DEFENSE ACQUISITION TRANSFORMATION

REPORT TO CONGRESS

JOHN WARNER NATIONAL DEFENSE AUTHORIZATION ACT
FISCAL YEAR 2007
SECTION 804

SECRETARY OF DEFENSE
JULY 2007

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FOREWORD

Six months have passed since we provided an initial review of programs and initiatives to transform the Acquisition System in the Department of Defense. Transformation is not a static exercise but, instead, requires clear vision, creative thinking, and adaptability to solve complex problems and to share successes, all of which promote change. Our review spans the full gamut of Department-wide acquisition processes and focuses particular attention on examining changes to cultural behaviors, business rules (to include Federal oversight requirements), and effective work management. We are devising new ways to incentivize people to do their best – with reliable performance and predictable costs. This requires discipline and clear articulation of the rules. Leadership is the key factor.

Preparing this report for Congress provides an opportunity for internal examination to identify initiatives and to integrate them horizontally to improve the Acquisition System. Many like-concepts are described in different terms by different organizations using different scenarios all pursuing the same message and goal to modernize business processes anticipating a new strategic era. This update of the status of recommendations for reform centralizes success stories Department-wide. It is an opportunity for our hard-working acquisition community to share successes and offers a platform to describe good transformation examples. In this review, we have focused special attention on initiatives regarding ethics, continuous process improvement, and life cycle management.

Challenges to balance near- and long-term national Defense needs and affordability are unprecedented, and leadership in the Department is dedicated to change. Our primary goal is to take a strategic, sustainable, and integrated approach and to provide transparency and consistency in managing Defense acquisitions. Brave Service men and women and the American people are counting on us.

INTRODUCTION

This report is the second edition in response to the biannual congressional reporting requirement in section 804 of the John Warner National Defense Authorization Act for Fiscal Year 2007, Public Law 109-364. The four acquisition transformation reports addressing this requirement are: The Defense Acquisition Performance Assessment (DAPA) Project Report; The Defense Science Board 2005 Summer Study: "Transformation: A Progress Assessment Vol II" (dated April 2006); The Center for Strategic and International Studies Report: "Beyond Goldwater Nichols: U.S. Government and Defense Reform for a New Strategic Era;" and "The 2006 Quadrennial Defense Review (QDR) Report."

Recommendations from multiple sources are fairly consistent in identifying problems and solutions. Through experiments, models, and pilot programs, the Department of Defense (DoD) seeks best practices to institutionalize change. Initiatives identified in the February 2007 section 804 National Defense Authorization Act for Fiscal Year 2007 Defense Acquisition Transformation Report are covered in this report, as well as new programs to reflect acquisition transformation efforts Department-wide. Some have been initiated and some have not proven to be as effective as envisioned. However, the roadmap for change is clear and the Department continues on course. In addition to consideration of recommendations from the reports listed above, the acquisition community continues to seek effective and efficient processes to influence the total Defense Acquisition System. The Office of the Secretary of Defense, Joint Staff, Military Departments, Defense Agencies, and Field Offices have taken dramatic steps to improve and refine their business and acquisition processes. The Department's continuous transformation of the Acquisition System is keeping pace with changing demands and adapting to new challenges.

Several DoD Components have submitted Strategic Plans to the Deputy Secretary of Defense that fulfill requirements to report on progress toward attaining their goals – others are pending. Acquisition transformation initiatives contained in the Strategic Goals Implementation Plan by the Under Secretary of Defense for Acquisition, Technology and Logistics include milestones and objectives focused on the following goals:

- Goal 1: High Performing, Agile, and Ethical Workforce
- Goal 2: Strategic and Tactical Acquisition Excellence
- Goal 3: Focused Technology to Meet Warfighter Needs
- Goal 4: Cost-Effective Joint Logistics Support for the Warfighter
- Goal 5: Reliable and Cost-Effective Industrial Capabilities Sufficient to Meet Strategic Objectives
- Goal 6: Improved Governance and Decision Processes
- Goal 7: Capable, Efficient, and Cost-Effective Installations

This document is not all-inclusive and will be updated in the January 2008 edition of this report to Congress.

EXECUTIVE SUMMARY

The Office of the Secretary of Defense, the Military Departments, and the Defense Agencies are focused on transforming the way they do business. Building on past successes, communicating the status of improvements, and assessing progress all serve to provide a framework for action. Acquisition initiatives contribute to program stability and predictability and reduce unintended cost growth. The full spectrum of the Acquisition System includes the Workforce, small "a"[1] Acquisition, Requirements, Budget, Industry, and Organization.

Personnel are the most valued resource in the Department. DoD is devoting significant attention to incentivizing cultural improvements and managing the **Workforce** as an enterprise asset. Multiple workforce programs are underway, to include strategic human capital planning and structured learning, achieved through information technologies. Cost-effective training is tailored to individual needs and delivered anywhere, anytime, as needed. The standard definition of the acquisition workforce is being updated. A Total Force initiative has been established to enable Components to understand how, where, and to what extent support contractors are applicable. A variety of learning and performance assets are being developed for a competency framework at the entry, intermediate, and journeyman levels. Ethical performance standards and rules-based behaviors and awareness are instilled throughout the Defense Components. The Department is developing a strategy to enhance the authority and responsibility of Program Managers to develop and complete Defense acquisition programs. Senior Acquisition Executives give guidance and oversight of acquisitions within their diverse missions. Performance standards and accountability are becoming more rigorous as the National Security Personnel System is implemented.

The Department's efforts to streamline the **Acquisition** environment are focused on a new governance framework for joint capability development. New initiatives are increasing options for agile and adaptive processes to support the joint warfighter. Organizational policy, communication, and utility, throughout the acquisition of weapons and services, are applicable to the full life cycle of a system. Increased emphasis on materiel readiness and maintenance requirements, outcome-based performance support, systems engineering, software engineering, and developmental test and evaluation are improving the Acquisition System. Acquisition of Services is a major financial obligation and the Department has reviewed and strengthened policies applicable to this process. The Acquisition System benefits from reporting and tracking by restructuring the review process to present monthly reports to Senior Acquisition Executives and quarterly progress to the Office of the Secretary of Defense. Performance, cost, and schedule tracking have been restructured to provide greater transparency and to direct trade-off considerations that make DoD a "smarter buyer." Concept Decision and Time-Defined processes are resulting in acquisition policy revisions. The award and incentive fee initiative is benefiting from new and reformed policies, including provisions to collect relevant data and to regularly evaluate cost benefits.

Managing contracts through risk-based decision processes allows the Department to identify and quantify risks affecting requirements, development, and cost estimates. The Business Capability Life Cycle

[1] Small "a" refers to the tactical acquisition process; "how to buy." Big "A" refers to the entire Defense Acquisition System, which includes workforce, acquisition, requirements, budget, industry, and organization.

represents an approach to acquisition that emphasizes rigorous analysis of requirements and consideration of feasible solutions prior to funding a business information technology system. "Back to Basics" is a new philosophy by which DoD implements "block" capability releases for acquisitions using an incremental delivery strategy based on proven technologies and investing in science and technology development. New policies and processes are being used to determine technology maturity in acquisition programs.

Requirements must meet the immediate needs of Combatant Commands and be validated, funded, fielded, and sustained. Requirements stability is an issue in that unstable or creeping requirements may contribute to cost and schedule breaches. Combatant Command staffs critically assess their own needs and examine viable capability gap solutions. The Department is viewing individual programs through a capabilities-based decision lens and pursuing experiments in portfolio management, data transparency, and industry-driven, competitive solutions and results, rather than rote methods of performance. The Joint Requirements Oversight Council is engaging with the acquisition community earlier in the requirements process to improve decisions and enhance oversight. Joint Capability Portfolio Management facilitates strategic choices and improves the ability to make trade-offs. Readiness and sustainment modeling are being used to enhance outcomes. In particular, there is increased collaboration between the testing and training communities. Specific acquisition process training is being provided to requirements personnel. Using a corporate best-practices approach, the Department is enabling customers to develop and test warfighting capability quickly, in a joint context. Additionally, the Department's joint rapid acquisition process facilitates meeting the Combatant Command's immediate warfighter needs.

The primary process for Allocation/**Budget** decisions is the Planning, Programming, Budgeting and Execution system, which links strategic choices and an analytic framework to provide critical transparency. The Department is pursuing Institutional Reform and Governance initiatives to improve its decision-making framework to incorporate feedback and assessments. DoD is also pursuing initiatives to improve enterprise financial information. These initiatives include pulling data from the source, consolidating multiple financial and acquisition databases, and pursuing tools to provide high quality data. Prototype tools have been created to provide interactive, collaborative interfaces for users to view and process budget data and models with standard web browsers. The Department has proposed Capital Accounts for three pilot programs by providing stable requirements, schedule, and budgets, requiring programs to provide promised capability on time and within cost. The Department also is enhancing the Wide Area Workflow system – a secure, real-time, web-based DoD Enterprise application for electronic invoice submission, receipt acceptance, processing, and reporting. Finally, DoD has completed the Nunn-McCurdy certification process for six Major Defense Acquisition Programs and is working to develop lessons learned from that experience to prevent unit cost increases in the future.

Industry is the key enabler of the Department's efforts to maintain military superiority; and an effective Defense industry is dependent upon a partnership with the Department of Defense. Promoting civil-military integration throughout the industrial base leverages the commercial marketplace to meet military needs. Commercial items reduce costs, speed acquisitions, decrease developmental risks, make leading-edge technologies accessible, increase surge capabilities, and leverage competition inherent in the global marketplace. Program cost, schedule, and technical performance remain the ultimate metrics that characterize Defense industrial base performance. The Department is studying Defense industry infrastructure rationalization to determine which incentives or disincentives most impact industry decisions. DoD is evaluating key contractor capabilities to encourage continuous workforce

improvements and life cycle system management outcomes. Enhanced communication is accomplished through "Industry Day" events and functional and executive roundtable meetings with traditional and non-traditional DoD suppliers to examine barriers to participation in the DoD Enterprise.

The leadership in the Department is committed to manage dynamic **Organizations** that enhance communication and allow for problem-solving and decision-making. Merging acquisition organizations through transformation of Defense business processes creates an acquisition life cycle management environment that enables efficiency, flexibility, and innovation. The leadership has established a process management team to employ change management and communication approaches. The Strategic Communication Integration Group recommends, coordinates, and oversees strategic initiatives. The Deputy's Advisory Working Group reviews business practices and methods. The Defense Business Systems Management Committee (DBSMC), chaired by the Deputy Secretary of Defense, serves as the overarching governance board that guides the transformation activities of the Business Mission Area (BMA). The DBSMC is responsible for approving: the BMA's business Information Technology (IT) system modernizations over $1 million; the Business Enterprise Architecture, which controls IT investments; and the Enterprise Transition Plan, which serves as the BMA's Strategic Plan. Continuous Process Improvement is being accomplished through the best practice of Lean Six Sigma and extensive training is in place Department-wide.

Details are provided in the following chapters.

LEADERSHIP PRINCIPLES

- *Provide an environment for every person to excel*
- *Treat every person with dignity and respect – nobody is more important than anyone else*
- *Be forthright, honest, and direct with every person and in every circumstance*
- *Improve effectiveness to gain efficiency*
- *Cherish your time and the time of others – it's not renewable*
- *Identify critical problems that need solutions for the organization to succeed*
- *Describe complex issues and problems simply so everyone can understand*
- *Never stop learning – depth and breadth of knowledge are equally important*
- *Encourage constructive criticism*
- *Surround yourself with great people and delegate to them full authority and responsibility*
- *Make ethical standards more important than legal requirements*
- *Strive for team-based wins, not individual ones*
- *Emphasize capability – not organization*
- *Incorporate measures and metrics everywhere*
- *Concentrate on core functions and outsource all others*

Gordon England
Deputy Secretary of Defense

CHAPTER I

WORKFORCE

Definition: The primary objective of the Defense AT&L ***Workforce*** Education, Training, and Career Development Program is to create a professional, agile, and motivated workforce that consistently makes smart business decisions, acts in an ethical manner, and delivers timely and affordable capabilities to the warfighter. Source: DoDD5000.52, 1/12/05

People are the most valued resource in the Department of Defense (DoD). Training and leadership skills are critical to a disciplined, accountable, and ethical acquisition process. A high-performing, agile, and ethical acquisition workforce is goal one of the Strategic Goals Implementation Plan developed by the Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L)), that provides strategic direction for the acquisition community. Essential to its achievement is a highly-skilled, professional workforce whose day-to-day contributions are *aligned* with leadership objectives from the White House, Congress, and, through the Secretary of Defense and Deputy Secretary of Defense, the USD (AT&L), the Secretaries of the Military Departments, Service Chiefs, and Acquisition Executives. Their efforts support the needs of the warfighter and contribute to the security and defense of the nation. Numerous workforce accomplishments are described in this chapter.

"I have established as my Number 1 goal to have a 'high performing, agile, and ethical workforce.' To accomplish this we all must be engaged learners. The rapid pace of change with learning concepts and technologies has enabled us to help our workforce learn and be successful on the job by delivering the right knowledge and skills at the point of need."

Ken Krieg

Under Secretary of Defense for Acquisition, Technology and Logistics

Defense Acquisition University's "Powering the Engaged Learner" Annual Report

Strategic planning and performance management is the cornerstone of the workforce transformation effort. The starting point is the strategic plan noted above. The two plans described below ensure a strong civilian workforce able to meet mission challenges today and in the future:

- The Civilian Human Capital Strategic Plan, issued by the Under Secretary of Defense for Personnel and Readiness, guides and informs civilian human resource policies, programs, and initiatives, and in turn aligns with the President's Management Agenda.
- The Acquisition, Technology and Logistics Human Capital Strategic Plan, issued in 2006 and updated in June 2007, sets goals and specific objectives for the acquisition community and ensures that workforce development and management by all Component Acquisition Executives is flexible and consistent across the DoD Enterprise.

Application of these plans guides and informs civilian human resource policies, programs, and initiatives, and in turn aligns with the President's Management Agenda. Workforce performance is aligned down to the individual level during the annual process of setting objectives and measuring performance. For example, every member of the Senior Executive Service (SES) in the office of the Under Secretary of Defense for Acquisition, Technology and Logistics has been trained to identify, formulate, align, and establish clear objectives for their organizations. The Defense Acquisition University has also

implemented a SES Performance Planning Guide for aligning performance expectations of senior executives with acquisition goals.

"Changes in compensation should be the product of performance, not of longevity. Employees aren't rewarded just because they've been around, but based on what they have contributed in support of the mission."

David S. Chu

Under Secretary of Defense for Personnel and Readiness

Defense Acquisition, Technology and Logistics Magazine, May-June 2007

It is essential to have a culture of performance throughout the Enterprise. In this regard, the National Security Personnel System (NSPS) is a contribution-based performance management system similar in many respects to the Acquisition Workforce Personnel Demonstration. Acquisition organizations have successfully adopted NSPS ensuring measurable performance standards and incentives for individuals to achieve full performance. All employees, supervisors, and managers receive classroom and online training to effectively support NSPS. As of June 2007, there have been over 500,000 training instances. The Department began implementing NSPS in "spirals" in April 2006. Spiral 1.2 began in October 2006 and Spiral 1.3 in January 2007. Approximately 155,000 civilians will be converted to NSPS by the end of calendar year 2007.

The Department is deploying an ethical culture through leadership, performance management, and training programs. The National Security Personnel System (NSPS) assesses all managers and supervisors against a standard Leadership Contributing Factor, which expects a high standard of ethical performance and ethical behavior as a minimum baseline. By incorporating ethical behavior as a standard leadership factor, NSPS fosters ethics in the leadership of the entire DoD civilian workforce – not just the acquisition workforce. The Defense Acquisition University provides an Ethics Learning Center of Excellence where rigorous ethics training is integrated with resources, emphasizing value-based and rules-based behavior throughout the DoD acquisition community. Quarterly training seminars are conducted for senior leadership and train-the-trainer workshops are conducted as needed to further enhance DoD's ethical culture.

YOU'RE THE JUDGE
(A Mini Case Study ~ Defense Acquisition University Ethics Training)

Mary Smith served as a contract specialist at the Department of Unknown (DoU) from 12/97 - 11/02. As a full-time Federal employee, she was responsible for overseeing the proposal, award, administration, modification, renewal, and termination of a Soft Co., Inc. contract with the federal government. Soft Co. provided computer technology professionals to the Federal government, on contract for 5 years. The contract expired in 4/03.

Ms. Smith terminated her employment 11/02 and began working for Soft Co. Between 3/03 and 8/03 she met with personnel in her old office several times seeking to extend the terms of the contract that she worked at DoU and tried to persuade DoU to award a contract to her new firm.

~

Yes, Ms. Smith has a problem and committed a crime regarding post-government service employment communication. The law prohibits former Federal personnel from representing someone involving past government employment. The crime was not working for Soft Co. but for using influence to extend the terms of the existing contract. On July 23, 2004, Ms. Smith was sentenced to two years supervised probation, substance abuse treatment, and a special assessment.

The leadership in the Department is aggressively improving oversight of key acquisition leaders to ensure integrity of DoD's acquisition processes. Executing recommendations by a Defense Science Board Task Force, the Department has made a number of changes to protect the integrity of acquisition decisions, with ethics as a core value. The importance of ethics and integrity is communicated and articulated to affect decisions at all levels across the acquisition community, and ethical lapses are not tolerated.

A Senior Executive Service (SES) orientation program, that addresses sustainment of an ethical culture, has been established by the Under Secretary of Defense for Acquisition, Technology and Logistics. Selected senior leaders participate in continuous learning and periodic self, staff, and peer assessments. Since the November 2005 inception of the SES/Senior Leader 360 degree Leadership Feedback process, 73 Senior Leaders were rated by 789 participants. Ethics case studies are conducted in certification training courses to include Program Management tracks, Senior Acquisition, and Executive and Flag Level courses. Senior level ethics seminars are provided quarterly by Defense Acquisition University (DAU) faculty, and staff from the Office of General Counsel, ensuring that compliance and values-based ethics are imparted. Additionally, in Fiscal Year 2007, a train-the-trainer course was conducted for 34 senior ethics leaders to include senior level personnel from the Office of the Secretary of Defense, Military Department General Counsels; and the DAU leadership team and key faculty. The next course is scheduled for July 2007.

Five goals and initiatives are included in the initial Acquisition, Technology and Logistics (AT&L) Human Capital Strategic Plan that have resulted in significant accomplishments and enable an effective, performance-based culture. In June 2007, version 3.0 was published adding a sixth goal with emphasis on "Recruit, Develop, and Retain" for a mission-ready workforce with comprehensive talent management. The Under Secretary of Defense for AT&L engages with senior leadership on human capital issues through the Workforce Senior Steering Board to set overarching policies and requirements for the Workforce, Education, Training, and Career Development Programs. The Steering Board includes the Deputy Under Secretary of Defense for Civilian Personnel Policy, Component Acquisition Executives, and senior acquisition functional leaders. This governance structure provides a strategic focus to facilitate alignment and integrate workforce initiatives. Significant momentum has been generated through this board, enabling the development of new initiatives and the exchange of best practices for performance-based, action-oriented personnel management across the Enterprise.

AT&L HCSP v3.0 GOALS

Goal 1 — Align and fully integrate with overarching DoD human capital initiatives

Goal 2 — Maintain a decentralized execution strategy that recognizes the Component leaders' lead role and responsibility for force planning and workforce management

Goal 3 — Establish a comprehensive, data-driven workforce analysis and decision-making capability

Goal 4 — Provide learning assets at the point of need to support mission-responsive human capital development

Goal 5 — Execute DoD AT&L workforce communications plan that is owned by all AT&L senior leaders (One Team, One Vision, A Common Message, and Integrated Strategies)

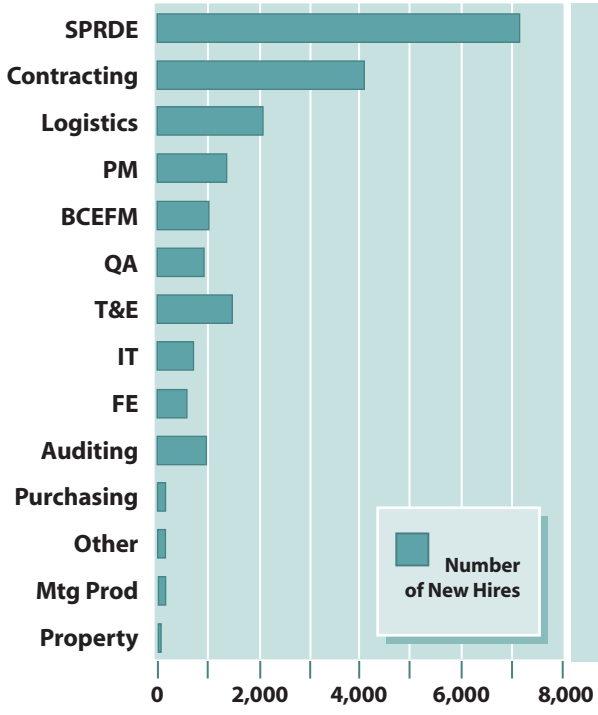
Goal 6 — Recruit, develop, and retain a mission ready workforce through comprehensive talent management

The DoD Acquisition, Technology and Logistics Human Capital Data Green Initiative is improving the reliability, analysis, and transparency of workforce information. A major achievement of the Data

Green Initiative is the Full Operational Capability of the workforce Data Mart, which enables real-time analysis of data and improved confidence in the data centrally collected and submitted to the Defense Manpower Data Center (DMDC). Data is securely transferred from DoD Components to the DMDC using a Secure File Transfer Program server. Leveraging on initial successes from Data Green initiatives, the management information system architecture study is ongoing. Major Component systems such as those in use by the Defense Acquisition University and DMDC, the Defense Civilian Personnel Data System, and other training-related and military systems are being reviewed and analyzed for improved linkage and integration.

A joint competency management initiative has been deployed involving acquisition functional and Component acquisition leaders, field subject matter experts, Defense Acquisition University faculty, and representatives from the Center for Naval Analysis specializing in competency modeling. This effort will result in a standard competency model for each career field in the acquisition workforce. Each model maps the array of competencies and performance criteria required to be successful in the acquisition career field. Contracting and Life Cycle Logistics are 2 of 12 career fields that have updated their competency models. The Contracting Functional Advisor is overseeing pilot assessments based on these models. Competency models for the Program Manager and Property Management are being developed for completion in Fiscal Year 2007. These assessments will assist the Department's senior leaders in implementing workforce strategies while addressing critical skill gaps, as well as targeting new education and training resources. Position Category Descriptions for acquisition career fields have been standardized and updated.

DoD ACQUISITION WORKFORCE CIVILIAN NEW HIRES (FY02-FY06)



DAWIA Career Field	Number of Hires	Percentage of All Hires	Percentage of Career Field
SPRDE	7140	35%	22%
Contracting	4045	20%	17%
Logistics	2083	10%	18%
PM	1338	6%	16%
BCEFM	1007	5%	14%
QA	922	4%	13%
T&E	1455	7%	26%
IT	701	3%	16%
FE	542	3%	14%
Auditing	980	5%	28%
Purchasing	131	1%	8%
Other	157	1%	11%
Mtg Prod	116	1%	9%
Total	20,680	100%	18%

NOTE: Systems Planning, Research, Development and Engineering (SPRDE) has two career fields: Science and Technology Managers and Systems Engineering

The workforce chart demonstrates the categories of recent civilian hires for the DoD Acquisition Workforce over the past five years (Fiscal Year 02 - Fiscal Year 06). Systems Planning, Research, Development and Engineering (SPRDE), Program Management (PM), and Contracting career fields represent the majority of the civilian DoD Acquisition Workforce. Based on years-of-service information data, the Department hired 7,140 individuals in the SPRDE, 1,338 in the PM, and 4,045 in the Contracting career field. These hires represent 22 percent, 16 percent, and 17 percent of the respective functional civilian workforce populations.

In spite of current success, the acquisition workforce acknowledges and is addressing the major challenges regarding new skill sets and the projected loss of experience and knowledge expected from retirements of "Baby Boomers." This issue impacts every employer since half of the national workforce is comprised of "Baby Boomers" and older generations. Civilian personnel in the Department and in the acquisition community represent an aging workforce in which 71 percent and 76 percent respectively comprise these generation categories. As this generation retires, competition between government and Industry for new hires will intensify.

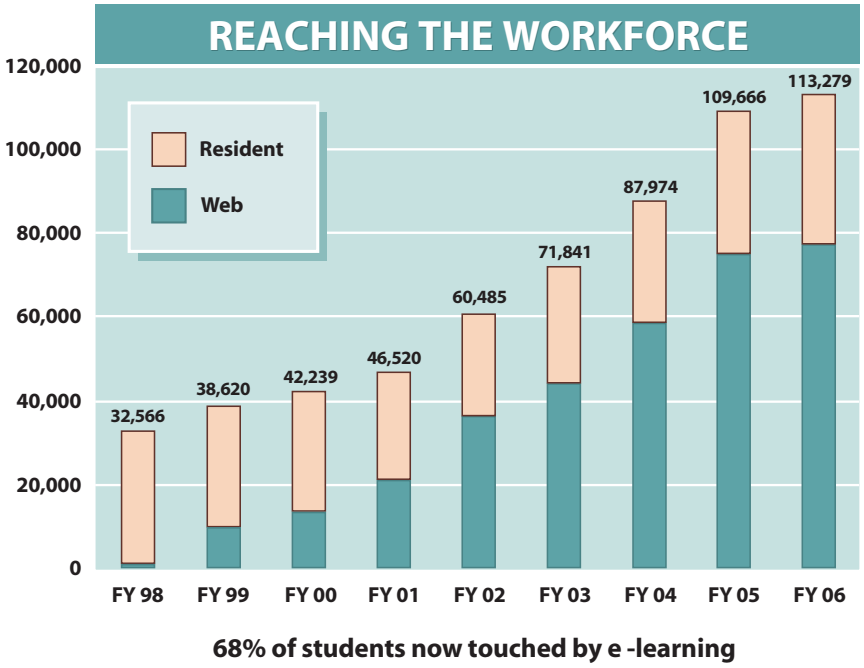
To compete for and retain acquisition talent, the Department is demonstrating that the acquisition workforce is valued. This includes appropriate compensation, development and future career opportunities, managerial development, and providing a world-class work environment. The Department is sending clear and concise communications to recruit highly talented individuals to be members of the acquisition community. Acquisition components have increased their efforts to communicate opportunities through a variety of methods, including the monthly Acquisition, Technology and Logistics e-Letters, Components' acquisition workforce bulletins, Components' newsletters, the weekly Defense Acquisition University Workforce Newsletter, and an Acquisition Community of Practice website to exchange ideas within the federal workforce.

In response to section 853 of the John Warner National Defense Authorization Act for Fiscal Year 2007, "Program Manager Empowerment and Accountability," the Department is developing a strategy to enhance the role of Program Managers in developing and implementing Defense acquisition programs. This strategy will increase opportunities for training and education, mentoring, improved career paths and career opportunities, and incentives for recruitment and retention. The Under Secretary of Defense for Acquisition, Technology and Logistics signed a memorandum on May 25, 2007, to establish an acquisition environment affecting management stability and accountability. This emphasized and amplified existing policy including tenure agreements and qualifications for Program Managers, and established new policy intended to achieve these objectives.

Significant improvements have been applied to the way DoD delivers workforce training and development. The Office of the Under Secretary of Defense for Personnel and Readiness has created a Defense-wide program to modernize structured learning by harnessing the power of information technologies. This program is a collaborative public and private effort to develop standards, tools, and content for the future learning environment. The Advanced Distributed Learning (ADL) initiative envisions access to the most cost-effective quality learning and performance, tailored to individual needs, and delivered anytime and anywhere. The ADL initiative sets standards for the Sharable Content Object Reference Model (SCORM). SCORM is a collection of standards and specifications adapted from multiple sources to provide a comprehensive suite of e-learning capabilities. The Defense Acquisition University (DAU) has developed, deployed, and shared more than 200 SCORM distance and continuous learning modules. In addition, DAU has recently partnered with Joint Forces Command

and unveiled an enhanced version of the Joint Knowledge Online Portal using DAU's SCORM-certified distance learning courses and continuous learning modules. The Learning Management System delivers joint training on DAU's Atlas Pro website.

The combination of the Acquisition, Technology and Logistics Knowledge Sharing System and the Acquisition Community Connection, which includes 38 knowledge communities of practice and 350 workspaces, provides laws, regulations, directives, handbooks, best practices, tools, examples and, links to experts, learning models, and other online learning and knowledge assets on a wide range of acquisition topics. They receive 62,500 site visits and 2,135,000 web page views per week.



The Defense Acquisition University (DAU) brings the "schoolhouse" to the "worksite" and offers a variety of learning and performance assets in a practical learning and performance support environment, through a nationally recognized best practice, the Performance Learning Model (PLM). Unprecedented growth in learning assets has been realized by adopting modular, flexible, and net-centric learning processes. A Core Plus certification framework leverages the PLM and competency management initiatives.

A foundation for the Defense acquisition workforce was enacted in the Defense Acquisition Workforce Improvement Act (DAWIA), Title XII of the National Defense Authorization Act for Fiscal Year 1991, Public Law 101-510, which has improved the effectiveness of personnel to manage and implement Defense acquisition programs. Members of the acquisition community worldwide engage in formal DAWIA training courses, knowledge sharing, continuous learning, performance support, and rapid deployment training. Effective human capital planning and workforce management require uniform identification of the Defense acquisition workforce. The Department updated its standard definition of acquisition workforce positions. The DAWIA workforce definition is based on job responsibilities criteria related to standardized position category descriptions and is consistent with the requirements of Title 10 of United States Code. Regardless of location, if the job responsibilities are predominantly acquisition, the incumbent in the position is counted as part of the DAWIA workforce. A complete revalidation of all acquisition positions is underway. This validation effort will enable improved analysis of the acquisition workforce as well as improved and targeted human capital strategies.

DoD Components have been working collaboratively with the Director of Human Capital Initiatives on evolving the Acquisition, Technology and Logistics Human Capital Strategic Plan. Examples of key initiatives and sharing of workforce development award-winning best practices have evolved from that collaboration:

- The Army Natick Soldier Center (NSC) Strategic Planning involves a broad cross-section of employees throughout the organization. Workforce participation provides hands-on leadership development experience across the organization to many non-supervisory employees.
- The Army NSC Scientist and Engineers Career Development Guide is an online, user-friendly career development guide that helps scientists and engineers manage their own careers. The Guide identifies NSC's career paths and describes mandatory, highly recommended, and recommended career development activities.
- The Army NSC Supervisor's Role as a Coach and Mentor provides NSC workforce members with guidance on how to think strategically about their long-term career development plans and enhanced opportunities for open and honest communications with their supervisors.
- The Navy's Supervisory Skills Development Program is a learning program for Branch Heads and provides a comprehensive working knowledge of the organization, policies, practices, and regulations that govern administrative/managerial duties for the supervision of personnel, projects, ethics, fiscal matters, equal employment, etc.
- The Navy's Academic Development and Professional Certification Policy provides full-time civilian employees incentives to enroll in courses, degree programs, and professional certification programs.
- The Navy's Explorations in Leadership Program allows participants to engage in an action learning challenge team workout process to gain experience while working on real problems.
- The Navy has expanded its acquisition career management program to include Selective Reserve Officers and e-business processes for career management, a position validation tool kit, a Defense Acquisition Workforce Improvement Act operating guide, a management succession program, and a three-year acquisition intern program that recruits 250-300 interns per year.
- The Air Force Acquisition Workforce Human Capital Strategic Planning Update of July 2007 includes significant initiatives such as: Revitalized Acquisition Professional Development Program; Identifying and addressing capability requirements, gaps and shortfalls; Preserving and Rebuilding Critical Skills; and "Back-to-Basics"[2] Training Initiatives.
- The Air Force Electronic Systems Center Competency Framework/Skills Matrix provides a common reference model for the identification of skills needed to develop effective information systems and professionals with proper skills to manage Information Technology (IT) programs using DoD 5000 and IT Lean frameworks. Lean Training was developed for the first two Lean programs for the Air Force.
- The Marine Corps Systems Command Community of Practice Approach adapts the community of practice approach through Functional Integration Teams. By being subject matter experts and providing oversight to respective communities, functional managers are able to provide guidance to command employees that fall within their career field group.
- The Marine Corps Systems Command Training Information Management Database (TIMS) allows the Career Development Team to be able to track information for the customer and support reporting requirements. TIMS can produce budget reporting and data reports on a daily, weekly, monthly, or ad hoc basis.

[2] See Chapter II – Requirements, pg. 30

- The National Geospatial-Intelligence Agency's (NGA) Matrix Program is designed to achieve acquisition's "Now, Next, and After Next" vision. Its purpose is to improve acquisition management; to ensure the workforce develops skills and competencies necessary to make corporate decisions and adapt to fundamental changes in the acquisition environment; and to develop program managers, contracting officer representatives, business managers, and leaders.
- The NGA's Acquisition Contracts (AC) Leadership Development Journey Program promotes individual leadership and professional development as well as networking "best practices" among peers and the AC Senior Leadership Group.
- The Defense Intelligence Agency's acquisition transformation initiative aligns the intelligence community with DoD guidance; re-establishes validity, currency, and effectiveness of the designated billets; updates certification levels and qualifications for incumbents; and incorporates Defense Acquisition Workforce Improvement Act manpower and training process into the human capital management system.

Section 801 of the John Warner National Defense Authorization Act for Fiscal Year 2007, effective on September 30, 2008, requires a DoD member with authority to generate requirements for a major defense acquisition program may not continue to participate in the requirements generation process without successfully completing certification training. Requirements[3] and acquisition communities have critical interdependent roles. In many cases, the individuals who generate requirements are military and other operational personnel who rotate into requirements/acquisition roles and return to operational assignments. Because of their unique career paths, they are not formally in the Defense Acquisition Workforce Improvement Act workforce. However, the Department is developing training for these individuals to effectively enable "Big A"[4] acquisition.

To date, the Department has identified the initial requirements positions that will require the training. A collaborative crosswalk of existing learning assets to competencies has been completed by Joint Chiefs of Staff/J8, Army, Air Force, and the Defense Acquisition University. A continuous learning training model has been initiated for capability based planning. The pilot offering will be conducted by September 2007. In addition, a similar construct is being developed for budget/financial personnel. This strategy will enable requirements and budget/financial personnel to receive appropriate acquisition and requirements training when they are performing these critical acquisition roles.

Effective human capital planning and workforce management requires consideration of the Total Force. The Total Force is defined as active and reserve military members, civilian employees, and support contractors. Support contractors are an integral part of the Department's Total Force. They give the personnel system improved agility to react quickly to changing capability requirements as situations dictate. There are perceptions that the increased use of contracted acquisition support has occurred due to increased workload and reduction of acquisition workforce personnel. In response to this issue, the Department has established a Total Force initiative to enable Components and their subordinate acquisition organizations to understand how, where, and to what extent support contractors are appropriate. The Military Departments and Defense Agencies are providing information regarding their use of support contractors. This data collection process is ongoing and will be used to develop strategic,

[3] See Chapter III – Requirements, pg. 33

[4] Big "A" refers to the entire Defense Acquisition System, which includes workforce, acquisition, requirements, budget, industry, and organization. Small "a" refers to the tactical acquisition process; "how to buy."

data-driven workforce shaping objectives. Strategic total force integration will benefit from this review regarding support contractors and fill critical workforce gaps.

In addition, section 343 of the National Defense Authorization Act for Fiscal Year 2006, "Performance of Certain Work by Federal Government Employees," requires the Secretary of Defense to prescribe guidelines to ensure that consideration is given to use government employees for work that is currently performed or would otherwise be performed under DoD contracts. Appropriate guidelines are being developed for application to decisions regarding use of support contractors.

The most comprehensive review of the DoD acquisition workforce was provided in a report to Congress in June 2007. The Defense Acquisition Structures and Capabilities Review Report was required by section 814 of the National Defense Authorization Act for Fiscal Year 2006. DoD is working with the acquisition community to collectively shape future workforce strategies.

The National Security Personnel System, the Civilian Human Capital Strategic Plan and the Acquisition, Technology and Logistics 2007 Human Capital Strategic Plan continue a dynamic process integrating workforce outcomes that are building a highly effective, performance-based culture striving to attract, retain, motivate, and reward high-performing, top-quality people. The mandate is clear, but there is an urgency to accelerate the pace. Resources should be increased for acquisition workforce training and development to cover expanded capacity and address growing training needs, in particular for requirements, financial/cost, contingency contracting, contract management and test and evaluation communities, and to improve certification levels for all acquisition career fields. Defense leaders are building upon accomplishments that position the workforce for the future. They do so with human capital plans based on the principles of Component-unique force planning and collaboration throughout the community. Most importantly, they are aligned with the Department's overall strategic vision for success in the 21st century.

CHAPTER II

ACQUISITION

Definition: ***Acquisition*** is the conceptualization, initiation, design, development, test, contracting, production, deployment, logistics support, modification, and disposal of weapons and other systems, supplies, or services (including construction) to satisfy DoD needs, intended for use in or in support of military missions. *Source: Defense Acquisition Acronyms and Terms, 12th edition, 7/05*

Based on the mandate of the 2006 Quadrennial Defense Review – to "Implement Now," the leadership in the Department is experimenting with a new governance framework for joint capability development to enable senior leadership to make better informed requirements, acquisition, and programming decisions to provide capabilities to the warfighter. Requirements, technology maturity, and available resources are merging to achieve strategic choices for investment decisions through bounded solutions, portfolio management techniques, and trade-space alternatives. Business practices, rules and procedures provide agility and accountability applicable to the entire Acquisition System for the life of a program.

This chapter provides an update to initiatives identified in the February 2007 Defense Acquisition Transformation Report, broader DoD acquisition initiatives, and an update on the Defense Acquisition Performance Assessment Report recommendations. The Department continues to streamline and simplify the acquisition environment and is focused on predictable performance for weapon and service systems life cycles. Strengthening this alignment is a commitment by the leadership, as is establishing related oversight mechanisms and programs to continually assess and improve performance.

The Acquisition, Technology and Logistics Strategic Goals Implementation Plan has five primary goals associated with the Strategic and Tactical Acquisition Excellence Program. The outcome/success criteria are summarized as follows:

- Acquisition agenda aligned with the Department's core values, policy objectives, joint capability needs, and available resources to attain best value solutions
- Risk outcomes, schedule, and cost were balanced when planning and adjusting portfolios, programs, and procurements
- Acquisition execution improved across the total life cycle through the use of sound business and technical practices
- Customer demands and Warfighter Joint Urgent Operational Needs were promptly and efficiently fulfilled
- Capability was fielded to meet Warfighter needs

In support of the above criteria, the following initiatives are tracked on a quarterly basis:

- Portfolio Management[5] – The Capability Portfolio Management initiative provides a common framework recognizing federated ownership. The concept to create Capability Portfolio

[5] See Chapter III – Requirements, pg. 34

Management was emphasized in recommendations provided to Defense leadership to facilitate strategic choices and improve the ability to make capability trade-offs.

Status:

- Senior-level teams have been established to examine portfolios through Capability Integration Boards.
- Individual programs are being viewed through a capabilities-based decision lens. Successful experiments in portfolio management and data transparency are impacting strategic portfolios, weapon systems, and weapon sustainment choices.
- Supply chain logistics and performance-driven outcomes are achieving realistic capabilities. Weapon system readiness and sustainment modeling are enhancing readiness outcomes.
- Industry-driven, competitive solutions and results, rather than methods of performance, are being encouraged.
- Four pilot initiatives for Capability Portfolio Management are: the Joint Command and Control program, the Joint Net-Centric Operations program, Battlespace Awareness, and Joint Logistics. All of these initiatives are focused on the Deputy Secretary of Defense tasking for strategic objectives, capability mix, dependencies on other portfolios, and performance metrics.

- Concept Decision – Concept Decision Reviews provide a framework for strategic investment decisions based on capability trade space discussions for specific pilot concepts. They revolve around a Tri-Chair Concept Decision Committee represented by the Defense Acquisition Executive, the Vice Chairman of the Joint Chiefs of Staff, and the Director of Program Analysis and Evaluation. The Tri-Chair Concept Decision Review is conducted in an open and transparent manner with the Component Acquisition Executives, Military Department Vice Chiefs/Deputy Commandant, and Office of the Secretary of Defense Principals.

  Status:

  - Progress has continued on four pilots for Concept Decision as a result of Tri-Chair Concept Decision Reviews: the Joint Lightweight Tactical Mobility program, the Integrated Air and Missile Defense program, the Global Strike Raid Scenario, and the Joint Rapid Scenario Generation program. All four pilots are planned for completion in calendar year 2007. Additionally, the Joint Air-to-Ground Missile program was added as a "quick-look" Concept Decision during this reporting period.

- Synchronization of Existing Processes – Time management has been proactively addressed to synchronize meetings and leverage information.

  Status:

  - Four meetings being synchronized this reporting period are the Defense Acquisition Executive Summary Review, chaired by the Deputy Under Secretary of Defense for Acquisition and Technology; the Joint Requirements Oversight Council, chaired by the Vice Chairman of the Joint Chiefs of Staff; the Overarching Integrated Product Team, chaired by the Director of Portfolio Systems Acquisition; and Product Support Reviews, chaired by the Director of Systems and Software Engineering.
  - Synchronization provides unique perspectives for oversight and insight of Acquisition Category (ACAT) I programs and enables the Office of the Secretary of Defense and the Joint Staff to review over ten ACAT I programs each month.

- Investment Balance Reviews (IBRs) – These reviews represent the products of Concept Decisions as well as provide the Defense Acquisition Executive the opportunity to make course corrections in the direction of marginal performance during the life cycle of the program.

  Status:

  - IBRs are applied to the pilot and experimental stages to assess benefits and costs for conducting meetings throughout the acquisition life cycle.
  - IBRs applied to the Joint Air-to-Ground Missile Concept Decision pilot converged decision-making for requirements, technology, and resources using offsets provided by the Military Departments to fund the program over the Future Years Defense Program.

- Risk-Based Source Selection (RBSS) – The Director of Defense Procurement and Acquisition Policy is leading the RBSS Process Working Group to manage program risk at the beginning of a program and continue through source selection and into execution. The process identifies and quantifies risks, informing requirements development and cost estimation, and improves the assessment of contractor proposals. RBSS techniques enhance the quality of Requests for Proposals to improve the technical information to make DoD a "smarter buyer." Management metrics and associated acquisition decision performance measures established Department-wide are improving quality, speed, and effectiveness of the source selection process.

  Status:

  - RBSS provides a tool kit for Acquisition Excellence. Business rules have been designed and case study reviews provide assessments of the validity of the rules.

- Award-Incentive Fee Policy – The Director of Defense Procurement and Acquisition Policy issued two memoranda on Award Fee and Incentives Policy on April 24, 2007.

  Status:

  - The Proper Use of Award Fee Contracts and Award Fee Provisions memorandum issues DoD policy requiring objective criteria to measure contract performance. It designates standard performance rating levels to be used in all award fee plans, provides a range of award fee pool earned percentages associated with each of those levels, and requires a determination and finding, signed by the Head of the Contracting Activity, whenever a pure cost-plus-fixed fee contract is to be used. These policies are applicable to all solicitations issued commencing in August 2007.
  - The Award and Incentive Fees Data Collection memorandum levies a requirement for the Military Departments and Defense Agencies to collect relevant data on award and incentive fees paid to contractors and to have mechanisms in place to evaluate such data on a regular basis.

"The Department of Defense acquisition team strives to provide our warfighters the support they need, consistent with responsible management and stewardship to our taxpayers. We strive to effect timely acquisition planning, contract execution and responsible contract management oversight in order to provide our marines, airmen, and sailors with the safest, most dependable, and highest performing equipment available within fiscal constraints, together with the logistics and materiel support necessary to ensure performance whenever, and wherever they are needed."

Shay Assad

Director, Defense Procurement and Acquisition Policy

Senate Armed Services Committee Testimony, January 31, 2007

- A draft interim rule is being considered to incorporate policies issued in the April 24, 2007 memoranda into the Defense Federal Acquisition Regulation Supplement.

- Acquisition of Services Policy – The Department's policy for Acquisition of Services ensures executive reviews at every level and implements best practices from planning through execution. There has been significant progress since the February 2007 Defense Acquisition Transformation Report.

  Status:

  - All Agency Directors and Commanders have issued policies and identified decision authorities for Acquisition of Services in Category I and II programs.
  - The Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) has approved decision authorities identified by Component Directors, Commanders, and Senior Officials within the Military Departments and they have taken similar action within their organizations.
  - The Director of Defense Procurement and Acquisition Policy is reviewing all service initiatives with an estimated investment greater than $1 billion.
  - The Assistant Secretary of Defense for Networks and Information Integration is reviewing Information Technology service initiatives greater than $500 million.
  - The Acquisition of Services policy is being institutionalized as part of the ongoing update of DoD Instruction 5000.2.

- Systems Engineering Excellence – Meeting the challenge to develop and maintain warfighting capabilities, the Department has created a Systems and Software Engineering Center of Excellence and published policy guidance documents to assist the acquisition workforce in the development of systems engineering plans, education, and training.

  Status:

  - This policy guidance institutionalizes best practices, applies performance incentives, and makes systems and software engineering significant factors in the acquisition process.
  - Inherent in this mission is continuous review and improvement of systems and software engineering processes and practices to strengthen technical planning and execution in acquisition programs.
  - In conjunction with the Defense Acquisition University, the Software Engineering Center of Excellence has created new courses for systems engineers and strengthened certification requirements.
  - The Office of the Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) has organized support teams for program managers to conduct multi-disciplinary, cross-functional reviews of programs, focusing on engineering plans, technical issues, risks, and mitigation recommendations.
  - The Software Engineering and System Assurance Organization supports major acquisition programs by providing the foundation for software and system assurance policies and practice improvement strategies. The Organization is sponsoring a series of community workshops involving the Department, Industry, and academia.
  - This initiative continues to broaden during this reporting period with the inclusion of Software Assurance as part of the Software Engineering directorate. The inclusion of software highlights the dependency of the Department's major systems on software performance as an integrated system of systems.

- Systems and Software Engineering Center of Excellence provided major leadership in the Nunn-McCurdy certification process with Risk Management Assessments and Technical Mitigation Plans. This was pivotal for the Expeditionary Fighting Vehicle, the C-130 Avionics Modernization Program, and the Warfighter Information Network-Tactical program, in particular.

- Revitalization of Development Test and Evaluation[6] – Underpinning the Systems and Software Engineering Center of Excellence activity, the Department continues the revitalization of its Developmental Test and Evaluation (DT&E) efforts.

  Status:

  - The Office of the Under Secretary of Defense for Acquisition, Technology and Logistics established a Defense Science Board review on April 30, 2007, to examine the organizational roles and responsibilities for DT&E oversight, recommend changes to established statutory and regulatory authority, and suggest improvements in DT&E to improve the likelihood of successful Initial Operational Test & Evaluation.
  - In addition, DT&E guidance and courses continue to be reviewed and updated as the revitalization effort progresses. Program support teams are assisting program managers in developing DT&E strategies and master plans.

- Continuous Process Improvement (CPI) and Lean Six Sigma[7] (LSS) – The Under Secretary of Defense for Acquisition, Technology and Logistics (AT&L) championed the LSS project to eliminate the Integrating Integrated Product Team (IIPT) as a standard requirement in preparation for a Defense Acquisition Board (DAB) review. An intensive effort is underway with the full support of the Department's leadership to affect the "will to change."

  Status:

  - CPI is using the LSS methodology to achieve transformation and to analyze how the government does business.
  - A memorandum signed on August 22, 2006, officially accepted the LSS recommendations and began implementation. This included the elimination of IIPTs in preparation for DAB reviews.
  - Individuals directly affected by this process are using a robust set of tools, methodologies, and metrics to do self-analysis, planning, and execution of the improvement process. LSS has been applied successfully to Industry and is equally applicable to government. It has the endorsement of the Department's leadership at the highest levels.
  - The Department has initiated a DoD-wide system to recognize organizations and individuals who are leaders in the CPI movement.
  - This DoD-wide focus on CPI, applying LSS, is resulting in numerous individual success stories which show the value of CPI.
  - Process optimization and LSS improvements have continued for the Defense Acquisition Board and Integrated Product Team meetings with a focus on streamlining and simplifying decision-making.
  - CPI is the major focus and provides a framework to improve the performance of meetings on a continuous basis.

[6] See Chapter III – Requirements, pg. 36
[7] See Chapter VI – Organization, pg. 55

- Restructured Defense Acquisition Executive Summary (DAES) Reviews and Defense Acquisition Management Information Retrieval (DAMIR)[8] Shared Resources – The purpose of the restructuring effort is to ensure effective program management with predictable acquisition outcomes, consistent with user requirements, and to establish an analytical foundation. Key elements of the effort include improved assessment of risk, identifying leading metrics, and consideration of risk mitigation plans during monthly DAES reviews. This review process ensures that the Department's senior acquisition leaders have visibility into all 89 Major Defense Acquisition Programs (MDAPs) on a quarterly basis. The process facilitates input from and participation by the Senior Acquisition Executives and the Department's functional stakeholders.

  Status:

  - This initiative continued to gain traction during this reporting period. The DAES addresses all MDAPs using open and transparent DAMIR data and directs trade-off decisions for requirements change considerations first before schedule and cost change considerations. DAMIR data is to be completely transparent between the Office of the Secretary of Defense and the Military Departments by the end of the fourth quarter of 2007.
  - The DAES review process was further improved during this reporting period to include the addition of the Acquisition Program Baseline assessment; the quad chart for Cost Drivers that are Key Performance Parameters; and Knowledge, Skills, and Abilities Performance Thresholds that affect Technology Maturity; Average Procurement Unit Costs and Program Acquisition Unit Costs; and the Program Dependency Summary.
  - DAES meetings were conducted on approximately 20 programs during this reporting period and provided valuable insight and corrective decision-making for performance issues and risk mitigation.

- Capital Accounts[9] – The Department established Capital Accounts in the Fiscal Year 2008 President's budget as a financial initiative designed to provide stable budgeting and to institutionalize accountability for acquisition programs at all levels of program responsibility.

  Status:

  - Three pilot programs were proposed as Capital Accounts in the budget: the General Funds Enterprise Business System (Army), the Joint High Speed Vessel Program (Navy/Army), and the Combat Search and Rescue Block 0 Program (Air Force).
  - General business rules and agreements for each program have been developed and will take effect when Congress approves funding for the pilots.

- Life Cycle Management – Enterprise Weapon Systems Life Cycle Management reporting is an important Enterprise-level initiative supporting systems engineering, software engineering, and developmental test and evaluation to enhance core competencies transformation.

  Status:

  - Life Cycle Management principles have effectively integrated into Department-wide "Milestone" acquisition and sustainment processes, including readiness, outcome-based performance, and life cycle sustainment considerations, applying the following policies:

[8] See Chapter IV – Budget, pg. 42
[9] See Chapter IV – Budget, pg. 43

- Include non-exclusive intellectual property rights and compete components and products based on end-of-life status
- Achieve materiel readiness standards for major weapon systems or equipment end-items throughout their life cycles
- Consider total ownership costs included in contract cost provisions and sustainment metrics
- Incorporate diagnostic and predictive monitoring systems and metrics to all high-cost failure critical components of all acquisition programs
- Identify performance of equipment in the post-production phase of acquisition systems to identify major readiness degraders (e.g., reliability, cycle time, and cost) and corrective engineering and/or maintenance servicing

- Sustainment Excellence – Consider life cycle availability, reliability, cycle time, and cost governing sustainment and acquisition.

  Status:

  - Formed Acquisition, Technology and Logistics "Tiger Teams" composed of Senior Executive Service representatives from Logistics and Materiel Readiness, Materiel Readiness and Maintenance Policy, Defense Procurement and Acquisition Policy, Acquisition and Technology Program Analysis and Evaluation, Personnel and Readiness, Military Department Representatives, Acquisition Resources and Analysis, and the Defense Contract Management Agency to frame strategy and programs to implement policies.

The Director of Defense Research and Engineering (R&E) continues to institutionalize in policy and in practice the processes for determining technology maturity in acquisition programs. Cost, schedule, and performance concerns point to the need to understand and evaluate the maturity of critical technologies in major systems. The Director has the lead in integrating this philosophy into acquisition decision-making. For over five years, the office of R&E has provided technical assessments and advice to the Defense Acquisition Board for consideration in acquisition decisions. Recently the Director's role was expanded to provide advice and support to the Joint Staff through "quick-look" technology evaluations. The intent of the evaluations is to provide technological insight earlier in the requirements generation process.

The Defense Intelligence Agency is replacing its contract writing system to achieve clear financial audit options through the Contract Management System (CMS), providing automated support to contracting professionals, Contracting Officer Representatives, and Government-wide Commercial Purchase Card holders. This effort is being accomplished by the commitment of leaders and managers to implement reliable acquisition processes and support systems that achieve clean financial audit options. The CMS is being integrated with financial and logistical systems to provide the acquisition workforce and contracting professionals a solid foundation to achieve a responsive, customer-focused capability that leverages technology and collection of expertise to:

- Provide appropriate levels of government oversight expenditures
- Produce high quality acquisition decisions and documents

- Perform life cycle acquisition and contracting responsibilities, maintaining an automated contract file record of those activities
- Ensure collection and reporting of accurate "end-to-end" acquisition data for financial management and accounting purposes
- Provide acquisition pipeline visibility and accountability
- Provide valid acquisition and contracting data as the basis for performance metrics

The Defense Acquisition Executive (DAE) Pilot program was established in support of Quadrennial Defense Review initiatives to increase agile and adaptive acquisition process options to support the joint warfighter. The DAE Pilot uses Research, Development, Test and Evaluation; Procurement; and Operations and Maintenance funding to create an acquisition path for "joint peculiar" programs that do not have a traditional Military Department or Defense Agency program of record. The program also demonstrates incremental acquisition concepts with a goal of prioritizing joint and transformational capabilities to be deployed quickly to the warfighter. In its first year of operation, the DAE Pilot program was used to transition the Joint Automated Deep Operations Coordination System. This capability supports over 900 workstations at four Combatant Commands and integrates 20 Military Department/Defense Agency Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance systems for critical joint and coalition strike planning since 2003.

The Offices of Acquisition Resources and Analysis and Business Transformation are developing a Service-oriented Architecture approach to provide a broad spectrum of acquisition information and insights for Department decision-makers. The initial step is to identify and define data elements resident in Department-wide authoritative sources. These individual elements provide acquisition-related information and insights that decision-makers need to meet warfighter needs and to be good stewards of Defense resources. To establish this framework, a notional system and a data map that aligns existing systems have been documented. As the effort progresses, these offices develop and test data threads, identify gaps, and determine authoritative sources to support acquisition decisions.

The Army Acquisition Executive (AAE) established a collaborative relationship with the Army Materiel Command (AMC) to improve the Army's Life Cycle Management (LCM) process. Commodity-focused teams made up of members of both the AMC and the Assistant Secretary of the Army communities are developing, producing, and supporting the best possible products for the warfighter. The AAE vision of the LCM initiative is, *"working together to innovatively design, develop, deliver, sustain, and continuously improve world class equipment and services."*

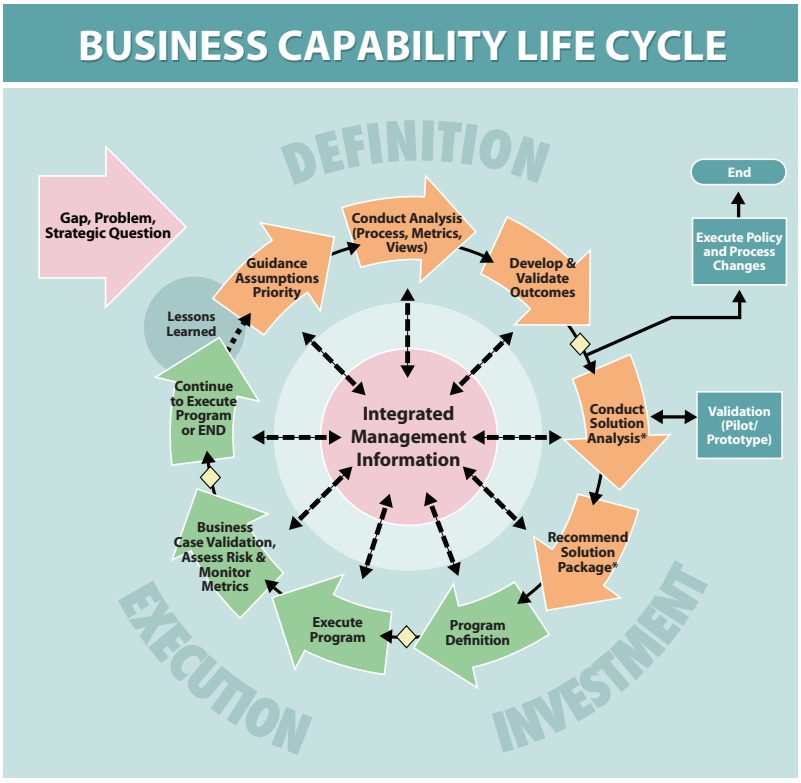
The System Metric and Reporting Tool (SMART) is a web application that provides program portfolio management and real-time data access. The system can be accessed from any personal computer with internet access. Air Force and DoD decision-makers – at all levels – have access to required acquisition information through SMART. The acquisition community has made great progress over the past several years as it moves toward an integrated business environment supported by a workspace on the Air Force Portal that provides Enterprise capabilities, an integrated tool set, and current, reliable information. This information is collected from authoritative sources, integrated, and displayed to support the task at hand, and is being used during program reviews with great success. Productive collaboration results from communication and the ability to track on-going activities and developing issues.

With more than 7,000 users, the System Metric and Reporting Tool (SMART) is a valuable authoritative source of information and continues to grow to support acquisition professionals at all levels. SMART provides a picture of program and portfolio health and is logically at the center of the acquisition community's information space. SMART integrates information from other authoritative sources, such as the Comprehensive Cost and Requirements System financial application, to provide a complete program picture.

The Business Capability Life Cycle (BCL) represents an approach to acquisition that emphasizes rigorous analysis of requirements and consideration of feasible solutions prior to funding a business information technology system. BCL addresses fielding commercial off-the-shelf applications to provide new or enhanced business capabilities. It is keeping pace with private industry by requiring programs to deliver initial operational capability into the hands of the users within 12-18 months and no more than 24 months of contract award, or face termination. In May 2007, the Under Secretary of Defense for Acquisition, Technology and Logistics approved the BCL approach for DoD implementation. The Office of Business Transformation and the Business Transformation Agency have been directed to refine the approach and to be ready to use BCL as the single governance framework for acquisition approval by Fall 2007.

The Business Capability Life Cycle has three phases:

- Definition: Identify the root cause of the problem and determine holistic solutions and recommend the problem statement, solution, objectives, metrics, and intended outcomes for presentation to the Investment Review Board
- Investment: Conduct a detailed analysis of alternatives, including a business case, and document and recommend a solution, augmented by acquisition and contracting strategy
- Execution: Develop and field the capability and revalidate the business case at each key program event for the program to continue on cost, on schedule, and within performance parameters



At each of the Business Capability Life Cycle phases the business case is presented to the Investment Review Board (IRB) and the Defense Business Systems Management Committee (DBSMC)[10] for endorsement to proceed to the next phase and eventually for final determination. Enterprise Risk Assessment Methodology assessments are conducted during the Investment and Execution phases, based on specific program needs. If there are scope problems or cost increases, the case is resubmitted to the IRB and DBSMC to rule on the decision to proceed.

Enterprise Risk Assessment Methodology (ERAM) is a collaborative assessment focused on identifying and resolving risk as early as possible at any point in the Major Automated Information System program life cycle. ERAM is an important part of the Business Capability Life Cycle process, providing periodic reviews. ERAM engages accountable, functional sponsors within the Business Mission Area, the system program office, experts from the acquisition community, and advisors from the Business Transformation Agency. An ERAM team reviews existing program documentation and conducts face-to-face interviews that span the program stakeholder community, from top-level managers to system users. With this information, the team evaluates program risk and quickly delivers a risk mitigation plan addressing seven key areas: 1) People, 2) Strategy, 3) Technology, 4) Scope/Requirements, 5) Process, 6) External, and 7) Contracts.

Risk management is part of project management. To minimize the risk inherent in any project, it is necessary to plan for its occurrence during project planning. After the risks are identified, the probability of their occurrence is delineated. The probability of risk versus the impact can be shown graphically via a risk "cube," where the probability or likelihood of the risk is on the "y" axis and the impact or consequence of the risk is on the "x" axis. This allows project managers to make better decisions by assessing the probability of risk and to formulate risk mitigation plans prior to the occurrence of a potentially negative event.

The Army is improving the internal reporting and risk management through the Probability of Success Report, developed by the Defense Acquisition University, with Industry and government representative participation. Probability of Success Reports measure cost, schedule, performance, and program risk and allow the Program Manager to analyze internal quantitative and external qualitative metrics via an algorithm that assigns numerical value for each sub-factor. The sub-factor assessments are consolidated to their primary factor, covering the areas of requirements, resources, execution, program fit, and program advocacy. Probability of Success Reports enhance executive insight and decisions by conveying the Program Manager's assessment of program health and the likelihood of program success.

Probability of Success applies to all Acquisition Category (ACAT) I and II Army programs and is the central program review tool for all ACAT I and II programs. Reports are submitted monthly and reviewed by Army staff and leadership. Elements of these reports feed the Defense Acquisition Executive Summary reports submitted to the Office of the Secretary of Defense.

The Army has initiated a validation study of these reports to determine how well the guidance is being followed and to determine the following: whether supplemental information is necessary, whether metrics are adequate, and where additions/modifications are needed. The validation study is being accomplished in five stages and recommended improvements are to be presented to the Army Acquisition Executive.

[10] See Chapter VI – Organization, pg. 52

"Air Force moves to lower acquisition risk and away from technology's lure."

Sue Payton

Assistant Secretary of the Air Force for Acquisition
Air Force Acquisition Executive

Defense Daily, May 23, 2007

The Air Force Probability of Program Success (PoPS) initiative is a consistent, repeatable methodology in today's acquisition environment that assesses acquisition program risks. The Air Force developed a risk methodology that considers all the various risk sources that threaten the outcome of an acquisition program. The PoPS initiative was designed to improve the Air Force's ability to accurately assess a program's ability to succeed and represent that success to its leadership. Emphasis was placed on developing an objective and quantifiable measure of risk to make program management decisions. During the development of this measure, the Army's Probability of Success model was leveraged and used as the primary basis for the Air Force PoPS methodology.

The Probability of Program Success (PoPS) initiative takes an integrated view of risk consisting of five top-level risk factors. These include program requirements, execution, resources, programs that fit capabilities and stakeholder advocacy. Metrics and factors are aggregated in a single "windshield" chart for program display. This data is used by senior Air Force acquisition leaders to obtain a more holistic understanding of the risks impacting programs. The PoPS methodology was recently completed and released to the field.

Performance-Based Logistics (PBL) is a concept that proposes that all logistics support elements be incorporated within the Performance-Based Business Environment (PBBE). PBL includes flexible sustainment, but also incorporates direct vendor delivery, technology insertion, reliability-centered maintenance, process improvement, business re-engineering, and public/private partnering and teaming. PBL can also be applied to fielded/legacy systems as well as new acquisitions. The basis of PBL is establishing logistics performance requirements and contractual incentives to mitigate obsolescence and lower the cost of ownership. The Quadrennial Defense Review directed that PBL should be implemented Department-wide so that weapon systems achieve the greatest battlefield impact while reducing the response time for maintenance and repair.

The Army's Performance-Based Logistics (PBL) supporting strategy for weapon systems includes:

- Establishing a governance/oversight structure through an Integrated Process Team including representation from the acquisition, sustainment, and warfighter communities
- Promulgating policy and procedures in Army regulations and pamphlets
- Producing an automated reporting tool allowing the Army to maintain, update, and report status of implementation
- Applying to 134 programs across all Acquisition Category levels (32 programs are in place and 102 programs are pending PBLs)

The Army Acquisition Executive has instituted a requirement that Program Managers review the termination criteria and cost of a program at Milestone decisions and any program baseline event. The requirement for termination criteria and cost provides insight into the true risk and cost associated with each decision and informs the decision-maker in advance of the practical stopping points in the

program should they need to cease operations. The decision includes the cost of termination, the cost of sustainment for fielding , the impact on personnel and other acquisition programs, and the impact on international agreements.

National Security Space systems have a long history of outstanding performance that is crucial to national interests. A "mission success" approach to the timely and cost effective fielding of National Security Space capabilities is essential to support the warfighter. A "Back to Basics" philosophy implements a Block Approach for Space Acquisition. It is the cornerstone to improve space acquisitions based on an incremental delivery strategy, providing initial capability based on proven technologies, while concurrently investing in science and technology and technology development to support later blocks. In this way, risk is strategically apportioned across blocks based on technical maturity and fiscal constraints. The level of capability delivered in each block will vary by program and an Acquisition Program Baseline must be developed and approved for each block. There are a number of elements for specific blocks:

"…we need to continue to work, in both the planning and execution phases, to stabilize and align requirements and resources, reinforce systems engineering principles, and improve our management processes, to include risk assessments and mitigation."

Ronald M. Sega

DoD Executive Agent for Space

Memorandum, March 14, 2007

- Describing incremental delivery plans
- Delivering an initial capability faster
- Identifying critical technologies and presenting a technology roadmap that aligns with the proposed block delivery plan
- Identifying risks early and update often
- Estimating a reliable budget start with reliable cost estimates

The Defense Acquisition Performance Assessment (DAPA) Project Report; The Defense Science Board 2005 Summer Study: "Transformation: A Progress Assessment Vol II" (dated April 2006); The Center for Strategic and International Studies Report: "Beyond Goldwater Nichols: U.S. Government and Defense Reform for a New Strategic Era;" and "The 2006 Quadrennial Defense Review (QDR) Report," form a nucleus of recommendations to consider for acquisition excellence. The CSIS and DSB Reports present similar recommendations to those in the DAPA Report and will be assessed in more detail elsewhere. The DAPA Report identified forty-five recommendations, ten of which are duplicative for a net thirty-five. Of those, thirteen were addressed in the February 2007 Defense Acquisition Transformation Report. An additional eleven DAPA recommendations are being addressed in this report and are mapped into the Acquisition, Technology and Logistics Strategic Goals Implementation Plan for tracking purposes. Therefore, twenty-four of the total thirty-five DAPA recommendations have been addressed to date.

The eleven Defense Acquisition Performance Assessment recommendations being addressed in this report are summarized as follows:

DAPA Category	Recommendation/Assessment
Workforce	• Tracking and placement of a talent pool system is managed by the DoD White House Liaison Office. The Deputy Under Secretary of Defense for Acquisition and Technology (DUSD (A&T)) believes that this satisfies the Defense Acquisition Performance Assessment (DAPA) Project recommendation. *DAPA recommendation complete.* • Increasing federal employment through Total Force Integration reviews regarding support contractors and critical workforce gaps is addressed on page 16. *DAPA recommendation complete.* • Addressing the issue of a consistent definition of Workforce -- to include Budget and Requirements personnel -- is addressed on page 14. *DAPA recommendation complete.*
Acquisition	• Conducting cross checks with the Defense Acquisition Executive decision at the contract award Milestone B Preliminary Design Review (PDR) has been coordinated and agreed upon with the Military Departments. Additional initiatives, of a related nature, involve carrying two competitors through PDR and Critical Design Review or Milestone C for source selection improvement and increased competition. *DAPA recommendation complete*. • Changing DoD 5000 for Test and Evaluation Master Plan and Initial Operational Test and Evaluation before Milestone B exists in DoD Instruction 5000.2. The existing policy bridges the time from Milestone B to Initial Operational Capability. *DAPA recommendation complete.* • Addressing Program Manager continuity from Milestone B to Low Rate Initial Production is directed in a May 27, 2007 memorandum from Acquisition, Technology and Logistics (AT&L) to the Military Departments and Defense Agencies. USD (AT&L) Program Management Agreements (PMAs) are directed to be established in the form of a contract between the Program Manager and the acquisition and requirements/resource officials. The PMAs are designed to document a Program Manager's annual plan for consistency and accountability, with existing policy for the major milestone closest to four years, subject to an exceptional circumstance waiver. These policies are designed to increase leadership stability and enhance management accountability. *DAPA recommendation complete.*
Requirements	• Improving the transition from Developmental Test to Operational Test, the Director of Operational Test and Evaluation (OT&E) and the DUSD (A&T) have teamed with their respective organizations to improve the integration of increasingly complex systems. The DUSD (A&T) will conduct an independent Assessment of Operational Test Readiness (AOTR) for all Acquisition Category ID Programs and special interest programs designated by the Under Secretary of Defense for AT&L. The AOTR Report will be considered by the Component Acquisition Executive for determination of materiel system readiness for Initial OT&E. This initiative has been documented in a Memorandum for the Record dated May 21, 2007 and was co-signed by the Director of OT&E and the DUSD (A&T). *DAPA recommendation complete.*
Budget	• Reducing incidence of program funding reduction relates to the Capital Accounts initiative addressed in Chapter IV, page 43. In addition, as programs are stabilized with technology maturity and firm requirements, predictable performance will be considered achievable and an associated positive consequence will be stable funding. *DAPA recommendation complete.* • Adjusting program estimates to reflect high confidence has been implemented by the Defense Acquisition Executive. Cost Analysis Improvement Group estimates continue to be given greater weight in decision-making, resulting in higher confidence. *DAPA recommendation complete.*
Industry	• Establishing a Blue Ribbon Panel for small/large non-traditional companies and defense contractors has been identified in the AT&L Strategic Plan and is consistent with this recommendation. *DAPA recommendation complete.*
Organization	• Participating in the Joint Requirements Oversight Council (JROC) is constructive and useful for building trust and integrity. Formal AT&L membership in the JROC is not considered productive or consistent with the JROC purpose at this stage.

A Roadmap of the above eleven Defense Acquisition Performance Assessment recommendations to the Acquisition, Technology and Logistics Strategic Goals Implementation Plan is being completed. The Department is streamlining and simplifying the acquisition environment and is focusing on organizational policy, communication, and utility throughout the weapon and service systems life cycles. The leadership is committed to strengthening this alignment and establishing related oversight mechanisms and programs to continually assess the policy implementation.

CHAPTER III

REQUIREMENTS

Definition: ***Requirements*** are the need or demand for personnel, equipment, facilities, other resources, or services, by specified quantities for specific periods of time or at a specified time. For use in budgeting, item requirements should be screened as to individual priority and approved in the light of total available budget resources. *Source: Defense Acquisition Acronyms and Terms, 12th edition, 7/05*

Clearly defined and stable requirements are critical to provide capability needs "on time and on cost." Numerous activities are underway to improve the requirements process, to respond to immediate warfighting needs, and to anticipate and provide for long-term capabilities. The acquisition community is aligned in this effort to be more efficient and responsive and, at the same time, to be thorough in reviewing and tracking the process.

The Joint Rapid Acquisition Cell (JRAC) is ensuring that the joint and immediate needs of the Combatant Commands are expeditiously reviewed, validated, funded, fielded, and sustained. The JRAC is the single point of contact within the Office of the Secretary of Defense for meeting joint immediate warfighter needs, tracking the timeliness of these actions, and facilitating coordination with other government agencies. As of May 2007, the JRAC has supported 25 projects valued at $343.1 million, including biometrics identification, ground based electronic combat devices, signals intelligence, and satellite communication systems. The goal of the JRAC is to respond to immediate joint warfighter needs within 120 days, although some materiel solutions may extend up to two years. The JRAC also administers the Rapid Acquisition Authority ((RAA) section 806 of Public Law 107-314, as amended by section 811 of Public Law 108-375) granted to the Secretary of Defense by Congress. Use of this authority is limited to an aggregated amount of not more than $100 million during any fiscal year. Using the RAA, in the circumstances defined by the statute, the Secretary of Defense can waive laws, policies, directives, and regulations dealing with establishment of requirements, research, development, testing and evaluation, and procurement, other than those imposing criminal or civil penalties, to acquire critical equipment identified by the RAA determination. The RAA's goal is to award a contract within 15 days.

The Joint Requirements Oversight Council (JROC), chaired by the Vice Chairman of the Joint Chiefs of Staff, is an advisory body to the Chairman of the Joint Chiefs of Staff and advises on the validity of mission needs and develops recommended joint priorities for approved needs. It validates performance objectives and thresholds in support of the Defense Acquisition Board. Council members include the Vice Chiefs of the Army, Navy, and Air Force, and the Assistant Commandant of the Marine Corps. The JROC has had greater involvement by the Combatant Commands throughout the requirements process. This year, over 75 percent of the JROC meetings included one or more Combatant Command flag officer representatives.

The Joint Requirements Oversight Council (JROC) is engaging the acquisition community earlier in the requirements process to improve decisions and enhance oversight of acquisition programs. The JROC is performing an enhanced assessment of proposed capabilities and weapon systems by considering not

only the Key Performance Parameters, but also technology, cost, and schedule risks. These assessments ensure that warfighter needs are realistic and that cost and schedule risks are reasonable. The JROC also considers overall affordability of a weapon system before approving performance requirements. Finally, the JROC has created a "watch list" of weapon system programs experiencing cost growth greater than 5 percent and a "trip wire list" of programs experiencing cost growth of greater than 10 percent. These programs will come back to the JROC for an evaluation of performance criteria and their impact on cost growth.

The Capability Portfolio Management initiative provides a common framework recognizing federated ownership. Senior-level teams have been established to examine capability portfolios through Capability Integration Boards. Individual programs are being viewed through a capabilities-based decision lens. Successful experiments in portfolio management and data transparency are impacting strategic portfolios, weapon systems, and weapon sustainment choices. Supply chain logistics and performance-driven outcomes are achieving realistic capabilities. Weapon system readiness and sustainment modeling are enhancing readiness outcomes. A principal objective is to encourage industry driven, competitive solutions and results, rather than methods of performance.

The concept to create Capability Portfolio Management has been emphasized in recommendations provided to Defense leadership as a manner to facilitate strategic choices and improve the ability to make capability trade-offs. One approach being explored is joint Capability Portfolio Management. The Deputy Secretary of Defense authorized "Capability Portfolio Management Test Case Roles, Responsibilities, Authorities, and Approaches" based on the Quadrennial Defense Review and Strategic Planning Guidance to focus on the ability of the Department to make capability trade-offs. Joint capability portfolios allow the Department to shift to an output-focused model that enables progress to be measured from strategy to outcomes. Delivering needed capabilities to the joint warfighter more rapidly and efficiently is the ultimate criterion for success. To reach this goal, the Deputy's Advisory Working Group[11] has selected four capability test cases: Joint Command and Control, Joint Net-Centric Operations, Battle Space Awareness, and Joint Logistics. A Command and Control Configuration Integration Board provides further harmonization and synchronization between the experimental Joint Command's Control and Joint Net-Centric Operations groups.

"Army Acquisition is transforming to get products to the soldier faster, to make good products even better, to minimize life cycle cost, and to enhance the synergy and effectiveness of the Army Acquisition, Logistics and Technology communities."

Claude Bolton

Assistant Secretary of the Army for Acquisition, Logistics and Technology
Army Acquisition Executive

House Armed Services Committee Testimony, March 27, 2007

The Quick Reaction Fund (QRF) program focuses on breakthroughs in rapidly evolving technologies by responding to emergent needs during the execution years of the Defense budget. QRF projects accelerate promising research that will enable major capability enhancement or fill critical gaps in DoD acquisition programs, as well as mature technologies that are critically needed by Combatant Commanders for current operations. The Joint Staff validates warfighter needs for QRF projects, some of which include:

[11] See Chapter VI - Organization, pg. 51

- Developing and integrating a remote thermal sight onto the Commander's Weapon Station of the M1A1 Main Battle Tank to increase U.S. Marine Corps day and night warfighting capability.
- Developing a sensor system that removes magnetic bias to provide high order accuracy range finder/location coordinates resulting in a four-fold increase in accuracy. The sensor integrates with the Common Laser Range Finder and Global Positioning Systems.
- Demonstrating that composite penetrator cases and bomb cases filled with multiphase blast explosives provide low collateral damage target prosecution options for urban warfare and close air support through the Mk-82 Phase II Precision Lethality Munition Full Scale Demonstration Project.

"We are in an environment that demands cost-wise readiness. This isn't about compliance; rather it's about finding better business methods for providing that readiness."

Delores Etter

Assistant Secretary of the Navy for Research, Development and Acquisition
Navy Acquisition Executive

Defense Acquisition, Technology and Logistics Magazine, May-June 2007

The Combatant Commands are engaged in the decision-making process for future capabilities through the Joint Warfighting Program (JWP) administered by the Under Secretary of Defense for Acquisition, Technology and Logistics. Advanced systems and concepts invigorate Combatant Command participation in joint experimentation. Elements of the JWP assist Combatant Commanders to specify operational needs and examine capability gap alternatives. The process captures lessons learned and assessments from joint contingency operations and formulates advanced joint concepts to be tested in joint experiments. The JWP is a catalyst for innovation and change supporting Defense transformation. JWP staffing includes the U.S. Joint Forces Command military staff officers in the U.S. Joint Forces Command Joint Center for Operational Analysis. An annual task list is reviewed and approved by a Board of Directors, chaired by U.S. Joint Forces Command and includes Joint Staff/J7, the Office of the Deputy Under Secretary of Defense for Defense Advanced Systems and Concepts, and the Office of the Under Secretary of Defense for Policy.

The Joint Warfighting Program (JWP) encourages joint Combatant Commanders to establish internal staff capabilities for mission needs analysis and experimentation. By empowering Combatant Command staffs to critically assess their own needs and examine viable capability gap solutions, the JWP attunes larger research and development investments, like Joint Experimentation and Joint Capability Technology Demonstrations to specific warfighter requirements. The JWP subsidizes joint commanders to conduct limited objective experiments in theater that explore mission gaps and potential capability solutions unique to their Area of Responsibility. The JWP encourages distributed network access to advanced, centralized Joint Experimentation facilities at the U.S. Joint Forces Command in Virginia. This approach minimizes redundant investment, strengthens the relevance of experimentation projects, and diversifies the range of solutions considered for DoD investment.

The Defense Adaptive Red Team was established by the Deputy Under Secretary of Defense for Advanced Systems and Concepts. The Red Team challenges conventional needs and solutions. Employing subject matter experts, focus groups, expert investigations, and war gaming analyses, the Red Team develops innovative and resilient concepts for conducting joint and coalition operations. Technology Feeder Support subsidizes joint experimentation by major geographic and functional Combatant Commands. In many cases, Technology Feeder Support is the main funding source for joint experimentation undertaken by Combatant Command headquarters staffs. This activity

permits developing complementary operational employment concepts and validates the usefulness of the demonstration capability. It also funds the incremental cost of including technology-based demonstrations in joint experiments.

Outreach and increased collaboration between the test and training communities have been enhanced. The Test Resource Management Center (TRMC) is collaborating with the Deputy Under Secretary of Defense for Readiness (DUSD(R)) on a number of key fronts. DUSD(R) appointed a representative to the Test and Evaluation Strategic Planning Working Group to facilitate long range planning for common range modernization interests. In return, TRMC participates in the DUSD(R) Training Transformation Joint Integrated Process Team to oversee planning for joint training. The Under Secretary of Defense for Acquisition, Technology and Logistics, the Director of Operational Test and Evaluation, and the Under Secretary of Defense for Personnel and Readiness provided guidance to the Military Departments on how to plan for investments in common range capability needs.

The Joint Staff and the Office of Acquisition, Technology and Logistics, working through the Defense Acquisition University, are developing a Requirements Management Certification Training Program for military and civilian requirements managers. Representatives of the requirements, acquisition, and resource communities have developed and prioritized the competencies of a requirements management officer. These are being used to develop learning assets.

Underpinning the Systems and Software Engineering Center of Excellence activity, the Department continues the revitalization of its Developmental Test and Evaluation (DT&E) efforts. The Office of the Under Secretary of Defense for Acquisition, Technology and Logistics established a Defense Science Board review on April 30, 2007, to examine the organizational roles and responsibilities for DT&E oversight, recommend changes to established statutory and regulatory authority, and suggest improvements in DT&E to improve the likelihood of successful Initial Operational Test and Evaluation. In addition, DT&E guidance and courses continue to be reviewed and updated as the revitalization effort progresses and program support teams are assisting program managers in developing strategies and master plans.

The Department has developed a corporate approach to testing, enabling customers to rapidly develop and test warfighting capabilities in a joint context. To date, the Joint Mission Environment Test Capability (JMETC) demonstration events have accomplished their baseline objectives to operate effectively with other legacy solutions. Within the last year, the JMETC completed four of five prototype demonstrations, with the following results:

- Baseline products have proven their technical maturity
- Test products save time and money
- Joint National Training Capability is compatible with JMETC
- JMETC is applicable across the spectrum of acquisition needs

The 2006-2008 DoD lists of priorities issued by the Secretary of Defense include the need to strengthen U.S. Combined and Joint Warfighting capabilities to "implement joint national training, testing, and experimentation." The testing and training communities require similar capabilities for their respective missions. Within the training community, the Joint National Training Capability (JNTC), developed and managed by Joint Forces Command, has been at the core of DoD efforts to facilitate closer

collaboration between testers and trainers. The Test Resource Management Center has established a liaison cell within the JNTC Joint Management Office. This direct link facilitates communications and convergence in areas of investments, business practices, and system assessments, as well as an interdependent approach to meeting warfighter needs.

Risks associated with the Department's ability to meet testing for operational suitability and effectiveness goals are being addressed by the Deputy Under Secretary of Defense for Acquisition and Technology. The criteria to determine what is Operationally Effective and Operationally Suitable during Initial Operational Test and Evaluation reviews are being considered and applied to Independent Assessments for Operational Test Readiness for all Acquisition Category ID and special interest programs. The new policies are incorporated in an update of DoD Instruction 5000.2. Capabilities demonstrated in operational assessments are described in a Test and Evaluation Master Plan. The Master Plan is provided to the Under Secretary of Defense for Acquisition, Technology and Logistics, the Director of Operational Test and Evaluation, and Component Acquisition Executives to consider the results of the assessments prior to determination of the readiness of a materiel system.

The Deputy Under Secretary of Defense for Acquisition and Technology and the Director of Operational Test and Evaluation sponsored a Defense Science Board Task Force on Developmental Test and Evaluation. The Task Force examined Test and Evaluation roles and responsibilities, policy and practices, and recommended changes to improve success in initial testing as well as rapid delivery to the warfighter.

The Test Resource Management Center is working closely with Joint Forces Command to improve instrumentation; opposing forces equipment, live, virtual, and constructive capabilities; communications technologies; and knowledge management tools. Some specific efforts include the Net-Enabled Command Capability program, the Information Operations Range, the Joint Rapid Distributed Data Base Development Capability, and the Joint Advanced Training Technologies Laboratory.

The Research and Engineering program in the Department is developing technologies to defeat any adversary on any battlefield. The Science and Technology (S&T) program seeks to balance investments to address known capability needs and threats of today with the potential capabilities needs and threats of tomorrow. The S&T coordination and collaboration mechanism known as Reliance has been transformed into Reliance 21 with the intent of streamlining activities, reducing overhead, and maximizing the use of information technologies. The Director of Defense Research and Engineering has established Defense Support Teams to focus on the Department's difficult technological problems and urgent needs. Component S&T programs continue to advance the state-of-the-art and sustain technological superiority.

"As a whole, the S&T program addresses the Defense Department's requirement to develop capability for today's force and maintain a technology edge across the broad spectrum of conventional military systems. The new initiatives are focused on increasing the U.S. capabilities for 'the Long War,' as described in the 2006 QDR, fielding new technologies which enhance our warfighter's toolset, and reducing the cost and time requirements for fielding new weapon systems."

John Young

Director of Defense Research and Engineering

Science and Technology Programs	
Army	• Active and passive protection for rotorcraft survivability, protection for countermeasures against kinetic and chemical energy threats (directed energy weapons), and passive protection, such as lightweight armor • Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance technologies for networked surveillance and knowledge systems • Lethality technologies enhance precision and provide multi-function munitions • Soldier system technologies, logistics technologies, unmanned systems, advanced simulation, and basic research
Navy	• Fleet technologies • Power and energy, maritime domain awareness, surveillance coupled with information processing • Unmanned vehicles, information from space, communications, and weapons (including non-lethal weapons) integrated to effect littoral and riverine operations • Sensors, information processing, and communication integrated to provide dominant situation awareness
Air Force	• "Anticipate, Find, Fix, Track, Target, Engage, and Assess – Anything, Anywhere, Anytime" technical vision adopted • Electro-optical staring array (Angel Fire) distributes real-time imagery to the warfighter, for zoom and observe capabilities • Sensor technology
Defense Advanced Research Projects Agency	• Counterproliferation – "Detection, Characterization, and Assessment of Underground Structures" and "Detection, Precision Identification, Tracking, and Destruction of Elusive Targets" • Counterterrorism in "Urban Area Operations," machine translation, and biological warfare defense
Defense Threat Reduction Agency	• Counterproliferation and ability to counter weapons of mass destruction (WMDs) • Advanced modeling of weapons and munitions effects and the integration of modeling tools into a WMD Toolset • Targeted assessments and tailored ordnance and massive ordnance blast technologies • Penetrator sled tests to demonstrate key technologies, materials, shapes, and detonation devices • Improved radiation-hardened microelectronics and electromagnetic pulse assessment

The Defense Acquisition Challenge (DAC) program demonstrates a product or concept which can enhance an existing DoD acquisition at the component, subsystem, or system level. The DAC program funds test and evaluation of late stage technologies and commercial products for insertion into current acquisition programs. The DAC program minimizes or precludes Research and Development costs and time investments.

The Foreign Comparative Test (FCT) program provides a mechanism exclusively dedicated to identifying and testing existing foreign equipment, munitions, and technologies for potential use by today's warfighters. This program is similar to the Defense Acquisition Challenge (DAC) program, except that it works with allied and coalition nations and integrates mature technologies. Both DAC and FCT are test-to-procure programs.

The Technology Transition Initiative (TTI) differs from other programs for today's force in that it specifically accelerates the transition of technologies from the DoD science and technology base into formal acquisition programs or other procurement mechanisms. A project may not be provided funds under the TTI authority for more than four years and Component cost sharing is required. For the Acquisition Executive, TTI identifies and moves developmental technology to a formal acquisition program for fielding or directly to procurement if the technology is fully mature.

Transformation in the requirements arena is allowing strategic choices and improving the ability to make capability trade-offs. Taking a corporate approach to testing enables customers to rapidly develop and test warfighting capabilities in a joint context. This activity permits developing complementary operational employment concepts and validates the usefulness of demonstrating the capabilities. Establishing requirements training curriculum for military and civilian requirements managers develops and prioritizes the competencies of a requirements management officer to improve the process. These roles and responsibilities, policies, and practices are resulting in improved success for initial testing and a knowledgeable workforce, resulting in more rapid delivery of improved capability to warfighters.

CHAPTER IV

BUDGET

Definition: The ***Budget*** is a comprehensive financial plan for the Federal government, encompassing the totality of Federal receipts and outlays (expenditures). Also a plan of operations for a fiscal period in terms of estimated costs, obligations, and expenditures; source of funds for financing, including anticipated reimbursements and other resources; and history and workload data for the projected program and activities. *Source: Defense Acquisition Acronyms and Terms, 12th edition, 7/05*

"The Department needs an overarching framework to create a common sense of value, allow strategy-to-outcome linkage, and enable integrated management and transparency across missions, functions, organizations, and processes."

Gordon England

Deputy Secretary of Defense

Memorandum, March 15, 2007

The Planning, Programming, Budgeting and Execution System is the primary process through which the Department allocates resources. Decisions are based on national interests and future warfighting needs. The DoD is aligning its budget authority to strategic results in a meaningful way. In support of this effort, performance goals and measures to support strategic objectives are being established.

Linking this strategy to outcomes and focusing on strategic choices improves the analytic framework and provides business transparency. The Institutional Reform and Governance (IR&G) Roadmap is the guideline to improve the Department's ability to establish effective decision-making frameworks and processes as well as provide feedback and assessments. The IR&G Roadmap Team is developing a capability portfolio framework for the DoD decision process by grouping activities into a set of Integrated Capability Portfolios (ICPs) enabling alignment of strategy to outcomes. These ICPs are moving senior decision-makers toward an integrated and transparent culture for operational and investment matters.

The Institutional Reform and Governance efforts include:

- Aligning Department activities to corporate decision lanes (force employment, force management, force development, and corporate support) that establish overall strategic direction
- Establishing the Quadrennial Defense Review as the source of the strategic goals and outcomes for performance assessment, aligning initial objectives to these goals to be used to monitor performance in each decision lane
- Developing performance metrics that support goals and objectives for each decision lane to monitor performance and accountability
- Establishing a decision management paradigm/overarching framework that enables the Department to align strategy to outcomes based on a capability portfolio framework
- Establishing an integrated management information strategy that formally aligns and leverages independent data efforts across the Office of the Secretary of Defense, the Joint Staff, and the Components to improve data integration, transparency, and agility

The Department has established authoritative information sources to support improved decision-making and provide accurate cost and acquisition data to the planning and acquisition communities by consolidating acquisition and financial databases. The emphasis is on data integrity in a net-centric, authoritative environment and comprehensive, transparent management information to advance data-driven decisions. Four such information sources are:

- Research and Engineering (R&E) Portal – Improves data collection standardization to add detail to R&E life cycle data and widen user access to the broader Science and Technology community. This portal provides:
  - An information gateway for the R&E community
  - Current and historical R&E information, including all Defense Technical Information Center data resources
  - R&E planning documents, financial databases, and other R&E resources
- Defense Acquisition Management Information Retrieval (DAMIR):
  - Leverages existing consolidated data sources to share relevant information with the user community using an incremental development approach to meet customer needs
  - "Pulls" information from Military Departments'/Components' data systems using streamlined web service approaches
  - Provides a comprehensive view of the current state of all Major Defense Acquisition Programs and Major Automated Information Systems with an Executive Information System, Purview, which is the presentation layer for DAMIR database information, that has been expanded to provide additional views and access to historical information.
- Executive Capability-based Analytical Framework Initiative, "Kaleidoscope:"
  - Creates an interactive, collaborative interface to allow users flexibility, efficiency, and ease to view and process data and models with standard web browsers
  - Enables a more disciplined management process to deliver enhanced, data-rich assessments, and empirically-valid methodologies – products will be used to evaluate acquisition and resource requirements for capabilities
  - Focuses on improving the accuracy, timeliness, and integrity of acquisition data across the Enterprise
- Technology Security Export Licensing System – Provides an automated internal export licensing review and approval process to export DoD technology for license application data

There are several key ongoing initiatives in the Department to improve the data described above. These include:

- Integrating improved data quality, information assurance, and authoritative source requirements into Weapon Systems Life Cycle Management systems
- Establishing Enterprise-wide Research and Development, Test and Engineering, and Procurement definitions and business rules

- Establishing Defense Acquisition Management Information Retrieval web services to pull standardized program funding to populate Selected Acquisition Reports (SARs), "Track to Budget," and other resource sections
- Aligning resource data in the SARs with other resource data in the President's budget

The Department established Capital Accounts in the Fiscal Year 2008 President's budget as a financial initiative designed to provide stable budgeting and to institutionalize accountability for acquisition programs at all levels of program responsibility. Three programs were proposed as Capital Accounts in the budget. The general business rules and agreements for each program have been developed and will take effect when Congress approves funding for the pilots:

- The General Funds Enterprise Business System (Army) will be provided with $125 million over a three year research and development period to produce the Army's new core financial management system for administering its General Funds.
- The Joint High Speed Vessel Program (Navy/Army) will be provided with $1.5 billion over a seven year System Development and Demonstration to provide Combatant Commanders with high speed intra-theater sealift mobility.
- The Combat Search and Rescue Block 0 Program (Air Force) will be provided with $790 million over a three year research and development period for a new aircraft to recover downed aircrew and personnel.

Wide Area Workflow (WAWF) is a secure real-time web-based DoD Enterprise system for electronic invoice submission, receipt, acceptance, processing, and reporting. It matches invoices with a contract to authorize payment. WAWF enables electronic submission of invoices, government inspection, and acceptance documents to support the Department's goal to move to a paperless acquisition process. As a result of using WAWF, examples of DoD cost avoidance from invoice processing, reduction of Line of Accounting (LOA) costs, and decreased interest penalty have been identified:

- Manual processing of invoices significantly reduced from $22-$30 to less than $4 per electronic invoice. In Fiscal Year 2006, more than 2.9 million invoices were processed, which equates to $11.6 million for invoice processing, reduced from the estimated $63.8 million to $87 million if manually processed.
- The Navy Bureau of Medicine and Surgery reduced its LOA costs from $19 to $3.66 per LOA.
- The Defense Contract Management Agency decreased interest penalties by 40 percent with a savings of more than $5 million.

Wide Area Workflow also captures the Item Unique Identifier (IUID) and government furnished property information and provides direct electronic feeds to payment and logistics Enterprise Resource Planning systems. The IUID system uses serial numbers unique to a company as a tool for asset management that improves accountability and productivity. One form of commercial item identification is the Vehicle Identification Number (VIN), which was introduced in 1980 to uniquely identify vehicles. Today every car sold in the U.S. has a VIN that allows it to be accurately tracked and identified.

"…the IUID effort is the first step in improving accountability throughout the life cycle of all DoD assets."

James I. Finley

Deputy Under Secretary of Defense for Acquisition and Technology

Defense Acquisition, Technology and Logistics Magazine, May-June 2007

Wide Area Workflow is mandated for use by all Military Departments and Defense Agencies to:

- Support asset tracking and visibility in the Item Unique Identifier Registry for fixed price and cost type contracts
- Implement the Paperless Government Furnished Property (GFP) 2006 initiative by the Under Secretary of Defense for Acquisition, Technology and Logistics, which records GFP transfers, capturing item data and transmitting it to the authorized government repository
- Provide the capability to capture and transmit Passive Radio Frequency Identification information to materiel receivers and acceptors and supply and logistics systems

In addition, efforts are underway for Defense Logistics Management System compliance to facilitate integration and interoperability between acquisition, finance, and logistics systems. Accomplishments to date include:

- Providing vendors with the capability to submit miscellaneous payments via Electronic Data Interchange (EDI) and Secure File Transfer Protocol (SFTP)
- Allowing Receiving Reports (RRs) for Fast Pay invoices, to include initial creation, as part of a Commercial Invoice and Receiving Report, and from a Fast Pay invoice via web, SFTP, and EDI
- Adding the capability within Wide Area Workflow to record property transfers between two DoD activities
- Providing a recall capability for documents in the pay office history folder that have a status of "processed," "suspended," "my invoice," and "paid," up until the time the documents are archived
- Provide the capability for users to enter Contract Line Items ranging from 9900 to 9999 and Sub Line Items ranging from 9900AA to 9999ZZ on RRs and invoices that are going to the Standard Automated Materiel Management System or Business System Modernization system

The Standard Financial Information Structure (SFIS) is a comprehensive data structure that supports requirements for budgeting, financial accounting, cost/performance, and external reporting across the DoD Enterprise. A common DoD financial language, the SFIS was incorporated in plans for emerging financial management systems, as well as certification requirements for existing systems. New General Funds financial reporting capabilities for the Army and six Defense Agencies were delivered to enable tens of millions of transactions per month to be posted to the corporate general ledger.

The Defense Intelligence Agency (DIA) is aggressively pursuing areas in which Intelligence Community acquisition organizations can achieve a Joint Worldwide Intelligence Communication System (JWICS) capability to comply with DoD acquisition and contract reporting requirements. DIA Acquisition Executives are engaging representatives of the DoD Business Transformation Agency to assist them. They also are working with the Director of Defense Procurement and Acquisition Policy to:

- Identify a standard set of aggregate contract data reported by all members of the Intelligence Community and develop a methodology or system by which this data easily can be assembled and reported
- Replicate selected DoD contracting capabilities available in the Non-classified Internet Protocol Router Network environment (e.g., Central Contractor Registry, Past Performance Information Retrieval System) to the JWICS environment

The Department is conducting detailed reviews of Major Defense Acquisition Programs from the requirements, acquisition, and budgeting perspectives through the improved Defense Acquisition Executive Summary process and the Nunn-McCurdy certification process, required by section 2433 of Title 10 of United States Code. As a result of detailed reviews of six programs in the last six months and extensive analysis of "tradespace" across cost, schedule, and performance, five programs were restructured, two were deemed to need no adjustments, and one program is still undergoing review until the program demonstrates improved performance.

Pursuing the accomplishments referenced in this chapter will improve comprehensive identification, collection, reporting, and validation of authoritative financial information. These initiatives will provide more accurate cost data and reporting of overall Enterprise financial information and improve program acquisition performance measurement efficiencies and governance processes. Transformation of financial management will resolve funding issues prior to official financial disclosures. Improvement of authoritative financial information will provide accurate budget and cost data and enhance support to the warfighter. Reducing financial ambiguities provides greater oversight transparency.

CHAPTER V

INDUSTRY

Definition: The Defense ***Industrial*** Base is the Department of Defense, U.S. Government, and private sector worldwide industrial complex with capabilities to provide professional services, perform research and development, produce, deliver, and maintain Defense systems, subsystems, or components to meet military requirements necessary to fulfill the National Military Strategy *Source: Deputy Under Secretary of Defense for Industrial Policy*

The industrial base is essential for the Department of Defense to maintain military superiority now and in the future. Industrial capabilities must be reliable, cost-effective, and sufficient to meet current and projected national security objectives. Increased innovation and competition, broadened access to the global defense marketplace, and an integrated civil-military industrial base facilitate cost-effective Defense procurements. Communication, mutual understanding, and meaningful collaboration are the basis of successful partnerships in the Defense industrial community.

The Department's preferred acquisition method is the procurement of commercial items to the "maximum extent practicable" as mandated by section 2377 of Title 10 of United States Code. To maximize the use of commercial items, the Department's industrial strategy promotes civil-military integration to merge the Defense industrial base and the larger commercial base using common technologies, processes, labor, equipment, materiel, inventories, supply chains, and facilities while discouraging Defense-unique industrial capabilities. Commercial items reduce costs, speed acquisitions, decrease development risk, make leading-edge technologies accessible, improve the ability to secure increased production capabilities, and leverage competition in the global commercial marketplace.

A natural tension exists between domestic preference requirements and the need for DoD to acquire the best available supplies and services to satisfy warfighting requirements. Restricting procurements to domestic sources can adversely affect efforts to promote full and open competition, international cooperation in Defense programs, and the use of world class sources. The Department generally opposes statutory domestic preference proposals that preclude or impede its ability to procure world class products and capabilities on a "best value" basis or when it impairs effective Defense cooperation with friends and allies.

Consolidation through mergers and acquisitions has increased within the Defense industrial base, leading to concerns that further consolidation may affect the competitive landscape that supports innovation and cost-effective procurements. In some cases, the expected benefits of previous consolidations, such as cost savings from infrastructure rationalizations, have lagged. The Department has commissioned a study to examine the extent of infrastructure rationalization within the shipbuilding sector and to update previous work focused on the aircraft and missile industry sectors. Results of the study will be used to recommend creating new incentives or mitigating existing disincentives to reduce facility and overhead costs. The Department also continues to analyze the services industry in order to identify areas that lack sufficient cost-effective capacity to sustain competition.

Spurred by consolidation of large Defense firms over the last decade, the number of large firms in virtually every product sector has fallen, decreasing the competitive impulse for innovation. At the same time, the number of small employers has grown dramatically, to more than six million firms. In many ways these small firms have become the engine of economic growth, fueling innovation and employment. Smaller companies present an excellent tool to address the warfighters' evolving capability needs more readily and efficiently due to their inherent flexibility. Targeted outreach will be used to enhance small business opportunities. Programs such as the Small Business Innovation Research, Small Business Mentor-Protégé, and Small Business Technology Transfer programs provide a variety of funded mechanisms to aid small business. The Mentor-Protégé Program is a great success story of an innovative approach to improve the marketplace for small and disadvantaged businesses. Since the Program's inception in 1991, nearly 1000 mentor-protégé agreements have been forged. Today there are 152 active agreements in 40 states.

Program cost, schedule, and technical performance remain the ultimate metrics that characterize Defense industrial base performance. The Department has finalized baseline evaluation criteria and conducted assessments using defined baseline criteria for six major industry segments: aircraft, command and control, communications and computers, ground vehicles, missiles, ships and space. The assessments evaluate the extent to which the Defense Industry exhibits the most desirable attributes: reliability, cost-effectiveness, and sufficiency. Financial metrics such as profits, return on capital, investments and shareholder returns are also important to the Department because they drive corporate behavior and influence the incentives to which Industry responds. Therefore, the Department is monitoring the long-term financial stability of key firms and industry segments and is considering how DoD policies may affect the firms' financial stability.

U.S. Industry's ability to create innovative products and compete in the world market depends on Industry's commitment to continuously improve their workforce. Therefore, the Department is defining and evaluating key contractor workforce capabilities that are critical for successful programs and is working with Industry to encourage long-term contractor workforce improvements.

In certain Defense-unique or Defense-dominant industry segments where broader commercial industrial capabilities cannot be leveraged, the Department is facing significant production constraints as it seeks to rapidly acquire and field critical Defense products. The Counter Radio-Controlled Improvised Explosive Device Electronic Warfare Program and the Mine Resistant Ambush Protected Vehicle Program are two current examples. In such cases, the Department works closely with its Industry partners to increase production capacities where appropriate and to prioritize its requirements. In doing so, it uses all of the tools at its disposal including authorities under the Defense Production Act and the Defense Priorities and Allocations System.

The Department has developed an Industry outreach and communication strategy to improve communications within the Defense Industry community, to achieve greater transparency and to socialize and communicate the Department's acquisition transformation initiatives. This strategy is accomplished through regularly held events such as "Industry Days" and functional and executive roundtable events. The strategy includes hosting a series of meetings with traditional and non-traditional DoD suppliers to examine barriers to participation in the DoD Enterprise and to enhance collaboration. Outreach opportunities also include informal roundtables held in conjunction with defense industry conferences.

During these sessions, Department and Industry representatives engage in problem-solving dialogue regarding policies and programs affecting Industry and Defense relationships, and challenges to meeting the needs of the warfighter.

Industrial capability is the foundation for military capability. Innovation, competition, and access to the global marketplace, along with improved understanding of the forces affecting Defense industry business decisions, enables successful Defense procurements. The initiatives described in this chapter and other industry-focused Department initiatives promote the reliable, cost-effective, and sufficient industrial base the Department needs to meet its national security requirements.

CHAPTER VI

ORGANIZATION

Definition: An ***organization*** is a social arrangement which pursues collective goals, which controls its own performance, and which has a boundary separating it from its environment. The word itself is derived from the Greek word (organon) meaning tool. Source: (en.wikipedia.org/wiki/Organization)

Equally important to a highly motivated workforce dedicated to an agile Acquisition System are the organizations in which individuals function. The commitment of senior leadership in the Department of Defense to manage dynamic organizations is demonstrated by a keen focus on organizational structures that foster enhanced accountability and leadership at all levels.

Merging acquisition functions through transformation of Defense business processes creates an acquisition life cycle management environment that enables efficiency, flexibility, and innovation. Transformation is accomplished through a variety of organizational structures to include governance, leadership, communication, information sharing, investments, oversight, continuous process improvements, and performance assessments. The functional initiatives that follow have been established to accomplish this goal.

Individual strategic plans based on performance priorities are required to be provided to the Deputy Secretary of Defense from all the Components during Fiscal Year 2007 addressing the following issues:

- Transforming enterprise management
- Focusing on people – military and civilian
- Improving effectiveness and efficiency
- Assigning senior leaders to horizontally integrate communication efforts for key Defense issues
- Defining communication roles, responsibilities, relationships, and doctrine by preparing DoD strategic communication directives
- Organizing and equipping communication capabilities

The Deputy's Advisory Working Group (DAWG), chaired by the Deputy Secretary of Defense, with senior members of the Joint Staff, the Office of the Secretary of Defense, and the Service staffs, reshapes the Defense Enterprise and makes it more agile and responsive to the warfighter by taking a hard look at the Department's business practices and methodologies. The DAWG provides oversight for program implementation and cross-cutting, high-leverage issues seeking program efficiency and effectiveness. The Group evolved from a series of intense senior leadership meetings in conjunction with the Quadrennial Defense Review (QDR) that occurred from November 2004 to March 2006. These leadership meetings provide candid and comprehensive discussions on a wide variety of topics among senior leaders from the Office of the Secretary of Defense, Joint Staff, and the Military Departments. With the release to the Congress of the QDR in February 2006, the Deputy Secretary and the Vice Chairman directed that senior leadership meetings continue to monitor implementation of the QDR and track efforts to institutionalize these initiatives.

The Defense Business Systems Management Committee (DBSMC) is a governance body that was established in February 2005 and is chaired by the Deputy Secretary of Defense. The DBSMC meets monthly to oversee end-to-end Defense business transformation and to ensure that it is aligned to the priorities of the joint warfighter. The DBSMC convenes under the personal direction of the Deputy Secretary of Defense to establish and assess business priorities.

Investment Review Boards report to the Defense Business Systems Management Committee and certify investments at $1 million and above and are aligned with Enterprise transformation objectives and standards. Component-level business transformation is the responsibility of the respective Component leadership. Component information technology investments are managed by Component leadership and are overseen by DoD Enterprise-level governance.

In accordance with the Quadrennial Defense Review, the concept of operations for strategic communication was established by the Strategic Communication Integration Group to recommend, coordinate, and oversee communication initiatives and plans from the Office of the Secretary of Defense, Joint Staff, Combatant Commanders, and Military Departments. Representatives of other U.S. Government Departments and Agencies are invited to participate as appropriate. Additionally, a Process Management Team was established to employ communication and management approaches that organize and synchronize the various activities required to implement the Quadrennial Defense Review Strategic Communication Execution Roadmap. Essential to accomplishing the Roadmap is the implementation of Department-wide cultural and organizational change while simultaneously integrating and synchronizing action across the Department's global Enterprise. This two-pronged approach, driving synchronized action while promoting real organizational and cultural change, is the path that will make Strategic Communication execution a reality.

"In recent years we have struggled to overcome the patchwork of authorities and regulations that were put in place during a very different era – the Cold War – to confront a notably different set of threats and challenges."

Robert M. Gates

Secretary of Defense

Senate Armed Services Committee Testimony, February 6, 2007

The Institutional Reform and Governance (IR&G) Roadmap established by the Quadrennial Defense Review is designed to streamline and improve the Department's governance, resulting in robust capabilities for the warfighter. This plan encompasses processes, tools, data, and organizations to enable strategic decision-making and execution. The IR&G Roadmap focuses on implementing a portfolio-based approach to Defense planning, programming, and budgeting to establish a common and authoritative analytical framework linking strategic decisions to execution, integrating core decision processes, and aligning and focusing the Department's governance and management functions under an integrated Enterprise model.

Tiered Accountability is the Department's capability-driven approach to business transformation to affect change across the Department's decentralized organizational structure. The tiered accountability approach enables business transformation to occur concurrently at multiple levels (or tiers) – DoD Enterprise, Component, and program – with accountability at each level. The coordination flow is not only top down through the three levels (e.g., Enterprise to Component to program) but also upward (e.g., program to Component, Component to Enterprise), and lateral (e.g., Component to Component, program to program). The result is a federated approach to transformation.

The Business Enterprise Architecture (BEA) describes the Department's Business Mission Area. Defense business transformation is guided by the BEA, which provides a common reference for target systems and initiatives in order to ensure interoperability and integration. Together with other DoD architectures (e.g., Component and program architectures), it provides the architectural framework for the Department's business information infrastructure. It describes the Department's targeted business processes, data standards, business rules, operating requirements, and information exchanges to support the priorities, systems, and initiatives that enable these capabilities. BEA development focuses on providing tangible outcomes for specific priorities and on developing an architecture that is linked, realistic, and actionable. The BEA is focused on three key areas: systems transformation, business capability improvement, and architecture federation. Systems transformation supports federation by improving system-level information and capturing the targeted environment and planned Enterprise services and associated information in support of a Service-oriented Architecture. It also improves process and data-related business rules to allow the BEA to become more systems relevant.

The Department rationalizes the Enterprise by rethinking how systems and services are provided – at what level, via what programs, through what approach. Specifically, the Defense Business Systems Management Committee determines and the Business Transformation Agency (BTA) implements systems and services that are appropriate to provide interoperable standards at the Enterprise and the Component levels to support specific mission needs. As part of the rationalization process, the BTA focuses on Enterprise-wide data standards and solutions to implement systems, standards, and information visibility. Data standards help provide both interoperability and the ability to compare and aggregate information across the Enterprise.

"Overall, the Department's transformation must address three major areas: How we do business inside the Department, how we work with our interagency and multinational partners, and how we fight. New weapon systems and state-of-the-art technology are also important parts of the Defense Department's transformation, but I believe that the key to the process is the People involved."

Ken Krieg

Under Secretary of Defense for Acquisition, Technology and Logistics

Human Capital Strategic Plan v 1.01

The Enterprise Transition Plan (ETP) provides a roadmap for the Department's business transformation through technology, process, and governance changes. The ETP contains time-phased milestones, performance metrics, and a statement of resource needs for new and existing systems that are part of the Business Enterprise Architecture and other Component architectures. The ETP also includes a retirement schedule for legacy systems to be replaced by systems in the targeted environment. Plans and progress are tracked to formally establish milestones and measures to improve Business Capabilities. The ETP tracks metrics and measurements at both the business capability level and the system level. Each September, the Business Transformation Agency publishes the ETP which, consistent with tiered accountability, contains the planned cost, schedule, and performance information for DoD Enterprise-level business transformation programs.

The Enterprise Transition Plan of September 2006 provides the framework for the Department to measure progress during the fiscal year and was reported in the March 2007 Congressional Report. At the Enterprise level, the Department has organized its activities around six Business Enterprise Priorities:

- Personnel Visibility – focused on providing access to reliable, timely and accurate personnel information for warfighter mission planning
- Acquisition Visibility – focused on providing transparency and access to acquisition information that is critical to support life cycle engagement of acquisition of weapon systems and automated information systems
- Common Supplier Engagement – focused on aligning and integrating policies, processes, data, technology, and people to simplify and standardize methods to interact with commercial and government suppliers
- Materiel Visibility – focused on improving supply chain performance
- Real Property Accountability – focused on acquiring access to real-time information on DoD real property assets
- Financial Visibility – focused on providing immediate access to accurate and reliable financial information to enhance efficient and effective decision-making

Specific objectives and metrics have been improved for Financial Visibility, Common Supplier Engagement, and Materiel Visibility.

The Enterprise Transition Plan (ETP) is one of the 23 improvements cited by the Institutional Reform and Governance (IR&G) Roadmap. The Business Transformation Agency meets regularly with the Quadrennial Defense Review's Tracking and Reporting team to exchange information. Other areas of alignment between the ETP and the IR&G Roadmap include Supply Chain Logistics (with the ETP Materiel Visibility priority), Medical Transformation (with the ETP Military Health System information), Strategic and Tactical Acquisition Reform (with the ETP Acquisition Visibility priority), and Risk and Performance Metrics and Framework (with Business Value Added and Business Capability metrics in the ETP).

A Joint Task Assignment Process (JTAP) is being established to centrally coordinate and oversee joint mission assignments. The JTAP serves to verify that sufficient resources and management authorities are identified prior to assigning joint tasks. The Director of Administration and Management is responsible for developing the process.

The Army's Business Mission Area goals align with overall Army priorities, guiding the transformation of Army business practices and prioritization of Information Technology (IT) investments. The judicious application of metrics enables the Army to measure accomplishment of objectives:

- Increase Situational Awareness – establish an Enterprise-wide operating picture and data framework for optimal decision-making
- Improve Asset Accountability – create an integrated financial environment and a deployable financial management system
- Enhance and Leverage Army Enterprise-wide Synchronization – coordinate DoD, Joint Staff, and Army initiatives to align people, processes, and technologies
- Improve IT Investment Strategy – certify system investments and conduct IT Portfolio Management

The Defense Intelligence Agency recently established a Strategic Investment Oversight Council to review requirements proposed for inclusion in the Future Years Defense Plan to ensure they are aligned with the National Intelligence Strategy and the Defense Intelligence Agency's Strategic Plan. The Strategic Investment Oversight Council review and analysis of investments is conducted as part of the Intelligence Program Budget Process and is intended to ensure that requirements have appropriate funding and infrastructure support and can be accomplished in accordance with an approved acquisition strategy.

"The job of the executive and commander is to create an environment in which every person can make their greatest contribution to mission effectiveness to the limit of their competence. Continuous Process Improvement as exemplified by Lean Six Sigma is an important enabler"

Gordon England

Deputy Secretary of Defense

June 2007

Lean Six Sigma (LSS) is an important part of the Department's Continuous Process Improvement (CPI) effort. A disciplined improvement methodology incorporating Industry best practices, LSS has been endorsed by DoD leadership as the means by which the Department will become more efficient in its operations and more effective in its support of the warfighter. By focusing on becoming a "lean" organization, DoD will eliminate waste, improve quality, and put its resources and capital to the best use.

On April 30, 2007, the Deputy Secretary of Defense instructed the Office of the Deputy Under Secretary of Defense for Business Transformation to create a DoD Continuous Process Improvement (CPI)/Lean Six Sigma (LSS) Program Office that would leverage the CPI Senior Steering Committee to drive DoD-wide CPI/LSS activities. Currently, the CPI/LSS Program Office is collecting and consolidating baseline CPI/LSS information from all DoD organizations, developing a standardized metrics reporting system, coordinating LSS training for Office of the Secretary of Defense (OSD) and Military Departments personnel, working with the appropriate organization to incorporate CPI/LSS into individual employee performance objectives, and has initiated work on a number of OSD process improvement initiatives.

This DoD-wide focus on Continuous Process Improvement (CPI), applying Lean Six Sigma, is resulting in numerous individual success stories, that show the value of CPI. The Military Departments have been particularly forward-thinking in their application of LSS. Some recent initiatives and accomplishments are reflected in the following chart.

Organization	Lean Six Sigma Initiative
Deputy Secretary of Defense	• Achieved a reform of the end-to-end clearance process efficiently delivering high-assurance clearances at the lowest reasonable cost • Conducted a review of the three primary DoD Technology Transfer and Disclosure processes to improve intra- and inter-process performance in developing and issuing DoD-level technology transfer and disclosure policy • Reviewed and improved the efficiency and effectiveness of the flow of correspondence within and across DoD • Improved the coordination process for DoD Questions for the Record responses to Congress
Under Secretary of Defense for Acquisition, Technology and Logistics	• Championed an LSS project to eliminate the Integrating Integrated Product Team as a standard course of action in preparation for all Defense Acquisition Board reviews as a non-value added effort in acquisition documentation • Signed out a memorandum implementing the recommendations on June 28, 2006
Army	• Established Deputy Under Secretary of the Army for Business Transformation in October 2005 to drive LSS programs • Completed 848 of 3788 LSS projects and trained 201 LSS "black belts" and 877 "green belts" • Reduced the tank-servicing backlog from 85 tanks to 0 in a six-month period by Army Materiel Command, via the Fort Knox Unit Maintenance Activity, by applying LSS to increase throughput
Navy	• Collaborated with the American Society of Quality to develop a Navy LSS black belt certification • Supported 750 to 800 Navy personnel currently working on LSS "black belts" • Improved the contract close-out process by the Naval Air Systems Command, saving the Navy more than $1 million in 2007, with the potential for even greater savings in the future
Air Force	• Decreased the turn for C-17 aircraft time from three hours and 15 minutes to two hours by the Air Force Smart Operations 21 using LSS techniques • Reduced the flow time for inspections of the MH-53J Pave Low helicopter by 43 percent by the 58th Maintenance Squadron resulting in cost savings, increased capacity, and improved team morale

Improvement is not a matter of doing more with less, but rather eliminating non-value added activities in exchange for customer-focused outputs at lower cost.

CONCLUSION

To transform the Defense Acquisition System the community must be both vigilant and flexible. Institutionalizing change, especially cultural change, and staying on a continuous improvement course requires standards and discipline. Standardizing the processes to major Defense acquisition programs will create program stability and predictability, as well as reduce unintended risk and cost growth.

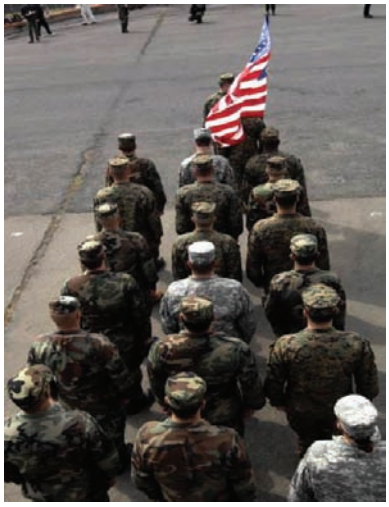
The highest levels of authority in the Department are engaged in this transformation and are providing the incentives to institute change across the Acquisition System. Highlights of the current initiatives, to which the Department is committed, include an enhanced environment with career incentives for the workforce; new acquisition policies, procedures, and tracking systems; time-definite fixed-phases for requirements and programs; operating capabilities as Key Performance Parameters; stable funding; warranted test and evaluation plans; contract costs at most probable cost; healthy competition in the industrial base; and accountability throughout the system.

"A further quality of leadership is courage: the courage to chart a new course; the courage to do what is right and not just what is popular; the courage to stand alone; the courage to act; the courage…to 'speak truth to power.'"

Robert M. Gates

Secretary of Defense

U.S. Naval Academy, May 25, 2007



Many recommendations for change, from a variety of sources, are under review and considered for applicability to the acquisition processes and to avoid unintended consequences through implementation. Change is not possible without accountability and leadership. Invigorating the acquisition community with enhanced communication, incentives, innovation, and discipline provide a clear understanding of how to bring predictability and stability to the Department of Defense Acquisition System. Collaboration and cohesion among all the parties, across the full spectrum of the Acquisition System gets the right systems, at the right time and place, into the hands of the warfighter.

WEBSITE LINKS

Acquisition Community of Practice
https://acc.dau.mil/CommunityBrowser.aspx

Acquisition of Services
http://www.acq.osd.mil/dpap/general/acq-services.htm

Advanced Distributed Learning
http://www.adlnet.gov/

Air Force Portal
https://www.my.af.mil/faf/FAF/fafHone.jsp

Air Force Probability of Program Success
http://www.afmc.af.mil/news/story.asp?id=123020393

Air Force Smart Operations 21
http://www.af.mil/library/smartops.asp

Army Materiel Command
http://www.amc.army.mil

Army's Business Mission Area
http://www.defenselink.mil/dbt/priorities_army.html

Army's Performance-Based Logistics
https://acc.dau.mil/CommunityBrowser.aspx?id=46453

AT&L Human Capital Strategic Plan
http://www.dau.mil/workforce/hcsp.pdf

AT&L Strategic Goals Implementation Plan
http://www.acq.osd.mil/goals/Strategic%20Goals%20Implementation%20Plan.pdf

Atlas Pro
http://www.dau.mil/dlst/eorient/virtualCampus/B030005.htm

Award and Incentive Fees Data Collection Memorandum
http://www.acq.osd.mil/dpap/policy/policyvault/2007-0712-DPAP.pdf

Award Fees and Incentives Policy
https://acc.dau.mil/awardandincentivefees

Beyond Goldwater-Nichols
http://www.csis.org/isp/bgn/

Block Approach for Space Acquisition
http://www.afspc.af.mil/news/story.asp?id=123047864

Business Capability Life Cycle
http://www.defenselink.mil/dbt/manage_bcl.html

Business Enterprise Architecture
http://www.defenselink.mil/dbt/products/March_2007_BEA_ETP/index.html

Business Enterprise Priorities
http://www.defenselink.mil/dbt/priorities_beps.html

Business Transformation Congressional Report (March 2007)
http://www.defenselink.mil/dbt/products/March_2007_BEA_ETP/etp/ETP.html

Capability Integration Boards
https://akss.dau.mil/dag/Guidebook/IG_c1.3.asp

Capability Portfolio Management
https://acc.dau.mil/CommunityBrowser.aspx?id=117813

Capital Accounts
https://acc.dau.mil/CommunityBrowser.aspx?id=108122

Civilian Human Capital Strategic Plan
http://dod.mil/prhome/docs/civilianstrat_plan7_9.pdf

Concept Decision
http://www.dau.mil/conferences/presentations/2006_PEO_SYSCOM/gen-session/T-1045-Durham.pdf

Continuous Process Improvement
https://acc.dau.mil/CommunityBrowser.aspx?id=22426

Contract Management System
https://acc.dau.mil/CommunityBrowser.aspx?id=38175

Defense Acquisition Board Review
https://akss.dau.mil/dag/Guidebook/IG_c10.2.asp

Defense Acquisition Board / Integrated Process Team Memorandum
http://acquisition.navy.mil/rda/content/download/3970/18227/file/Krieg%206-28-06SuspenseofIIPTs.pdf

Defense Acquisition Executive Summary
https://akss.dau.mil/dag/GuideBook/IG_c10.9.4.asp

Defense Acquisition Management Information Retrieval
http://www.acq.osd.mil/damir

Defense Acquisition Performance Assessment
http://www.acq.osd.mil/dapaproject/

Defense Acquisition Workforce Improvement Act
http://www.dod.mil/execsec/adr95/appendix_f.html

Defense Adaptive Red Team
http://www.acq.osd.mil/dsb/reports/redteam.pdf

Defense Business Systems Management Committee
http://www.defenselink.mil/dbt/manage_entities.html

Defense Intelligence Agency's Strategic Plan
http://www.dia.mil/thisisdia/strategicplan.htm

Defense Science Board Review
http://www.acq.osd.mil/dsb/tors/TOR-2007-04-30-DT&E.pdf

Defense Science Board Summer Study
http://www.acq.osd.mil/dsb/reports/2006-02-DSB_SS_Transformation_Report_Vol_1.pdf

Defense Science Board Task Force
http://www.acq.osd.mil/dsb/reports/2005-03-MOAO_Report_Final.pdf

Deputy's Advisory Working Group
http://hqinet001.hqmc.usmc.mil/dmcs/Routine%20Reports%20&%20Meetings/DAWG%20101.ppt

DoD Directive 5000.52
http://www.dtic.mil/whs/directives/corres/html/500052.htm

DoD Instruction 5000.2
https://akss.dau.mil/dag/DoD5002/Subject.asp

Enterprise Risk Assessment Methodology
http://www.defenselink.mil/dbt/faq_eram.html

Enterprise Transition Plan (September 2006)
http://www.defenselink.mil/dbt/products/Sept-06-BEA_ETP/index.htm

Enterprise Weapon Systems Life Cycle Management
http://www.dau.mil/conferences/2006/documents/May%209%200945_04%20Nemetz.pdf

February 2007 Defense Acquisition Transformation Report
http://www.acq.osd.mil/documents/804Reportfeb2007.pdf

General Funds Enterprise Business System
http://www.gfebs.army.mil/

Institutional Reform and Governance Roadmap
http://www.dod.mil/dbt/products/BTG/RelToOtherInit1.html

Integrated Capability Portfolios
http://www.dtic.mil/futurejointwarfare/strategic/jca_tor9apr07.doc

Investment Review Board
http://www.defenselink.mil/dbt/products/investment/IRB_CONOPS_29-AUG-2006.pdf

Item Unique Identifier
http://www.acq.osd.mil/dpap/UID/attachments/2007-0527-ATLcomplete.pdf

Joint Air-to-Ground Missile Program
http://armedservices.house.gov/pdfs/JointALSPEF032207/Castellaw_Testimony032207.pdf

Joint Automated Deep Operations Coordination System
http://www.defense-update.com/products/a/adocs.htm

Joint High Speed Vessel Program
http://www.globalsecurity.org/military/systems/ship/jhsv.htm

Joint Knowledge Online Portal
http://www.jfcom.mil/about/fact_jdl.htm

Joint Mission Environment Test Capability
http://www.ndia.org/Content/ContentGroups/Divisions1/Systems_Engineering/JMETC%20Briefing%20for%20the%20Joint%20Strike%20Fight%20PMO.pdf

Joint National Training Capability
http://www.jfcom.mil/about/fact_jntc.htm

Joint Rapid Acquisition Cell
https://acc.dau.mil/jra

Joint Requirements Oversight Council
http://www.dtic.mil/doctrine/jel/cjcsd/cjcsi/5123_01a.pdf

Joint Task Assignment Process
http://www.acq.osd.mil/dsb/reports/2004-08-EJFC_Phase_II_Final.pdf

Joint Warfighting Program
http://www.jfcom.mil/about/jwfc_history.htm

Lean Six Sigma
https://acc.dau.mil/CommunityBrowser.aspx?id=140520

Life Cycle Management
https://acc.dau.mil/CommunityBrowser.aspx?id=17655

Major Defense Acquisition Program
http://www.acq.osd.mil/ap/mdap/index.html

National Security Personnel System
http://www.cpms.osd.mil/nsps/

National Security Space
http://www.acq.osd.mil/nsso/

Navy Lean Six Sigma
https://www.nipo.navy.mil/nipo/lss_at_IPO

Organization Definition
http://en.wikipedia.org/wiki/Organization

Paperless Government Furnished Property
http://www.acq.osd.mil/dpap/UID/attachments/july05meetingminutes/DCMA%20WAWF%20Update.ppt

Performance-Based Logistics
https://akss.dau.mil/dag/guidebook/IG_c5.3.asp

Performance Learning Model
http://www.dau.mil/plm/plm.asp

Planning, Programming, Budgeting and Execution System
http://www.dod.mil/comptroller/icenter/budget/ppbsint.htm

Proper Use of Award Fee Contracts and Award Fee Provisions Memorandum
http://www.acq.osd.mil/dpap/policy/policyvault/2007-0197-DPAP.pdf

Quadrennial Defense Review
http://www.defenselink.mil/qdr/

Requirements Management Certification Training Program
https://acc.dau.mil/CommunityBrowser.aspx?id=146390

Research and Engineering Portal
http://www.dtic.mil/dtic/REPortal.pdf

Risk-Based Source Selection
http://www.acq.osd.mil/dpap/policy/policyvault/2006-1243-AT.pdf

Service-oriented Architecture
http://www.army.mil/escc/erp/soa.htm

Sharable Content Object Reference Model
http://www.adlnet.gov/scorm/

Small Business Innovation Research Program
http://www.acq.osd.mil/osbp/sbir/index.htm

Small Business Mentor-Protégé Program
http://www.acq.osd.mil/sadbu/mentor_protege

Small Business Technology Transfer Program
http://www.acq.osd.mil/osbp/sbir/index.htm

Standard Financial Information Structure
http://www.defenselink.mil/dbt/sfis_resources.html

System Metric and Reporting Tool
http://www.defenselink.mil/dbt/products/Sept-06-BEA_ETP/bea/iwp/definitions2_systementity_386471.htm

Technology Feeder Support
http://www.acq.osd.mil/dsb/reports/2007-04-Summer_Study_Strategic_Tech_Vectors_Vol_IV_Web.pdf

Technology Security Export Licensing System
http://www.defenselink.mil/dbt/products/March_2007_BEA_ETP/etp/App_E/QuadCharts/USXPORTS_Chart.html

Tiered Accountability
http://www.dod.mil/dbt/products/BTG/TieredAccountability.html

Wide Area Workflow
https://wawf.eb.mil/

ACRONYM LIST

AAE:	Army Acquisition Executive
AC:	Acquisition Contract
ACAT:	Acquisition Category
ADL:	Advanced Distributive Learning
AMC:	Army Materiel Command
AOTR:	Assessment of Operational Test Readiness
AT&L:	Acquisition, Technology and Logistics
BCL:	Business Capability Life Cycle
BEA:	Business Enterprise Architecture
BMA:	Business Mission Area
BTA:	Business Transformation Agency
CMS:	Contract Management System
CPI:	Continuous Process Improvement
CSIS:	Center for Strategic and International Studies
DAB:	Defense Acquisition Board
DAC:	Defense Acquisition Challenge
DAE:	Defense Acquisition Executive
DAES:	Defense Acquisition Executive Summary
DAMIR:	Defense Acquisition Management Information Retrieval
DAPA:	Defense Acquisition Performance Assessment
DAU:	Defense Acquisition University
DAWG:	Deputy's Advisory Working Group
DAWIA:	Defense Acquisition Workforce Improvement Act
DBSMC:	Defense Business Systems Management Committee
DIA:	Defense Intelligence Agency
DMDC:	Defense Manpower Data Center
DT&E:	Developmental Test and Evaluation
DUSD (A&T):	Deputy Under Secretary of Defense for Acquisition and Technology
DUSD(R):	Deputy Under Secretary of Defense for Readiness
EDI:	Electronic Data Interchange
ERAM:	Enterprise Risk Assessment Methodology
ETP:	Enterprise Transition Plan
FCT:	Foreign Comparative Test
GFP:	Government Furnished Property

IBR: Investment Balance Review
ICP: Integrated Capability Portfolio
IIPT: Integrating Integrated Product Team
IR&G: Institutional Reform and Governance
IRB: Investment Review Board
IT: Information Technology
IUID: Item Unique Identifier
JMETC: Joint Mission Environment Test Capability
JNTC: Joint National Training Capability
JRAC: Joint Rapid Acquisition Cell
JROC: Joint Requirements Oversight Council
JTAP: Joint Task Assignment Process
JWICS: Joint Worldwide Intelligence Communications System
JWP: Joint Warfighting Program
LCM: Life Cycle Management
LOA: Line of Accounting
LSS: Lean Six Sigma
MDAP: Major Defense Acquisition Program
NGA: National Geospatial-Intelligence Agency
NSC: Natick Soldier Center
NSPS: National Security Personnel System
OSD: Office of the Secretary of Defense
OT&E: Operational Test and Evaluation
PBL: Performance-Based Logistics
PDR: Preliminary Design Review
PLM: Performance Learning Model
PM: Program Manager
PMA: Program Management Agreement
PoPS: Probability of Program Success
QDR: Quadrennial Defense Review
QRF: Quick Reaction Fund
R&E: Research and Engineering
RAA: Rapid Acquisition Authority
RBSS: Risk-Based Source Selection
RR: Receiving Report
S&T: Science and Technology
SAR: Selected Acquisition Report

SCORM:	Sharable Content Object Reference Model
SES:	Senior Executive Service
SFIS:	Standard Financial Information Structure
SFTP:	Secure File Transfer Protocol
SMART:	System Metric and Reporting Tool
SPRDE:	Systems Planning, Research, Development and Engineering
TIMS:	Training Information Management Database
TRMC:	Test Resource Management Center
TTI:	Technology Transition Initiative
USD(AT&L):	Under Secretary of Defense for Acquisition, Technology and Logistics
VIN:	Vehicle Identification Number
WAWF:	Wide Area Workflow
WMD:	Weapon of Mass Destruction