

[dstl]

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Ministry
of Defence

Making MOD a smarter customer for service delivery arrangements

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Service Delivery

- “....the use of agile, flexible processes by supplier (frequently skilled technical) personnel, interacting with customer personnel, via a contract, providing variable outputs, both tangible and intangible, to create value for the customer for the achievement of their outcomes...”
 - NB: for the MOD, “service delivery” is executed through initiatives such as CLS, CforA & CforC.....

What (is the issue)?

- Government Policy, ongoing Defence reform and future capability development require that MOD integrates with industry for the delivery of support & services.
- The result is an increasing reliance on outsourcing that is delivered through “one to one” contractual relationships between PTs and their Service Providers.

Why (is action necessary)?

- The reliance on contracted support can present risk to Defence Outputs
- Front Line Commands find themselves having to manage a “one to many” relationship with contractors
 - E.g. where ship = system of systems yet the CLS is for individual system
- MOD seems to have an incoherent approach to the outsourcing of support (ie CLS) and there have been criticisms of it (DIA).
- No comprehensive work has ever been commissioned to ensure that the MOD fully understands the complexities of entering into the Service Delivery space.

How (to address)?

- It is proposed to establish a comprehensive programme of targeted research, structured to deliver quick wins between now and SDSR 2020
- The overall aim is to identify the best means to mitigate long term risk to outputs arising from CLS
- The Programme will be managed through Dstl

When (can this be achieved)?

- Understanding Service Delivery is a complex problem that does not lend itself to rapid “solutioneering”
- Need clear articulation of the dynamics of the problem
 - The complexity of the interrelated issues suggest resolution will require long term cultural shift
 - Building on the opportunity presented by Material Strategy and Defence Reform

The Problem Space

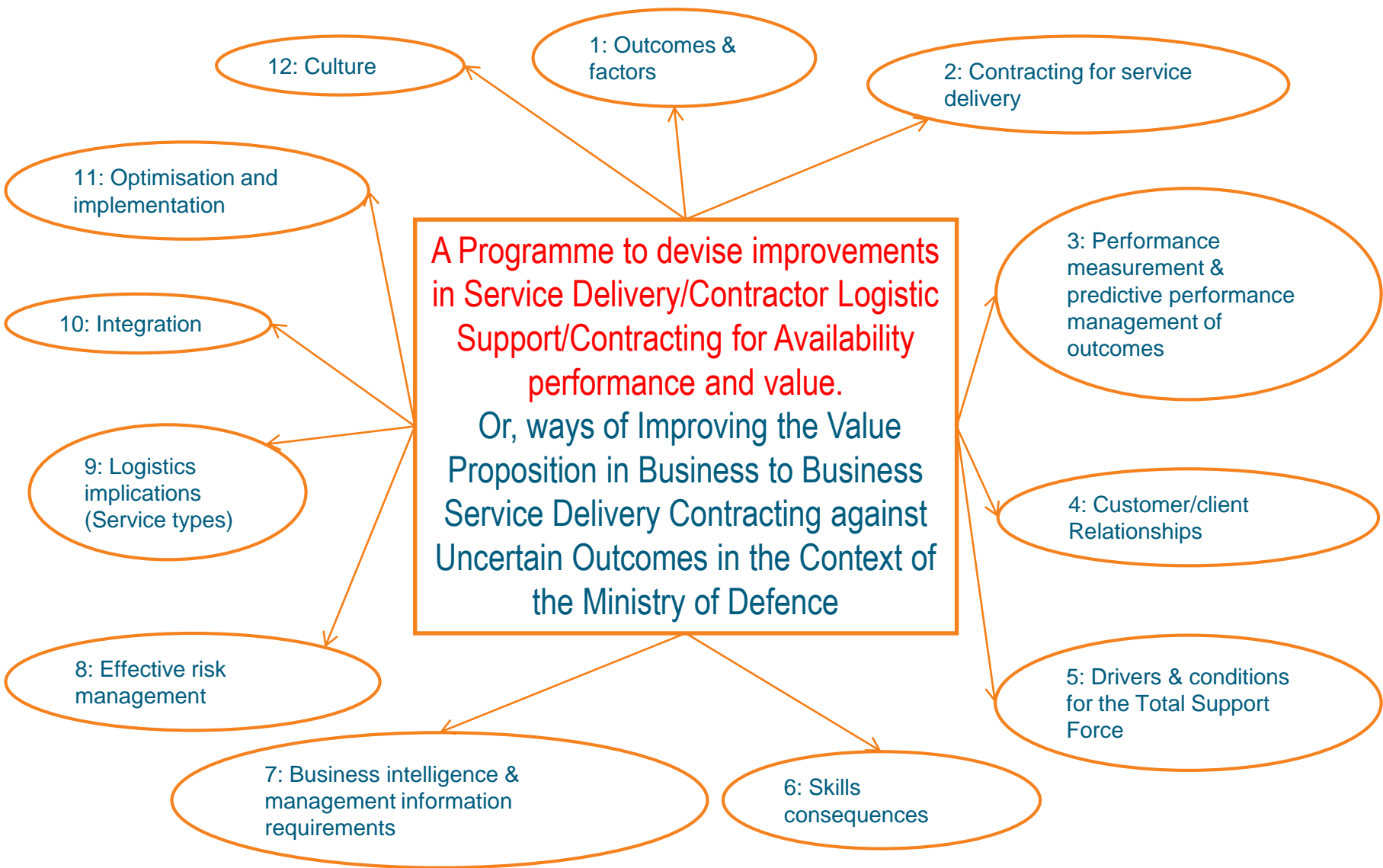
- Limited overall visibility of cumulative CLS activity
- CLS solutions considered/issued in isolation and primarily designed for peacetime support
- Risk reporting structure does not include CLS issues
- MOD is unaware of actual impact(s) of CLS proliferation (ie on skills, SQEP etc).
- Suggest that primary weakness is the inability of MOD to fully understand business to business “service delivery” contracting and, to ensure that SD contracting is able to meet the UK Government’s intentions for both Industry and Defence.

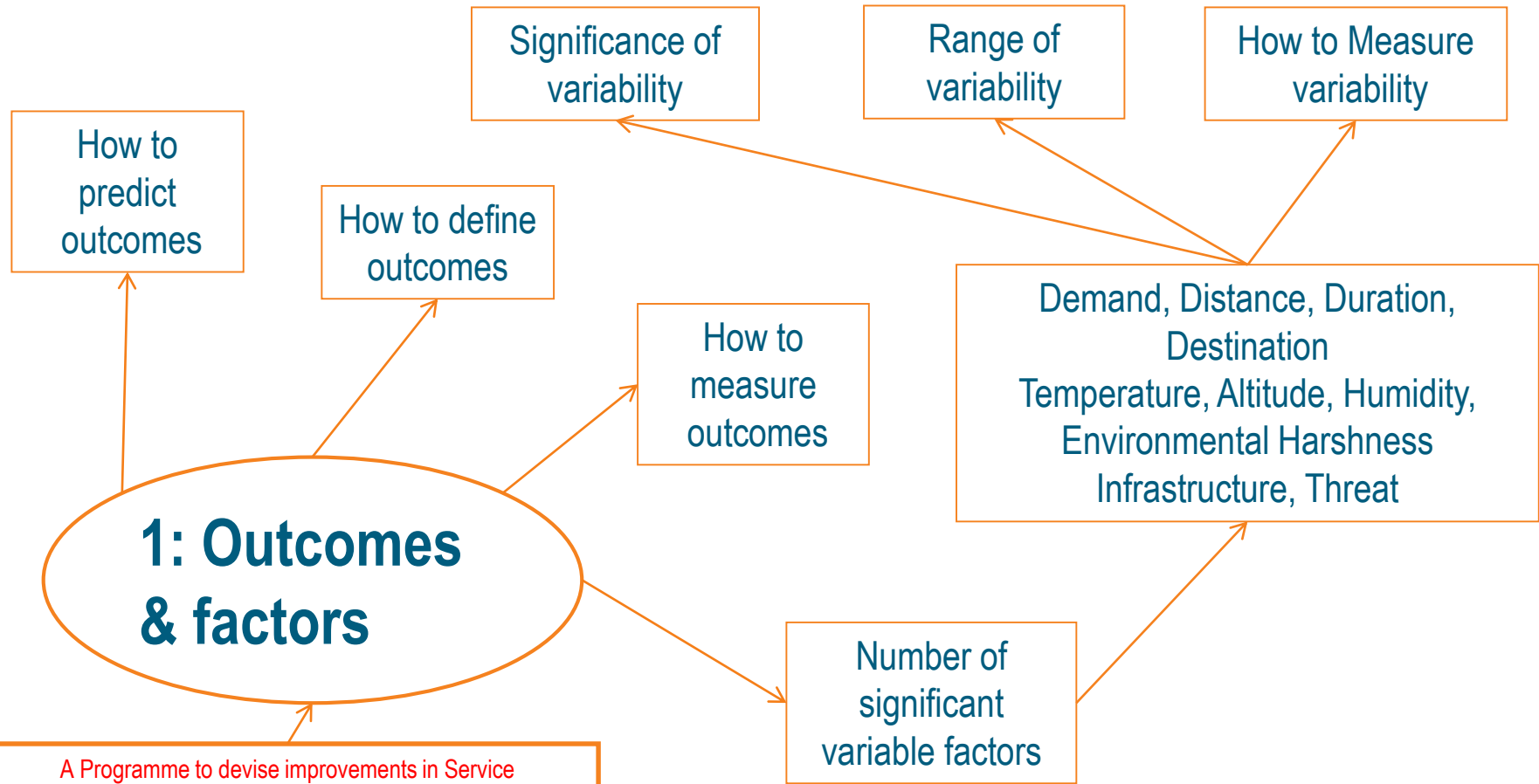
Key drivers

- CM 8278 National Security Through Technology: Policy underpinning “off the shelf” procurement; support services provided by industry to be integrated; assured availability to ops; benefits to industry & defence.
- DE&S Material Strategy: Maintaining an enduring relationship with Industry and contracting for the future
- Defence Support Network – the requirement for E2E (2 way) network with direct contract support
- Audit reports (NAO and DIA) – recent criticism of MOD’s lack of [CLS] ‘control’ and lack of VfM; CLS aspects of inventory management.
- NATO at the heart of UK Defence – NATO wants to involve industry sooner and more closely; use of 3rd Party Log Support Services (TPLSS); encouraging partnering
- Carrier Enabled Power Projection (CEPP) with QEC, F35, Type 45, etc will be the most complex CLS laydown ever seen

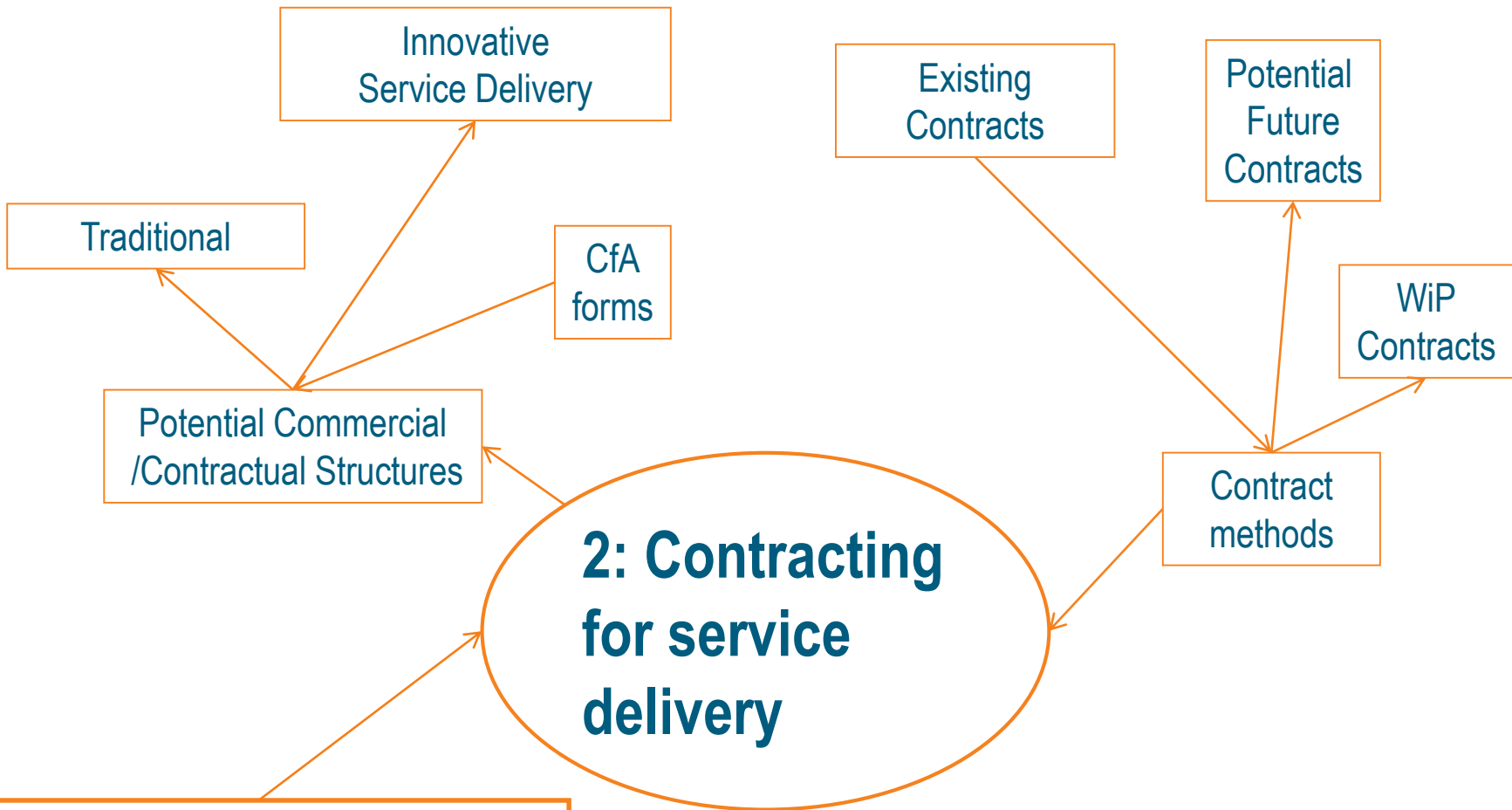
Research Based Approach

- Believe we need to address CLS in the context of Service Delivery and this can only be achieved by commissioning a major Research Programme that will position MOD to fully understand all aspects of Service Delivery.
- This will include:
 - Outcomes, factors & variability
 - People (inc skills consequences, training and Whole Force/TSF implications etc)
 - Commercial & Contracting and Performance Indicators, metrics and measurement
 - Customer/client relationships, Integration & culture





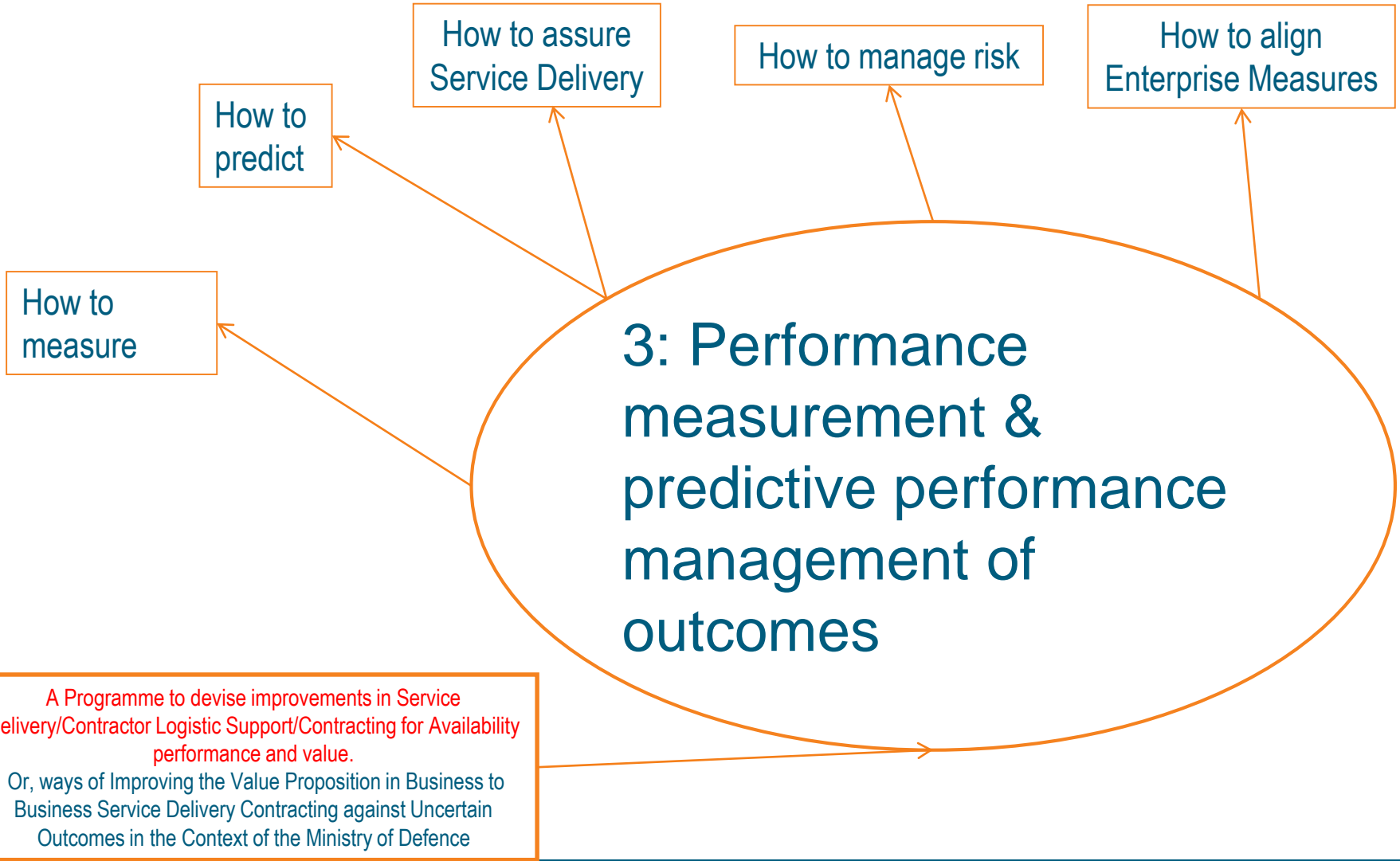
A Programme to devise improvements in Service Delivery/Contractor Logistic Support/Contracting for Availability performance and value.
 Or, ways of Improving the Value Proposition in Business to Business Service Delivery Contracting against Uncertain Outcomes in the Context of the Ministry of Defence



2: Contracting for service delivery

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4: Customer/client Relationship

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5: Drivers & conditions for the Total Support Force

Who should undertake?

Under what Op risk?

Who should train for?

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6: Skills consequences

Skills Required of Contractors; Service personnel; Commercial officers

Legal changes in form/use of Reserves

Division of Skills between In-house and contract staff

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7: Business intelligence & management information requirements

Enterprise Information Alignment

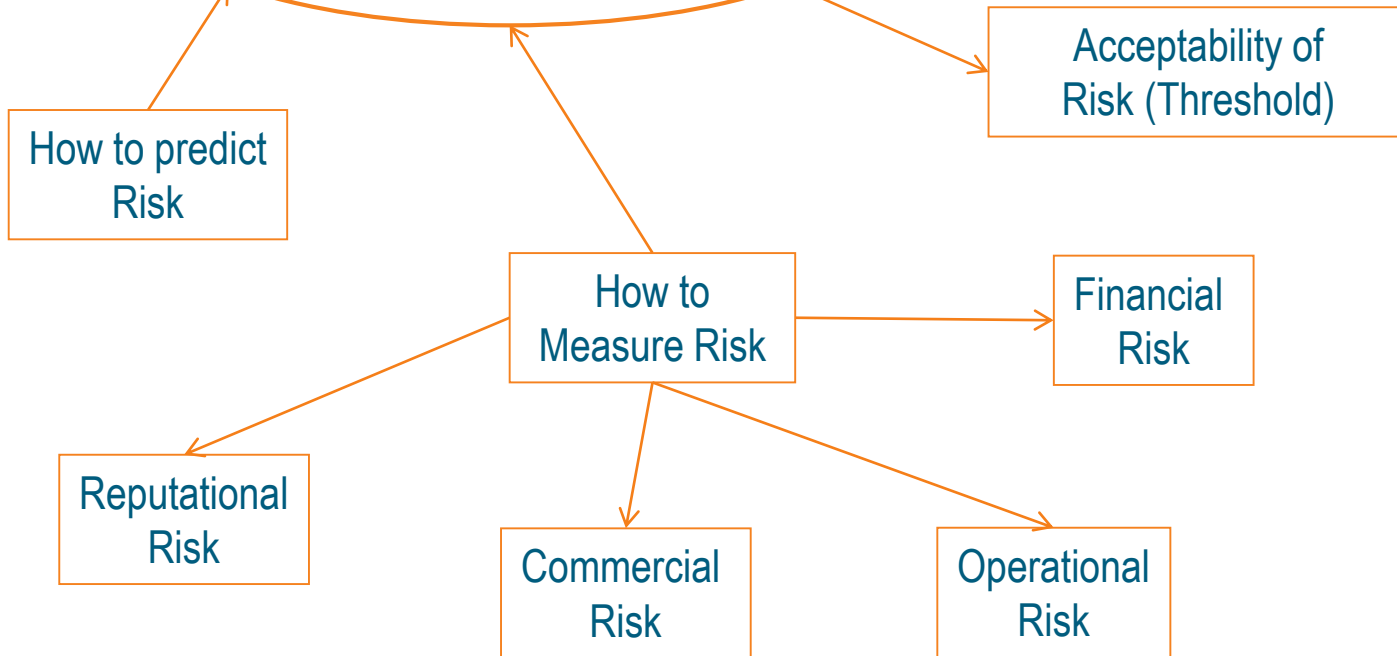
Information Availability

Information Cost

Information Quality

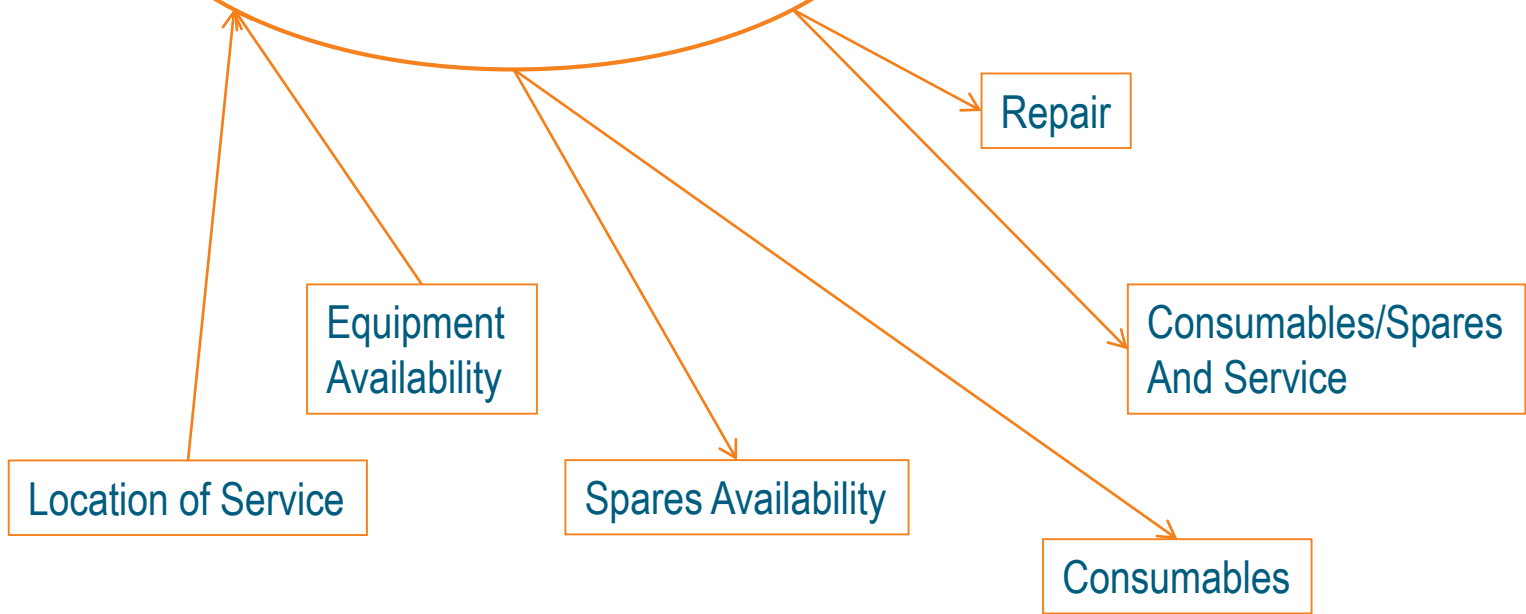
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8: Effective risk management



9: Logistics implications (Service types)

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10: Integration

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To what level should Services be integrated?

Equipment?

Capability?

Deliverer?

Platform?

Who should integrate?

Is there a single framework?

How to manage

Risk of financial consequences

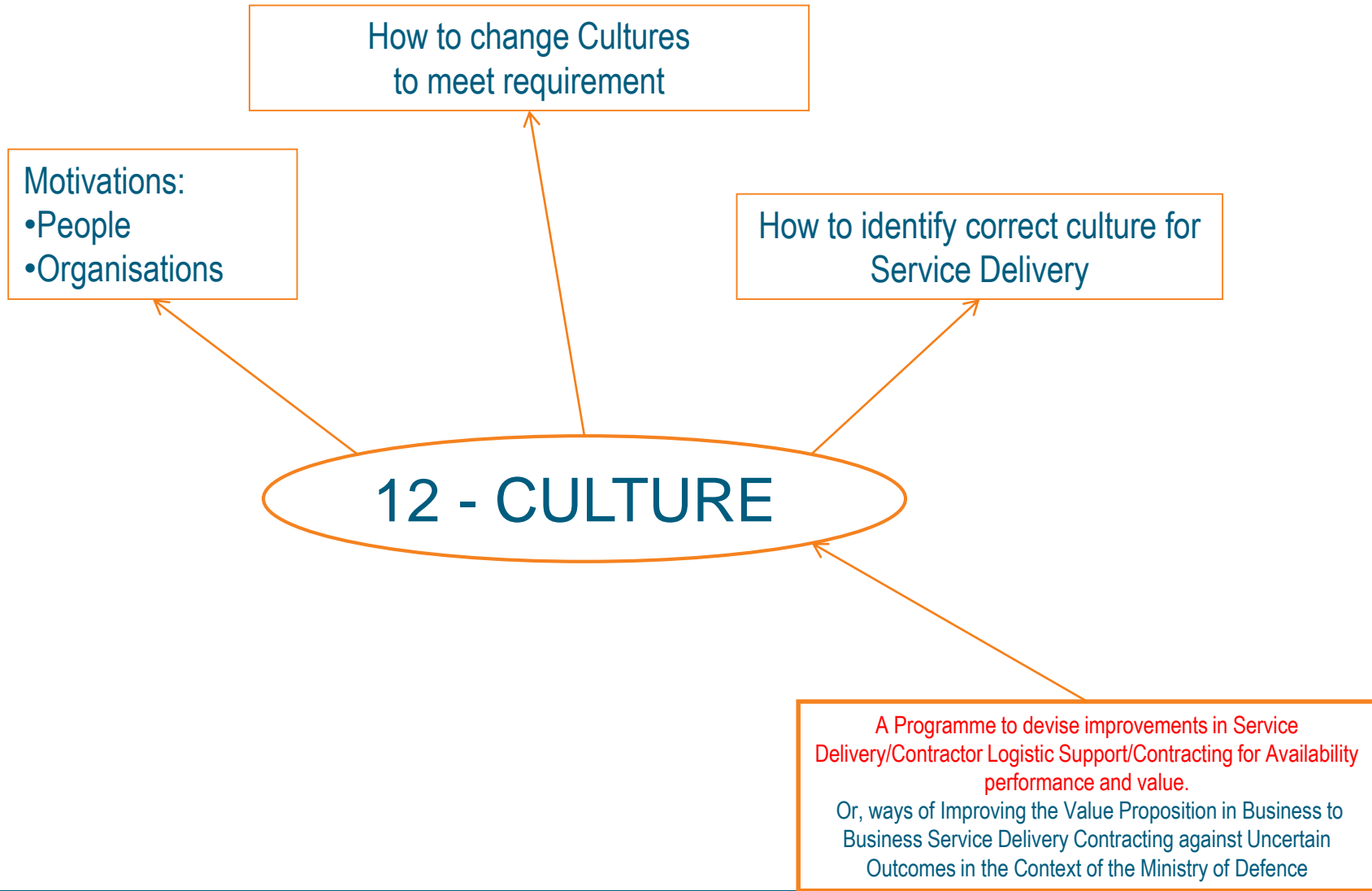
Risk of Operational consequences

How to measure

11 – OPTIMISATION AND IMPLEMENTATION

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What will Programme Success look like?

- Contracts that deliver services will be configured (factor aware) to deliver better outcomes and VfM for MOD and Industry
- Contract arrangement will be more adaptable, flexible and useable
- MOD ability to understanding predictive risk to current/contingent ops (from CLS perspective) will be improved
- Service Delivery against uncertain outcomes (ie operations) will be substantially better managed and integrated
- It will be possible to assure delivery of services better and align outcome & metrics throughout the support network

Academia rather than Consultancy

- Service Delivery “horse” has bolted but MOD does not understand how to tackle it
- While consultancy is dynamic, don’t want “quick wins” – we want holistic outcome
- Expertise in understanding Service Delivery lies in academia, hence academic timeframe
- Expertise in advising/implementing change(s) lie with consultants (later in prog)
- Need to aim for paradigm shift to address behavioural, cultural & organisation challenges which consultancy has not yet fully addressed despite previous investment.
- Sequential packages of academic research with deliverables

Other work: Policy Degradation

- Background
 - Logistic policy requirements are often “traded out” for greater capability,
 - No cost to the capability for introducing the inefficiency to the supply chain
 - But currently there is an unquantifiable cost to defence.
 - Taking codification for an example – does everything need to be codified?
 - If not, then how much and how is this determined?
 - To what extent is current policy complied with and does it make a difference (in terms of cost and effectiveness).
 - In terms of policy being generated in the future where should the concentration be?
- Requirement
 - To define the amount of deviation from policy that can be introduced to the supply chain before it reaches a point where the degradation is such that the Supply Chain fails to function correctly
 - Devise a methodology, performance indicators and baseline measures to calculate the non compliance from Policy

Other work: Modelling engineers

- Presently have a model that measures stock levels and logistics supply to a maritime task group
- Can also to a degree model availability, maintainability, reliability and battle damage repair
 - And the associated demands on PAX and spares moves
- Question arises:
 - To assess the impact of CLS/CfA on the supply/support chain and ultimately on the military effect itself
 - What is the resultant impact on military Personnel and Training requirements

Summary

- At the start of a 6 year programme of research
 - Service Delivery, making MOD a smarter customer
- Will be drawing on academia through sponsoring PhDs and Masters dissertations
- Coupled with applied research and consultancy
- Multiple spin-offs including considering of numerous Defence Lines of Development (DLOD) including Personnel, Training, Concepts & Doctrine

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