LEADERSHIP
for an
INTEGRATED, RESPONSIVE
ACQUISITION SYSTEM
providing
WARFIGHTER NEEDS
with
PREDICTABLE PERFORMANCE

“The Will To Change”
DepSecDef Goals:

- Win the Global War on Terror
- Strengthen U.S. Combined and Joint Warfighting Capabilities
- Meet the Challenge of Improvised Explosive Devices
- Continue Transforming the Joint Force
- Significantly Improve Military Intelligence Capabilities
- Focus on People – Military and Civilian
- Improve Effectiveness and Efficiency Across the Board

AT&L Goals:

1. High Performing, Agile, and Ethical Workforce
2. Strategic and Tactical Acquisition Excellence
3. Focused Technology to Meet Warfighting Needs
4. Cost-Effective Joint Logistics Support for the Warfighter
5. Reliable and Cost-Effective Industrial Capabilities Sufficient to Meet Strategic Objectives
6. Improved Governance and Decision Processes
7. Capable, Efficient, and Cost-Effective Installations
The Acquisition System

Complex System with Many Stakeholders
RESHAPE THE ENTERPRISE utilizing short and long term INITIATIVES that ACCELERATE LASTING CHANGE for all elements of the ACQUISITION SYSTEM
### Initiatives For Acquisition Excellence

#### Strategic Decisions that Balance the Trade-Space
- Affordable, Feasible Investments
  - Portfolio Management
  - Tri-Chair Concept Decision / Time-Defined Acquisition
  - Evaluation of Alternatives (EOA)
  - Synchronize Existing Processes
  - Tri-Chair Investment Balance Reviews

#### Start Programs Right
- Improved, Up-Front Planning
- Awareness of Risk / Improved Source Selection
- More Responsive Acquisition Solutions
  - Risk-Based Source Selection
  - Small Business Innovative Research
  - Acquisition of Services Policy
  - Systems Engineering Excellence
  - Award Fee and Incentives

#### Improve Process efficiency
- Tailored, agile, transparent
  - DAB / OIPT Process Optimization
  - Common Data
  - Restructured Defense Acq Executive Summary

#### Improve Program Stability
- No Downstream Surprises
- Issue Awareness
  - Program Baseline Assurance
  - Capital Accounts

---

*Improving the Full Range of Acquisition Execution*
Acquisition Excellence

*Note: TD & RR, Technology Development & Risk Reduction

1. TRI-CHAIR CONCEPT DECISION / TIME-DEFINED ACQUISITION

2. CAPITAL ACCOUNTS

3. TRI CHAIR INVESTMENT BALANCE REVIEWS

4. PROGRAM BASELINE ASSURANCE

5. SYSTEMS AND SOFTWARE ENGINEERING CENTER OF EXCELLENCE

6. RISK-BASED SOURCE SELECTION

7. AWARD FEE POLICY

8. RESTRUCTURED DAES

9. DAB / OIPT OPTIMIZATION

10. ACQUISITION OF “SERVICES”
Concept Decision (CD)

National Military Strategy
JS, OSD, COCOMS
COMPONENTS AND AGENCIES

Enterprise Investment Decision

Portfolio

NEEDS VS. WANTS
FAA, FNA, JCD, FCB, ETC

OPTIONS VS. RISKS

Portfolio

QDR “Implement Now” Initiative
Strategic Choices - Balancing Capability, Risk, and Affordability
Leverage “Best Practices” via 4 Pilots (JLTM, IAMD, JRSG, GS-R)

Agile Acquisition Solutions
Science & Technology, Program Management
Contracting, Engineering...

Potential for Significant Savings
Improving Synergy with S&T

Science and Technology: Continuous throughout the lifecycle

**Technology Continuum – ON Ramps/OFF Ramps**

- Technology assessed during the Evaluation of Alternatives
- Technology matured in support of Risk-based Source Selection
- Mature technology transitioned for development; immature technology deferred to later increments
- Long Term technology investment considered during the Evaluation of Alternatives with bounded solutions
- Pull technology when ready – an Incremental/Block Approach

**Integrating Life Cycle Cost Metrics from the Get Go**
**Defining an optimum path**

**Tri-Chair Gatekeeper Function**

- **Initial Look – Gatekeeper:**
  - Records in Defense Needs Database
  - Dispatches to JRAC, JCTD, ACAT...
  - Recipient begins Risk-Based capability definition and development

**Rapid Acquisition**

**Limited Development**

Program of Record: Time Defined 0 < Yrs < 5

**RR**
**CDD**
**SDD**
**CPD**
**PD**
**O&S**
**IOC**

**NEEDS**

**CD**
**MS A**
**CDD**
**MS B**
**SDD**
**MS C**
**PD**
**O&S**

**Start Programs with Transition in Mind**

**Capitalize on Existing Processes and Decision Forums**

**Time Defined Acquisition Decision Points**

- **(1) Initial Look – Gatekeeper:**
  - Records in Defense Needs Database
  - Dispatches to JRAC, JCTD, ACAT...
  - Recipient begins Risk-Based capability definition and development

- **(2) Concept Decision:**
  - Investment Decision – Includes Time Defined Bounded Solutions

- **(3) MS B or B’:**
  - Reconciles RFP/SS/Contract with Investment Decision

- **(4) Investment Balance Reviews:**
  - Open/Transparent Data Reviews
Objective: Starting Programs Right

- Technology Maturation
- Requirements Stability
- Affordable Solutions
- Predictable Performance
- Risk Management

Identify, quantify and mitigate risk, stabilize requirements definition, refine cost estimation, and improve source selection decision making.

More Knowledge

Technology Development & Risk Reduction

Less Knowledge

Award
SDD
Contract

MS A

MS B

MS C

TD & RR

CDD

SDD

CPD

PD

O&S

FRP DR

EOA

TD & RR

MS A

MS B

MS C

Joint Concepts

FAA

FNA

JCD

EOA

OSD/JCS

COCOM

FCB

SPG

RSO

Joint Concepts

EOA

TSO

O&S

EOA

MS B

Objective: Starting Programs Right

Identify, quantify and mitigate risk, stabilize requirements definition, refine cost estimation, and improve source selection decision making.
Restructured Defense Acquisition Executive Summary (DAES)

- 89 MDAP, ACAT1
- 3 Star Level Review
  - With USD(C), JS, PAE, SAE, PEO, PM
- Simplify from 30 to 3 pages
- Utilize standard formats
  - Consistent tracking
- Transparency of Data
- Trade-off space considerations
  - Start with Technical Performance
  - Schedule consideration, second
  - Trade-off Cost as a last resort
- Known problems - closure 30/60/90 days
- Potential problems - risk mitigation plans

Objective: Program Stability
Improve the Process of Tracking Program Execution and Transparency
**Capital Accounts**

- A financial initiative designed to provide stability in the budgeting system and to establish accountability for acquisition programs throughout the hierarchy of program responsibility.
- Implements a risk-informed investment strategy reflecting joint warfighter priorities, and will be used to inform future investment decisions.
- Consistent with the QDR and section 1004(a) of the FY 06 Authorization Act, the Department is exploring capital accounts to stabilize funding for selected major programs.
- Pilot programs (MS B through MS C) to be established in the FY 2008 budget:
  - Criteria established, agreement & metrics/performance measures to be developed for each pilot program.

**Objective: Program Stability**
Total DoD Spend: $295 Billion
DoD Services Spend: $152.8 Billion

- Other: $46.8 million (30%)
- RDT&E: $39.4 million (26%)
- Professional, Admin, & Mgmt Support: $32.2 million (21%)
- Construction of Structures & Facilities: $12.4 million (8%)
- ADP & Telecom Svcs: $10.5 million (7%)
- Maintenance, Repair, & Rebuilding of Equipment: $11.5 million (8%)
Acquisition of Services

Management Consistent with FY 06 NDAA Section 812

- **Initiate Acquisition**
- **Procurement Request to Local PCO**
- **Refined & actionable requirements package**
- **Local PCO uses appropriate strategic contracting tool**

**Multi-functional Support Cadre**
- Apply Best Practices
- State requirements clearly
- Draft SOO
- Quality/Surveillance Plan
- Identify appropriate performance measures
- Performance-based approach used as appropriate
- Incentive Fee Structure with metrics tied to expected outcomes as appropriate

**Strategic Contracting Tools**
- “Best Practices”
- Coordinated DoD-wide approach
- Maximize competition
- 3-5 year performance periods
- Emphasize small business participation and opportunities

**New**
- Army
- Navy
- USAF
- Others, ie; GSA

**Enhanced**
- Contract Administration/Performance Management

**Potential for Significant Savings**
Vision for Systems Engineering and Software

- Competencies improved
- Delivered product suite
  - Courseware
  - Policy/Guidance
  - Program Support methods
- Elevated stature
- Raised awareness
- Positive influence

- World class leadership
- Broaden to Software Engineering, System Assurance, Complex Systems-of-Systems
- Responsive and agile, proactive to changing customer needs
- Focused technical assistance, guidance, and workforce education and training

The Technical Foundation that Enables Acquisition Excellence
Why the Focus on Software…

**Software is an increasingly, important factor**

- Research investment has been static or declining
- Requirements growth 10X from ’60s -’00s
- Need vs. skilled/clearable workforce - gaps increasing
- President’s Information Technology Advisory Committee Report, February 2005
  - Identifies SW as “major vulnerability”
  - Recommends priority attention

**Systemic issues are driving poor execution**

- Software requirements not well defined, traceable, testable
- Immature architectures, COTS integration, interoperability, obsolescence
- Development processes not institutionalized, planning documents missing or incomplete, reuse strategies inconsistent
- Schedule (un) realism - compressed, overlapping…
- Software risks/metrics not well defined, managed
Vision of Success in 24 Months

Streamlined and Simplified Acquisition
- Reduced decision making cycle time
- Earlier initial operational capability

Affordable and Predictable Outcomes
- Bounded choices – trade space driven
- Open and transparent data and information management

Improved Centers of Excellence
- Systems and software engineering
- Program management / contract / pricing / cost expertise

Responsibility and Accountability Alignment
- Trust, integrity, and ethics as the cornerstones

Broadened Globalization, Innovation and Competition
- Characterized industrial base aligned to skills and strategy

“THE WILL TO CHANGE”