

NDIA Strategy & Policy Update

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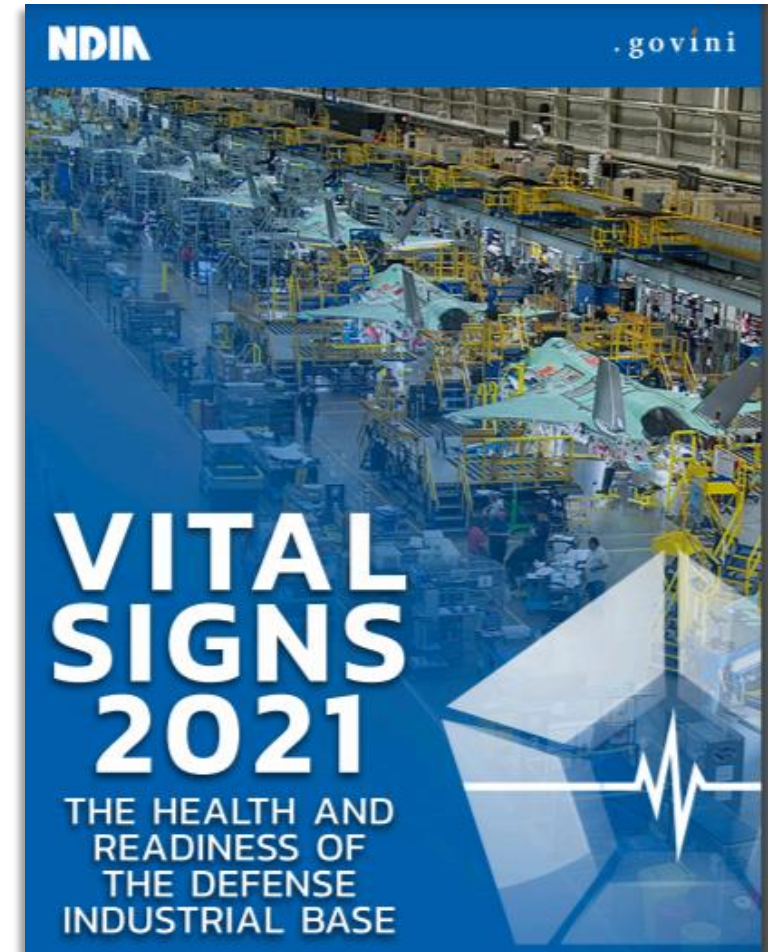
- **Establishing NDIA Business Institute to diversify revenues and provide members with courses and certifications to do business with DoD**
- **Finalizing the NDIA Emerging Technologies Institute (ETI)**
- **Executing USD A&S Working group on Spectrum sharing**
- **Leading the Cross-departmental Working Group (CDWG)**
 - Developed FY21 Strategic POAM
 - Reforming meetings to remove redundancy and drive information cross-flow and collaboration
 - Will tackle internal processes

- **Built set of Presidential Transition Policy Papers focused on DIB issues**
 - Participated in multiple conference calls with Transition Team members to discuss DIB topics
- **Engaged on multiple rule-making efforts:**
 - CMMC
 - Sec 889 Part b
 - Executive Order on diversity training
- **NDAA**
 - Co-led ARWG submission to Congress for FY21 NDAA
 - Publicly supported override vote
- **Coordinated multi-association letters to Congress to include:**
 - Restricted trade/transfer of “Foundational Technologies”
 - Sharing of SCIFs across government departments

Vital Signs 2021

Our Methodology

- We assessed eight business environment and performance conditions to assess the health of the defense industrial base
- Overall, we scored 55 longitudinal statistical indicators on a scale of 0 to 100
- Scores are determined by comparing 3-year averages to a baseline peak figure
- Like a GPA, we averaged indicator scores together
- Research assistance from NDIA's Junior Fellows



Key improvements to Vital Signs



Improvement	Description
Political & Regulatory	Released the Vital Signs 21 Survey and including an expanded congressional interest analysis section
Production Capacity & Surge Readiness	Production and Surge readiness are key topics in the Vital Sign 21 Survey
Supply Chain	More MDAP cost analysis from SAR reports.
Demand	FMS and contract vehicle breakdowns
Financial Analysis	Adoption of Mergent Online, a financial research tool for SEC financial filings
Vital Signs 21 Roll-out	Hill event with DWIIC Caucus, featured in January edition of National Defense Magazine

Increased member involvement is a key improvement

Final Results: “C” Grade

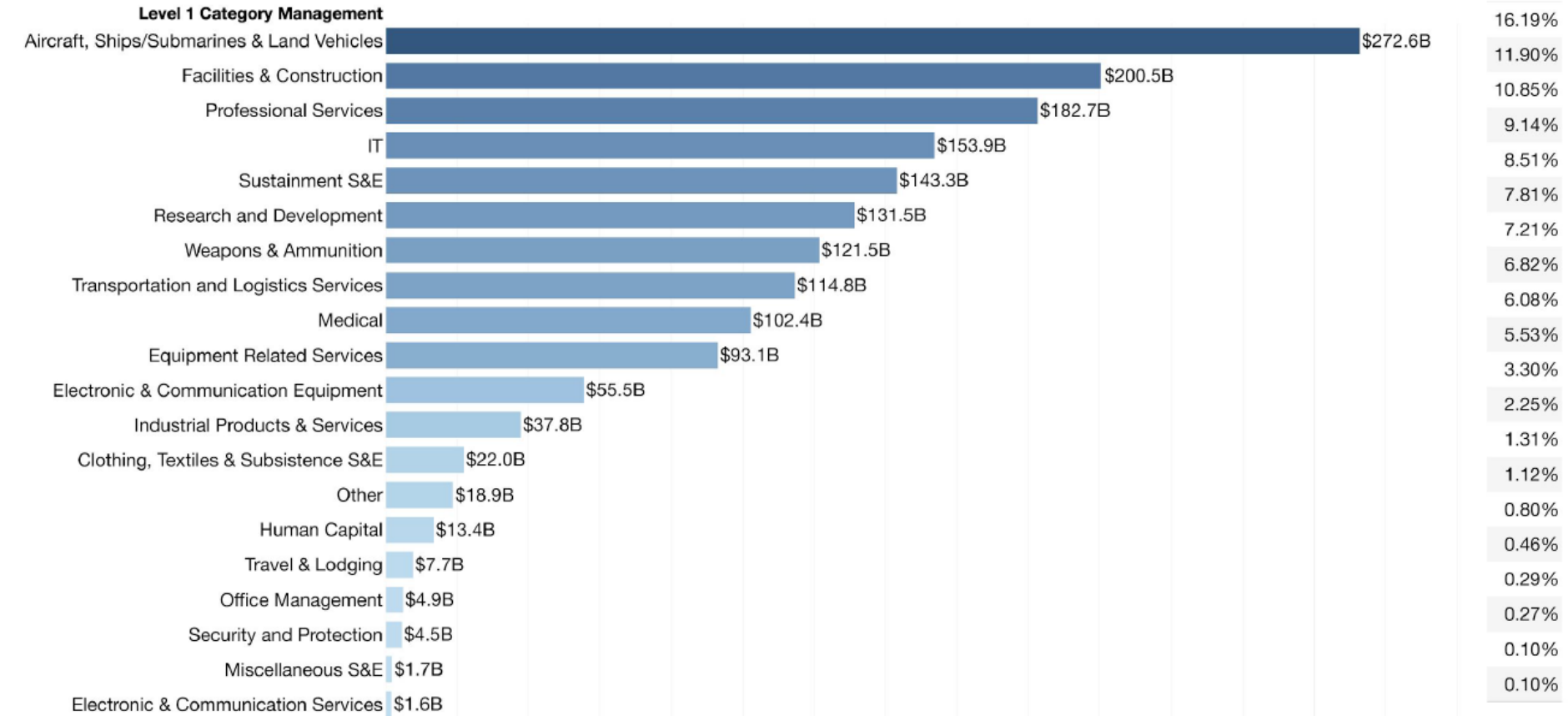


OVERALL SCORES				
Condition	2018	2019	2020	Change, 2018 – 2020
Demand	77	85	93	● +16
Production Inputs	68	68	68	● 0
Innovation	73	70	71	● -2
Supply Chain	83	68	77	● -6
Competition	89	92	91	● +2
Industrial Security	57	56	56	● -1
Political & Regulatory	82	76	72	● -10
Productive Capacity & Surge Readiness	54	81	66	● +12
<i>Overall Health and Readiness</i>	73	75	74	● +1

Key Takeaway: Total Obligations

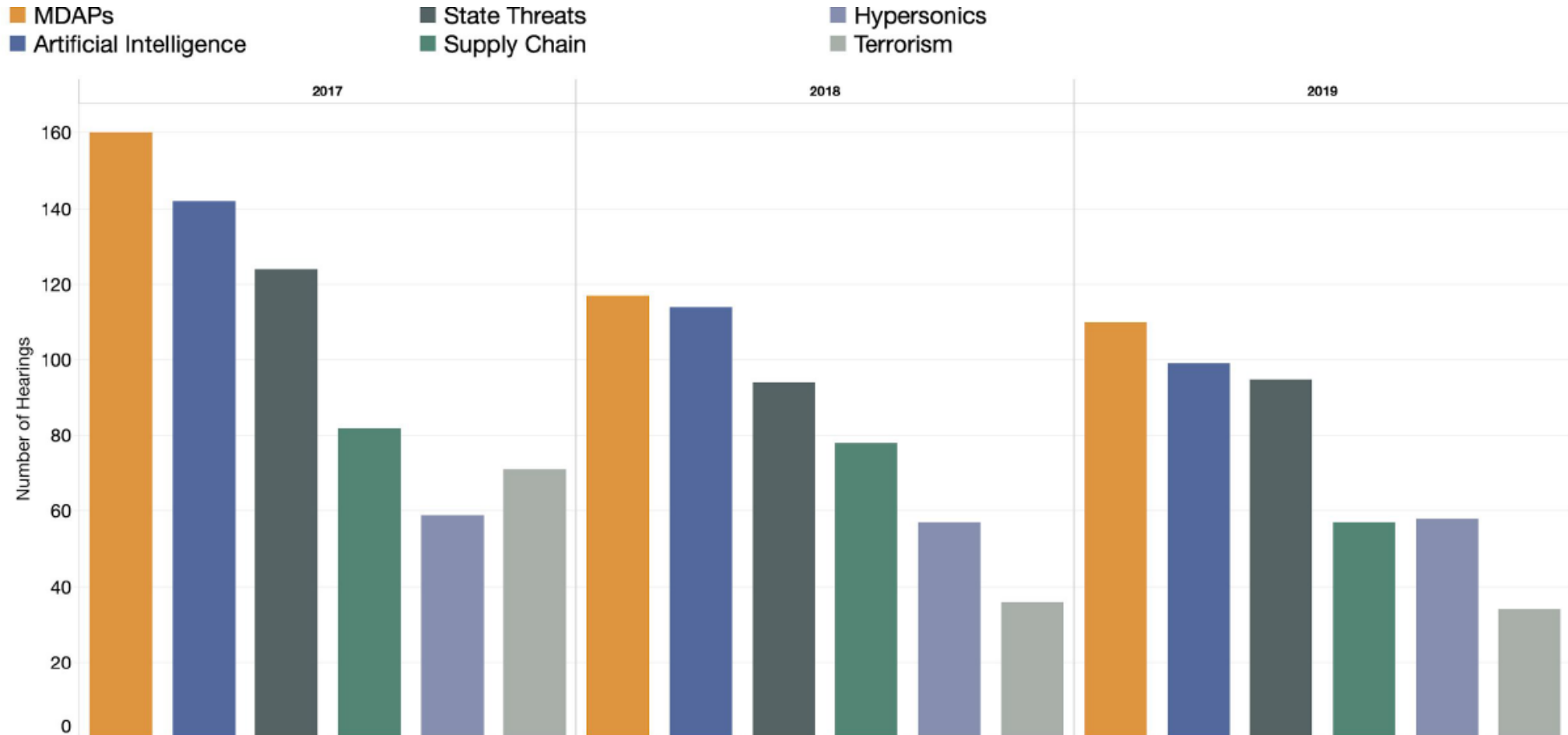


DoD Awards by Total Awarded Obligations, Amount and Percent of Total by Level One Category Management Group, FY15 - FY19



Combined, Professional Services and IT spending outpaced Ships/Aircraft and Land Vehicles

Key Takeaway: Congressional Interest



Prior to the COVID-19 Pandemic, interest in the DIB's supply chain appeared to be declining

Key Takeaway: Survey and COVID-19



- Survey fielded in August 2020 and sent to NDIA members
- 52% of respondents thought that it would take six months or longer for their business to return to normal (n= 1118)
- 12% did not believe that their business would return to normal levels of operations compared to one year ago (n= 1118)
- 71% thought COVID-19 had a Moderate or Large Negative effect on their business (n= 1118)

Source: Vital Signs Survey 2021 (September 2020)

Media and Policy Reactions



- **Press Conference held on 2 February**
 - FEB. 2/**POLITICO PRO**: Defense industrial base was ‘weakened’ before pandemic, report finds, by Jacqueline Feldscher
 - FEB. 2/**DEFENSE NEWS**: The report card is in for the U.S. defense industry’s health, by Joe Gould
 - FEB. 2/**WASHINGTON TIMES**: Coronavirus woes add to defense industry’s burdens, survey says, by Ben Wolfgang
 - FEB. 2/**INSIDE DEFENSE**: NDIA, in new ‘Vital Signs’ report, gives defense industrial base a ‘C’ grade, by Marjorie Censer
 - FEB. 2/**AIR FORCE MAGAZINE**: Despite Big Budgets and New Entrants, Industrial Base Gets a ‘C’ from NDIA, by John Tirpak
 - FEB. 3/**NEXTGOV**: Industry Group Gives Defense Contractors ‘C’ Health Grade in Annual Report, by Mila Jasper
 - FEB. 6/**FEDERAL NEWS NETWORK**: New NDIA study gives defense industrial base health a ‘C’ grade, by Jared Serbu
 - FEB. 9/**FEDERAL COMPUTER WEEK** and **WASHINGTON TECHNOLOGY**: New risks threaten defense industry’s cybersecurity, report claims, by Lauren Williams
 - FEB. 15/**DEFENSE AND AEROSPACE REPORT**: Vital Signs 2021, by Vago Muradian (Interview with Hawk Carlisle and Wes Hallman on the report)
- **The report was highlighted by investment advisory group Capital Alpha**
- **Briefing to HASC/SASC Staffers on 2 March**
- **House Defense Workforce, Innovation and Industrial Caucus Kick-off on 4 March**
 - Co-chairs are Rep Crow (D-CO) and Rep Balderson (R-OH)

Next Steps

- **Develop policy recommendations for the April issue of the magazine**
- **Ongoing after-actions activities within NDIA and externally with Govini**
- **Plan April 2021 VS22 member kick-off virtual meeting**

Questions?