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IT Business Analytics Office Progress on Bending the IT Cost Curve





Information Technology Business Analytics Office



The Hon. Deborah Lee James, Secretary of the US Air Force, gave an Atlantic Council Defense-Industrial Policy address entitled "Bending the Cost Curve" on Wednesday, 14 January 2015 and officially stood up the IT Business Analytics Office

<https://www.youtube.com/watch?v=dVkdKQxjZe0>

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BTCC Background



- **Feb 2014: CSAF introduced “Bending the Cost Curve” concept with Industry reps at AFA Conference**
- **Mar 2014: SAF/AQ decided to work Contract Award Process topic with Industry Trade Associations**
- **May 2014: SecAF directed SAF/AQ to also conduct a BTCC initiative focused on Information Technology**
 - **Maj Gen Olson and Mr Shofner tapped to lead the effort**
- **June 2014: Gartner Inc leveraged to facilitate the discussions**





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Industry Participants



Phase 1 Industry

- American Express 
- Ford 
- Bank of New York  BNY MELLON
- ConAgra  Foods
- State Farm 
- Texas Instruments  TEXAS INSTRUMENTS
- State of Georgia Universities Consortium 
- LPL Financial 
- Freescale 

Business Areas

- Financial Services
- Manufacturing
- Financial Services
- Food packaging and distribution
- Insurance
- Semiconductor manufacturing
- Education delivery
- Financial services
- Semiconductor manufacturing

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Conclusions from Phase 1 of SecAF's BTCC Initiative



- **Non-traditional companies/industry experience (or experienced) many/most of the same challenges as the AF**
- **Top 3 lessons learned/recommendations from industry partners are:**
 - **Business analytics is the #1 way to reduce costs**
 - **You have to know where/what you are spending on**
 - **Business unit leadership commitment to cost reduction necessary**
 - **Aggressive vendor management a key enabler**
- **Way Forward**
 - **Pursue AF business analytics capability on par with the supply/logistics capability resident in Air Force Materiel Command**
 - **Initiate phase 2 discussions with traditional industry partners on vendor management**



Business Analytics Implementation Plan



- **Establish enterprise-wide IT analytics capability**
 - **Create IPT of organic ops researchers and contractors**
 - **Leverage same skill sets as AFMC supply & logistics management but also mirror skills used by industry**
 - **Establish tool sets based on Industry best practices**
- **Data collection is the #1 challenge to execution**
 - **Leverage existing ordering tool to capture spend data**
 - **Leverage existing AF boards and groups for governance**
- **Additional focus on long-term planning and execution**



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Way Forward—Business Analytics



- **What we mean by business analytics--evidence based decision-making**
 - **Essentially what AFMC does today with supply/logistics/mx**
 - **Team of operations research personnel (often called “data scientists” in the commercial world)**
 - **Armed with analytical tools/models**
 - **Driven by data demanded from the field**
 - **Identify waste or opportunities to drive in efficiency**
 - **Feeds a governance process for trade-off decisions (i.e. AFMC’s Centralized Asset Management office and steering boards)**
- **Examples of trade-offs**
 - **Cost per function point developed or per end user**
 - **Technology refresh cycles**
 - **Hardware demand planning**
 - **ELA and strategic sourcing return on investment (RoI)**
 - **Common services RoI**

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Progress To Date



- **IT BAO has primarily focused on IT Hardware Spend**
 - **Identified top manufactures**
 - **Analyzed spend by MAJCOM and base**
 - **Calculated spend & overspend due to purchases made outside of mandatory use vehicles**
 - **Identified opportunities for further commoditization**



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Conclusions



- **Data to date shows:**
 - **There are savings to be achieved by using strategic source vehicles**
 - **We can positively affect technology refresh and demand cycles**
- **Most importantly, we've only scratched the surface on the analysis we can do**
- **We are aggressively working with US(M), SAF/A6 and IMSC to analyze spending in order to support the FY17 POM**



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Questions?

