

# JAS39 GRIPEN (1)



# JAS39 GRIPEN

Financial and technical management of the project



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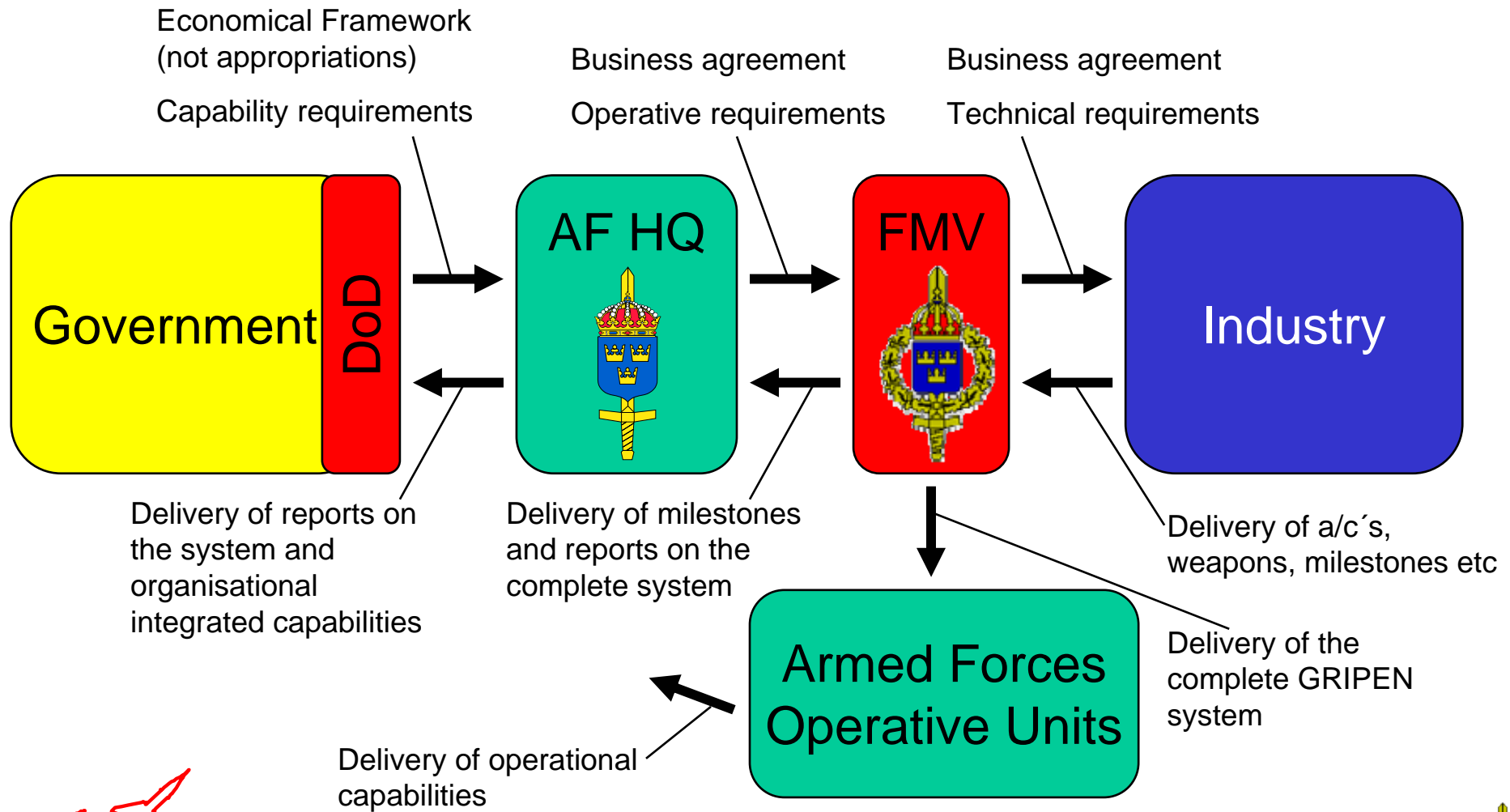
# JAS39 GRIPEN

## Financial and technical management of the project

- From Government decision to delivery of the GRIPEN system to the Armed Forces
  - The GRIPEN Economical Framework
  - Business relationship with the Armed Forces
  - Managing the project within FMV
  - Business relationship with the Industry
  - Earned Value in the GRIPEN programme



# From Government decision to delivery of the GRIPEN system to the Armed Forces



# JAS39 GRIPEN

## The GRIPEN Economical Framework

- The GRIPEN Economical Framework (EF) and the correspondent material content has from the start of the Project been controlled by the Parliament
- The EF has been redefined three times by the Parliament
- The EF is divided into several sub-EF:  
Batch 2, Batch 3, EW-system, Simulators, JAS39C development, weapons etc
- The Armed Forces has to get Cabinet approval to start a sub EF or shift funds between the sub-EF's
- The EF is adjusted for variations in currency and inflation



# JAS39 GRIPEN

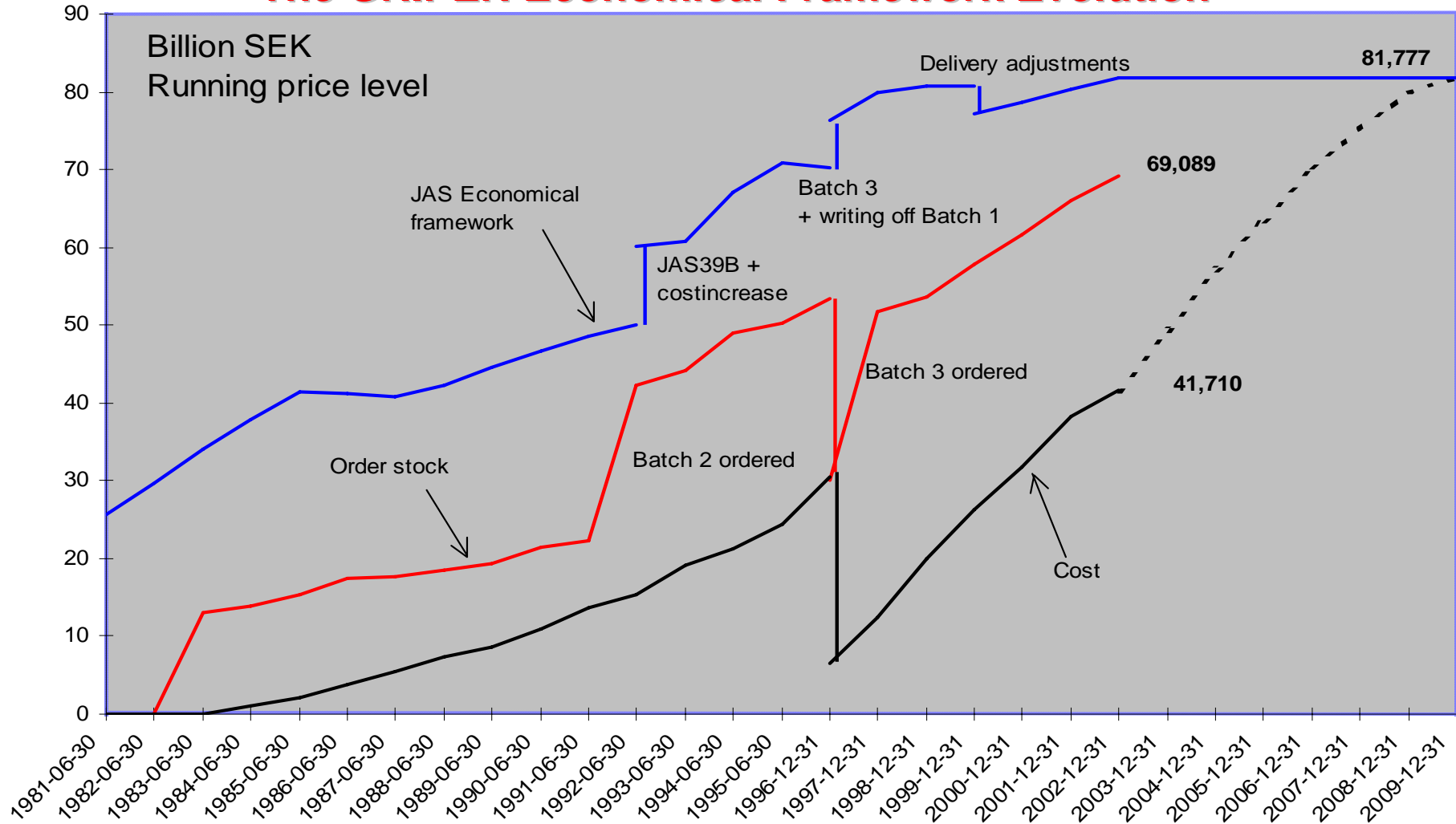
## The GRIPEN Economical Framework

- Economical Framework no. 1 – 1982
  - 140 A/C's, support systems and Weapons
  - 26 Billions (pl 81)
- Economical Framework no. 2 – 1992
  - Development of a two-seater added, increase in cost of a/c development (17%)
  - 60 Billions (+10) (pl 91)
- Economical Framework no. 3 – 1997
  - Batch 3 (64 a/c's) and JAS39C/D development added, Batch 1 was written off
  - 76 Billions (-23+29=+6) (pl 96)
- Economical Framework no. 4 – 2001
  - Economical reduction, lower production rate, interoperability
  - 77,26 Billions (-25) (pl 2000)



# JAS39 GRIPEN

## The GRIPEN Economical Framework Evolution



# JAS39 GRIPEN

## The GRIPEN Economical Framework

- Pros
  - Secure budget – firm grounds for long time planning
  - No effect due to bad economy in other parts of the Armed Forces or in the state finances
- Cons
  - Difficult for the Armed Forces to adapt to new requirements, for example International Peace Keeping/Peace Enforcement Missions





# Business relationship with the Armed Forces



FÖRSVARSMAKTEN  
HÖGKVARTERET



# Business relationship with the Armed Forces

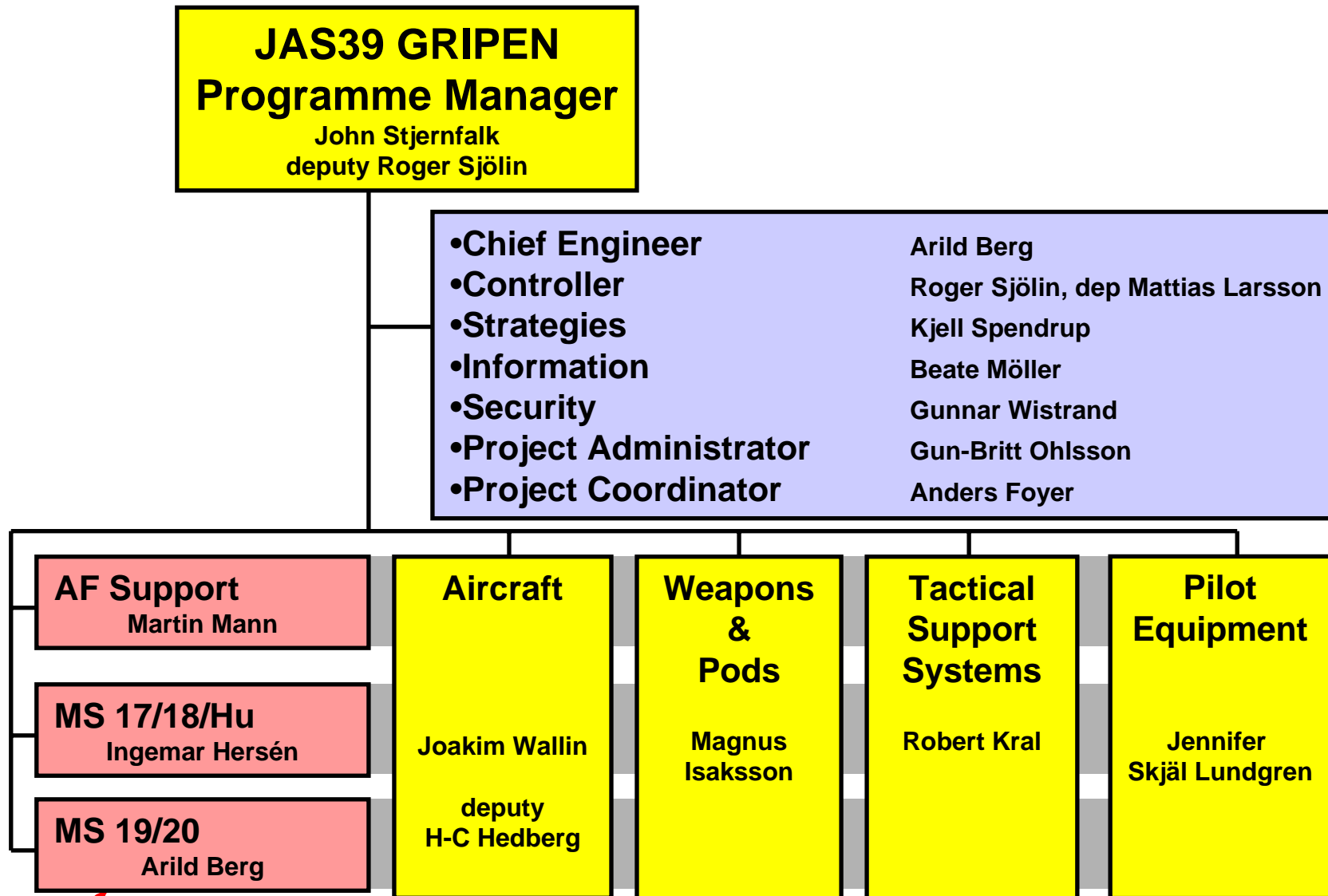
- RFP → Proposal → Order = contract
  - All contracts are Fixed Price
    - Compensation for currency and inflation
    - Includes interest for advance payments to the industry
  - All contracts has milestones with defined performances/deliveries, fixed prices and fixed delivery dates
    - No delivery – no payment
  - Extremely important that the GRIPEN Programme deliver on time and also deliver a high quality economical prognosis to the Armed Forces
    - The GRIPEN Programme is a large portion of the defence budget
    - The defence budget is a yearly appropriation
- If the GRIPEN Programme fails it affects the complete defence budget



# Managing the GRIPEN Programme within FMV



# The GRIPEN Programme Management



# Managing the GRIPEN Programme within FMV

- A contract with the Armed Forces HQ is formulated into an internal FMV Project and distributed in to the organisation
  - A Project Manager is appointed and he forms a team (usually the same team that has put the proposal together)
  - The PM has a Project Plan (that the proposal was based on) which regulates economy, schedules, requirements, resources, responsibilities, reporting requirements etc
  - The Project then sign contracts with the industry and follow up their design activities, testing, etc and then accept deliveries
  - Before system deliveries to the Armed Forces validation testing and operational evaluation is being performed by FMV and the AF at the FMV Test Centre in Linköping



# Business relationship with the Industry

SAAB BOFORS DYNAMICS



**SAAB**

SAABTECH

SAAB AEROSPACE

**BAE SYSTEMS**

**VOLVO AERO**

hiQ

Industri  
Gruppen

**JAS** 

 **AerotechTelub**  
ETT FÖRETAG I SAAB-GRUPPEN



**ERICSSON** 



# Business relationship with the Industry

## Some statistics

- Number of industry contracts: 275
- Invoices per year: ~6400
- Largest contractor: Industry Group JAS
- Length of contracts: 3 month to 11 years
- Total order sum: 70,6 Billion SEK
- Delivered (incl. 2003): 48,3 Billion SEK
- Prognosis for 2004: 7,1 Billion SEK



# Business relationship with the Industry

- A large portion of the order sum is procured in monopoly from the Swedish Aircraft Industry
  - This will continue in most cases and even grow in some areas to secure the survival of the Swedish Aircraft industry and thus ensure long term support of the GRIPEN
  - There is a trend though that some new integrated systems and new external systems will be bought in competition
- The contracts are of several different types: Fixed Price, Running account etc
  - Most contracts has some sort of incentive
  - Advanced payments are being used less frequently
  - Most contracts are interest neutral
  - The larger contracts often has milestone payments
  - In ~80% of the order value the industry deliver quarterly Earned Value Reports

