



SAF/SB Media Summary

Week of 3—7 May 2010

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ARTICLE SUMMARIES

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SMALL BUSINESS

Officials Expand Opportunities for Small Business

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Powell Touts the Power of Small Biz

"Right now, we are coming out of a difficult recession that has occurred over the last several years, and I think what the president has done is stabilized the financial system, and now we start to see the economy turning back around," Powell said. "The person who is most important as we come out of the recession is the small-business owner. The person who starts a business believing in capital and business of America working to get rich. There is nothing wrong with that. But in the process of him getting rich, he creates wealth and he creates jobs and he gives other people hope."

Small Business Fights Insourcing...And Wins

On a business trip in October 2009, Ron Boone received some serious news from the Air Force, a longtime client. Boone, president of Rohmann Services Inc., an audio/visual company in Texas, sat down with Mike Strickler, Edwards Air Force Base's public affairs director, and was told the Air Force would soon insource his multimedia contract. And Air Force officials didn't plan to tell Boone about their decision — only inform him in a letter. However, Strickler thought that was unfair. "It really surprised me," Boone said.

SAF/SB internal document—not for public release.



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ACQUISITION

Air Force Adjusts Big-Ticket Acquisition Programs

The Air Force is looking to improve its acquisition activities, starting immediately with the impending contract awards for the KC-X tanker, the F-35 joint strike fighter and the Network-Centric Solutions-2 Enterprise Integration and Service Management program (NETCENTS-2), according to a top Defense Department official. "Recapturing acquisition excellence in the Air Force is a top priority," David Van Buren, Air Force assistant secretary for acquisition, said today at an AFCEA Nova luncheon. In particular, "our acquisition cycle times are horrible," he said. The Air Force is also taking a cue from the Obama administration's agenda for accessible information and accountability.

AIR FORCE POLICY

Air Force Writes a Book on Social Media Protocol

With the Defense Department's recent decision to open up DOD networks to social media sites, members of the military will be looking for guidance on what they can and can't do on Facebook, Twitter, and blogs. "With the directive-type memorandum opening up social networks, suddenly you have an entire world of servicemembers who will have access to all these sites," said Paul Bove, social media strategist for the Air Force Public Affairs Agency's Emerging Technology Division, speaking today at the Open Government Innovations 2010 conference in Washington. "And they need to have policy on what they can and can't post on them." And on that point, the Air Force Public Affairs Agency is ahead of the curve: The agency published its first guidebook to using social media for airmen more than a year ago. "Guides eliminate the excuse of, 'I didn't know,'" said Bove.

BUDGET

US Air Force Tells Suppliers to Tighten Belts

The U.S. Air Force's top civilian warned his aerospace suppliers to expect an increased Pentagon focus on affordability amid mounting international competition. Nearly all components of the service's budget, including personnel costs, are growing faster than the overall Air Force budget, Secretary Michael Donley told a kickoff meeting of a Senate caucus aimed at promoting a strong, secure and competitive U.S. aerospace industry. "Global competition alone would make it imperative for our friends in the defense industry to reduce costs if they want to continue to be competitive in an increasingly sophisticated and capable international market for defense goods and services," he said.

Internal Problem

The Air Force budget is under attack from within, Secretary Michael Donley said Thursday. Speaking on Capitol Hill at the inaugural meeting of the Senate Aerospace Caucus, Donley said, "nearly every aspect of the Air



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Force budget is growing larger and faster than the Air Force budget.” He meant that the service’s topline isn’t keeping pace with the new missions USAF is required to take on.

Industry Officials Criticize 'Quota-Driven' Defense Insourcing

An Arlington, Va.-based contractor trade association raised concerns that the Pentagon's plan to bring thousands of contracted positions in-house has gone off track, according to a May 3 letter to Defense Secretary Robert Gates from the Professional Services Council. PSC President Stan Soloway said Defense components are insourcing routine commercial activities without demonstrating any verifiable cost savings.

TANKER

Air Force: Not Enough Tankers Available for War

The Air Force has too few aerial refueling tankers to support a war. Air Force officials testified at hearings in Congress on Wednesday, saying their tanker forces could not sustain two out of three scenarios of major conflict. One of the major reasons for the scarcity of tankers: aging tankers, like the KC-135, need constant maintenance. One in five KC-135 tankers is in a maintenance depot at any given time, the Air Force said.

DoD: Early Fall Target for Awarding KC-X Deal

Pentagon officials on Tuesday clarified their intentions concerning recent changes to the KC-X Request for Proposals, saying that they still plan to pick a winner and award the Air Force contract in or around early fall. An April 29 modification to the tanker RFP, which is posted on the Federal Business Opportunities website, shows the original contract award date of Aug. 6, along with the term “contract award date,” crossed out and replaced with the term “contract start date” and the Nov. 12 start time. The document does not make clear the difference between the terms “award date” and “start date.”

OP-ED

Tod Robberson: Cyber-Dependent but Unable to Stay Safe

The decision to hit the fire button at any moment during his workday – unleashing a smart bomb that can kill dozens of people – depends on the interplay between U.S. troops, intelligence operatives and remotely placed cameras and listening devices, all connected by an intricate computer network. Before the button is pushed, networked consultations typically occur among officials at the Pentagon, White House, CIA and National Security Agency. All of that information flows over what we assume is a secure military computer network. Other networks link Humvees, M1A1 Abrams tanks, jet fighters, intercontinental ballistic missiles and laser-guided bombs. For example, step into the command center for troop training at Fort Hood for their next deployment to Afghanistan, and you'll see a mind-boggling display of tracking screens and computer consoles.



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Small Business

Officials Expand Opportunities for Small Businesses

By Tim Dzyacky, AF.mil, May 7, 2010

President Obama signed two executive orders April 26 that focus additional resources on providing new opportunities for small businesses to compete for federal contracts.

Noting that "more work can and should be done" to help ensure the federal government meets its small business contracting goals, the executive orders define how government departments and agencies are to coordinate their efforts in making small business contracting a high priority in the procurement process.

One of the executive orders is dedicated to assisting veteran-owned small businesses. It seeks to "improve capital, business development opportunities and pre-established Federal contracting goals for small business concerns owned and controlled by veterans and service-disabled veterans."

"Airmen, in particular, have the military training and experience that increases their ability to be successful small-business owners and provide capabilities and solutions back to the mission," said John Caporal, Air Force small business deputy director.

He added that many veteran Airmen inherently have the innovation, risk-taking skills and level-headedness to competently run an organization.

Leaders at all levels are increasing awareness of the efficiencies that small businesses bring to the mission.

Two interagency task forces (one for each executive order) are responsible for coordinating administrative and regulatory activities. Each task force is charged with a number of objectives, including expanding outreach strategies to match small businesses with contracting opportunities.

The task forces also will analyze how small businesses develop, expand access to capital and offer advice to help them stay afloat and obtain federal contracts.

"Over the past 15 years, 64 percent of all new jobs created were created by small businesses," Mr. Caporal said. "The positive impact of empowering small businesses is significant to veterans and to our nation's economy."



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Communication between Air Force representatives and members of the small business community is vital to expanding opportunities for all types of small business, including companies located in historically underutilized business zones and firms owned and controlled by women, minorities, veterans and socially and economically disadvantaged individuals.

Among the priorities of Air Force Small Business Program officials is need to increase the awareness of how small businesses make an invaluable contribution to Air Force mission, not only by meeting statutory, statistical goals but by ensuring warfighters have access to a comprehensive set of capabilities in support of Air Force priorities.

As stated in the Federal Contracting Opportunities for Small Businesses executive order, "Indeed, where small businesses have the capacity to do more, we should strive to exceed the statutory goals."

For more information about the Air Force Office of Small Business, visit www.airforcesmallbiz.org.

<http://www.af.mil/news/story.asp?id=123203520>

Obama Small Business Task Force May Ignore #1 Problem

By Lloyd Chapman, The Huffington Post, April 26, 2010

On Monday, April 26, President Barack Obama announced the establishment of two task forces charged with removing barriers to access, and monitoring goals, for federal contracting with small businesses. Based on President Obama's track record for small businesses to date, the American Small Business League (ASBL) is concerned that the task forces will ignore the #1 challenge facing small businesses competing in the federal marketplace, which is the diversion of federal small business contracts to large corporations.

To date, President Barack Obama has:

- Refused to end the diversion of billions of dollars a month in federal small business contracts to corporate giants, and consistently misled Congress and the media by claiming that the diversion of federal small business contracts to large corporations is the result of "miscoding," and "data entry errors."
- Failed to restore the Small Business Administration's (SBA) staffing to pre-Bush Administration levels.



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- Distributed less than 2 percent of funds allocated under the American Recovery and Reinvestment Act (ARRA) directly to small businesses.
- Allowed for the dismantling of small disadvantaged business and minority owned business contracting programs. (<http://www.acq.osd.mil/osbp/policy/USA001376-09%20Signed.pdf>)
- Destroyed a decade's worth of federal contracting data that has been used to prove that Fortune 500 firms have illegally received billions of dollars in federal small business contracts.
- Refused to release a wide range of information including the names of recipients of small business contracts, and documents showing prime contractor compliance with small business subcontracting goals.

The ASBL is concerned that one of the top recommendations issued by the Obama Administration's two small business task forces will be a change to the 57 year-old federal definition of a small business, as being independently owned, to include firms owned and controlled by venture capitalists. The ASBL believes the change will be made under the guise of increasing access to capital for small businesses, while actually hurting small businesses by diverting small business contracts to some of President Obama's wealthiest venture capitalist donors.

In order to provide the small business community with greater contracting opportunities and stimulate our nation's economy, the ASBL recommends the Obama Administration take the following actions:

1. Maintain the current definition of a small business as being independently owned, and prevent the diversion of federal small business contracts to firms owned and controlled by wealthy venture capitalists.
2. End the Comprehensive Subcontracting Plan Test Program, which currently allows large prime contractors to ignore their small business subcontracting goals.
3. Issue an executive order that would stop the diversion of billions of dollars a year in federal small business contracts to Fortune 500 corporations and other clearly large businesses.

http://www.huffingtonpost.com/lloyd-chapman/obama-small-business-task_b_552839.html?view=print



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Powell Touts the Power of Small Biz

By David Young, The Coloradoan, May 1, 2010

Having grown up in the South Bronx, there is nothing former Secretary of State Gen. Colin Powell loves more than a hot dog from a street vendor in New York.

When he was Secretary of State, five bodyguards and three police cars would accompany Powell as he would walk down Park Avenue for a hot dog. The sight was enough to make the vendor yell that he had a green card.

Today, the security detail is gone, but often the vendor will recognize Powell and give him his dog for free because of how much America has given the immigrant hot dog vendor.

Whenever doubt starts to creep into Powell's mind about the spirit of America, he calls to mind the New York hot dog vendor as an example of how this country is the same country that greeted his parents, who immigrated to the United States from Jamaica some 90 years ago.

"The best is still ahead of us," said Powell, who served as the 65th secretary of state during President George W. Bush's first term, addressing a crowd of an estimated 8,000 at CSU's Moby Arena on Friday evening. Powell spoke for about an hour, sharing tales of his time as a political and military leader as he addressed global leadership and diplomacy.

The retired four-star general's speech coincided with the College of Business' grand opening and open house for its nearly \$18 million, 54,600-square-foot Rockwell Hall West expansion.

The charismatic Powell cracked jokes with the audience and spoke about how late at night he misses royalty and press seeking an audience with him, as well as his private jet, upon which he loved to sip Diet Coke.

However, Powell also spent time talking about some of the tough issues facing the country today.

Despite terrorism, Iraq, Iran, Afghanistan and the Middle East, all of which continue to top headlines around the globe, Powell said the biggest issue at hand today is economic growth.

"The most powerful force at work in the world today is economic growth," he said. "The second most powerful force is the energy to create wealth."

Despite a push by some to make America energy independent, Powell said that is impossible and the United States will always need to rely on other nations for energy.



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Earlier in the evening, Powell spent about 10 minutes answering questions from reporters, saying the country will not be out of the recession until jobs return and the unemployment rate drops. He noted small business is the economic engine of the country.

“Right now, we are coming out of a difficult recession that has occurred over the last several years, and I think what the president has done is stabilized the financial system, and now we start to see the economy turning back around,” Powell said.

“The person who is most important as we come out of the recession is the small-business owner. The person who starts a business believing in capital and business of America working to get rich. There is nothing wrong with that. But in the process of him getting rich, he creates wealth and he creates jobs and he gives other people hope.”

Powell, who broke with his party in 2008 when he publicly supported Obama for the presidency, seemed to approve of Obama’s political moves abroad. Powell said Obama’s decision to increase troops in Afghanistan was the correct action at the time but the success of it will depend on the Afghans themselves. He said Obama has followed the strategy laid out by Bush in Iraq and that the conflict with North Korea regarding nuclear weapons will be solved with diplomacy, not force.

A military leader himself, Powell said the role of a leader is to inspire followers. Motivation isn’t enough when it comes to leadership, said Powell, who added that inspiration makes people take action themselves.

“Leadership is not simple; it is all about human emotions,” said Powell, who, despite being a leader and missing the limelight, appears to have no plans to run for president himself.

When asked if he will run for president, Powell chuckled, saying he had passed his “sell-by date.”

Before becoming the nation’s secretary of state in 2001, Powell served as a key aide to the secretary of defense and as national security adviser to President Ronald Reagan. He also served 35 years in the U.S. Army, rising to the rank of four-star general and serving as chairman of the Joint Chiefs of Staff from 1989 to 1993.

In that time, Powell oversaw 28 conflicts, including the Panama intervention of 1989 and Operation Desert Storm in the 1991 Persian Gulf War.

After all that Powell has experienced in his military and political life, he still believes in the United States as a world power that other countries look to for leadership.

“The United States will always be in a position of global leadership,” Powell said.



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“We are the nation people still look to for inspiration, innovation, for moral leadership, for political leadership.”

<http://www.coloradoan.com/article/20100501/NEWS01/5010349/1002/CUSTOMERSERVICE02>

Small Business Fights Insourcing...And Wins

By Matthew Weigelt, Washington Technology, May 5, 2010

On a business trip in October 2009, Ron Boone received some serious news from the Air Force, a longtime client.

Boone, president of Rohmann Services Inc., an audio/visual company in Texas, sat down with Mike Strickler, Edwards Air Force Base’s public affairs director, and was told the Air Force would soon insource his multimedia contract.

And Air Force officials didn’t plan to tell Boone about their decision — only inform him in a letter. However, Strickler thought that was unfair.

“It really surprised me,” Boone said. Boone, who is retired from the Air Force, said there had been no attempts to insource the work in the past 13 years of the contract, and Boone’s small business and the Air Force have a fantastic working relationship.

After the meeting, though, Boone filed a Freedom of Information Act request to get the cost analysis that compared the Air Force’s costs vs. Boone’s. He found some missteps by the Air Force and filed a lawsuit in federal court in January to keep the contract that is 15 percent of his business. Several months later, Air Force officials withdrew their decision, rendering the case moot. In a statement, officials said they “determined the audiovisual work was not presently an appropriate candidate for insourcing.” They then also extended Boone’s contract.

Boone’s story illustrates the friction between industry and government as agencies increasingly looking for work to insource. Experts say relationships are cooling, and company executives are resetting their views on industry/government partnerships.

The case “signifies the real threat of insourcing to government contractors, as well as the tools and defenses available to them in defending their contracts,” wrote two attorneys at law firm Venable LLP.



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As the Obama administration puts more emphasis on getting federal work into the hands of government employees, the case shows that the government can't insource haphazardly.

Government "will not be allowed to do so in a carte blanche manner," said Robert Burton, a partner at Venable and former deputy administrator at the Office of Federal Procurement Policy.

With the threat of insourcing, business owners should look at the agency's analysis of costs versus the company's analysis to make sure the numbers are accurate and include all costs, Boone said.

"Scrutinize it," Boone said.

The Air Force didn't include the gamut of costs, according to Boone and court documents. Officials omitted certain positions in their calculations, in addition to overhead costs, locality pay, fringe benefits and overtime costs. By leaving out those costs, the figures supported the Air Force's claim that it could do the work for less.

To get the analysis, Boone said he had to submit numerous FOIA requests, and he has received little more than a summary of the overall analysis.

That information will help company executives decide their next steps, he said. Small businesses such as his must determine if there's a justifiable case against insourcing because they can't afford costly attorneys' fees.

Boone also said contractors should keep track of their specific costs so they can figure out if the government is using the correct numbers in the cost analysis.

Déjà Vu

Harkening back to the opposition to outsourcing several years ago, the insourcing initiative seems like the mirror image of the controversial competitive sourcing efforts of the George W. Bush administration.

Competitive sourcing under Office of Management and Budget Circular A-76 is a policy that pits the private sector against the public sector for government work to see who offers the best value.

To say the least, it was controversial. The groups that complained about the A-76 policy now favor the insourcing initiative. Those who supported competitive sourcing are apprehensive about what's going on now.

"This is the flip side of A-76," said Larry Allen, president of the Coalition for Government Procurement.



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Congress recently has banned A-76. But in 2008, Congress handed federal agencies a lot of flexibility to review contractors' work and decide if they could do it more cheaply. And the Obama administration is pushing that review because it believes agencies need to cast off their dependence on the private sector.

Most recently, Daniel Gordon, OFPP administrator, said he's working to rebalance the relationship between government and industry. Rebalancing essentially means insourcing government work. Right now, the relationship is lopsided, he has said, with the public sector seemingly handicapped to the private sector.

"I can guarantee you there will be change," he said.

Gordon wants contractors further away from the inner dealings of key government decisions.

For that reason, the administration proposed guidelines March 31 to define which jobs contractors cannot do, and — as importantly — which jobs they should not be doing because they are critical functions.

Government officials are beginning to see contractors as a necessary evil, and they have become more cautious of them, Allen said.

Hard Numbers

Experts warn about an overreaction to bringing work in-house.

Henry "Trey" Obering, retired Air Force lieutenant general and now senior vice president at Booz Allen Hamilton, said agencies need to avoid insourcing a targeted number of people. Insourcing, which often requires hiring people, forces the government into a longer-term commitment. Agencies have more flexibility to adjust to changes when they contract out work appropriately.

"We should be really thinking through the 'why'" of insourcing, he said.

If officials decide to insource work, their agency needs a thorough analysis of its operations so it gets an honest portrayal of what it will need to invest to get the work done. To insource work, DOD rules require officials to analyze the potential costs versus the contractor's costs to show why it should do the work.

"The bottom line is, whether in outsourcing or insourcing, the government has to make a decision, at least in principle, on a good cost analysis," Allen said.

Despite the insourcing run-in, Boone is working to keep a good business relationship with the Air Force. The insourcing decision wasn't anything personal, he said.



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"It was business," he said. "It was nothing against us. It was about the dollar."

<http://washingtontechnology.com/Articles/2010/05/03/Procurement-Insourcing-Boone-v-Air-Force.aspx?p=1>

Acquisition

Air Force Adjusts Big-Ticket Acquisition Programs

By Amber Corrin, Defense Systems, April 23, 2010

The Air Force is looking to improve its acquisition activities, starting immediately with the impending contract awards for the KC-X tanker, the F-35 joint strike fighter and the Network-Centric Solutions-2 Enterprise Integration and Service Management program (NETCENTS-2), according to a top Defense Department official.

"Recapturing acquisition excellence in the Air Force is a top priority," David Van Buren, Air Force assistant secretary for acquisition, said today at an AFCEA Nova luncheon. In particular, "our acquisition cycle times are horrible," he said.

The Air Force is also taking a cue from the Obama administration's agenda for accessible information and accountability. "We're working hard to be transparent," Van Buren said, pointing to the ongoing KC-X tanker program that he said will be accepting proposals until a July 9 closing date.

"We will be awarding a contract by fall, and we're working with [Office of the Secretary of Defense]," he added. EADS North America announced on April 20 that it would bid on the project July 8.

In addition, the department is in negotiations for a fourth lot of aircraft under the F-35 joint strike fighter program, Van Buren said.

After releasing long-awaited requirements for the NETCENTS-2 contract March 2, Van Buren said his office is looking to involve small businesses in developing the on-ramp portion of the contract, and while a number of the NETCENTS-2 contracts closed April 1, there are still several still open for bids, but Van Buren did not elaborate on which contracts remain open.

NETCENTS-2 is designed to support the Air Force's portion of the Global Information Grid.

Van Buren also said a new tactical airlift program could be implemented next year, pending congressional approval and funding.



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Despite acquisition inefficiencies, Van Buren highlighted some successful projects the Air Force has gotten off the ground, including the Project Liberty aircraft program, the service's MC-12W intelligence-surveillance-reconnaissance aircraft being deployed in Iraq and Afghanistan. "The Project Liberty aircraft program is an example of how we're working to get [these tools] to the warfighter faster," he said.

<http://defensesystems.com/articles/2010/04/23/air-force-acquisition-david-van-buren.aspx>

[Air Force Policy](#)

Air Force Writes a Book on Social Media Protocol

By Sean Gallagher, Government Computer News, May 5, 2010

With the Defense Department's recent decision to open up DOD networks to social media sites, members of the military will be looking for guidance on what they can and can't do on Facebook, Twitter, and blogs.

"With the directive-type memorandum opening up social networks, suddenly you have an entire world of servicemembers who will have access to all these sites," said Paul Bove, social media strategist for the Air Force Public Affairs Agency's Emerging Technology Division, speaking today at the Open Government Innovations 2010 conference in Washington. "And they need to have policy on what they can and can't post on them."

And on that point, the Air Force Public Affairs Agency is ahead of the curve: The agency published its first guidebook to using social media for airmen more than a year ago. "Guides eliminate the excuse of, 'I didn't know,'" said Bove.

Bove spoke at the conference about the process of putting together that guide, titled *Social Media and the Air Force*, now out in its second version. He also spoke about its overall success — both as a tool for airmen and in gaining recognition for the Air Force in social media circles.

Version 2 of the guide, printed in November 2009, is now being shipped out to every major Air Force command, along with Air Force Public Affairs guidance on the DOD's new social media policy implementation.

"Our efforts go back into 2008," Bove said. "That's when the Air Force really started to get involved in social media. We had nothing that really construed guidance for social media—there was no guidebook or instruction manual. There were a lot of resources on the Web, but they aren't tailored to any particular



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organization's needs. And a lot of organizations didn't have a social media plan at the time. So [Air Force] Maj. [David] Faggard, who was our division chief at the time, said, 'Let's write our own book.'"

Bove went through the key parts of the process of creating a social media guide for a government organization, using the Air Force guide as a case study. The first step, he said, is to determine if a guide is really necessary. "Often there's sufficient guidance elsewhere in policy," he said, and that simply pulling that policy together for reference will be enough.

In the Air Force's case, there was existing policy regarding operational security that applies to social media. But as far as other activities on social media, "We saw there wasn't policy that existed," he said. "So we thought this would be useful. We call it a guidebook or textbook; this isn't official guidance from the Secretary of the Air Force."

Bove emphasized the importance of having leadership understand and approve of the process of creating a social media guide early in the process. "If you're going to decide that you need a guidebook, leadership is going to want to know why, and what's the cost," he said, adding that advance research, including social media site surveys and other resources are important in bolstering an argument for the need for a guide.

Bove also said getting the agency's legal department to look over the plan is an important part of the process. "Talk to your legal department, and say, 'This is our plan--is there anything we should consider, that might violate copyrights, or any other issues?'"

Bove noted that the effort to produce the 30-page guide's first version, along with an accompanying video and a decision-tree poster for assessment of blog and social media posts and how to respond, were significant. He emphasized that teams taking on the task of producing a guide should "crowd-source" within their department, breaking up the work across people with the skills to handle elements of writing and design.

The Air Force's guide—with more than 10,000 copies printed and an electronic version posted on the Air Force's main Web page—has garnered mostly positive feedback from leaders in the social media marketing community. Bove pointed out that it ranks at the top of Google search results for "blog assessment" and other keywords.

But Bove noted that this didn't come without incident—an early draft of the blog assessment chart was leaked to the Internet, and was picked up by Wired Magazine's Danger Room blog and portrayed unfavorably. "They took the material out of context," he said. "And it wasn't our final version, so there were still errors in it." The Wired blog was then picked up by the New York Times and a local Washington TV station.



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Bove used this as a cautionary tale. "Make sure anyone working on your team knows that the material is for internal use and proprietary until it's done and approved," he said.

<http://gcn.com/articles/2010/05/05/air-force-social-media-guide.aspx>

Budget

US Air Force Tells Suppliers to Tighten Belts

By Jim Wolf, Reuters, May 6, 2010

The U.S. Air Force's top civilian warned his aerospace suppliers to expect an increased Pentagon focus on affordability amid mounting international competition.

Nearly all components of the service's budget, including personnel costs, are growing faster than the overall Air Force budget, Secretary Michael Donley told a kickoff meeting of a Senate caucus aimed at promoting a strong, secure and competitive U.S. aerospace industry.

"Global competition alone would make it imperative for our friends in the defense industry to reduce costs if they want to continue to be competitive in an increasingly sophisticated and capable international market for defense goods and services," he said.

The co-chairs of the new caucus are Senator Patty Murray, a Washington Democrat, and Senator Christopher Bond, a Missouri Republican. Both are strong Boeing Co (BA.N) backers in a potential \$50 billion rematch with Europe's EADS (EAD.PA) to build an initial 179 refueling aircraft for the Air Force.

Other big U.S. Air Force suppliers include Lockheed Martin Corp (LMT.N), Northrop Grumman Corp (NOC.N) and Raytheon Co (RTN.N).

Donley mentioned the Air Force tanker competition in passing but did not discuss it. Instead, he echoed a tough message to industry increasingly sounded by Defense Secretary Robert Gates.

"Affordability," Donley said, "is a key criterion in acquisition, now more than ever."

"We're working very hard to cut and control costs and we're looking for our long-time partners in the industry to help us do the same," Donley said.



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Gates is to address issues surrounding what he has called political will and the defense budget on Saturday during a visit to the presidential library in Kansas of Dwight D. Eisenhower, who warned about a "military-industrial complex" in a Jan. 17, 1961, farewell speech.

Gates, in remarks on Monday to a conference of U.S. Navy supporters, said the Defense Department had to accept some hard fiscal realities.

"American taxpayers and the Congress are rightfully worried about the deficit," the defense secretary said. "At the same time, the Department of Defense's track record as steward of taxpayer dollars leaves much to be desired."

BACKBONE

The aerospace industry is the "backbone" of the economy in states like Washington, Murray told a Capitol Hill luncheon inaugurating the caucus, which brings together more than 20 percent of Senate members from states as diverse as Alaska, Georgia and Connecticut.

"Today, there is a lack of certainty among our aerospace manufacturers about what the future holds and what they should be building towards," she said.

Bond of Missouri, where Boeing's military aircraft business is headquartered, told the gathering: "The aerospace industry is too important to fail."

The Aerospace Industries Association, the industry's chief trade and lobbying group, has argued for greater budgeting stability to help defense contractors keep programs on time and on budget.

A swing in quantity and timetable "very definitively undercuts the ability of industry to meet the cost challenges," Marion Blakey, the association's president and chief executive, told Reuters.

<http://www.reuters.com/article/idUSN0611324420100506?type=marketsNews>

Internal Problem

Air Force-Magazine, May 7, 2010

The Air Force budget is under attack from within, Secretary Michael Donley said Thursday. Speaking on Capitol Hill at the inaugural meeting of the Senate Aerospace Caucus, Donley said, "nearly every aspect of the Air Force budget is growing larger and faster than the Air Force budget." He meant that the service's topline isn't

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keeping pace with the new missions USAF is required to take on. Donley said that 63 percent of the service's spending over the future years defense plan is consumed by day-to-day operations. The remaining 37 percent is for investment. One quarter of the investment dollar goes to the combat air forces. (The F-35 alone takes 60 percent of CAF investment funding.) Space projects get 19 percent. And big portions of investment spending go towards "joint enablers" like airlift, tankers, and ISR, and for R&D projects, including work in directed energy, nanotechnology, and long range strike.

<http://www.airforce-magazine.com/Pages/default.aspx>

Industry Officials Criticize 'Quota-Driven' Defense Insourcing

By Robert Brodsky, Government Executive, May 4, 2010

An Arlington, Va.-based contractor trade association raised concerns that the Pentagon's plan to bring thousands of contracted positions in-house has gone off track, according to a May 3 letter to Defense Secretary Robert Gates from the Professional Services Council.

PSC President Stan Soloway said Defense components are insourcing routine commercial activities without demonstrating any verifiable cost savings. The International Association of Machinists, a union representing contractors and federal employees, sent a May 3 letter to Gates expressing identical concerns.

"From a budgetary perspective, the [Defense] components are simply eliminating fully burdened contract costs with less than fully burdened personnel costs," Soloway wrote. "Moreover, market competition, which the president has repeatedly identified as the key to improving performing and reducing costs, is not even being considered in DoD's and the components' planning. Rather, for work that does not fall into the categories you identified as being critical to the department, DoD is substituting a sole-source model for a competition-based model of management."

The Air Force's strategy might be emblematic of a department wide problem, Soloway said. For example, the Air Force Materiel Command's January internal insourcing guidance "assumes a 40 percent savings for every contract-to-civilian conversion." The document, which the watchdog group Public Employees for Environmental Responsibility released in April, suggests that for every contract dollar cut, 60 percent is returned for civilian pay and the Office of Secretary of Defense retains 40 percent.

The 40 percent figure originated in a classified Defense Department Resource Management Directive (RMD 802), but the guidance does not provide any analysis to back up its savings claims. In fact, elsewhere in the



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guidance, the Air Force stated certain "nonpay tail" costs associated with federal employees -- supplies, training and travel -- were not included in the cost savings analysis. The Air Force directed questions about the plan to the Office of Secretary of Defense, which did not respond to a request for comment.

The guidance also indicated the Air Force is expected to save \$561 million by cutting contracts and adding 3,301 civilian employees by 2015. Critics have argued that Defense components are being asked to meet insourcing quotas, but department officials have rejected those claims.

"DoD components are asked to insource all contracted services that are found to be inherently governmental or an unauthorized personal service contract," Defense spokeswoman Cynthia O. Smith said in September 2009 when PSC first raised questions about the plan. "In addition, DoD components are required to verify that the mission requirements are for a valid, enduring mission requirement."

The 2009 Omnibus Appropriations Act and the 2008 National Defense Authorization Act required agencies to set guidelines to ensure that federal employees are given "priority consideration" for new projects as well as functions performed by contractors. Neither bill explicitly sets a quota or directs agencies to insource work.

Christine Fox, director of Defense's cost assessment and program evaluation, issued guidance in January that spelled out a process for comparing the labor costs of civilian and contract support. The guidance, however, does not include a number of costs that should be attributed to the government, Soloway said, including training and development. The document also cites the expenses incurred by Defense for contract administration and oversight, but does not include similar information when the work is performed by federal employees.

"As a result of this lack of process discipline, we are witnessing thousands of contractor employees, many of them members of a union and/or employees of small businesses (some of which face the potential of literally going out of business), having their jobs terminated, in many cases leaving contractor employees without work," wrote R. Thomas Buffenbarger, president of the International Association of Machinists.

In total, Gates has called for Defense to reduce the number of support service contractors from its current level of 39 percent of the workforce to its pre-2001 level of 26 percent. The Pentagon would replace those contractors during the next five years with 39,000 new full-time government employees, 20,000 of whom would be acquisition professionals.

The department plans to insource contracted services in areas such as logistic support of aviation systems, safety engineering, cost accounting, anti-terrorism trainers and religious support.

<http://www.govexec.com/dailyfed/0510/050410rb1.htm>



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Air Force: Not Enough Tankers Available for War

By Michelle Dunlop, Herald.net, May 1, 2010

The Air Force has too few aerial refueling tankers to support a war.

Air Force officials testified at hearings in Congress on Wednesday, saying their tanker forces could not sustain two out of three scenarios of major conflict. One of the major reasons for the scarcity of tankers: aging tankers, like the KC-135, need constant maintenance. One in five KC-135 tankers is in a maintenance depot at any given time, the Air Force said.

The Air Force is trying to replace its fleet of KC-135s. Both the Boeing Co. and EADS plan to bid for a contract worth at least \$35 billion. EADS announced last week that it would bid, even after its major partner, Northrop Grumman, withdrew from the contest.

Bids are due in July.

<http://www.heraldnet.com/article/20100501/BIZ/705019969>

DoD: Early Fall Target for Awarding KC-X Deal

By John Reed, Air Force Times, May 6, 2010

Pentagon officials on Tuesday clarified their intentions concerning recent changes to the KC-X Request for Proposals, saying that they still plan to pick a winner and award the Air Force contract in or around early fall.

An April 29 modification to the tanker RFP, which is posted on the Federal Business Opportunities website, shows the original contract award date of Aug. 6, along with the term “contract award date,” crossed out and replaced with the term “contract start date” and the Nov. 12 start time.

The document does not make clear the difference between the terms “award date” and “start date.”

In a news briefing Tuesday, Pentagon press secretary Geoff Morrell said the two were distinct.



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“In the RFP, there’s a contract start date — not to be confused with the contract award date,” Morrell said.

He called the start date an arbitrary date that both companies should build their master schedule around.

“Frankly, we could award it well before then, or we could award it potentially after then. But when you build your plan for submission, build it with that as the start date,” he said.

Morrell elaborated in an e-mail message: “We are not delaying the award of the Tanker contract. ... Our plan has always been to award the KC-X contract in the fall of 2010.”

In the e-mail, Morrell said that the start date does not necessarily determine “when the contract is actually awarded, which can be earlier or later than the planning start date, the plans and schedules are adjusted to reflect the actual date of the award.”

Morrell said a planning date “sometime in the fall rather than the summer makes the most sense, especially given that proposals are not now due until mid-July.”

The change comes about a month after the Defense Department announced that EADS would be granted 60 additional days to put together a solo bid on the tanker. At the time, the Pentagon insisted that it would speed up its evaluation so it could stick to its plans to award a contract in early fall.

EADS had requested a 90-day extension to the May 10 deadline after its former U.S. prime contractor on the project, Northrop Grumman, pulled out of the competition, claiming that the cost-focused request for proposals favored rival Boeing’s smaller 767-based design over EADS-Northrop’s Airbus A330-based entry.

About two weeks ago, EADS North America officials announced that the European defense giant would submit a bid by early July.

http://www.airforcetimes.com/news/2010/05/airforce_tanker_050410w/



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Tod Robberson: Cyber-Dependent but Unable to Stay Safe

By Tod Robberson, The Dallas Morning News, April 30, 2010

The decision to hit the fire button at any moment during his workday – unleashing a smart bomb that can kill dozens of people – depends on the interplay between U.S. troops, intelligence operatives and remotely placed cameras and listening devices, all connected by an intricate computer network. Before the button is pushed, networked consultations typically occur among officials at the Pentagon, White House, CIA and National Security Agency.

All of that information flows over what we assume is a secure military computer network. Other networks link Humvees, M1A1 Abrams tanks, jet fighters, intercontinental ballistic missiles and laser-guided bombs. For example, step into the command center for troop training at Fort Hood for their next deployment to Afghanistan, and you'll see a mind-boggling display of tracking screens and computer consoles.

Even as U.S. Special Operations troops waged war on horseback during the 2001 invasion of Afghanistan, they still used satellite-linked laptops to punch in coordinates guiding Predator missiles against groups of Taliban and al-Qaeda fighters.

That's how we fight wars today. But if this computer network isn't as secure against sabotage as we think, could our microcircuit-dependent military be hamstrung in a future war?

Think about our transportation network. When cargo containers are loaded onto trains at the International Inland Port of Dallas or any other major port in the United States, a terminal operator controls the giant rolling container crane remotely using a networked satellite link. Like the drone pilot, he can operate the crane from a console seat thousands of miles away.

The planes taking off and landing at Dallas/Fort Worth International Airport also are guided by an intricately linked computer network. So are the subway trains that run under Washington and Manhattan. The ability of utilities to manage pipelines and electrical grids largely depends on their linkage to computer networks. And then there's America's entire financial system; our ability to buy groceries and gasoline, pay bills and get cash is heavily dependent on this technology.



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Shut down these networks, and you can shut down America.

When someone throws around words like "cyber security," most of us think of what's in front of us: our computer screens. To us, cyber security is making sure our anti-virus software is up to date. But that's not exactly what President Barack Obama had in mind last year when he named a new cyber security czar to sit on the National Security Council and declared cyber security to be a top national priority – right up there with defeating al-Qaeda and preventing nuclear war.

This week, Dallas will become the focal point for this priority, when 400 representatives from 40 countries gather for the first Worldwide Cybersecurity Summit. Its sponsor, the New York-based EastWest Institute, was founded at the height of the Cold War in 1980 to foster greater communication across the Iron Curtain. Today, its mission is to make the world safer by serving as a discreet organizer of international dialogue on issues that pose dangers to peace.

Serious work lies ahead for participants, who hope to solidify alliances and deepen cooperation toward reducing the threat of global cyber war.

Obama made cyber security a top priority after a series of cyber attacks exposed how truly vulnerable our nation is. The Pentagon says its computer defenses are probed hundreds of thousands of times a day. Typically, those probes are unobtrusive "pings" designed to look for potential points of entry into a network. Once that entry point is identified, more aggressive means, called "hacking," are used to exploit vulnerabilities. Of 75,000 hacking attempts in 2005, 1,300 succeeded. A 2007 attack led to a massive loss of government data and penetrated all the way to Defense Secretary Robert Gates' personal e-mail. Last April, the Pentagon said expenses to recover from, or guard against, cyber attack totaled \$100 million for the previous six months alone.

This is not fear mongering. The threat is real, with an established record of damage to national security. The Air Force earlier this year established a new U.S. Cyber Command to address the growing number of attacks on military networks. The warnings coming from the government today are startlingly similar to the unheeded concerns about a major domestic terrorism threat in the years before the 9/11 attacks.

"The United States confronts a dangerous combination of known and unknown vulnerabilities, strong and rapidly expanding adversary capabilities, and a lack of comprehensive threat and vulnerability awareness," Michael Brown, deputy assistant secretary of Homeland Security, told a House panel in April. "We currently cannot be certain that our information infrastructure will remain accessible and reliable during a time of crisis."

Retired Lt. Gen. Harry Raduege Jr., who ran the precursor to the Cyber Command, described for me a vast landscape of interdependent networks linking the nation's core commercial, infrastructural and governmental functions. If the network can be exploited for strategic or financial gain, he said, someone will have a motive



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for penetrating it – including other governments, terrorist groups and criminal organizations. In a full-blown attack, America's enemies would have compiled a list of cyberspace "pain points" that could be hit to cripple the many crucial functions that keep our country going.

In July, a series of "denial of service" worms spread through millions of computers across the United States, Europe and South Korea. North Korea is suspected of having launched the attack remotely. French, German and U.K. military computer networks were penetrated and partially disabled. And this was believed to be a relatively minor attack.

"It was more like a noisy demonstration," wrote James A. Lewis of the Center for Strategic & International Studies in Washington. "A serious cyber attack would be an incident that disrupted critical services for an extended period, perhaps damaging military command or information systems, shutting off electrical power or fuel pipelines, or interrupting financial services."

Experts say the level of intelligence-gathering and sophistication required for such a massive attack would be extremely hard for a group of basement computer geeks or turbaned terrorist groups to acquire.

Our biggest problem is with other governments, which can muster the armies of people and computers necessary to work remotely and deploy the complex – and well-hidden – logic bombs, cyber robots and worms that await digital orders to attack en masse.

Experts consistently identify China and Russia as our main adversaries, suggesting that in cyberspace, the Cold War is still very much alive.

When nuclear weaponry was the main security issue confronting the superpowers, deterrence was the primary means of protection. The doctrine of mutually assured destruction held that countries with the bomb were constrained from ever using it because they knew that an equally devastating counterstrike would quickly follow.

But quick retaliation is much harder in the Internet version of a nuclear first strike, mainly because it's exceedingly hard to identify the attacker. And it's hard to define what an appropriate retaliatory response might be.

Richard Clarke – former U.S. national coordinator for security, infrastructure protection and counterterrorism – says that in all likelihood, other governments already have deployed cyber "bombs" at key points in our financial, military and infrastructural computer networks. They might never activate them, but they keep them there just in case relations sour and they feel it's time to gain a strategic advantage.

There's every reason to believe the United States similarly has penetrated the secure networks of our major potential adversaries.



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"Since the beginning of time, nations and armies have tried to gain information about others, whether they be friendly nations or potential enemies," says Raduege, who is speaking at this week's summit in Dallas.

Establishing defenses to protect our computer networks from cyber attack is only half the battle. In a real war, the hardware part of these networks also remains vulnerable. A vast array of weaponry, using electromagnetic pulses, has been designed to knock out the micro-circuitry that comprises all computer systems.

Raduege spent most of his 35-year military career studying the effects of electromagnetic pulses. The good news, he said, is that the fiber-optic cable that makes up much of our ground-based communication network would survive an EMP attack. But anything that uses micro-circuitry would be "tremendously impacted," he explained; the pulse would "literally fry" such components.

For the military alone, it's a serious concern, according to Collin R. Miller, a U.S. Air Force colonel. In a 2005 essay, he outlined the "eye-watering" array of systems that enabled the swift initial military successes in Iraq and Afghanistan. "Data links, displays, satellite communications, computerized planning systems, GPS receivers, radios, smart munitions, vehicles, aircraft and all other systems required to support the networked force will derive their power, and potentially their doom, from fragile electronic systems," he wrote (emphasis added).

A single electromagnetic pulse weapon, he says, "can kill electronic systems in an area the size of a tennis court or throughout the entire United States."

We know this because our country has developed and tested such weapons, clearly with plans to deploy them in the event of war against another technologically advanced country. But it would be naive to think we're the only ones with this weaponry.

More chilling is the fact that an electromagnetic pulse bomb would be relatively easy for terrorists to build and deploy. In 2001, Popular Mechanics magazine described an electromagnetic-pulse bomb that it said could be built for \$400 and would be capable of sending out a pulse that "makes a lightning bolt seem like a flashbulb by comparison." It wouldn't harm humans but would fry all the microcircuits we rely on, including in our cars. Imagine real disaster scenes like those depicted in ABC's hit show Flash Forward.

As citizens of the most technologically advanced country in the world, we've marveled at, adapted to and incorporated into our daily lives hundreds of new electronic innovations. Most people don't want to be bothered with all this mumbo-jumbo about cyber attacks, but we do want to know that our cellphones and ATMs will work when we need them to.



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Few of us bother to contemplate the utter upheaval that would ensue if something caused our microcircuit-dependent world to suddenly crash. Meetings such as this week's summit in Dallas are designed, in part, to ensure that the threat doesn't become reality.

In some ways, though, it really does come down to people like us, sitting in front of our computer screens, because any one of us could host the next big bug. About a decade ago, while living abroad, I got a call from my Internet service provider saying they were shutting down my service because I was exceeding my usage limit. I was unaware that a program, surreptitiously installed via e-mail on my wife's computer, was sending out thousands of spam e-mails a day. Add a few thousand other unwitting hosts, and that's how easy a serious attack can happen.

I like to think of life after a massive cyber attack as being akin to the astronaut survival scenes depicted in the film Apollo 13. Every now and then, I find myself playing Tom Hanks and picking up the old circular slide rule I used in high school, just to see if I can remember the way things worked before computers took over our lives. Then I marvel at how closely it resembles the size and shape of my cellphone, which can perform far more complex calculations and functions in a nanosecond.

How far we've come. And how devastatingly difficult life would be if we had to go back.

http://www.dallasnews.com/sharedcontent/dws/dn/opinion/viewpoints/stories/DN-robberson_0502edi.State.Edition1.28454cb.html