

Closing the NextGen Business Case

One FAA Perspective

Presented to: RTCA Annual Symposium

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Date: June 15, 2011



Federal Aviation
Administration



The Challenge Continues

The [] is a pantheon of values, and a lot of hard cases are hard because the [] gives no simple rule of decision for the cases in which one of the values is truly at odds with another.

David Souter

NEXTGEN

| | | |
|------------------|-----|--|
| Improve safety | AND | Increase capacity |
| Decrease costs | AND | Expand access |
| Reduce staffing | AND | Create jobs |
| Reduce fuel use | AND | Reduce noise |
| Be equitable | AND | Reward investors |
| Increase profits | AND | Strengthen security |
| Arrive on time | BUT | Leave late and spend more \$ at the airport |

The NextGen Business Case: What do we really mean?

- There is no ONE NextGen business case.
- There are hundreds of business cases within NextGen.
- The rationale for NextGen investment is tightly linked to the rationale for maintaining existing infrastructure, avionics, etc.
- The ***transition*** has to make sense from a business perspective .



A Quick Look Back: Business Case as Risk Management Tool

- In this forum last year, focused on the business case as a risk management tool
 - Expect yes/no answer when enough is known
 - If not, use business case to drive progress
 - Highlight promising benefits
 - Identify risks and expect resolution
 - Build momentum, credibility through program planning and stakeholder involvement
 - Mature business case(s) to help investors gain confidence



Is the FAA using this approach?

- Over the last 3 years, FAA's 40 major investment decisions have mirrored this approach
 - More than half involved sustainment of legacy systems
 - Most were final decisions (we knew enough to say yes or no)
 - Focus was on cost, schedule, and management risk
 - Slightly less than half were NextGen investments
 - Most decisions set direction rather than providing the final answer
 - Focus has been on understanding potential value—and in that context—refining program plans, increasing stakeholder involvement, and reducing risk
 - Several programs are expected back with more mature business cases in the coming months.



Closing the Business Case: Ongoing Challenges

- Complexity and scope
 - Across objectives, stakeholders, solution space(s), etc.
- Connectivity
 - Between aircraft, airspace, ground, human, machine, etc.
- Context develops as we make decisions, not always before
 - Strategies defining legacy/NextGen relationship continue to emerge
- Investor patience
 - While risk management approach is yielding important information driving better decisions, it takes time
- Budget constraints
 - *Although*, they are helping us to prioritize and reach consensus faster



The Elusive Portfolio: Can it help (and can we get there)?

- We are closer, but we still don't have a clear set of investment *packages* that
 - Achieve value for more than one stakeholder group
 - Are manageable from an execution standpoint
 - Respect and refine the air/ground relationship
 - And are affordable
- To a large degree, we still have individual investments competing against each other for a limited pool of resources
 - As these one-at-a-time investments win, lose, and change over time, it is difficult for investors to know what they'll get
- The ongoing challenge to the community is to design, analyze, commit to (i.e., finance), and manage a reasonable number of meaningful portfolios that result in measurable change

