7

INTERNATIONAL VIEW

Introduction

The U.S. is not the only nation faced with the problem of maintaining a modern force in a changing world. Our allies face the very same environment. A decline in defense spending, a change in threat and the ever increasing availability of advanced technology to the highest bidder, also affect the U.S. allies. In this new environment, the allies are being forced to make the same hard decisions on weapon system modernization but their approaches to modifications and upgrades are quite different from those of the U.S.

Given the time constraints to prepare this report and the huge amount of information available, the focus of this chapter lies with the Republic of Germany and the United Kingdom (U.K.). The report focuses on these nations because of the U.S.' long standing cooperation on defense matters and the local availability of information on each nations' defense acquisition process. Though the external environment is similar for these two nations, the internal environments that they face are quite different. Each nation's acquisition process operates within the framework of their own governmental bureaucracy and is affected by that bureaucracy. In an effort to understand each nation's modification and upgrade process, one must first understand the acquisition bureaucracy. This report briefly addresses each nation's acquisition process and their general policy on modifications and upgrades. European allies, with lower defense budgets, tend to be more rigid in the executions of their respective procurement programs.

The Republic of Germany

The Republic of Germany's acquisition process is similar to the U.S. in many ways. Parliament performs legislative oversight and conducts a selective item review.[1] Parliament approves all contracts greater than 50 million deutsch marks (DM) before contract award.[2] The Armament Directorate within the Ministry of Defense directs the Federal Office for Defense Technology (BWB) to research, define, develop, test and evaluate, and produce and procure weapon systems. The BWB has total control of the procurement process.[3] The Service staffs provide input throughout the process by determining the requirement, logistical support and service acceptance.

The BWB uses a five-phase acquisition process: preliminary phase, definition phase, development phase, procurement phase and

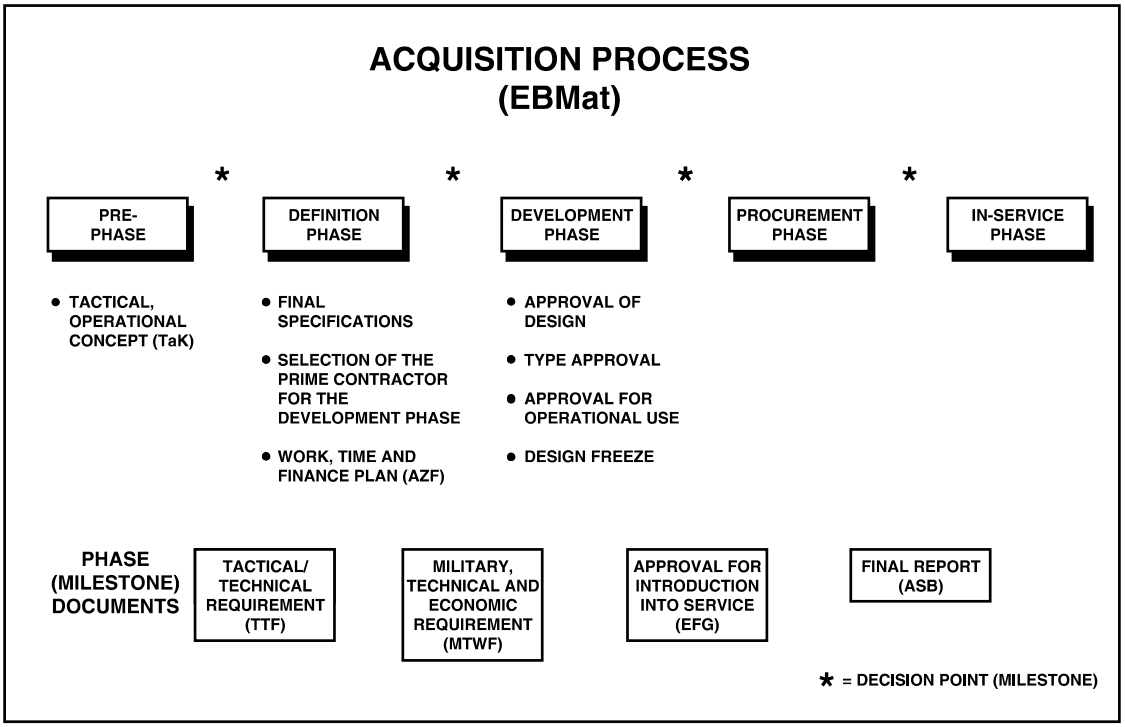

Figure 7-1. German Acquisition Process (EBMat)

in-service phase. A preliminary phase takes the need and searches for potential acceptable solutions. Developing an initial formal statement of operational need and the milestone decision approval of the tactical/technical requirement document is the key to this phase. Phase two, the definition phase, develops the final specifications. Final specifications fully define the projects' financial, technical and operational terms. In addition, phase two selects the prime contractor for the Development Phase. The development phase is the next phase in the cycle. During this phase, the design is approved and frozen. The critical milestone is the approval for introduction into service(EFG) document. The EFG approval is critical because, after this point, only safety related modification may be applied to the weapon system. In the procurement phase, the defense contractor produces and fields the weapon system with very little oversight from the BWB. In-service phase, is the final phase where the uniformed services take possession and maintenance responsibility for the weapon system.

The German acquisition process only has, by a U.S. definition, one type of modification, safety. They do not change the design of the weapon system once the weapon system receives EFG approval. Changes to the weapon system are possible after acceptance by the service. If the weapon system requires additional capabilities, the service forwards the request and funding, for combat improvement measures, to the BWB for planning and execution. The BWB starts the review of this new requirement at the preliminary phase and begins the cycle again. The BWB decides if the new requirement can be met by an upgrade to the present system or a new

start. If an upgrade is approved, the BWB will negotiate with the service on how the change will be applied; by contractor, depot or the service. The BWB is responsible for the design and contracting of the change. The services are responsible for the funding, requirements and equipment. This separation of responsibilities controls the requirement growth during its procurement process.

The United Kingdom (U.K.)

The U.K. has a slightly different procurement structure from Germany, although there are some common aspects. The unique role each member of the acquisition system plays in the process is the basis of the differences. Like Germany, the Parliament provides the legislative oversight. The advantage of a parliamentary form of government is the majority party is always the head of the government. This normally ensures the magnitude of changes made by parliament is lower than you would see in our process. The Parliament approves the total defense budget and does not have a line-item review. The Parliament does have two committees that overlook the defense budget. The House of Commons Defense Committee reviews defense policy and program issues. The House of Commons Public Account Committee reviews the economy and efficiency of defense expenditure. These two committees normally do not make adjustments to the proposed defense budget.[4]

The U.K. has a six-phase approach to weapon system acquisition.[5] The key to understanding their approach is to understand who is the primary driver in the process during each phase. Although the users (operational commands and Branch Sponsor at the Defence Staff), the Office of the Chief Scientific Adviser, the Office of Chief Defence Procurement and the Logistic Branch are involved in all phases of the acquisition process, each group takes the lead in different phases of the process. The Defence Staff, with the help of the Chief of Scientific Advisor, decides what to buy. This decision is made during the first three phases of the

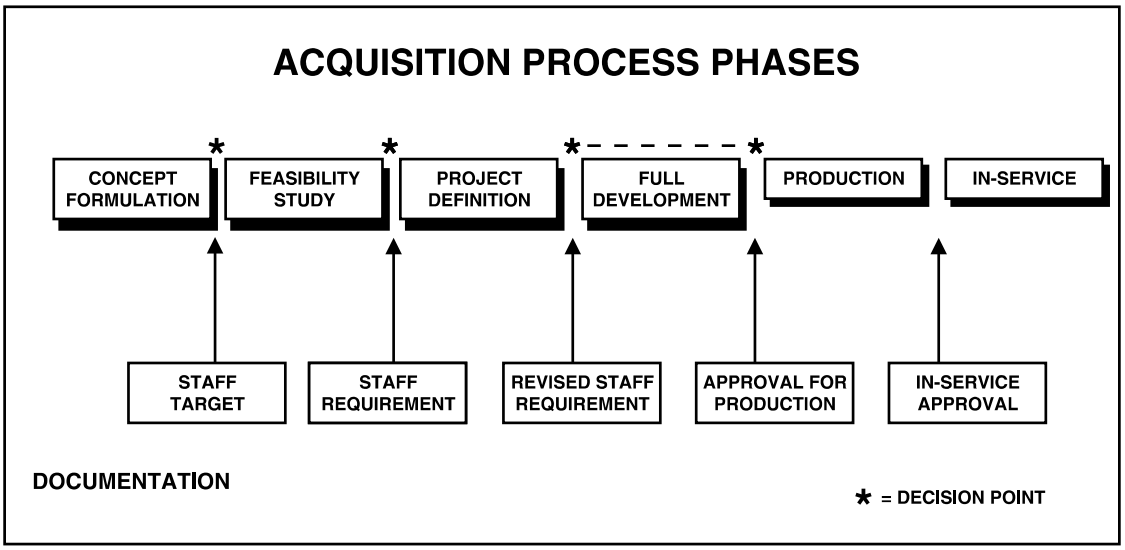

Figure 7-2. U.K. Acquisition Process Phases

process (concept formulation, feasibility study and project definition).[6] The final products of these phases are a formal approved requirement and decision to proceed to full development. The Procurement Executive does the selection and procurement of the system during the full development and production phase. Full development phase locks in the final system specifications. The only changes permitted after the end of this phase is safety and no cost manufacturing or performance improvements.[7] The Procurement Executive transfers control of the system to the service once "in-service approval" has been given for the weapon system. During the in-service phase minor deficiencies and enhancements may be done by the services. Major changes to the system must begin the acquisition process all over again.

Modifications and upgrades, by the U.S. definition, are done in the British procurement process. Modifications and upgrades are limited to only safety and no cost improvements. They are initiated by the user and return to the initial phase of the acquisition process and compete with all programs for funding and priority. The separation of control during the phase seems to limit requirement growth in the British acquisition process.

Summary

The modification and upgrade processes for Germany and the U.K. have several points in common. They tend to lock the design early in the process and limit changes to only safety-related items. Both procurement systems have clear separation of the buying community and the services. The user agrees on the requirements and turns them over to the buying organization for execution of the procurement. The buying community is evaluated only on schedule and cost. Changes required, after weapon system fielding, are returned to the beginning of the acquisition process for review. They undergo all the required analysis based on the level of risk and cost of the program. The early agreement on the requirement and the separation of user and buyer ensure both nations maximize their limited defense funds.

ENDNOTES

1. Houston, C., LtCol (USAF). (1995, Jan 27). Acquisition Process Comparison France, Germany, United Kingdom and United States Briefing.

2. Ibid.

3. Thunemann, H. (1995, Mar 24). Interview on BWB. (German Liaison Office). Reston, VA.

4. Donnithorne-Tait, D. (1995, March 31). Interview on the United Kingdoms' Acquisition Process.

5. Houston, C., LtCol (USAF). (1995, Jan 27). Acquisition Process Comparison France, Germany, United Kingdom and United States Briefing.

6. Ibid.

7. Donnithorne-Tait, D. (1995, March 31). Interview on the United Kingdoms' Acquisition Process.