

**NDIA Acquisition Reform Kick-off Meeting
Lockheed Martin Global Vision Center
May 29, 2014, 9 a.m. – 12 p.m.**

Moderator: Jon Etherton, Senior Fellow

Notes recorded under the Chatham House Rule.

Jon Etherton: Thanks, everyone, for joining us. Everyone got the slides yesterday, so we should be ready to move right into the discussion. This event is held under the Chatham House Rule, so while we will make notes for the record, no comments will be attributable by individual or organization.

Let's get started on the issues. It's reasonable for everyone in this group to ask, with acquisition reform, what will be different this time? First of all, we have ways of capturing data that we didn't have previously. Second, we also have the lessons of past experience that we didn't have before.

NDIA received a letter from the House Armed Services Committee (HASC) and Senate Armed Services Committee (SASC) on March 31. The deadline set by that letter for feedback to the Committees is July 10. We won't have a final product ready by then, but we will hopefully have some preliminary feedback.

We've spoken to stakeholders on the Hill, in the Pentagon, and we're coordinating with the other Associations that also received the HASC and SASC letter. For the Department of Defense, the big question is, "How can acquisition reform cut costs?" They have other concerns as well, but their first concern is better buying power and cost control.

So with that substantive goal in mind, NDIA's goal will be to produce a document that addresses the needs of the HASC and SASC within the parameters of the thinking inside the Pentagon in a document that is about 50 pages in length. Our product cannot be an 1800 pager. We also want actionable recommendations, with specific legal and regulatory changes. If the people who review our end product are going to take this seriously, we need to be very specific and help people work with the tools that are in their toolbox.

We shouldn't consider acquisition reform a one-shot effort. Our feedback can recommend phases. We can talk about near-term changes, long-term changes, et cetera. Again, our timeline is to have an interim response back to the Committees on July 10, with a final product back in late September or early October.

We plan to draw liberally from prior reports and the existing wisdom that's already out there. We've set up a website at NDIA and posted all of the reports, which everyone here can visit at <http://www.ndia.org/Advocacy/AcquisitionReformInitiative/Pages/default.aspx>. We don't need to reinvent the wheel. Drawing from past studies also means we don't need to spend the bulk of the report on problem statements. We already have plenty of those. Let's focus on root causes and clear, actionable solutions.

Based upon their letter, the HASC and SASC focus is on service contracts, the acquisition workforce, and other aspects of acquisition overlooked by prior reform efforts. They also have a focus on major

defense acquisition programs, but I believe we should consider the bulk of the spend which isn't major programs.

Here is the first group of issues. We want to have a discussion to prioritize them. So we want to hear from you all about which of these are most important for further study. The idea is to get some volunteer groups together and do a follow up meeting where you all brief your findings.

You need leadership and accountability to be in place for any successful enterprise. How do you create an acquisition system where these both play a key role? This challenge is serious for the Department of Defense, in some part because the requirements, acquisition, and budget process are not integrated. Each area is worried about its own prerogatives, not overall success.

Another issue is with the acquisition workforce. There have been a lot of new requirements, and does the workforce have the capabilities to do what we're asking them to do? Have we matched our resources with the mandates we've placed on them?

We also need to measure the performance of the acquisition system. We have new capabilities that were unthinkable 10 to 15 years ago. We can actually measure the impacts of particular strategies for acquisition and decisions. The 2013 Report on the Performance of the Defense Acquisition System was excellent and indicated correlates of success and failure.

We've seen a great deal of divergence between government-unique requirements and commercial requirements. In the '90s we tried to bring the two worlds together, but we see them separating again. Some of the individual manifestations of this problem are commercial item pricing, cost accounting standards and auditing, statutory and regulatory requirements, the treatment of intellectual property, supply chain management, and protests.

So now that I've introduced the subject, let's open up the floor. What should be the scope of leadership and accountability?

Participant: It needs to be bigger than just the top leaders; it needs to be the broader acquisition community. And the accountability needs to be about outcomes rather than process.

Participant: I agree that one of the major issues is educating the acquisition workforce. I really don't see how the government is supporting innovative business. A lot of acquisition processes are squelching innovation in my opinion.

Participant: My research into the 1102 workforce is that personnel are being promoted without being trained in organizational leadership and management. Acquisition leaders get acquisition training, but they don't get leadership or management training.

Participant: Budgeting doesn't really account for total lifecycle support or sustainment in any way. The up-front money is scrutinized, but the lifecycle costs are not and obsolescence is ignored as a cost driver. With programs extending longer and longer, we need total lifecycle cost budgeting.

Participant: For leadership and accountability, it's both negative and positive. Strong leaders are held hostage by the process. Other components get to exercise a veto, when they should really have a vote and let higher level leaders to make decisions. GS-13s should not be able to freeze the process by veto.

Participant: On the three year period of competition performance, we've seen little competition, and instead we've seen sole-source extensions and bridges in years four and five, and that's because we don't have enough contracting officers to actually hold competitions in three year intervals.

Jon Etherton: On the workforce side, is it a matter of growing the workforce, or reducing the mandates?

Participant: It's both. The mandates drive a huge number of "checkers." There's no real value added by having all of these checkers. Can we reduce the number of these folks by reducing the number of procedural requirements? We need to rebalance from checkers to doers.

Participant: We've never had a comprehensive workforce modeling process for 1102s. We have five current models, all focused on pre-award competencies. We do not have a solid list of competencies for contract administration and post-award processes. The resource model needs to come from Congress, and it needs to be balanced between pre-award and post-award.

Participant: If you look at how private sector firms are organized, you can find the one or two people in a company who are really empowered to decide. I can find them, and I can speak to them. But in government, it's so spread out. Maybe the Army develops the requirement. Then another Service has the lead to buy the system. They'll be sustained by someone else. The current acquisition process doesn't consolidate decision making in a way where we can really empower people or hold them accountable.

Jon Etherton: So you think there's such dilution of power and authority, that it makes it harder to do the job?

Participant: The professionals will execute in their silos, but no one knows who is in charge.

Jon Etherton: This is an outcome of the disconnection between the requirements, acquisition, and budget processes.

Participant: The acquisition process doesn't value time. If we thought of time as a valuable commodity, and if we held to a schedule at the top level, people would get it done. We have a process that rewards everything except time, and if we did that, people would hit their targets.

Participant: I agree with that 100 percent. But I recommend the 2009 DoD Weapon System Acquisition Reform Product Support Assessment. The purpose of this review was 1) start and end with warfighter objectives in mind, 2) force a lifecycle focus, 3) mutually beneficial partnerships, 4) accountability for performance, and 5) enterprise means enterprise, joint means joint. (This report is on the NDIA acquisition reform website.)

Participant: Regarding having an enterprise perspective, I have a story. A Transportation Command (TRANSCOM) commander had a requirement to get inventory to theater. TRANSCOM asked DLA to help them preposition stocks to save \$500M in transportation costs. DLA said no because it would cost them \$23M. Then TRANSCOM tried to give DLA the \$23M, but they couldn't because of laws restricting budget transferability. That's a problem we need to fix with an enterprise perspective.

As for requirements, we should think about them as though they are raw materials. If you build a house with rotten wood, you'll have a horrible house. The same goes for requirements, so we need to have the requirements right first.

Participant: There's a failure to trace lifecycle costs, and by Milestone B, we've already decided on a system and sunk a lot of costs even if the lifecycle costs for the system will turn out to be completely unaffordable. The commercial side has this problem solved, but in the department, we're way behind. And with lifecycle costs amounting to 80% of a program, we've got to look closely at those costs before making a Milestone B decision. All of the memos in the world haven't really changed the lifecycle cost issue I'm identifying.

Jon Etherton: Can we fix this problem?

Participant: We have the tools, yes.

Participant: The distinction between major program and smaller program problems is really arbitrary. So I recommend you don't make a distinction.

Jon Etherton: We made the distinction because prior reports have really focused on major defense acquisition programs (MDAPs). But we want to make sure we cover the majority of defense spending, which is not in major defense acquisition programs. We can start with MDAPs, but we can't end there.

Participant: For a commercial company, innovation is survivability. If we don't innovate, we won't survive. If we don't innovate for equipment for our troops, they won't survive either. We can't have a utopian acquisition system. Piling regulations on top of regulations doesn't work. We need to start with clear requirements and then move quickly through the acquisition process. That means we also need to streamline the process.

In this discussion, we have all assumed that the acquisition system has to exist in the same basic form as it exists today. JCIDS is a nice idea, but it's become a behemoth of red tape. We should ask ourselves how our CEOs would address this issue in our companies. The government wouldn't be able to compete with many of our companies. So I think we need to start with a clean sheet of paper.

Jon Etherton: When I look back at some of the past reform efforts, I see a series of boundary conditions having a pernicious effect. I see stakeholders controlling only pieces and parts of the whole system. And the system itself keeps falling back into equilibrium despite our best efforts to reform it. How do we put the system into disequilibrium? What kind of pressure can we place on the system to get it to settle into a different, better equilibrium? We need to take a hard look at the factors that have created and enforce the system that we have today. We could recommend anything we want, but if we don't force major change, we'll see the system come back to where we already are. Do we need to zero-base organizations? Processes?

Participant: I have two thoughts. First, too many cooks spoil the broth. We've got way, way too many cooks. Everyone is hardworking and dedicated, but the system and process are misguiding good people. Are all of the people really necessary? They create so many layers. We've got the people and the talent, but they form too many layers.

In OSD, instead of having all of these people reviewing specific programs, why don't we have them look strategically at where the Service acquisition plans should head? I would take OSD out of the milestone process.

We've had 30 or 40 years of reports, with a new one every year or two. These studies have recommended adding requirements. Why not pilot a major program or two where we waive all statutory and regulatory requirements and have the PMs and PEOs really write the requirements, acquisition strategy, and budget on a blank sheet of paper? Let's start from scratch.

One final thing: we need to do more for the technology base. Deputy Director of Research and Engineering (DDRE) used to have a Defense Technology Area Plan (DTAP). It only covered about 20% of all the technology money in the Department. DDRE should have 100% visibility, offering a strategic perspective. Defense Ordnance Technology Consortium (DOTC), for the munitions base, uses Sec. 845 Other Transaction Authority (OTA) for contracts. It works very effectively for technology development.

Participant: We're also members of DOTC, and OTA does work well.

Participant: We really need to use commercial practices. The acquisition workforce is not trained at all in commercial acquisition best practices. They are trained in government-unique practices, and so they don't know anything else or anything better.

Participant: There's a lack of communication between buyers and sellers. Neither side wants to communicate. People see problems, but they are hoping they'll leave before things really fall apart and they get blamed. On the program side, this is the major challenge. The White House just put out a memo about better communication. But things are still getting worse. Leadership really needs to encourage communication. There are experts out there who can help the government with a better approach, but people aren't talking.

Participant: Regarding cost accounting standards (CAS), it's time to review the CAS closely. There was a good purpose for CAS in the '80s, but after Sarbanes-Oxley, we have costly accounting requirements that aren't valuable.

Participant: 60-80% of the work awarded on a prime contract is done by subcontractors. But we aren't really addressing it anywhere in regulation or training. We need more education on subcontract management. Only primes are aware of it, but the government is getting the majority of the product from subcontractors.

Participant: All of these comments are dead on target. Let's make sure the word acquisition has a large A and not a little a. It's not just 1102s. Everyone in the contracting community needs to work better. The acquisition process begins with the requirement. You can't solve this problem without a focus on the requirement. Training is important. Not just for 1102s, and not just in acquisition.

We reward people for holding up programs. We need to rescue these programs from the holding patterns they're in.

Participant: I think the Integrated Master Schedule is a big part of the solution to acquisition problems. We're paying for the schedule, it doesn't give us the information that we need. The program manager who is being held accountable will keep hoping and keep saying that things will get better. The policy to

fix this problem is in place, but what the system is missing is a standard planning methodology. We've got a bunch of systems out there, but none of them work together. These systems are not standard. We don't need new policy, we need to apply the policies and programs that we have. We need to not just look at things on an individual program basis.

Participant: What are the root causes for why we can't take advantage of commercial processes? DoD used to drive microelectronics development, but we don't any longer. Now we take advantage of developments done by the commercial world. We don't collect cost savings data from leveraging commercial items. We don't have a way to separate the bad history of what things cost to what they should cost. We also need to reduce the development cycle times. We need to remove the restrictive laws and regulations that prolong a program. We should make time the independent variable.

Jon Etherton: The DoD is moving to should-cost modeling. Do people have thoughts on whether that's the right approach?

Participant: Yes, should cost is the right approach, but you've got to know what things should cost. You've got to make sure you have the right paradigm first.

Participant: When commercial companies are interested in pursuing government business, they are completely confused by the government-unique requirements. We've got all these processes that may not be well aligned with our desired end state. We should define where we want to go first. The underlying statutory and regulatory requirements weren't just put in place for cost-efficient procurement; many were put in place for some other statutory or regulatory intent. We need to think about what we're trying to achieve first before we make changes.

Participant: Leadership is the root of all evil and the root of all success. We need to look at this from a \$200B a year enterprise perspective. For that amount of money, we have to expect a very large bureaucracy surrounding it. It's naïve to think that bureaucracy will go away. We really need to fix the leadership. The bureaucracy doesn't slow things down. Individuals within the bureaucracy slow things down. There's no regulation out there that says do something slower, do something stupid, don't be innovative. What it comes down to are individuals who aren't moving things forward quickly. Leaders use rules and laws as an excuse for moving slowly. So Leadership and accountability really are where we need to start. When was the last time someone was relieved for bad acquisition outcomes? I can't remember when. And if we do fire someone, we fire the Program Manager who was often the recipient of someone else's bad decisions. It's the PEOs and SAEs that we need to fire if programs fail. We need to hold leaders accountable.

Participant: There are government processes that work, for example at DARPA. They have four main things that work well. First, DARPA empowers the PM. DARPA PMs have almost unlimited freedom of action. Second, value speed. DARPA PMs are expected to hand off programs to the services within four years. Third, there's a culture of competition. We reward PMs with incentive prizes and awards if they do better than others. Fourth, democratize the data. DARPA makes so much of its data available in order to drive innovation and foster new ideas. It makes DARPA more like a lean, commercial organization.

Participant: Going back to the TRANSCOM commander example, that circumstance would never happen in private industry. It shows how disempowered our decision makers are to do the right thing. And the DARPA lessons offer a great counter-example. In many circumstances, if we punish acquisition executives, we're holding them accountable for things they aren't empowered to change. We need PMs

to have real authority. That means there will be screw ups, graft, and pay-offs. And when people do that, we need to hold them accountable and put them in jail, to punish them and deter future misbehavior. Creating a new set of rules to try to prevent it from ever occurring again is not an approach that's been very successful.

Participant: We have a culture of fear and loathing. The acquisition workforce isn't empowered in any way, and the memos just rain down on them, making them afraid to do anything original or innovative. And on the loathing side, when the government blames contractors, they drive good, competitive companies out of the market and then end up with the contractors they've been describing.

Participant: Industry fellowships. I find that our government fellows really learn a lot when working in our industry. We should expand that effort and fund it.

Participant: We need to measure the impacts of decision making. If we cut up front costs, we should know the longer term impacts.

-- 15 Minute Break --

Jon Etherton: During this segment, we'll look to address services and IT acquisition; the effectiveness of small business programs; contract finance, payment, and incentives; and boundary conditions. For our boundary conditions, is it tilting at windmills to try to address these?

Participant: Purchasing commercial items, and particularly in IT, is a completely different paradigm than purchasing defense-unique military systems. DoD is 0.5% of a \$3.8T IT market. Like Clinger-Cohen, we recognize that DoD is riding a train, not driving it. But Clinger-Cohen hasn't taken root. The failure to fix IT is a national security threat because all national security programs depend on IT. I believe strongly that this study should consider IT.

What are actionable areas for improvements in IT acquisition? First, the acquisition workforce needs practical experience in managing IT programs. We need to enable agile acquisition, which Section 804 of the FY10 NDAA aimed to do. There are processes, training, and expertise in the market, all without much additional effort beyond what's already been done. We need to be a little more prescriptive about DoD adopting commercial practices that are out there.

Participant: Over 50% of our spend is in services, so we really need to provide market research training for IT and services. We in the military really don't understand the market space for services. DoD is highly constrained on how it acquires them, and then we cannot make requirements scope changes. We have to issue a new task order or a new contract for scope changes.

Participant: Small business programs. My company operates in the SBIR space. For the first 15 years of my business, we had a great relationship with DCAA. We had Deltek, we had a CPA, but then DCAA changed significantly, and now they treat small businesses completely differently. At the senior level, DCAA thinks it's improving, but it really isn't. The intensity of DCAA audits is killing small businesses. We can't survive equal scrutiny alongside the Lockheeds of the world. Audits have become so thorough as to be wasteful.

Participant: We need to build on the improvements made by WSARA, meaning we should focus on performance-based, outcome-based procurement. In the sustainment world, we can use performance-based logistics. There is internal battle between the contracting and sustainment communities about how to handle lifecycle costs.

Jon Etherton: Over what specific issues?

Participant: Contract length and metrics are two. If I have a PBL, it's focused on outcomes, not specifications. But the government loves specifications, so we gradually slide back that direction. On another contract, during sequestration, the government couldn't travel, and they said we couldn't travel either. That's not performance-based. Proof points and other studies demonstrate that the outcome-based contract is the best contract vehicle around. And to use those, we need contract lengths that enable us to recoup our investments.

Participant: Include in your list the issue of profits, because what is egregious to you is wonderful to me. It's not a question of how much profit we're earning; it's a question of what is the government's return on its invested capital.

Participant: LPTA should only be used where appropriate, and that means not for engineering services.

For IDIQs and MACs, if you're going to use them, have a task order large enough to make them worth it. Otherwise they are simply so much waste and churn.

Small business programs might belong down in your boundary conditions. Moving programs from large companies to small companies doesn't create jobs.

With regard to audits, the inexperience of auditors is what is causing most of the problems.

Participant: We need to address contract length. Our company is on a couple of PBLs. Our customers only have one to two year contract periods, but our customer knows that the program will last 25 years. As the program heads to obsolescence, it becomes harder and harder to manage a volatile supply chain. Having a comprehensive idea of the supply chain for an integrated system over the lifecycle is very hard, but we need real length in the contract under a PBL to enable us to make design innovations profitable for us and at a lower cost to our customer. A shorter duration contract becomes a key factor in making that outcome almost impossible to achieve.

Participant: The acquisition community says that LPTA is an element of best value. So the question isn't LPTA versus best value, it's an overuse of LPTA where it's not appropriate.

Participant: We need to broaden from just an understanding of the impacts of decisions on individual transactions to a system-wide understanding of the decision trade space. That will also allow folks to recommend changes that really work.

Participant: For commercial products, the risk of developing innovative intellectual property can be spread across a wide, high-margin commercial business. But that becomes risky when adapting a commercial product for the defense market.

I know of a company that makes a commercial platform that will be used for a defense system. The Department went after the technical data rights for the commercial system. But this is a commercial system that the company wants to preserve.

We're being accused of gouging the government, but our incentive to innovate is based on ROI. Once the government starts coming after the profit or the data package, we have no incentive any longer to participate in defense business. If the government demands our IP, we'll offer you only yesterday's IP, because offering our cutting edge IP will end our ability to compete commercially.

Jon Etherton: It sounds like IP definitely ought to be on the agenda.

Participant: On the budget process, some continuity and predictability is essential. If a program is going to get cancelled, fine. But we need to be able to plan. At least then we can make strategic decisions about our investments and efforts.

Participant: We don't need acquisition reform, we need financial reform. We've got to understand the costs and what value we get from them. We talk about cost savings from competition, but no one talks about the costs of competition. Companies spend a huge amount of money on competition. And then the contractor puts the cost back into overhead. We really need to understand the associated costs of competition.

Those costs include opportunity costs. When we talk about the workforce, time is money. There's a real cost to contract delays. When we have a key person on staff, but we're not on contract yet, we've got to pay a person to remain idle, basically.

Participant: Regarding small business, what's the intent of promoting small business contracting? It's about innovation and opportunities. But for small business set asides, when some of the small businesses win, they become large businesses. Is that the purpose? Or is it the intent of these programs for a small business to become a prime and for a large business to subcontract to it? I'm not opposed to small business set asides, but I think they need to be there for the right reasons.

Participant: Will NDIA use case studies?

Jon Etherton: We'll use any evidence at our disposal.

Participant: I think LPTA is a huge problem. At a recent conference, NAVAIR attended and addressed the group. They had a program where the independent cost estimate was \$255M. But the winning LPTA bid was \$160M. The outcome was they couldn't hire labor at the rates they had quoted. So the lowest bidder kept increasing their rates, and they landed at \$254M. So the lesson there is to lie to government about what things cost, and then add huge new costs on the back end.

Participant: Are these the right issues to go back to the Congress with? I think yes. LPTA is problematic. But what I haven't been able to put my hands on is data. The example that was just given, I've heard those, but who has the data on what's happening with LPTA in the aggregate so that the government can make a wise decision. Anecdotes don't really tell us much systemically. Evaluate the decisions that are being made for small business set asides and the rest based on the data of their outcomes.

Participant: I think the government-industry team needs attention. When the government issues a contract, it's because they need help. So we need to see the accountability shared across the team to enable successful implementation of everything we're trying to do. Roles and responsibilities are clear, but authority, incentives, and accountability are not so clear.

Participant: All roads lead to requirements. A poorly written requirement is a major problem. The contracting officer is there to provide a service to the program manager. They need to provide feedback on requirements. What are you trying to buy? If you know that very clearly, you're going to have a lot more success in buying something. Broad requirements, coupled with LPTA, create a bad outcome.

Participant: LPTA vs. best value needs to be a major title on its own. The link between LPTA, best value, and requirements is worthy of discussion. There's a trend now to specify requirements to the "nth" degree. We'll narrow the requirements, and eventually we get down to a single bidder. In the commercial space, the competition is on the requirements side as well as the cost side. Getting a really tight set of requirements narrows you down to where competition is basically impossible because only a single product will meet all of your needs. And it takes the burden off of the contracting officer to make a meaningful decision based on real tradeoffs. Because we're afraid of protests and avoid accountability, we're trying to make every program bullet proof, and it makes real competition impossible.

Participant: Steve Jobs said if he had relied on our requirements process, we'd never have the iPhone. If we can suggest a different set of metrics for technology risk trade-offs other than TRLs, if we do a better job of market research, if we can hold back on our standard contracting processes and designing systems to a specification, we can unlock some real innovation in the market.

We need to open the dialogue to lifecycle feedback. If you've got a new product or approach, you could reduce lifecycle costs dramatically, but things are so highly specified on the inputs rather than the outcomes, you can't insert your innovation into the contracting process.

If you're designing to a specification, you can't really have much innovation, because you're working off a concept that already exists.

Participant: As the force shrinks, the consequences of acquisition failure grow. For ballistic missile defense, for example, if you've got a single sailor with his finger on the button, his failure to properly execute leads to a mushroom cloud. Although the consequences are not nearly so drastic, as we reduce the size of the acquisition corps and the number of programs, we really grow the consequences of failure.

Participant: As others have said, LPTA should be its own heading. And as for data, we need the government to track the data. What's the procurement cost and the re-procurement costs?

Participant: It's critical that we measure acquisition professionals based on the outcomes they produce. When someone comes up with a procurement strategy, we need to hold the person accountable for their strategy.

Participant: If a program manager can't come up with technical differentiators for a competition, she should do an RFI to industry rather than just doing a vanilla procurement with no technical differentiators.

Participant: I think government-industry communication has been in serious decline. Rather than smaller groups, we're doing these big group meetings, and no one can be honest in a group of hundreds. They won't do one-on-ones any more. Any meeting has to go through the JAG.

Participant: Contract finance has become more important than ever since the appropriations process isn't working anymore. We see contracts slipping to the next fiscal year.

Participant: I think favoring small business increases the agility of the acquisition system. Larger companies simply are not as agile as smaller companies.

Participant: For all of these studies, we're always focusing on what went wrong. Maybe one or two case studies about what went right? What did the people do in those cases?

Participant: I want to emphasize Other Transaction Authority. It's not being used enough, and it works incredibly well if it's properly used.

Participant: When it comes to audits and oversight, it used to be that auditors had to justify value. Now they are just adding cost. Value-based audits are a lost art.

Participant: In the commercial space, our company has a long pre-procurement activity with customers. The buyer's philosophy is that the best non-compliant proposal wins. It's a great system. Honestly, I'm not sure how to implement it in the government space.

Participant: What have we been asked to do? The HASC and SASC have asked for fundamental changes to improve our acquisition processes. That doesn't mean just savings, it means product outcomes too.

All of our comments need to be backed by data. When need to be careful when we're talking with Congress. They will act, and it will be systemic. So we really need to think systemically, not just anecdotally.

This reform may not be done in one fell swoop. Maybe the first recommendation is really to go after the data. We have transactional data, maybe the question is what data we need to gather that isn't being gathered today on some of these many themes. If we don't have the tools yet in place, we need to create the tools and capability and lay the groundwork to move forward productively in all of these other discrete areas.

Participant: Sec. 845 Other Transaction Authority is what the Army used for Future Combat System, and it fell into disuse for a few years after that but there's now a renewed interest in it. It's an incredibly effective instrument for technology development through prototype. The legislation requires that a traditional contractor must share one third of the cost. Or they can bring on a non-traditional contractor as an innovator they can leverage. It's about creating an incentive rather than a requirement, and the incentive drives better performance than a requirement ever could.

Jon Etherton: Let me summarize. Contract type (including LPTA vs. best value) is its own issue. The budget process should be its own issue. We need to update the proposed subjects for volunteers, and we should add contract management. Please look for some follow up from us on Monday.

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