



MINISTRY OF DEFENCE

JSP 886 THE DEFENCE LOGISTICS SUPPORT CHAIN MANUAL

VOLUME 1 THE DEFENCE LOGISTICS SUPPORT CHAIN

PART 4 SUPPORT OPTIONS MATRIX

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SUPPORT OPTIONS MATRIX

CONTEXT

1. This part outlines the key points of policy and guidance in undertaking the optimisation of MOD and Industry commercial responsibility for Support. This ensures there is alignment of accountability with the cost/performance drivers in the way a solution is developed.

POLICY

2. It is MOD policy that all projects undertake an optimisation of their support solution before main gate approval and perform dynamic reviews subsequently through life.

3. Support Optimisation is a dynamic and iterative process carried out in conjunction with the other elements of project development. This will ultimately deliver Support that meets the requirements of optimised Through Life Cost (TLC) and complies with policy and constraints.

4. Currently Optimisation uses the Support Options Matrix (SOM) as a yardstick to ensure the assessment is comprehensive and that the eventual solution achieves the correct balance of risk in each individual Cost and Performance Driver (C&PD) between the Ministry of Defence (MOD) and Industry. The objective of the SOM is to find the optimum support solution for equipment that balances opportunity, capability and incentives. The SOM approach ensures that there is alignment between both MOD and Industry of their responsibilities to the agreed support solution. It thus enables more effective working where there is contractor involvement.

OWNERSHIP AND POINTS OF CONTACT

5. Enquiries concerning the content of this instruction should be addressed to:

a. The policy for Support Options Matrix is sponsored by ESCIT.

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PRECEDENCE AND AUTHORITY

6. The requirement to carry out Support Optimisation and the use of the SOM was first mandated in the Defence Logistics Organisation Strategic Plan 2005. This requirement is now included in DE&S Standing Instruction 10 – Support Solutions Management

MANDATED REQUIREMENTS

7. There are no legal or safety implications arising from the requirement to carry out Support Optimisation using the SOM. New support solutions must however demonstrate they have applied a structured approach to the design of their support solution.

ASSURANCE AND PROCESS

Assurance

8. The details for assurance on Support Solution Development Governing Policy are described within the Support Solutions Envelope ([SSE](#)) in the Acquisition Operating Framework (AOF).

Process

9. **Designing a Support Solution.** An initial assessment can be used by the Project Team (PT) to guide them in determining which is the most appropriate Contract Type (see para 10) in the SOM on which to base the solution proposed in their Support Strategy. A more formal assessment, facilitated by a representative from the Equipment & Support Continuous Improvement Team (ESCIT), must be undertaken by Cat A and B Projects in the solution development phase to verify that their proposal is both comprehensive and balanced. For subsequent projects the initial assessment may be sufficient unless a new stand-alone support solution is being developed. Where doubt exists whether a facilitated SOM should be undertaken ESCIT should be consulted.

10. **Scope.** The scope of a support solution needs to be defined. Equipment¹ may have a number of support contracts. Some equipment may already have an existing support arrangement covering all similar equipment types throughout the MOD, Refer to the Gatekeeper Policy to be published in JSP886 Volume 1 for guidance on how this choice is made. The responsibilities for each solution have to be determined and the optimisation process applied to each.

11. **Optimisation of a Support Solution using the SOM.** The SOM assessment, facilitated by a representative from ESCIT, assesses the chosen support solution against the Contract Types in the SOM. Further Information can be found in the SOM glossary. The Contract Types are:

- a. Spares Exclusive Upkeep (SEU);
- b. Spares Inclusive Upkeep (SIU);
- c. Incentivised Upkeep Cost Reduction (IUCR);
- d. Incentivised Reliability Improvement (IRI);
- e. Asset Availability Service (on balance sheet) (AAS on B/S);
- f. Asset Availability Service (off balance sheet) (AAS off B/S);
- g. Capability Service (on balance sheet) (CS on B/S);

¹ Equipment is a generic term that includes Platform, system, or group of equipments and exists at the lowest level of hardware at which output to the reference capability is measurable.

h. Capability Service (off balance sheet) (CS off B/S).

12. **Optimisation Process.** The optimisation process may then be carried out by Industry and a representative from ESCIT. This will determine the structure of the solution to be developed.

13. **Reconciliation Process.** Once a solution has been discussed with industry and MOD, a reconciliation process, facilitated by ESCIT is conducted. This process identifies and resolves differences in the understanding of respective responsibilities. The SOM allows MOD to define its requirement for those C&PDs it wishes to delegate responsibility to industry. MOD is always accountable for the outcomes of the designed support solution. This process can be applied during the development phase of a new support solution, or at any point in the operation of an existing support solution where a contract change is being considered.

14. **Contractor Capability Assessment.** A Contractor Capability Assessment (CCA) is carried out as part of a SOM assessment by ESCIT to evaluate whether a contractor has the capabilities required to successfully undertake the activities required in the Support Solution. A gap analysis can then be performed and a development plan can be constructed to achieve the desired level of support. This assessment should be timed to ensure the solution is sufficiently developed to make the assessment meaningful, but with enough time for any weaknesses identified to be addressed before contract terms are agreed.

KEY PRINCIPLES

15. Support Optimisation was developed as a process to facilitate the optimum balance of responsibility between MOD and Industry for a given contract type support solution. It captured lessons learnt from the analysis of a range of existing solutions featuring different levels of contractor involvement. It is designed to ensure that;-

- a. The responsibilities for the range of equipments covered in each contract are clear and consistent with other equipments used alongside or embodied within the same platforms;
- b. There is flexibility to choose a support solution from a full range of different contractor involvement, whilst still applying a consistent methodology and discipline to ensure coherence and use of best practice;
- c. The Support Solution is developed where the accountability remains with the Ministry of Defence (MOD) and the responsibility being delegated to industry is appropriate and balanced across the solution;
- d. The responsibility for cost and performance drivers is defined and agreed between MOD and Industry. This output can then be used by PTs and commercial staff to generate appropriate contractual terms and performance metrics;
- e. The resources and required skills for both industry and MOD are identified and allocated to deliver the agreed responsibility within the Support Services solution;
- f. The relative strengths and weaknesses of their support related competences are identified as these vary with industry and MOD at a given point in time. Industry has the opportunity to identify the competences it may wish to develop if it aspires to transition to other support solutions in the future;

g. Specific responsibilities are delegated to industry when industry is able to discharge that responsibility at acceptable risk to the MOD.

16. To ensure this optimisation process captures lessons learnt from experience in service, the process is facilitated by ESCIT, who provide a body of trained Support Solution Specialists capable of applying the process and sustaining the body of knowledge accumulated.

17. The SOM is used to provide a consistent baseline against which solutions are assessed and hence ensure coherence and consistency with both the above policy and each other. The SOM is owned and maintained by ESCIT and assistance in interpretation of this document or suggestions for improvement should be fed through the contact below.

ASSOCIATED STANDARDS AND GUIDANCE

Support Options Matrix.

Contractor Capability Assessment.