GSAW 2002
Breakout Session 11A:
Business Cases and Acquisition Strategies

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Key Tenets

Business Cases and Acquisition Strategies

- Acquisition decisions continue to be driven by business case, cost and risk considerations
- Continuing emphasis on COTS and reuse emphasize need for cost/benefit/risk trade-offs
- Successful acquisitions mitigate cost and schedule risk caused by disconnects between product capabilities and system requirements
- Successful strategies need to address supportability, maintenance, and product improvement drivers
- Well defined ground system architectures can have a strong impact on the reduction of system life cycle costs
Business Case Definition

- Business case: Materials prepared for decision makers to show that the idea being considered is a good one and that the numbers that surround it make financial sense

- Source: *Making the Software Business Case: Improvement by the Numbers*, Donald J. Reifer, Addison-Wesley, 2002
Decisions are made relative to alternatives
If possible, money should be used as a common denominator
Sunk costs are irrelevant
Investment decisions should recognize the time value of money
Separable decisions should be considered separately
Decisions should consider both quantitative and qualitative factors
The risks associated with the decision should be quantified if possible
The timing associated with making decisions is critical
Decision processes should be periodically assessed and continually improved

Source: Making the Software Business Case, Don Reifer
Business Cases and Acquisition Strategies

• Greg Hollister, United Space Networks
  – *Universal Space Network Commercial Antenna Network Evaluation (CANE) Overview*

• Daniel Vanderwarker, The Aerospace Corporation
  – *Strategies for Implementing a Product Line Approach to Software Reuse at the NRO*

• Stephen Book, MCR, Inc.
  – *Schedule Risk Analysis: Why It is Important and How to Do It*

• Don Reifer and Ricardo Valerdi, University of Southern California Center for Software Engineering
  – *COSYSMO: Constructive Systems Engineering Cost Model*
  – Note: Material to be presented by Marilee Wheaton