Hearing Number: HORC-01-2020
Hearing Date: July 22, 2020
Committee: House Oversight and Reform Committee
Sub-committee:

QFR Title: 90% Threshold
Requestors: Rep Carolyn B. Maloney
Witness: Lord, Ellen
QFR ID: HORC-01-001 QFR
Question Number: 1
Question: When was the 90% threshold established for parts to be delivered that are "ready-for-issue"? a. What is the deadline for Lockheed Martin to meet at least the 90% success rate for spare parts delivered ready-for-issue?
Answer: In the fall of 2019, the military Services issued a memo requesting that 90% of all parts be Ready for Issue (RFI) upon arrival to base supply within 6 months. In response to the memo, the F-35 Program Executive Officer established a government/industry Electronic Equipment Log (EEL) Improvement Team. That team held a Rapid Improvement Event in October 2019 focusing on upon non-RFI parts issues. The EEL Improvement Team established a threshold RFI parts rate of 70%, and an objective RFI parts rate of 90%, for the F-35 enterprise. The 90% RFI rate is not specifically called out in the current sustainment contract. The JPO is working with LM to drive down non-RFI parts due to EELs. The JPO anticipates reaching the 90% target by the end of 2020.

QFR Title: 90% Threshold
Requestors: Rep Carolyn B. Maloney
Witness: Lord, Ellen
QFR ID: HORC-01-002 QFR
Question Number: 2
Question: If Lockheed Martin does not meet that threshold, will there be a penalty for that failure? a. If yes, what is the penalty?
Answer: The 90 percent objective metric is based on a non-contractual agreement with Lockheed Martin, in order to drive improvements while appropriate contractual language was negotiated. Negotiations are currently underway to include RFI parts metrics, as well as to establish appropriate incentives tied to those metrics, in future sustainment contracts. Appropriate incentives tied to RFI parts metrics are being negotiated for future sustainment contracts.

QFR Title: ODIN
Requestors: Rep Carolyn B. Maloney
Witness: Lord, Ellen
QFR ID: HORC-01-003 QFR
Question Number: 3
Question: What are estimates for the lifetime cost of ODIN? a. What entities other than the Department of Defense (DOD) and Lockheed Martin do you plan to contract with for ODIN?
Answer: The President's Budget Request for Fiscal Year (FY) 2021 contains $547 million for ODIN development. Most of the ODIN development will occur in FY21-23, with continued development in the out years at a reduced amount to maintain air system alignment, ensure cybersecurity, and support

changing warfighter needs. The F-35 Life Cycle Cost Estimate includes $25.2 billion for development, procurement, and sustainment for ODIN from now until the end of the program, which is based on projections of ALIS life-cycle costs; the DoD portion of that amount is $22.1 billion. Replacing ALIS with ODIN is projected to reduce that life cycle sustainment cost, primarily based on reductions in contractor labor hours relative to what ALIS required for operation. Annual updates to the life cycle cost estimate will include ODIN development and operation costs as the development matures. Multiple government organizations and industry partners are part of the ODIN effort, including the Air Force's Kessel Run and 309th Software Engineering Group, the Naval Information Warfare Center, Lockheed Martin, and Pratt and Whitney. Other government partners and industry partners may be added in the future depending on the best value to the Government. This flexibility will be facilitated by government ownership of the ODIN system, as opposed to ALIS, where Lockheed Martin maintained ownership of much of the code and intellectual property.

QFR Title: ALIS
Requestors: Rep Carolyn B. Maloney
Witness: Lord, Ellen
QFR ID: HORC-01-004 QFR
Question Number: 4
Question: How much has DOD spent on ALIS to date?
Answer: DoD spent a total of $833M on ALIS, including development, procurement, and sustainment funds. DoD spent $571M on ALIS development, and $262M on hardware procurement and fleet operations. Additionally, there are some additional O&M costs prior to LRIP 7 that were part of shared Contract Line Items (CLINs) that are not readily separated from other F-35 O&M costs.

QFR Title: ODIN and ALIS
Requestors: Rep Carolyn B. Maloney
Witness: Lord, Ellen
QFR ID: HORC-01-005 QFR
Question Number: 5
Question: On July 10, the Defense Department announced it would pay Lockheed Martin $87.5 million to begin the development of ODIN and start the transition from ALIS. What will that initial work by Lockheed Martin include?
Answer: On 10 July 2020, the Joint Program Office (JPO) awarded a $87.5 million Indefinite Quantity, Indefinite Delivery (IDIQ) contract to Lockheed Martin. The contract allows for task orders to be issued for ODIN development up to the total contract value. The JPO issued the first two task orders, for support of ongoing testing efforts and ODIN software development, within a week of the overall IDIQ contract award. Additional task orders are under development for hardware integration and testing for the new ODIN hardware architecture, as well as additional software development.

QFR Title: ODIN Costs
Requestors: Rep Carolyn B. Maloney
Witness: Lord, Ellen
QFR ID: HORC-01-006 QFR
Question Number: 6
Question: Since this program has had significant cost overruns in the past, how does DOD plan to ensure that the cost of ODIN stays within the department's estimates?
Answer: The Department recognizes that the significant cost overruns for ALIS development, fielding, and operations were not acceptable. The program has shifted strategies when moving from ALIS to

ODIN to ensure that ODIN costs will be better controlled. For hardware, the program is working to leverage commercial hardware to the maximum extent possible to reduce costs and preemptively address obsolescence, which can lead to increased costs in the future. For application development, ODIN combines government-developed applications, contractor-developed applications, and COTS products to combine best of breed in a cost effective manner, enabled by government ownership of the ODIN system. For contractor-developed software, the program shifted from larger contracts focused on defined requirements to smaller delivery orders with more level-of-effort supporting, giving flexibility for Agile development and more consistent development costs over time.

QFR Title: Performance Metrics
Requestors: Rep Carolyn B. Maloney
Witness: Lord, Ellen
QFR ID: HORC-01-007 QFR
Question Number: 7
Question: What performance metrics has DOD set for ODIN and what is the timeline for when those metrics need to be met?
Answer: In alignment with the DoD Software Acquisition Pathway Interim Policy, the F-35 Joint Program Office (JPO) worked with the military Services, international partners, and other stakeholders to build the ODIN Capability Needs Statement (CNS). A short, high-level living document, the CNS focuses on operational needs and conveys high-level features, enhancements to existing operational capabilities, and priorities. It also includes the desired performance metrics for ODIN. The CNS is in final coordination and expected to be approved in September 2020 at the JSF Executive Steering Board. The draft CNS includes forty-nine performance metrics, in six categories: deployment planning & execution; unit maintenance planning; sortie generation; sustainment readiness; information management; and ODIN support. The CNS is meant to be a flexible product and will be periodically updated to reflect the capability baseline and user priorities. The JPO is working with the users to prioritize the capabilities (and corresponding performance metrics) to be met for the Initial System Delivery in September 2021 and Full System Delivery by December 2022.

QFR Title: Spare Parts
Requestors: Rep Paul A. Gosar
Witness: Lord, Ellen
QFR ID: HORC-01-009 QFR
Question Number: 9
Question: Lt Gen Fick / Ms. Lord, you mentioned that you will be requiring Lockheed Martin to deliver and maintain spare parts with 99% RFI. Is this a reasonable contractual position as I understand that LM is not responsible for all EEL / RFI issue? How will this be accounted for?
Answer: The Department established a 90 percent RFI parts rate objective for Lockheed Martin under a non-contractual agreement. The Department is currently negotiating with Lockheed Martin to include RFI parts metrics, along with associated performance incentives, into future sustainment contracts. The JPO will be holding LM accountable only for parts that are directly shipped from LM or suppliers that LM manages. LM will not be accountable for parts that are transferred within the F-35 fleet by the US Services or Partners that are outside of their control.