Closing the NextGen Business Case

One FAA Perspective

Presented to: RTCA Annual Symposium
By: Kristen Burnham, Director, Investment Planning & Analysis, FAA
Date: June 15, 2011
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

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<th>NEXTGEN</th>
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<td>Improve safety AND Increase capacity</td>
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<td>Decrease costs AND Expand access</td>
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<td>Reduce staffing AND Create jobs</td>
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<td>Reduce fuel use AND Reduce noise</td>
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<tr>
<td>Be equitable AND Reward investors</td>
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<td>Increase profits AND Strengthen security</td>
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<td>Arrive on time BUT Leave late and spend more $ at the airport</td>
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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