CRITICAL THINKING.
SOLUTIONS DELIVERED.

Using Physics Based Reliability (PBR) Methods for Should Cost Estimates

June 7 – 10, 2016

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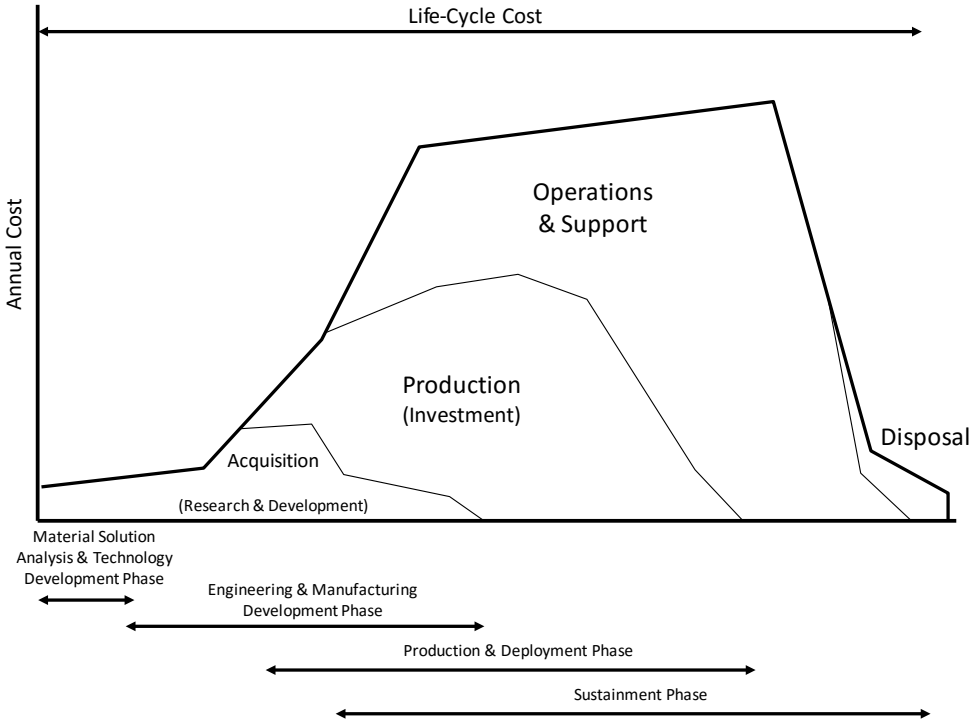
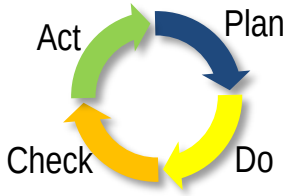
Topics

- Introduction
  - Should Cost
  - Physics Based Reliability
  - Life Cycle Cost/Total Ownership Cost
- History and Contrast of Classical and PBR
- Why Look at PBR?
- PBR Decisions can Impact TOC
- PBR Methodologies and Advantages
- Success Stories
- Future Work



Should Cost (SC)

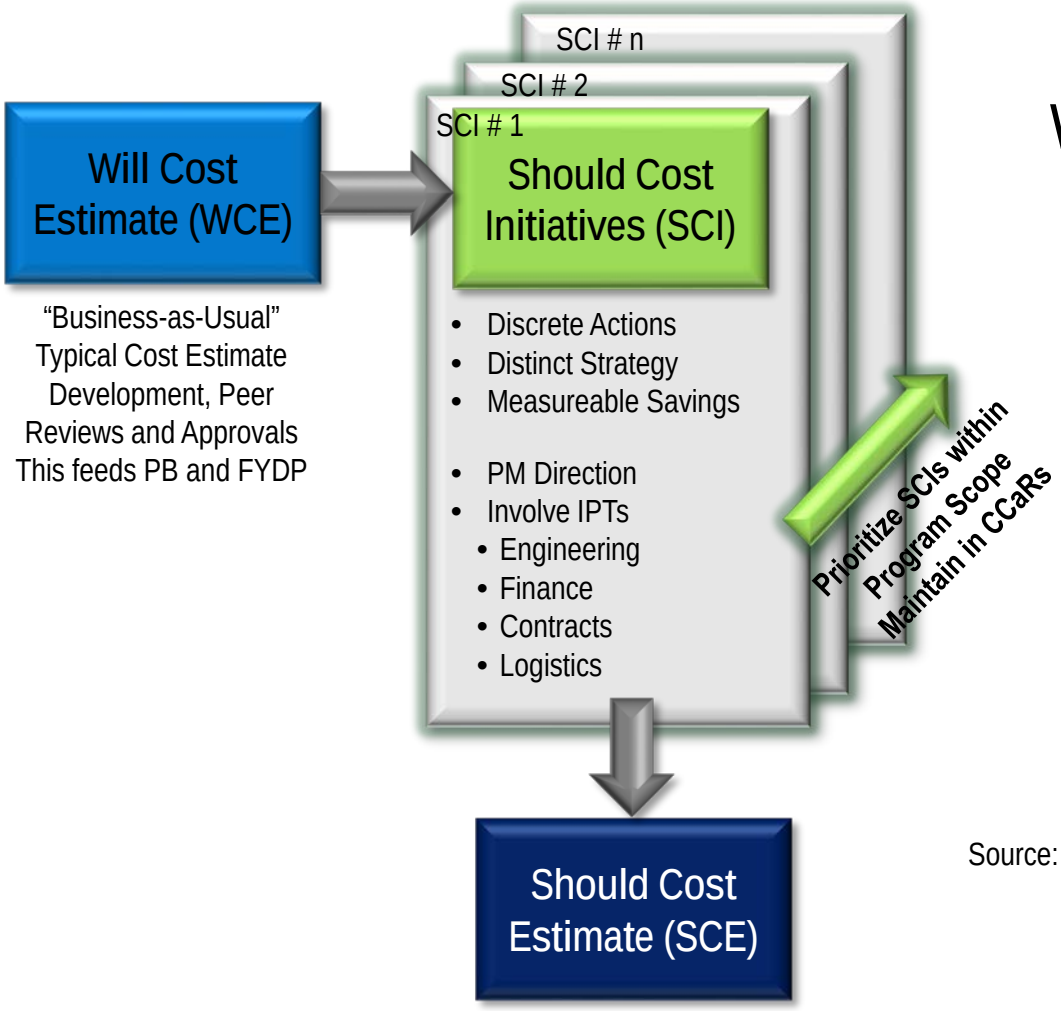
- Should Cost Management (SCM)
  - Strategy for PMs to "seek out and eliminate, through discrete actions, low-value added ingredients of program cost"*
  - SCM – a continuous process scrutinizing elements of cost over the life cycle
    - Assess cost reductions
    - Minimize change in Value received
- How it is Implemented
  - SC Initiative
    - Discrete actions with a distinct strategy
    - Uses the "Deming" Model – Act – Plan – Do – Check Repeat



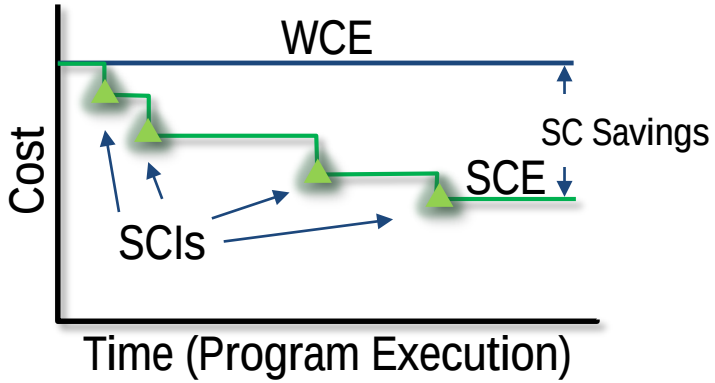
* Source: OSD AT&L Better Buying Power: Mandate for Restoring Affordability and Productivity in Defense Spending, 2010

Should Cost

- How it is Measured (OSD AT&L Guidance)



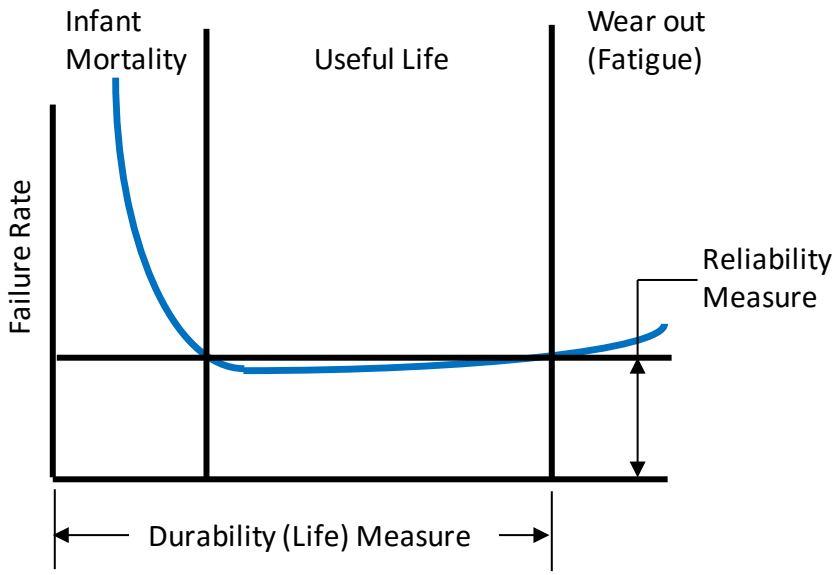
WCE – SCE = SC Savings
= Cost Avoidance



Source: SAF/AQ Should Cost Management Guidance and Business Rules Oct 2104

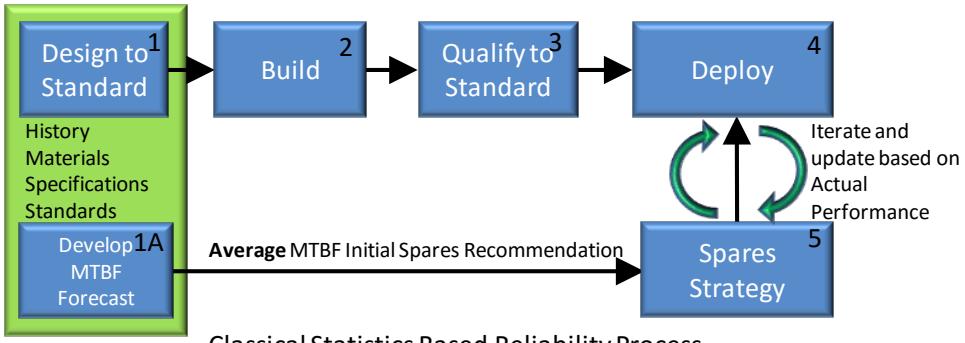
Physics Based Reliability - Introduction

- Physics Based Reliability
  - Science-based approach to reliability
    - Uses modeling and simulation to design-in reliability
    - It helps to reduce decision risk during design
    - Evaluates root causes of failure
  - Provides a Reliability Forecast with minimal information
- Life Cycle Cost/Total Ownership Cost
  - Cost models use reliability as a key driver
    - To forecast O&S costs
    - When augmented with PoF/PBR data, provides decision makers opportunities to reduce TOC
  - Provide cost sensitivity to TOC

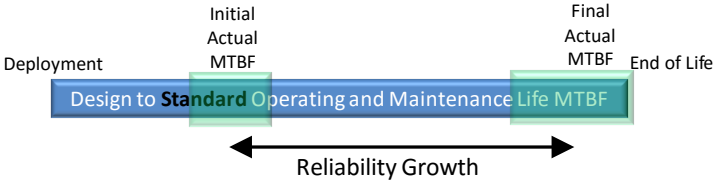


History and Contrast - Processes

- Classical

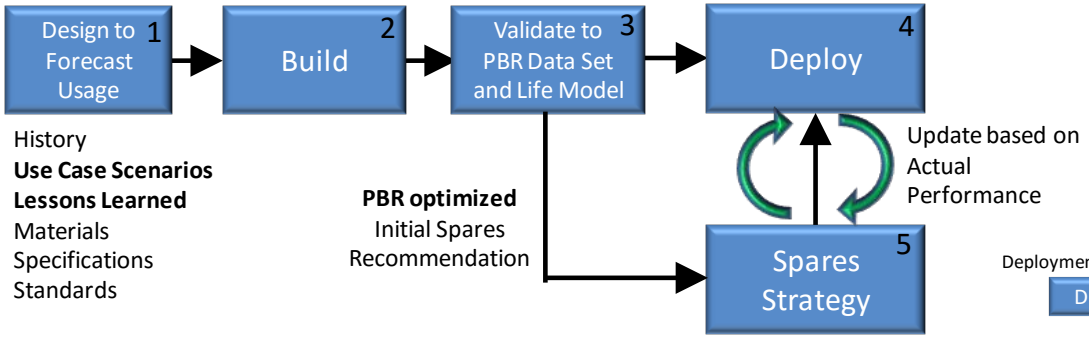


Classical Statistics Based Reliability Process

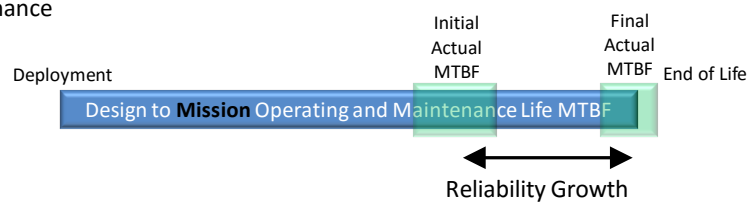


Classical Statistics Based Reliability Evaluation

- PB Reliability



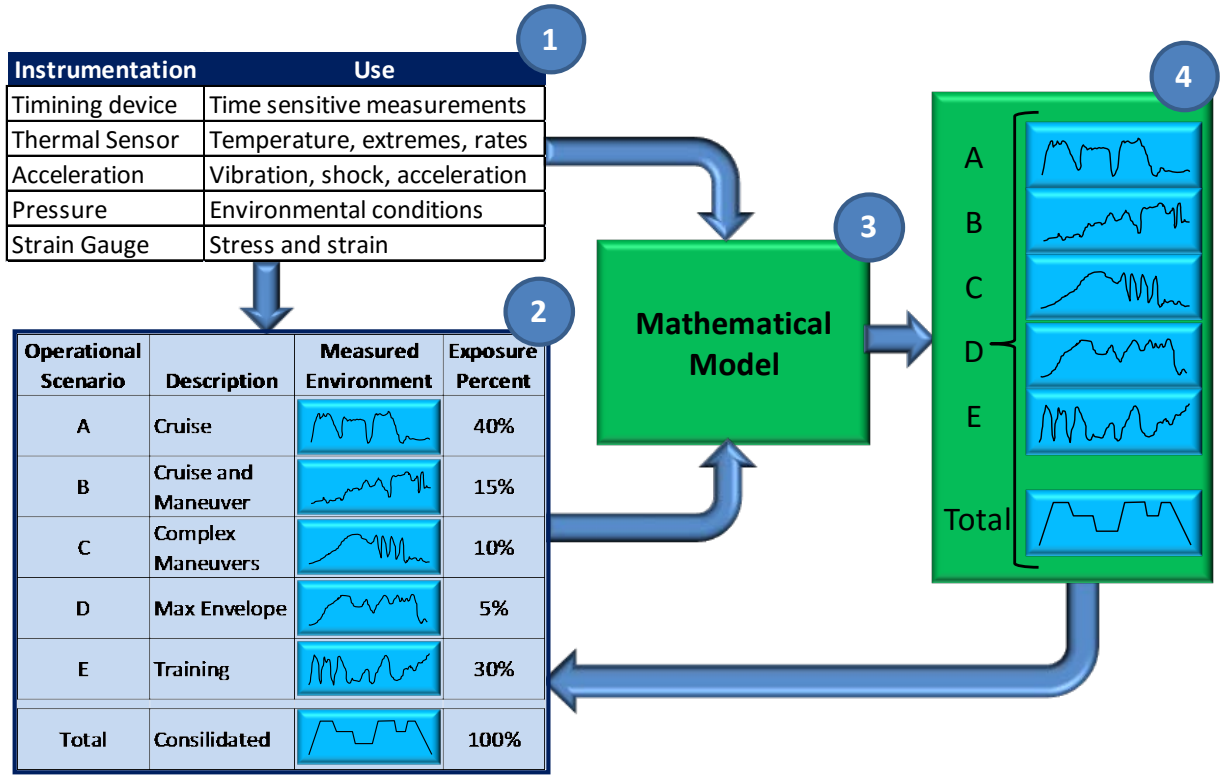
Physics of Failure/Physics Base Reliability Process



Physics of Failure/Physics Base Reliability Evaluation

Life Model is the PBR Enabler

- (1) Design/Test Specification
  - Use Cases
  - Instrumentation
  - Test Plan
- (2) Testing
  - Execute to Plan
  - Evaluate for Model
- (3) Modeling and Simulation
  - Integrate actual results
  - Update
- (4) Life (model) Management
  - Emulate Use Case
  - Look forward
  - Support Spares Management/O&S

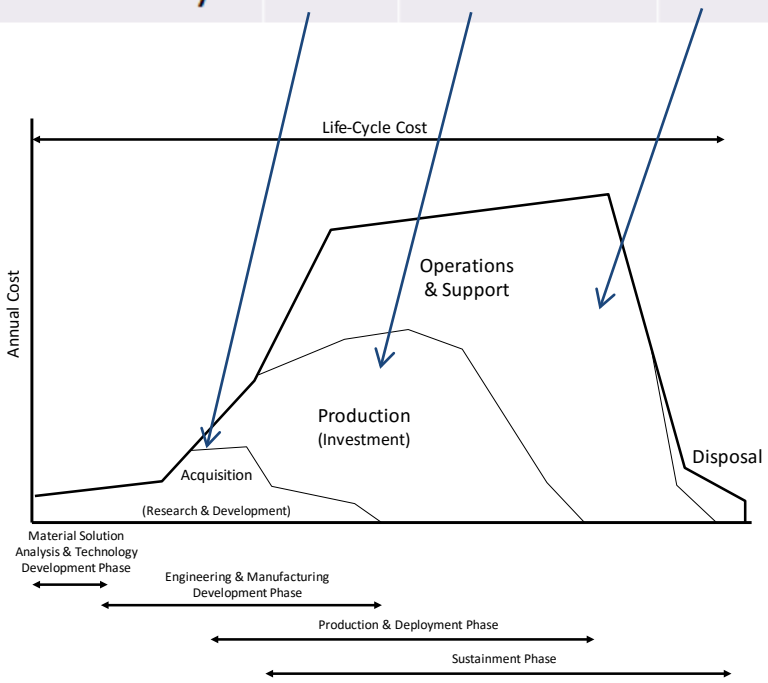


Life Model

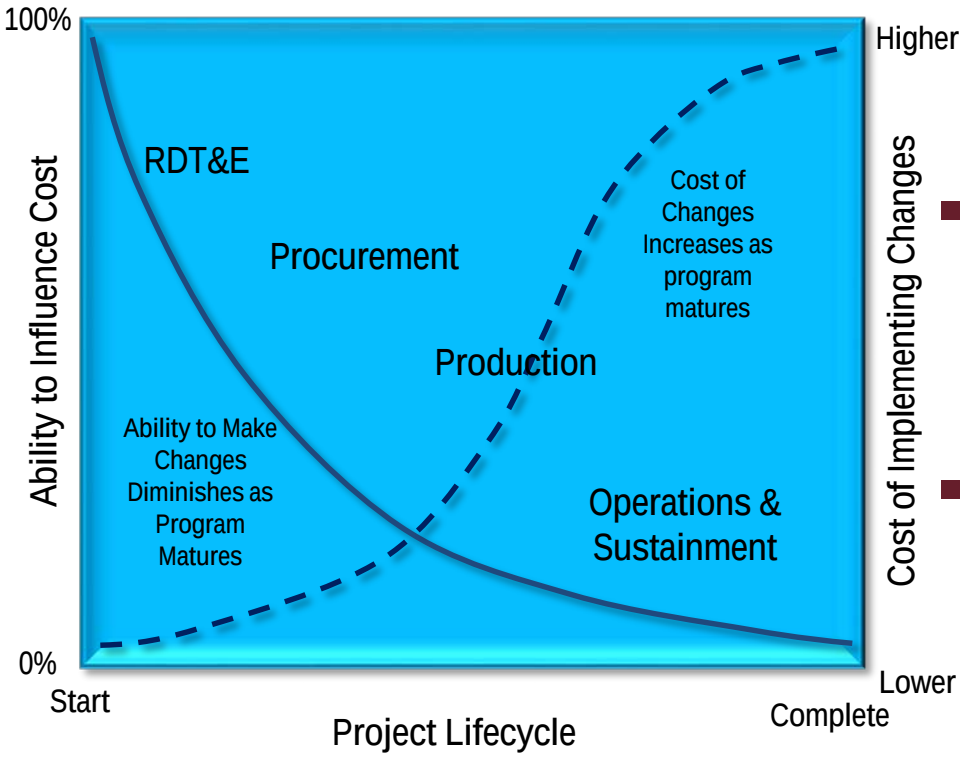
Why Look at PBR? - Some Examples

- Significant Costs during O&S drive TOC
- Reliability Drives Cost
  - Parts life
  - Performance
  - Replacement prior to design life
- Reliability Confidence Early Supports
  - Smaller Logistics footprint
  - R-TOC

Program	R&D	Production	O&S
F-16 Fighter	2%	20%	78%
M-2 Bradley	2%	14%	84%



PBR Decisions Can Impact TOC

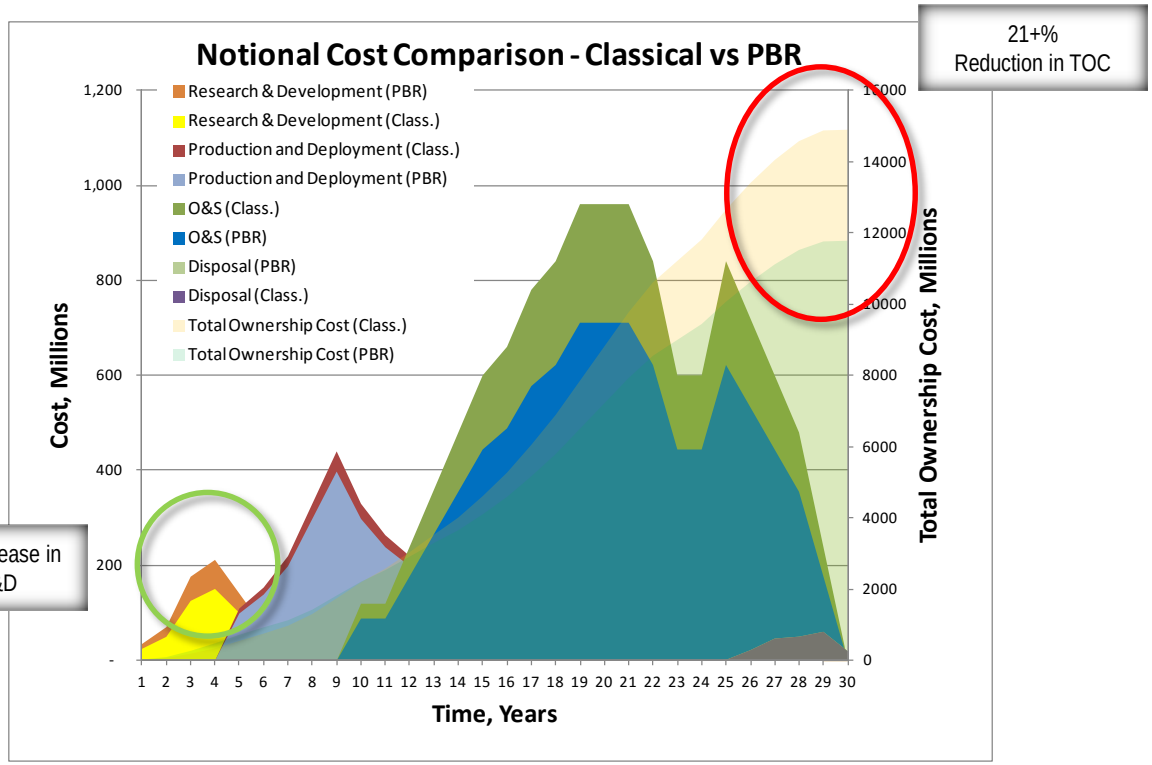


- Implement PBR early in the Project Lifecycle
  - Small investment
  - Big payoff later
- Often not considered until
  - Late Procurement
  - Production
- Impacts
  - Early – economic advantage
  - Later – costly till disposal

PBR Methodologies and Implementation

- Early Adoption of PBR can Save
- Advantages
  - Benchmarking
  - Root Cause
  - Reduction of TOC – Notional Solution 3% up front yields 21% TOC Savings

Phase	Benchmark		PR Implementation		Change	
	$, Millions	Percent	$, Millions	Percent	$, Millions	Percent
Research & Development	$ 500	3%	$ 700	6%	$ 200	40%
Production and Deployment	$ 2,200	15%	$ 1,980	17%	$ (220)	-10%
O&S	$ 12,000	81%	$ 8,880	76%	$ (3,120)	-26%
Disposal	$ 200	1%	$ 200	2%	$ -	0%
Total	$ 14,900	100%	$ 11,760	100%	$ 11,760	**-21%**



Success Stories

Surveillance System

$1.2M Saved

Analysis showed commercial CCA OK

Tri-Service Radio

$27M Cost Avoidance

Identified weak link in design & verified

Army Vehicle

$1M Cost Avoidance

Fix confirmed through low-level test and M&S instead of full-up testing

Mobile Bridge

$1.5M Savings

Reduced testing

- PBR supports reduction in TOC
- Cost
  - Avoidance
  - Savings
- Program Efficiency
- Smaller O&S Footprint
- Start PBR Early

Future Work

- Develop Process to implement PBR techniques pre-MS A
- Enhance the discrete activities to realize SC savings and cost avoidance

Questions?

Thank You