DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
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IN REPLY TO

NAVSEAINST 4000.8
SEA 04L/078
21 Jul 04

NAVSEA INSTRUCTION 4000.8

From: Commander, Naval Sea Systems Command

Subj: POLICY FOR BUSINESS CASE ANALYSES IN THE EVALUATION OF PRODUCT SUPPORT ALTERNATIVES

Ref: (a) Business Case Model for the DoD Logistics Community, A Guide to Business Case Development, DUSD(L) Logistics Reinvention Office, 30 Sep 1999
(b) Performance Based Logistics (PBL) Guidance Document, ASN (RD&A) Memorandum, 27 Jan 2003

1. Purpose. To set forth the requirements, roles and responsibilities for conducting Business Case Analyses (BCA) in the selection and comparison of alternative product support strategies.

2. Objectives

a. To identify consistent, standardized roles and responsibilities within NAVSEA and affiliated Program Executive Offices (PEOs)/Direct Reporting Program Managers (DRPMs) for conducting BCAs.

b. To provide a framework for:

(1) Identifying factors for consideration when conducting a BCA.

(2) Selecting a life cycle product support strategy based upon cost, performance and risk.

(3) Assessing progress towards achieving life cycle objectives.

3. Scope

a. This instruction applies to new weapon systems and to Acquisition Category (ACAT) I and II fielded systems under the cognizance of NAVSEA and affiliated PEOs/DRPMs. This instruction also applies to all other programs for which, in the judgment of the Program Manager (PM), the application of an alternative

product support strategy would reduce costs, improve system availability, and make for a sound business decision.

b. This instruction does not apply to naval nuclear propulsion plant systems and equipment under the cognizance of the Deputy Commander, Nuclear Propulsion Directorate, (SEA 08), or to strategic weapons systems under the cognizance of the Strategic Systems Program (SSP).

4. Background

a. In September 1999, the Department of Defense (DoD) promulgated reference (a). Reference (a) provides the information needed to perform business case modeling and highlights the steps required to produce a business case.

b. Reference (b) identifies a BCA as a decision support tool that is used to estimate costs and describe the benefits between alternative product support strategies. The BCA will establish the initial cost baseline and provide metrics for measuring progress toward achieving support goals.

5. Process Description. Reference (a) provides BCA guidance that includes the recommended outline, a typical table of contents, and a brief description of the processes to follow to complete the outline. Appendix B of reference (a) provides the format for preparing a BCA.

6. Responsibilities

a. SEA 04L shall:

(1) Develop, maintain, and facilitate implementation of a validated, common BCA framework. This framework will be used to assess product support alternatives.

(2) Ensure that the product support Performance Based Logistics (PBL) BCA process is coordinated with the Independent Logistics Assessment.

(3) Serve as the Command focal point and single point of contact for BCA policy and processes, and in the evaluation of product support alternatives.

(4) Provide common BCA reporting format.

(5) Monitor application across NAVSEA and the affiliated PEOs/DRPMs.

b. SEA017 shall provide assistance and supporting information including inflation rates, private sector man-day rates, fuel rates, and other related assistance as requested.

c. NAVSEA and affiliated PEO/DRPM PMs shall prepare and update a BCA for the following situations:

(1) Developing product support strategies during the development of the program acquisition strategy.

(2) Measuring PBL effectiveness.

(3) Selecting and evaluating product support strategies for in-service systems.

(4) Assessing progress toward achieving life cycle support goals.

7. Action. PEOs/DRPMs shall comply with the responsibilities in this instruction. NAVSEA 04L shall develop and disseminate the Naval Cost Analysis Division validated BCA process.

8. Point of Contact. SEA 04 and PEO IWS are the PBL Team Leads. The NAVSEA 04 point of contact is Mr. Lawrence Fitzpatrick, SEA 04L22 (202) 781-1306. The PEO IWS point of contact is Mr. Jon Joyce, PEO IWS6L (202) 781-0671.

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