



# National Defense Industrial Association Integrated Program Management Division Winter 2019 Meeting

## Perspectives on Acquisition

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# Agenda

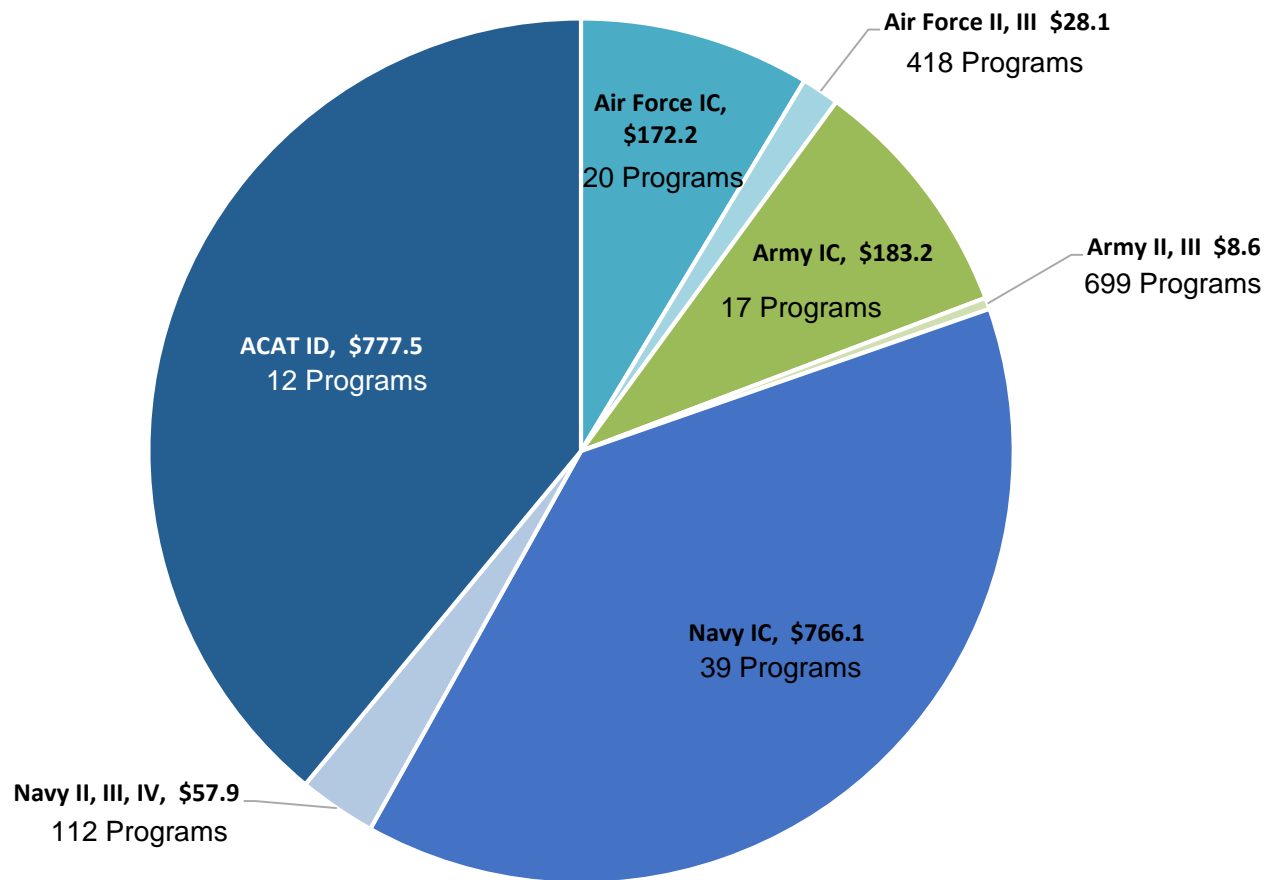
- ◆ **Background**
  - » **Portfolio Size**
  - » **National Defense Strategy**
  - » **A&S Philosophy**
  - » **A&S Acquisition Reform Vision**
- ◆ **A&S Acquisition Reform Initiatives**
- ◆ **DoD 3 Lines of Efforts**
  - » **FY2018 Accomplishments**
  - » **FY2019 Goals**
- ◆ **Big Picture**





# Portfolio Size: Program of Record Total Investment (All ACATs)

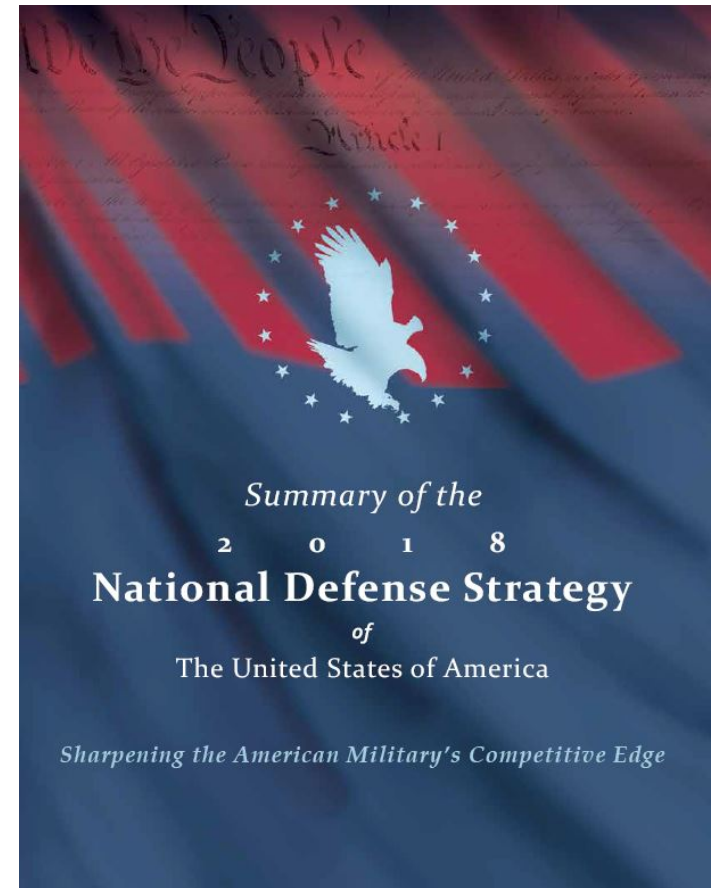
**Total Investment  
(\$1.99 Trillion BY19\$)**





# National Defense Strategy

- ◆ **Lethality** –  
Build a More Lethal Force
- ◆ **Alliances/Partnerships** –  
Strengthen Alliances and Attract  
New Partners
- ◆ **Business Reform** –  
Reform the Department for  
Greater Performance and  
Affordability





# A&S Philosophy

**Mission: The Office of the Under Secretary of Defense for Acquisition and Sustainment provides policy and governance, for the Department of Defense and the national security innovation base, that enables the delivery and sustainment of critical capabilities to the U.S. Service Members and allies.**

**AT&L**  
  
**Warfighter**



**Warfighter**  
  
**A&S**

<b>Oversight</b>				<b>Policy &amp; Governance</b>
<b>Anecdotal</b>				<b>Data-Driven</b>
<b>Silos of Excellence</b>				<b>Enable at Scale</b>
<b>Risk Averse</b>				<b>Creative Compliance</b>





# A&S Acquisition Reform Vision

**Problem: DoD acquisition is known for being expensive (with excessive cost overruns), slow (many years from R&D until capability is provided to the warfighter), and burdensome (over-regulation of the Services and industry).**

**DoD acquisition reform is being implemented within four broad categories:**

- 1. Restructuring Acquisition Policy and Governance**
- 2. Contracting at the Speed of Relevance**
- 3. Strengthening and Securing the Defense Industrial Base**
- 4. Effective Training of the Acquisition Workforce**

**Successful implementation of these acquisition reform efforts will reduce timelines, lower costs, and improve quality while rapidly introducing new technology to enhance capability for our warfighters.**







## Acquisition Reform Initiatives (Completed and On Going)

- **Restructured USD (AT&L) into USD (A&S) and USD (R&E)**
  - 25% manpower reduction between Q1 FY19 and Q4 FY20
  - Delegation of authority, accelerate decision making, reduce cost
- **Rewrite of DoDI 5000.02 (instruction on acquisition system)**
  - Clean sheet, “tailor in” vs “tailor out”
- **Middle Tier Acquisition (between urgent need/traditional)**
  - FY16 NDAA, Sec 804
  - Rapidly field prototype that can be demonstrated in operational environment
  - Field program that will begin production w/in 6 mos, complete fielding in 5 years
  - Currently, 27 programs using MTA





## Acquisition Reform Initiatives (Completed and On Going)

- **Cost, schedule & performance goals for MDAPs**
  - FY17 NDAA, Sec 807
  - Targets established at program start
  - Ensure programs are fielded when needed, affordable and flexible to meet evolution of capabilities
  
- **Agile software acquisition**
  - 15 software development pilot programs
  
- **Reduction of DoD procurement regulations**
  - 15% (54 of 352 DFARS clauses) slated for repeal
  - Adherence to executive order (EO) to remove two regulations for every new one added







## Acquisition Reform Initiatives (Completed and On Going)

- **Reducing procurement administrative lead time (PALT)**
  - 13 major pilot programs reducing 50% (32 to 16 months)
  - Encouraging negotiation of future buys with current
  - Encouraging negotiations based on existing data
- **Expanded use of Other Transaction Authority (OTA)**
  - Non-traditional contractor focus
- **Execute EO 13806 – Trade and Manufacturing Policy**
  - 300 identified risks in the defense industrial base
  - Implementing action on all risks
- **CFIUS reform/FIRRMA/Natl Sec Sys Restricted List**
  - Active DoD role in monitoring foreign investment in companies
  - Prohibitions on contracting with companies that pose a threat





## Acquisition Reform Initiatives (Completed and On Going)

- **Training of the Acquisition Workforce**
  - Revamp of DAU philosophy and process
  - Reduction in classroom training hours, increase in workshops
  - Emphasis on capability versus solely on certification
  
- **813 Panel (Intellectual Property)**
  - DoD to provide plan on panel recommendations
  - Establishment of “cadre of experts”
  
- **809 Panel Results (Major Reforms)**
  - Numerous and significant reform recommendations
  - DoD reviewing and working to implement





# Acquisition Reform Initiatives - Challenges

- **Taking initiatives from successful pilots to scale**
- **Providing consistent (non-conflicting) message to the acquisition workforce**
- **“Threading the needle” for all stakeholders**
  - Warfighter
  - Industry
  - Congress
  - Taxpayers

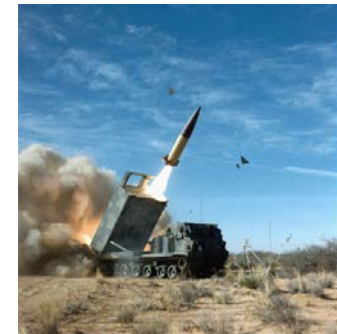




# LOE 1 FY 2018 Accomplishments

Restore military readiness as we build a more lethal force

- ✓ Executed a strategy to link F-35 product quality, delivery timeliness, and achievement of required production rates to contractor profit.
- ✓ Identified opportunities to accelerate the deliveries and increase the production capacity of preferred precision guided munitions.
- ✓ Recapitalizing the nation's nuclear deterrent.

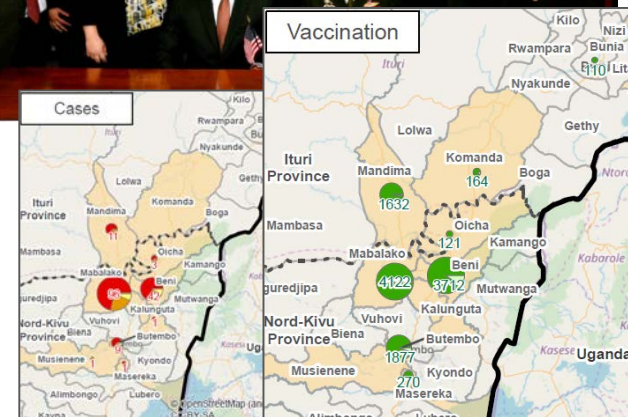




# LOE 2 FY 2018 Accomplishments

Expand and strengthen alliances and partnerships

- ✓ Accelerated Foreign Military Sales through 6 pilot programs.
- ✓ Entered new agreements to improve cooperation with Korea, Israel, India, and Japan.
- ✓ Signed the U.S.-Thailand Master Information Exchange Agreement; the first cooperative framework agreement with Thailand.
- ✓ At the request of allied partners, aided with genetic sequencing of the Ebola virus in the Democratic Republic of Congo.





# LOE 3 FY 2018 Accomplishments

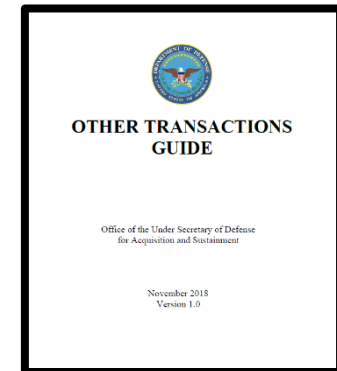
## Bring business reforms to the Department of Defense

✓ Executed ~ 13 million contracting actions for a total spend of \$300B. Reviewed all 352 Defense Federal Acquisition Regulation (DFAR) clauses, repealing 54.



50K  
Contracting  
Actions

✓ Issued Others Transactions Guide (<https://aaf.dau.mil/ot-guide/>) and expanded the use of OTs.



✓ Launched the DoD-Industry Acquisition Talent Exchange Program.







# FY 2019 Priorities: Line of Effort 1

Restore military readiness as we build a more lethal force

- Significantly improve the F-35 Program execution.
- Drive Nuclear Enterprise reforms to keep modernization of the nuclear deterrent on track.



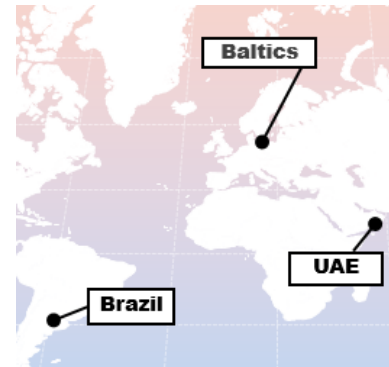




# FY 2019 Priorities: Line of Effort 2

## Expand and strengthen alliances and partnerships

- Continue to collaborate with the United Kingdom for chemical and biological weapons elimination and nuclear modernization.
- Expand our collaboration with emerging partners.
- Inclusion of new security provisions in international cooperative agreements.

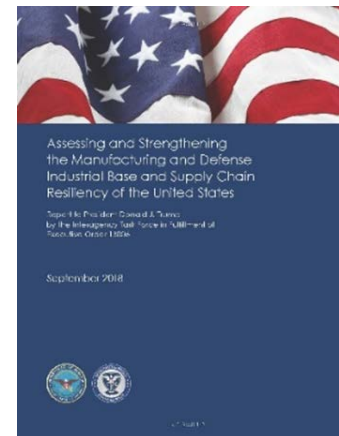




# FY 2019 Priorities: Line of Effort 3

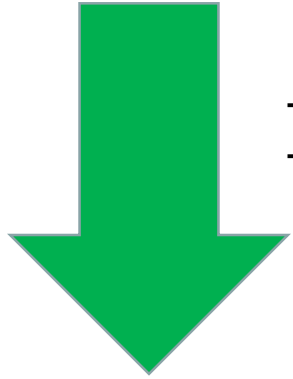
## Bring business reforms to the Department of Defense

- Pursue a variety of activities to focus on improving talent management within the acquisition workforce.
- Continue implementing the FY 2016-2019 NDAA acquisition reforms.
- Complete the internal actions remaining for our reorganization.
- Implement Executive Order 13806.

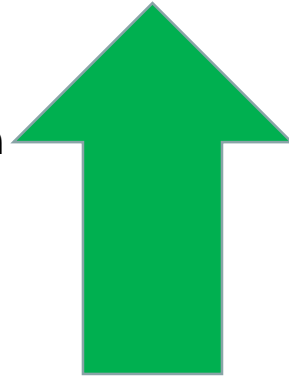




# Big Picture – improvement but we can do better




- Nunn McCurdy breaches
- Avg production cost growth



- Innovative acquisitions
- Improved timelines

72%

  
Too many major  
program  
schedule slips

Cyber Security

