

Exhibit R-2, RDT&E Budget Item Justification						February 2003		
Appropriation/Budget Activity RDT&E, Defense Wide/BA 7				R-1 Item Nomenclature: Commercial O&S Savings Initiative PE0604805D8Z				
Cost (\$ in millions)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Total PE Cost	22.735	15.504	0	0	0	0	0	0
*Terminate program in FY 2004, the Services are already upgrading and reducing operating costs of legacy systems								
A. Mission Description and Budget Item Justification:								
(U) The purpose of the Commercial Operations and Support Savings Initiative (COSSI) is to modernize legacy systems with the spiral insertion of new technology. COSSI is also a crucial element in DoD's strategy to reduce the operations and support (O&S) costs of legacy systems. As systems age, O&S costs increase. COSSI uses technology insertions to lower these costs, typically by increasing reliability. Adapting commercial technologies for use in military equipment requires non-recurring engineering, testing and qualification. COSSI provides the funds for this engineering and testing. If the testing is successful and the cost savings validated, the items are purchased as retrofits. All COSSI projects must have an endorsement from a Military Service customer and be linked to an existing military program of record. The benefits include: increased reliability, improved logistics support by reducing parts obsolescence, reduced software reprogramming time and costs, improved performance, and open system designs making future upgrades easier and less costly.								
B. Program Change Summary:								
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>				
Previous President's Budget	22.735	10.320	10.517	10.737				
Current FY2004 President's Budget	22.735	15.504	0	0				
Total Adjustments		5.184						
Congressional program reductions		-.416						
Congressional rescissions								
Congressional increases								
Reprogrammings								
SBIR/STTR Transfer								
C. Other Program Funding Summary: N/A								
D. Acquisition Strategy: N/A								