with more common support processes and better integration across our many product lines and our many business units in an effort to improve efficiency and integration as well as lower overall costs and cycle time.



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Commander, Space and Naval
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**AREAS FOR CONSIDERATION IN THE SYSCOM REVIEW OF SUPPLY AND
LOGISTICS MANAGEMENT**

1. Material support for depot-level ship availabilities. This includes the acceleration of the National Material Strategy, which proposes a single national buyer for material in support of industrial availabilities, in place of the current decentralized business model. This initiative may include NAVSEA, NAVSUP and SPAWAR.
2. Logistics information technology. The Enterprise Resource Planning (ERP) efforts ongoing present the opportunity to achieve a more integrated data environment. In light of this, the time is right to examine the management of and migration path for the many logistics IT systems currently operated by NAVSEA, NAVAIR, SPAWAR and NAVSUP. Make recommendations for improved integration and business operations in this area. Recommend a migration strategy that reflects the Navy ERP strategy.
3. Performance-Based Logistics (PBL). This is a major opportunity to ensure that the outcomes desired by the Fleet and Navy are properly acquired, operated and incentivized. Much of the in-place effort was developed and acquired via NAVSUP. Some work was previously done with both NAVAIR and NAVSEA, with NAVSUP working to coordinate follow-on acquisition and support contracts, however additional progress can be made. We agree to examine how improvements and further deployment of Performance Based Logistics (PBL) and other Contractor Logistics Support (CLS) concepts can be made using the best practices and lessons learned from NAVSUP execution of PBLs. Recommendations are to be made on how NAVSEA, NAVAIR, SPAWAR and NAVSUP working together can better tailor PBL and CLS to individual Fleet and program circumstances and requirements.
4. Interim Supply Support and Outfitting. We recognize that the aviation and ship processes for these functions are different. We agree to conclude an assessment of the current ship and aircraft processes and to make recommendations on how these functions can be better placed and operated/coordinated.
5. Policy and process coordination. The SYSCOMs have internal organizations that oversee policy and processes. We agree to review the current supply chain design and management to find

Enclosure (1)

opportunities for better alignment and improvement. Efforts such as ERP and changes in government/contractor sourcing offer opportunities for improvements if we are able to better coordinate our assigned policies and processes. We seek recommendations for better alignment in this area.

6. Commercial Industrial Services (CIS)/Ship repair contracting efforts. NAVSEA 04/02 and NAVSUP 04/02 have had several discussions regarding contracting efforts at Fleet and Industrial Supply Centers (FISCs) and Supervisors of Shipbuilding (SUPSHIP) in support of ship maintenance. A proposal is being finalized to assign the supporting FISC as PCO and SUPSHIP as ACO CIS support contracts. We will finalize this proposal and seek recommendations that permit each organization to accomplish their core mission and maximize efficiencies in providing industrial support at the waterfront.

7. Coordination of various waterfront/pierside Fleet support. Examine and make recommendations to increase coordination and synergy of the various NAVSEA, NAVAIR, SPAWAR, NAVSUP and PEO direct waterfront support efforts and organizations. This would include NAVSUP's Logistics Support Centers and NAVSEA's regional Logistics initiative among others.

8. Logistics research and development. We agree to examine options and make recommendations for improved management of logistics research and development, legacy system support and parts obsolescence across the SYSCOMs. Include the various efforts aimed at improving reliability and determine if these efforts can benefit from a higher degree of collaboration.

9. Common logistics functions and programs. We agree to review and make recommendations in other areas of logistics programs and functions not specifically mentioned above and determine improvements in these programs and functions within the SYSCOMs. This includes areas of acquisition logistics and logistics execution functions across product lines. Areas such as achieving a more common approach and technical architecture for digital logistics products and support systems are to be considered. Coordination with the SYSCOM PEOs will be necessary for this review.