26 April 2013

MEMORANDUM FOR THE CHAIRMAN, DEFENSE BUSINESS BOARD

SUBJECT: Defense Business Board Report – "Linking and Streamlining the Defense Requirements, Acquisition and Budget Processes"

On behalf of the Joint Staff, the Under Secretary of Defense for Acquisition, Technology, and Logistics (AT&L), and Cost Assessment and Program Evaluation (CAPE), we appreciate your comprehensive, top level study and recommendations to better link and streamline our respective requirements, acquisition, and budget processes. Unfortunately, the length of time it has taken us to "officially" prepare this response is illustrative of some of the bureaucratic challenges we have when working issues across our three organizations – a problem we intend to address.

Your study generated considerable examination and discussion within the Department. In fact, we led an in depth discussion, including participation by senior leaders from the services, to ensure we are in synch with our efforts to implement many of your recommendations. The enclosure has a more detailed assessment, but a few of the significant activities include:

- We will be holding a quarterly discussion at our level, including participation from senior stakeholders in our three processes, to ensure roadblocks are promptly addressed and lessons learned are incorporated to continually improve our activities.
- We have the guiding instructions for both the requirements and acquisition processes under revision for release later this year, and will redouble our efforts to better align our processes in these updates.
- We will continue to implement "Better Buying Power" initiatives across processes.

We thank you for your continuing support to the Department of Defense and the Joint Warfighter.

James A. Winnefeld, Jr.
Admiral, United States Navy
Vice Chairman of the Joint Chiefs of Staff

Frank Kendall
Under Secretary of Defense for
Acquisition, Technology, and Logistics

Christine H. Fox
Director
Cost Assessment and Program Evaluation

ENCLOSURE: Detailed Response to DBB Recommendations

a. For your recommendations related to the three "Big A" authority domains, we concur with the challenges of complexity of the three often non-synchronous processes. We are making strides to streamline processes, including the methodical review of statutes, policies, and guidance documents that induce bureaucratic inertia. The pending update to Department of Defense (DoD) Instruction 5000.02 empowers program managers to tailor technology development and acquisition strategies to the speed, engineering rigor, and complexity necessary for their respective programs. Review and revision of the Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 3170.01 and the Joint Capabilities Integration Development System (JCIDS) Manual continue, emphasizing flexibility and speed in requirements review and validation and, when necessary, modification when overreaching or poorly crafted requirements inhibit program success. Recent revisions also improve initial setting of performance parameters, alignment and review of Analyses of Alternatives (AoAs) to select cost-effective solution approaches, and produce stable requirements early in program development. The Deputy Secretary's Deputy's Management Action Group is bringing the three areas together as budget decisions, informed by requirements discussions and acquisition realism are made at the Department level.

b. For your recommendations related to inadequacy of coordination between JCIDS and DAS, we concur that Service Chief involvement is critical to ensure that needs are met. We believe that Service Vices (or Chiefs) must be deeply involved in a strong dialogue regarding requirements, acquisition and resources within the Services, particularly in considering tradeoffs to ensure affordable proposals. They, along with AT&L and CAPE principals, are well represented at the streamlined and focused Joint Requirements Oversight Council (JROC) for requirements validation and trade space arbitration. Service leadership has an open invitation to attend Defense Acquisition Boards as needed to advise acquisition decisions. To place increased emphasis on Title 10 responsibilities, Service Chiefs should enhance training and equipping of the Force through wider engagement in Acquisition activities. Recent changes to JCIDS have also increased JROC, and thus Service, visibility and influence following the AoA ahead of the Milestone (MS) A acquisition decision. Improved requirements training has also been implemented to improve understanding and synergy between processes. Lastly, the JROC and Acquisition Executives will establish a quarterly leadership forum to track and evaluate our progress in this effort. The forum will also identify and break through both process-driven and people-driven impediments to development and fielding of Warfighter capability in an effective and timely manner. Our intent is to enable and facilitate open and frank discussion of tough issues, but not add an additional layer of position development and coordination.

c. For your recommendations related to improvements from CAPE's increased role in the three processes, we concur that CAPE participation has been key to productive discussions for many topics which have come through the process since these changes were implemented. To further reinforce these interactions, CAPE is establishing enhanced procedures for supporting the requirements process as required by Weapon Systems Acquisition Reform Act of 2009. Other changes already implemented are the

recent updates to JCIDS to implement greater focus on affordability and related tradeoffs, with bias given to CAPE estimates when available, and the AT&L Better Buying Power initiative, which mandates affordability as a requirement.

d. For your recommendations related to atrophy of the acquisition workforce, we believe that some critical skills have atrophied, and concur that there are challenges to getting an appropriate breadth and depth of education and experience in the acquisition workforce. The Service Chiefs can have the most powerful impact to enhance the performance of the acquisition system that equips their force by implementing decisive measures to enhance selection and development of uniformed acquisition professionals, and to proactively manage the Department's acquisition leadership talent pool. Recognizing that each Service takes a different approach toward career development for military and civilian acquisition personnel, we are encouraging Services to emphasize the value of technical and business acumen and breadth of acquisition experience. To this end, Services could provide opportunities for acquisition personnel to increase experience and knowledge in three key areas: (1) Operational matters and Warfighter requirements, perhaps through a tour or rotation with Service operational units; (2) Joint operations and joint requirements and acquisition, perhaps through a tour or rotation with the OSD Staff, Joint Staff, or one of the Combatant Commands (CCMDs); and (3) Defense industrial base and private sector equities, perhaps through a 1-for-1 exchange with industry acquisition counterparts. Through the Better Buying Power Initiatives, AT&L is working with the Services to ensure workforce career development includes appropriate assignment experience. The focus of our efforts and the key to success is development and sustainment of a trained, professional acquisition work force with established relationships of trust throughout DoD and with our industry partners.

e. For your recommendations related to DoD systems engineering capability, AT&L and the Services collaborated to define systems engineering qualifications and have been actively working to increase the capability and quality of their acquisition workforces. The Defense Acquisition Workforce Development Fund has been instrumental in growing the expertise of the systems engineering workforce and in addressing gaps in training and development of critical thinking, oversight, and competencies needed for acquisition decision making. In addition, the Joint Staff and AT&L have been discussing mechanisms to leverage Systems Engineering expertise between organizations, particularly to address Joint reviews early in the requirements process. The Better Buying Power 2.0 Initiatives specifically address acquisition workforce excellence as an important priority.

f. For your recommendations related to accelerated processes for Cyber and Information Technology (IT) systems, we concur and implemented several changes which enable more rapid validation of Cyber and IT requirements, as well as more rapid acquisition of capability solutions. Both support the implementation of section 933 of the National Defense Authorization Act for Fiscal Year 2011, "Rapid Acquisition of Cyber Capabilities." The recent JCIDS update implemented the IT-Box construct to streamline handling of IT and Cyber requirements and institutionalized the Joint Urgent/Emergent Operational Needs processes for validation of urgent requirements. The recently released DoD Directive 5000.71 facilitates rapid fulfillment of CCMD Urgent

Operational Needs. The recommendation for emulating Title 50 practices for Title 10 cyber capabilities requires further review before we can recommend moving in that direction. The Cyber Investment Management Board and the Deputy Secretary of Defense Management Action Group for Cyber provide senior oversight for integration and effective resourcing of the Department's Cyber investments and operations.

g. For your recommendations related to improving the two-way partnership between DoD and industry, we concur and plan to work to improve this relationship. One potential opportunity under review by the JROC is to increase dialogue through "Industry Days", including briefing of Capability Gap Assessment results to industry audiences. Other mechanisms already in place that can be given increased emphasis are: (1) Other Transactions authority which provides statutory flexibility for collaboration; (2) the Industrial Committee on Test and Evaluation, which brings Government and industry together to discuss issues of mutual interest; (3) the Defense Innovation Marketplace for information sharing on research and development priorities, solicitations, and acquisition plans; and industry independent research and development thrusts and investments; and (4) the use of Joint Capability Technology Demonstrations, which allow an expedited path for limited use, deployment, and evaluation of capability solutions with the potential to close validated capability gaps.

h. For your recommendations related to roadblocks to political appointees, we recognize that changes to the political appointee process are outside the scope of DoD authorities and responsibilities. While the ability to induct high quality political appointees to key positions in the Department is important to the overall organization, it is less directly linked to the streamlining and linking of the requirements, acquisition, and budget processes. However, the high visibility of decisions made in these processes means that rigor in the appointee confirmation process and elimination of conflicts of interest are essential to integrity of the system. A separate concept for streamlining this organizational concern might be achieved by reducing the number of Senate confirmed political appointees to the minimum required for civilian control of the Department while allowing proper rigor in the vetting of those required.