Defense Acquisition Transformation Report to Congress

John Warner National Defense Authorization Act
Fiscal Year 2007
Section 804

Secretary of Defense
February 2007
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Pursuant to section 804 of the John Warner National Defense Authorization Act for Fiscal Year 2007, Public Law 109-364, I am pleased to provide you with our first report on the Department’s ongoing Acquisition Transformation initiatives and the goals that we have established to achieve change.

The Department has reviewed the underlying reports that serve as the basis for this report: Defense Acquisition Performance Assessment Project (DAPA, January 2006); Defense Science Board Summer Study on Transformation: “A Progress Assessment” (February 2006); the Center for Strategic and International Studies, “Beyond Goldwater Nichols: U.S. Government and Defense Reform for a New Strategic Era” (July 2005); and the Quadrennial Defense Review (February 2006). Recognizing that each of these reports was commissioned by different authorities and for different purposes, our review concluded that their respective recommendations have common themes. Those themes have been converted into current initiatives and for the purposes of this report are put into a framework of workforce, acquisition, requirements, budget, industry and organization.

A sense of urgency has been established by the Department to streamline and simplify the Acquisition System with aggressive initiatives to provide lasting solutions for predictable performance. DoD is tracking milestones to ensure that the desired outcomes in this transformation are achieved. We look forward to keeping you informed and working with you and the Congress on Acquisition Transformation.

Ken Krieg
Introduction

This report fulfills the biannual Congressional reporting requirement in section 804 of the John Warner National Defense Authorization Act for Fiscal Year 2007, P.L.109-364. It provides implementation plans to reform the Defense Acquisition System in the Department of Defense to keep pace with changing demands and adapt to new challenges. This report is not all-inclusive, however, and will be supplemented by Congressional testimony and consultations with Congress between the biannual updates.

Four acquisition transformation reports and their recommendations have been and will continue to be considered in fulfilling this requirement:

- Defense Acquisition Performance Assessment (DAPA) Project
- Defense Science Board Summer Study on Transformation: A Process Assessment (dated 2/06)
- Center for Strategic and International Studies, "Beyond Goldwater Nichols: U.S. Government and Defense Reform for a New Strategic Era"
- The 2006 Quadrennial Defense Review Report (QDR)

Our objective is to bring all of this together, integrate it … have it in the QDR final report … So the CSIS study is complete … [The DAPA] study will be complete … and the QDR effort … they all [will] be integrated into what will then be our formulation of the way forward for this whole area of acquisition.

Deputy Secretary of Defense Gordon England
Senate Armed Services Committee Testimony
September 27, 2005

The Reports were commissioned by different authorities and intended to serve different purposes within the Department of Defense. Despite this fact, there are numerous similarities among The Reports, making a strong case to pursue recurring recommendations. The Department has reviewed The Reports and has taken action in many areas while continuing other experimental initiatives to ensure that no unintended consequences result from premature implementation. Changes are focused on the entire spectrum of the Defense Acquisition System.

1 Hereinafter referred to collectively as The Reports.
Executive Summary

The Department of Defense is aggressively transforming its institutional acquisition processes and systems to align with 21st Century national security and defense objectives. Every aspect of how we do business is being assessed and streamlined to deliver improved capabilities to the Nation’s warfighters and visibility to our executive leadership. To that end with “The Will to Change”, we have been transforming enterprise-wide acquisition processes, systems, and management structures to achieve a more integrated, cohesive environment. These changes must be continuous and evolutionary as they impact the entire spectrum of the Defense Acquisition System (“Big A”). The “Big A” deals with strategic choice: How the Defense Department determines which assets and investments to acquire to deliver an overall capability. Taking a holistic approach to acquisition transformation involves reviewing all elements of the Defense Acquisition System. Implementing transformational capabilities requires enhanced workforce productivity, collaborative organizations, realistic and stable budgeting, and well-defined requirements versus various adjustments within the tactical acquisition processes (“small a”). Institutionalizing change is dependent upon effective communication and cooperation among the Department, Industry, and Congress.

We anticipate that future reports on acquisition transformation will build on the successes of individual initiatives. To drive and evaluate transitional change, the Department is implementing strategic performance plans with measurable goals and standards. A significant part of this effort entails integrating capability, analysis, and resource processes to support “Big A.” Early collaboration on investment decisions among the joint warfighter, acquisition, sustainment, and resource communities is being accomplished through common databases, analytic methods, lifecycle metrics, and networked information sources. This level of in-depth collaboration is new and includes defining requirements in terms of effects-based outcomes and mapping resources according to “joint capability” areas. As a result, initiatives that are under review have the potential to deliver predictable performance for Major Defense Acquisition Programs and associated lifecycle sustainment programs. The Department is simultaneously addressing every aspect of the total Defense Acquisition System. The important activities and initiatives within the elements of the Defense Acquisition System (“Big A”) are summarized below and detailed later in this report.

Workforce: The Department recognizes that its personnel are the most highly valued resource. Therefore, workforce development and enhancements are the number one goal in the Strategic Goals Implementation Plan developed by the Under Secretary of Defense for Acquisition, Technology and Logistics. This plan provides specific goals and milestones to ensure accountability, ethical performance standards and lifecycle metrics, networked collaboration requirements in terms of effects-based outcomes and mapping, and associated lifecycle sustainment programs. The goals with this plan are being accomplished while promoting learning solutions through the Defense Acquisition University on a 24/7/365 basis.

Workforce improvements are taking place on many levels. The National Security Personnel System is imposing measurable performance standards and incentivizing individuals to achieve their full professional potential. The Department’s overarching Human Capital Strategic Plan along with the Acquisition, Technology and Logistics Human Capital Strategic Plan decentralize leadership roles of individual Components and their responsibility for force planning and workforce management. An Acquisition, Technology and Logistics Senior Steering Board with representation by Service
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Acquisition Executives meet regularly to execute the plan. The Defense Acquisition University and the Industrial College of the Armed Forces both continue to enhance their acquisition workforce training programs.

**Acquisition:** Pilot programs are forming the basis of “Big A” and “small a” acquisition transformation processes. These pilot programs are being conducted with an evolving tool kit of initiatives that span the full range of strategic and tactical acquisition execution. The vision of success for strategic and tactical acquisition excellence within the next two years is summarized as follows:

- Streamlined and simplified acquisition
- Affordable and predictable outcomes
- Improved centers of excellence
- Responsibility and accountability alignment

Pilot programs are emerging as a mechanism to refine the evolving tool kit and enable the application of **Best Business Practices** and **Continuous Process Improvements**. Objectives include strategic decisions that balance trade-space, start programs right, improve process efficiency and provide program stability.

An example of the acquisition transformation and evolving tool kit initiatives is the utilization of a senior-level Tri-Chaired Committee that integrates the “Big A” acquisition processes to conduct **Concept Decision Reviews**. The Concept Decision Review goal is to ensure, as early as possible, that DoD is making the right corporate investment choices, balancing operational and programmatic risks, to ensure that those choices are affordable, and that any resulting non-materiel solutions and/or materiel acquisitions are designed for lifecycle success.

Other examples include the recently launched **Enterprise Risk Assessment Model** which is being applied to three Major Automated Information System business test cases to help improve acquisition process outcomes; **Contingency Contracting Practices** to expedite domestic and international operations; new policy guidance on award fees for contractors to incentivize contract performance; materiel reliability and total ownership cost metrics for weapons system sustainment considerations; defense supply operations and lifecycle management principles are being integrated into the acquisition and sustainment processes.

To institutionalize acquisition improvements, a **Continuous Process Improvement Transformation Guidebook** (utilizing six sigma principles) has been developed and web casting is being utilized with the Defense Acquisition University for many of the initiatives.

**Requirements:** Clearly defined and stable requirements are critical to respond to capability needs on time and on cost. There are numerous activities underway aimed at improving the requirements process for both immediate warfighting needs and longer-term capabilities. For example, the **Joint Rapid Acquisition Cell** is ensuring that the joint and immediate needs of the warfighter Combatant Commanders are expeditiously reviewed, validated, funded, fielded, and sustained. **Time-Defined Acquisition** is being adopted with broad-scope authorities to support hardware and services contracts. The **Joint Requirements Oversight Council** reviews and validates joint requirements regarding the **Combatant Commanders’ Integrated Priority Lists** -- needs and gaps. The Joint Staff and the Defense Acquisition University have partnered to develop a specific training course for requirements. The **Capability Portfolio Management Initiative** provides a common framework to recognize federated ownership and senior-level teams have been established to examine capability portfolios through Capability Integration Boards. Individual programs are now
being viewed through a capabilities-based decision lens. Successful experiments in portfolio management and data transparency are beginning to impact strategic, portfolio, weapon systems, and weapon sustainment choices. Supply chain logistics and performance-driven outcomes are being developed to achieve realistic capabilities. Developments in weapons system readiness and sustainment modeling are enhancing readiness outcomes.

**Budget:** More realistic, cost-effective plans and budgeting are goals for an integrated Planning, Programming, Budgeting and Execution process. Establishing Capital Accounts could result in more stable, predictable acquisition lifecycle management program execution, and the process would benefit from this guaranteed funding stream. Pilot programs provide valuable lessons learned to apply capital accounts to a wide variety of acquisition and sustainment programs. Current initiatives include coordination with the Office of Management and Budget Program Assessment Rating Tool and establishment of an authoritative financial information source by integrating transactional-level accounting data.

In the oversight of Major Defense Acquisition Programs and the Defense Acquisition Board process, we are implementing seven initiatives to improve and standardize the milestone decision process. The Defense Acquisition Executive Summaries system is being reengineered to ensure visibility for senior leaders. The system will help facilitate information sharing, accurate input of data, and tracking of negative trends to focus on problem areas. Systems to model time and new technology factors are being developed to effectively budget for changing needs in a rapidly evolving technological environment.

**Industry:** The Department is actively engaged with its industry suppliers and the supplier base to achieve greater transparency and improved acquisition total lifecycle system management outcomes. Regularly held events such as “industry days” and “functional and executive roundtable discussions” encourage industry to respond to realistic needs for goods and services.

Reliable and cost-effective industrial capabilities sufficient to meet strategic objectives are a key goal for Under Secretary of Defense for Acquisition, Technology and Logistics. The vision of success within the next two years is broadened globalization, innovation and competition. Key to that success will be the attributes of the industrial base aligned to skills and strategy. Goals and objectives include fostering competition; increasing awareness of innovative capabilities of small firms; addressing industry vertical integration within industry does not harm competition policy; leveraging the benefits of globalization while minimizing the risks; exploring opportunities for public/private partnering; and reviewing the decision-making process to provide for competitive and affordable sustainment of weapon system programs.

The Department’s Small Business Program Strategic Management System has been established to identify the strengths and weaknesses of the DoD small business program. The acquisition community is working to eliminate barriers to access for non-traditional defense companies and to increase access to commercial technology by reshaping relevant rules, regulations, and practices.

The Department is establishing desirable attributes of the Defense Industrial Base to serve as a yardstick against which industry is being evaluated. DoD vertical integration policies are being evaluated and refined where necessary to preclude contractors from inappropriately favoring in-house capabilities to the detriment of the Department. Also, the Department is seeking to define key contractor workforce capabilities necessary for successful programs to encourage long-term contractor workforce improvements with industry partners.
Organization: The acquisition community is creating an acquisition lifecycle management environment that enables efficiency, flexibility, and innovation through an integrated enterprise model. Department-wide strategic plans are required with reporting requirements regarding organizational performance assessments and measurable priorities. Enhancements to the defense acquisition enterprise include aligning roles and responsibilities to improve the focus of the “Big A” and reducing policy obstacles.

The Institutional Reform and Governance Roadmap is being executed by creating more integrated and responsive decision-making processes, organizations, and business practices. The roadmap also seeks to delineate decision-making responsibilities and enables senior leaders to focus on strategic choice and empower management. The Department’s Enterprise Transition Plan is the primary vehicle to implement the Defense Business Enterprise Architecture to create a more interoperable information infrastructure, of which the acquisition community is a vital part. Within the Plan, specific goals have been established to capture milestones and metrics that guide business capability improvements. The Plan focuses on Business Enterprise Priorities to enable end-to-end business support for the warfighting mission and data-driven decision making. The current priorities are personnel visibility, materiel visibility, financial visibility, acquisition visibility, common supplier engagement, and real property accountability. The Department is improving program stability with fact-based decision-making and optimizing the Integrated Product Team Process by reducing layers of review and oversight.

Defence Acquisition is an especially complex undertaking, involving myriad interests, regulations, changing technologies and requirements. It takes leaders with extensive experience, tempered by the rare gift of common sense, to evaluate the requirements, balance the risks and rewards, and make the best possible decision in each case ... The Department is committed, and I am personally committed and invested in bringing about positive change.

Deputy Secretary of Defense Gordon England
Senate Armed Services Committee Testimony
September 27, 2005
Acquisition Transformation Initiatives

Transformation initiatives are occurring across the defense-wide acquisition community to affect the entire spectrum of activity. A flexible, agile Defense Acquisition System means that all the elements are engaged in continuous adaptation to multiple challenges. The Under Secretary for Defense for Acquisition, Technology and Logistics Strategic Goals Implementation Plan is organized into seven implementation goals summarized as follows:

- **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

Simplicity, consistency, openness and transparency are fundamental to successfully achieving these implementation goals.

The following detailed subsections describe the status of ongoing acquisition initiative examples and provide evidence of constructive activity and the commitment of senior leaders.

**Workforce**

*The workforce is a valued resource, and training and leadership skills are critical to a disciplined, accountable, and ethical acquisition process.*

Recommendations in The Reports have been reviewed across all the relevant communities in the Department of Defense and appropriate implementation goals have been established to ensure that those who must change the processes in the Department are aware and equipped to meet the challenge. The Department is transitioning responsibility, authority, and accountability to the lowest practicable level -- making the workforce a stakeholder in the success of the transformation process. This means deploying strategic workforce initiatives to establish a high performing, agile, and ethical workforce. The workforce is the most vital element supporting the Department’s transformation. The senior leadership supports a culture of change, innovation, and smart solutions. The acquisition workforce is equipped with the training, leadership development, and knowledge management systems to create, standardize, and implement all the goals of the Department.

Under the Office of the Under Secretary for Personnel and Readiness leadership, DoD developed the National Security Personnel System (NSPS) for DoD civilian employees, authorized by the Fiscal
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Spiral One of the National Security Personnel System has been implemented to enhance personnel performance requirements. Several of The Reports consider the value of the National Security Personnel System. The three major personnel issues that the Department faces are to staff the enterprise to support 21st Century missions use compensation to compete more effectively in the broader labor market, and provide civilian support to contingency operations. Implementation of the National Security Personnel System provides an opportunity to further disseminate ethical performance standards as part of individual performance plans.

The Under Secretary of Defense for Personnel and Readiness (P&R) has issued the Department’s Civilian Human Capital Strategic Plan 2006-2010 to be implemented enterprise-wide. This plan builds on the strength and commitment of the civilian workforce, laying the foundation for seamless integration with the total force and accountability in a results-oriented performance culture. The goal is to maintain a competent, motivated, and mission-ready workforce to support the DoD and respond to emerging threats, now and in the future. In addition, P&R is leading a collaborative effort to harness the power of information technologies to modernize structured learning through sponsorship of the Advanced Distributed Learning Initiative across the Department of Defense and the federal government.

Consistent with the Department’s Civilian Human Capital Strategic Plan, the Under Secretary of Defense for Acquisition, Technology and Logistics established a high performing, agile, and ethical workforce as the number one goal in his Strategic Goals Implementation Plan. A Director of Human Capital Initiatives has been appointed with direct reporting authority to oversee implementation. The major supporting outcomes are:

- Future acquisition workforce shaped and recapitalized to enable smart workforce decisions
- Improved outcomes by developing a performance management construct and culture, and deploying enabling leadership initiatives
- Grow and sustain a knowledge-enabled acquisition workforce to support the DoD Acquisition, Technology and Logistics mission
- Ethics awareness training and performance standards are fully integrated within the workforce

The Department reviewed and updated ethics training across the entire acquisition curriculum and is ensuring that ethics are incorporated into every level of acquisition workforce training. As a result, numerous outreach programs now exist for everyone from the Senior Executive Service personnel level through the entire acquisition workforce.

The Strategic Goals Implementation Plan will provide primary enterprise-oriented input into the FY 2007 performance objectives of the Acquisition, Technology and Logistics leadership cadre, either by individual Senior Executive Service performance plans or National Security Personnel System performance plans. During Fiscal Year 2007, assessment of progress made towards accomplishment of the defined initiatives, outcomes and goals will take place through organizational reviews as well as individual performance assessments. Additionally, an Acquisition, Technology and Logistics Enterprise Performance Review and Analysis will be held every four months to allow DoD leadership to understand where progress is, or is not, taking place, with enough lead time to affect the outcome. The Strategic Goals Implementation Plan aligns the acquisition enterprise to use its
fixed resources in a way that creates maximum efficiency and warfighting benefits. It also provides for more complete performance-based personnel management.

The objectives in the Civilian Human Capital Strategic Plan 2006-2010, cascade into the Acquisition, Technology and Logistics Human Capital Strategic Plan and the Strategic Goals Implementation Plan, as well as into the performance objectives of the senior executives and others in the organization, thereby providing top-to-bottom alignment. As stated in the Acquisition, Technology and Logistics Strategic Goals Implementation Plan, the goals are to:

- Align and fully integrate with overarching DoD human capital initiatives
- Maintain a decentralized execution strategy that recognizes the Components’ lead role and responsibility for force planning and workforce management
- Establish a comprehensive, data-driven workforce analysis and decision-making capability
- Provide learning assets at the point of need to support mission-responsive human capital development
- Execute an Acquisition, Technology and Logistics Workforce Communications Plan that is owned by all senior leaders (One Team, One Vision, A Common Message, and Integrated Strategies)

Supporting these five goals are specific enabling objectives with measurable outcomes. The Strategic Goals Implementation Plan has been in place for several months, and tasks are being accomplished and results are being achieved.

An Acquisition, Technology and Logistics Senior Steering Board with representation by the Service Acquisition Executives and functional leaders in the community meets regularly to oversee execution of the plan throughout the Department. The process upgrades the workforce analysis capability so the senior leadership team can thoughtfully address the acquisition transformation strategies.

Having a qualified, professional workforce in Acquisition, Technology and Logistics is both a Congressional mandate (Chapter 87 of title 10, United States Code) and a requirement driven by the acquisition mission to deliver the capabilities needed by our military to defend the Nation. The defense-wide acquisition community shares this objective. Each military department has programs dedicated to managing and developing this workforce, as do the defense agencies.

The Defense Acquisition University is dedicated to meeting the learning and performance-support needs of the defense-wide acquisition community and provides performance-learning products in the following categories:

- Training Courses (classroom and online) in all areas of acquisition – 113,000 course completions in Fiscal Year 2006. Acquisition training covers program management, contracting, logistics, systems engineering, test and evaluation, quality, leadership, ethics, and other relevant defense business topics
- Continuous Learning – 157 online learning modules completed by 165,000 people in Fiscal Year 2006
- Knowledge Support – 38 communities of practice/special interest areas on a wide range of acquisition topics; 25,000 visits per week to view regulations, handbooks, best practices, and other online material
Performance Support – 260 tailored training offerings, 24 rapid deployment training events, 143 consulting efforts, and many other services to organizations throughout the acquisition community during Fiscal Year 2006

The Industrial College of the Armed Forces provides a joint professional military education tailored to the needs of acquisition workforce, leading to a master’s degree. In these and other institutions, the Department of Defense has established the capability to provide career development and performance support to the acquisition community.

**Acquisition**

*The Department's core values, policy objectives, joint capability needs, and available resources are focused to reduce risk and provide predictable schedules and cost.*

The Department is improving business processes on an enterprise-wide basis in order to better balance cost, schedule, performance, and sustainment in meeting our responsibility to provide the warfighter with the best weapon systems and support in the world. To achieve these objectives, The Under Secretary of Defense for Acquisition, Technology and Logistics has initiated transformation processes and innovative pilot programs. The use of Continuous Process Improvement and an overall use of best business practices allows for data sharing, openness and transparency among the various acquisition, requirements, and the Planning, Programming, Budgeting and Execution systems. Initiatives for acquisition excellence address improving the full range of acquisition excellence from strategic (Big A) to tactical (small a). Objectives associated with the full range of acquisition excellence include strategic decisions that balance trade-space, start programs right, improve process efficiency and provide program stability.

Examples of initiatives in support of the above objectives include the following:

- Portfolio Management
- Tri-Chair Concept Decision
- Time Defined Acquisition
- Evaluation of Alternatives
- Synchronization of Existing Processes
- Investment Balance Reviews
- Risk Based Source Selection
- Small Business Innovative Research
- Acquisition of Services Policy
- Systems Engineering Excellence
- Award Fee and Incentives Policy
- Defense Acquisition Board Process Optimization
- Enterprise Resource Assessment Model Initiatives
- Integrated Product Team Process Optimization
- Restructured Defense Acquisition Executive Summary Reviews
- Capital Accounts Initiative
- Open, Transparent and Common Shared Data Resources with DAMIR

*Secretary of Defense Robert M. Gates  
Senate Confirmation Hearing  
December 5, 2006*

*I will seek to balance the acquisition and operational testing processes between reducing costs and accelerating schedules.*
• Life cycle management and sustainment excellence
• Contingency Contracting Initiatives

These initiatives are examples of efforts being initiated across the Department and are expected to improve quality, speed, and effectiveness for defining management metrics and associated performance measures in acquisition decision making. The Department is streamlining and simplifying the acquisition environment and is focused on organizational, policy, communication, and utility throughout the weapons and services system lifecycle. Strengthening this alignment is a major commitment along with establishing related oversight mechanisms and programs to continually assess the adequacy of policy and its implementation.

The Reports called upon senior DoD leaders to better integrate processes that define needed capabilities, identify solutions, and allocate resources to acquire them in order to enable corporate decision-making that cuts across traditional stovepipes. The Department is examining a re-oriented process that is designed to ensure that priority joint warfighting needs of the Combatant Commanders are adequately addressed within fiscal and schedule constraints at an acceptable level of operational risk.

An example of a pilot approach to integrating processes employs a Tri-Chaired Committee with representatives from the three major business processes:

• Defense Acquisition Executive
• Vice Chairman, Joint Chiefs of Staff
• Director, Program Analysis and Evaluation

The Tri-Chaired Committee conducts Concept Decision Reviews with the Component Acquisition Executives, Service Vice Chiefs/VCNO/Deputy Commandant and OSD principals. The reviews are being conducted in an open and transparent manner. The reviews are being piloted to consider major investment decisions early in the acquisition process. The process merges requirements, technology maturity and available resources utilizing bounded solutions, portfolio management techniques and trade-space alternatives to make strategic choices for investment decisions. Four concurrent Concept Decision pilots have been approved by the Tri-Chaired Committee. The pilots were started in 2006 and are planned for strategic investment decisions in 2007.

Enabling the Concept Decision pilots, for example are Time Defined process initiatives. These initiatives plan to utilize risk management and time-as-an-independent variable techniques. Risk management is considered a significant enabler for predictable performance and employs techniques for assessment of technology, integration and manufacturing maturity. These assessments will be included as part of the Concept Decision pilots. Strategic choice and investment decisions are planned to balance the trade space and deliver predictable performance with higher levels of technology readiness, hardened requirements and bounded solutions from the start of acquisition decision making for major programs.

Another example of enabling Concept Decision pilots is the early involvement and participation of Systems Engineering. Systems Engineering involvement and participation has been accelerated to start prior to Concept Decision, years earlier than the traditional involvement at Milestone B. This provides significant insight to improve technology trade considerations, harden requirements early, risk management assessments, block acquisition strategy recommendations, incubate technology development with time-defined increments and deliver predictable performance for the warfighter
and taxpayer. Revitalizing Systems Engineering, Software Engineering, and Developmental Test and Evaluation are examples of the core competencies that are being enhanced.

Evaluation of Alternatives (EOA) is another enabling initiative for Concept Decision pilots. EOA’s are the combination of the traditional FSA and AoA. EOA payoff is summarized as follows and identifies shorter cycle time, parallel milestone decision making versus serial for earlier decisions, stakeholder involvement being joint-based versus single component, time-defined guidance leading to incremental or block acquisition strategies and constraint driven decision making utilizing trade offs versus performance based decision making:

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<td>≤ 9 mo</td>
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<td>Serial MS Decisions</td>
<td>Parallel MS Decisions</td>
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<td>Single Component</td>
<td>JS/OSD/Component</td>
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<td>Uncertain</td>
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Risk Based Source Selection techniques are also being piloted to provide an improved framework for strategic decision making. The concept is particularly informative for source selection with the identification of risks, mitigation plans for known or anticipated issues and the range of issues addressing technology, manufacturing and integration readiness. Industry risk management approaches and techniques are planned for significant evaluation factors for source selection. The objective is to provide an informed basis for assessing industry proposals, quantifying the risk in terms of cost and time, and enabling more informed discussions with offerors. The result will be more reliable estimates of program lifecycle cost, proposal risk, and improved management and stability. The Department has adopted a risk-based source selection approach with business rules and is working to identify pilot programs for which to apply them. The Department will leverage the lessons learned from such pilots to refine the process and the final policy. This initiative has been captured in the Strategic Goals Implementation Plan.

The Reports acknowledged the need to shift to a time-definite development process and adopt a risk-based approach to source selection. The Time-Defined Acquisition Initiative strongly considers and identifies the needed “time to delivery” by selecting those acquisition approaches most appropriate to the approved materiel acquisition concepts. One or more tailored approaches may be used. For example, if the requirement responds to an immediate joint urgent operational need, a rapid acquisition approach may be employed. Or, if a near-term joint response is required, then a joint capability technology demonstration may be directed. If the investment is in a long-term future capability, the approach will capitalize on the concept decision and seek the best balance between time and total programmatic risk. In all cases, the sustainability of delivered technology is considered a critical element of system capability. The new materiel availability Key Performance Parameter and two new Key System Attributes of “Materiel Reliability” and “Total Ownership Cost” have been put in place to ensure that weapon system sustainment considerations are fully assessed and addressed as part of the systems engineering process. These acquisition total lifecycle systems management approaches may be employed independently or in combination to ensure that the full range of user requirements is satisfied. Time-defined acquisition reflects a strong customer focus.
and a corporate determination in which no single acquisition lifecycle management process can effectively respond to the full range of potential user needs. In other words, one size does not fit all. Consequently, a number of unique, agile, and responsive tactical acquisition and sustainment processes will be available and tailored to the urgency and complexity of the user requirement.

The recently launched Enterprise Risk Assessment Model (ERAM) is being applied to three Major Automated Information System (MAIS) test cases to help improve acquisition process outcomes. Finally, contingency contracting practices are being applied to expedite domestic and international operations.

The Department is testing the use of an Enterprise Risk Assessment Model, developed by the Business Transformation Agency, to improve business acquisition process outcomes by identifying program risks and providing mitigation solutions. The Model focuses on facilitating rapid delivery of a capability, rather than the delivery of a system, through a proactive, collaborative approach that provides insight instead of oversight. Through the Model, the Department can better respond to risks associated with emerging technologies, make better decisions about how to manage investments, and more rapidly deliver business capability improvements.

The Business Transformation Agency will continue efforts to improve the business acquisition process outcomes for business systems by completing the three initial Enterprise Resource Assessment Model test cases for Major Automated Information Systems that are currently in various acquisition stages:

- **General Fund Enterprise Business System (GFEBS)** – will support transformation of Army accounting, finance, and budget processes; reduce stove piped systems; improve performance; standardize processes; and provide accurate, reliable, and timely financial information on an enterprise-wide basis

- **Integrated Data Environment/Global Transportation Network Convergence (IGC)** – will establish common integrated data services to develop applications with a cohesive solution for management of supply, distribution, and logistics information with a global perspective

- **Defense Integrated Military Human Resources System (DIMHRS)** – will result in significant improvements in the ability of the Services to administer human resources management and track military personnel in-theater

The GFEBS, IGC and DIMHRS validation of ERAM has demonstrated significant value through:

- Identification of previously unidentified risks
- Clarification and insight of known risks
- Ensuring that valid mitigation plans are in place and accountability for managing the risk assigned correctly
- Providing visibility of both internal and external program risks

ERAM has been demonstrated to be an effective, value added oversight process that is not a burden on the programs. Based on the positive results achieved to date the BTA will continue to evolve the ERAM via execution on additional programs and leveraging lessons learned. BTA will also continue to assess the effect of the mitigation strategies on the ongoing implementation of the three test cases.

Based on these test cases, the Business Transformation Agency will present Enterprise Resource Assessment Model findings and mitigation strategies to the respective business systems Investment

Technology maturation is a challenge that the Department is addressing to maintain superior warfighting capability in a fiscally constrained environment, balancing near- and far-term technology solutions, with due concern for the pace and globalization of technology. By coordinating investment strategies, leveraging technology from all sources (including commercial), and pursuing more effective transition of results into affordable acquisition programs, the Department has positioned the organization for success to get optimum value from our research, development, and technology investment.

Defense Acquisition Management Information Retrieval (DAMIR) is an important enterprise-level initiative supporting acquisition transformation. The information retrieval objective is to provide an enterprise system that creates a net-centric environment where authoritative acquisition data is available to support acquisition and program management oversight requirements, enabling a shift in acquisition oversight focus from the current reporting process to true oversight. The Enterprise System is currently progressing through spiral development. Completed spirals include the development of an Executive Information System, called “Purview.” For the first time, this new functionality makes acquisition reporting information available on the desktop, allowing the Selected Acquisition Reports to be electronically delivered to Congress vice the traditional hard copy. Defense Acquisition Management Information Retrieval is also enabling the implementation of an ad-hoc reporting capability, which improved both the depth and speed of data analysis, allowing more proactive decision making; and the implementation of the virtual library, which provides web access to unstructured program documentation. The next steps for the Enterprise System include implementing web services to pull selected acquisition information from cross-Service systems, developing a SAR web solution to support unique Congressional reporting requirements and baseline tracking, and responding to emerging requirements for full lifecycle information. These initiatives will improve data transparency, eliminate duplicate data entry, and improve the timeliness of data.

The Department is exploring policies to define and stabilize program requirements, schedules, and resources better. Understanding and accounting for program results are essential. To be effective, conditions will be created to permit programs to succeed within resource commitments. This will be accomplished by clearly defining objectives, minimizing technology risk, setting schedule criteria, and holding performance requirements stable. Managers at the right levels will be held accountable to perform within these terms. As important as it is to ensure funding stability, we also must ensure that requirements, once approved, are not altered without executive-level review and approval.

In regard to the contracting process, the Under Secretary of Defense for Acquisition, Technology and Logistics, recently issued guidance on the Acquisition of Services to ensure more thorough executive review at every level and to implement best practices from planning through execution. To support our warfighters effectively, the Director of Defense Procurement and Acquisition Policy will ensure

While most programs use the traditional acquisition process, we have also established several alternate methods for transitioning technologies to meet emergent needs.

Kenneth J. Krieg
Under Secretary of Defense for Acquisition, Technology and Logistics
Senate Armed Services Committee
September 27, 2005
that service acquisitions be based on clear, performance-based requirements and that expected cost, schedule, and performance outcomes are identifiable and measurable.

Contingency contracting practices have risen to the fore in both interest and importance in the United States since September 11, 2001. Lessons learned during contingency contracting operations supporting Operation Iraqi Freedom and Hurricane Katrina relief operations have emphasized the need for expanded contingency contracting policy. The Department has many initiatives in progress to aid our Contingency Contracting Officers including the following examples:

- Issued an interim rule creating new parts in the Federal Acquisition Regulation (FAR) and the Defense Acquisition Regulation Supplement. The FAR and the Defense Federal Acquisition Regulation Supplement (DFARS) Part 18, “Emergency Acquisitions”, apply to purchases and contracts by DoD contracting activities that provides flexibilities in current law and policy that can be used in an emergency and it helps expedite acquisition of supplies/services

- Created the Emergency Procurement DFARS committee, which is helping to develop and implement initiatives that will allow our Contingency Contracting Officers to perform their job in the most expeditious and cost effect manner possible

- Developing a Joint Contingency Contracting Guide, through the Joint Contingency Contracting Working Group, that will be incorporated into DFARS Part 18, as well as creating a quick-reference, pocket-sized handbook to be completed in Spring 2007 for Contingency Contracting Officers

- Another working group is developing joint doctrine to ensure our contingency contracting troops have clear and unambiguous guidance in the field and to address joint policy on contingency contracting directed by section 854 of the John Warner National Defense Authorization Act for Fiscal Year 2007. The legislation requires the Secretary of Defense, in consultation with the Chairman of the Joint Chiefs of Staff, to develop joint policies for requirements definition, contingency program management, and contingency contracting during combat operations and post-conflict operations. We expect to produce a draft of the contingency contracting doctrine in the spring of 2007

- Recently approved a web-based database tool that will track contractors on the battlefield as well as allow insight into contract capability. This will enable the Combatant Commander to have insight into available theater capabilities (visibility) as well as ensuring effective oversight of contractor personnel having direct impact on theater resources (accountability)

- Conducting a Joint Logistics Test Case whose implementation plan focuses on how to improve, integrate, synchronize, and provide governance for the logistics services contingency contracting process with Joint Forces Deployment and Redeployment Operations in order to gain visibility of contracts and contractors on the battlefield. A final report and recommendations are due in late spring 2007

- Assisting contingency contracting officers to better understand the myriad of new initiatives through a Joint Contingency Contracting Community of Practice which promotes knowledge sharing across organizational boundaries. This collaborative tool serves as a central repository for DoD contingency contracting learning and job support assets to include policy and guidance information, after action reports, pre-deployment information and related knowledge to promote increased job performance

- Instituted an online Contingency Contracting Officer Refresher Course as well as conducting just-in-time training in Iraq and Afghanistan
Defense Acquisition Transformation Report to Congress

- Holding a quarterly Joint Contingency Contracting Summit to foster innovative ideas and solutions to increase warfighter support by identifying strategic partnership development opportunities and promoting a strategic outreach and communication plan to increase awareness of these valuable tools and resources ensuring that contracted support continues to enhance, and not detract from, our military capability.

The Department currently is implementing two major initiatives addressing contract award and incentive fees. These initiatives are 1) issuing policy addressing the proper use of award and incentive fees, and 2) implementing requirements of section 854 of the John Warner National Defense Authorization Act for Fiscal Year 2007. A memorandum issued by the Deputy Under Secretary of Defense for Acquisition and Technology on March 29, 2006 addressed the proper use of award fee contracts (FAR Part 16, DFARS Parts 215 and 216) while emphasizing the need to structure award fee contracts in ways that focus the Government and contractor’s efforts on meeting or exceeding cost, schedule, and performance requirements while stressing that the ability to earn award fees needs to be directly linked to achieving desired program outcomes.

A follow-up policy memorandum, through the Director of Defense Procurement and Acquisition Policy and the Defense Acquisition University, will be issued stressing that contracting officers must incentivize contractors to deliver products to meet the requirements of on time and within cost. The memorandum will instruct the contracting officer to work closely with the program/requiring office in determining how best to reward successful contract performance. It will also emphasize that the key to effective contract incentives is ensuring that contractors are well rewarded for outstanding performance, adequately rewarded for good performance, and either not rewarded at all or penalized for substandard performance.

The Under Secretary of Defense for Acquisition, Technology and Logistics, through the Director of Defense Procurement and Acquisition Policy, is implementing the provisions of section 814 (“Linking of Award and Incentive Fees to Acquisition Outcomes”) including promulgating regulatory changes, implementing processes for collecting award and incentive fee data, and contracting for an Federally Funded Research and Development Center study of award fee pooling arrangements.

The regulatory changes published (Defense Federal Acquisition Regulation System Case 2006-D052) will include:

- Standards for identifying the appropriate level of officials authorized to approve the use of award and incentive fees in new contracts
- Standards for determining the percentage of the available award fee that contractors should be paid for performance that is judged at different performance levels (e.g., excellent, good, average, etc.)
- Requirement that no award fee be paid for contractor performance that is judged to be below satisfactory performance or performance that does not meet the basic requirements of the contract
- Specific direction on the circumstances in which it may be appropriate to roll over award fees that are not earned in one award fee period to a subsequent award fee period or periods. The acquisition community also is working on implementing an automated process for collecting award fee data. It is anticipated that initial accumulation of this data will occur in the spring of 2007.
Finally, DoD is analyzing the advantages and disadvantages of establishing a fixed award fee pool to be competed for by various contracts/contractors.

The Department is implementing “supply chain initiatives” to include best management practices for joint theater logistics by focusing the logistics roadmap to improve sustainment and value chain performance through Continuous Process Improvement. This initiative includes promoting Performance-Based Procurement Processes for the acquisition of logistics and services.

Under the auspices of the Assistant Deputy Secretary for Materiel Readiness and Maintenance Policy, lifecycle management principles are being integrated into the acquisition and sustainment processes. This involves defining management metrics and associated performance measures and performance standards. Integrating lifecycle management principles into acquisition and sustainment processes is also an important aspect of transformation. To that end, the Department is defining lifecycle management metrics throughout the weapons system lifecycle and sustainment value chains, as well as establishing oversight mechanisms and programs to continually assess adequacy of policy and implementation relative to warfighter needs.

The Under Secretary of Defense for Acquisition, Technology and Logistics, recognizes that Continuous Process Improvement has proven to be an important tool within acquisition and sustainment activities to improve the effectiveness of support to the warfighter. In May of 2006, with the issuance of the DoD Continuous Process Improvement Transformation Guidebook, the Under Secretary, through the Assistant Deputy Under Secretary for Materiel Readiness and Maintenance Policy, called for the broadening and acceleration of the use of Continuous Process Improvement (CPI) tools (e.g., Lean, Six Sigma, and Theory of Constraints) to further improve effectiveness within the Army, Navy and Air Force. The Deputy Under Secretary for Logistics and Materiel Readiness has been directed to institutionalize DoD CPI efforts. The Department has provided an organizational framework that forms the basis of its CPI structure at all levels and identifies both resource and management elements. CPI activities are directed at improving cycle times and reliability as well as achieving cost benefits. The Department is focusing CPI projects to optimize acquisition and sustainment value stream operations – initiating projects at key points that provide the best leverage. A CPI Senior Steering Committee is overseeing CPI implementation across the Department, ensuring the involvement of all functions where benefits can be achieved.

The Defense Acquisition Executive Summary (DAES) is being restructured to simplify and streamline the acquisition decision making processes. Key elements of the restructure include the utilization of standard formats, focus on leading metrics and associated issues, assessment of risks and mitigation plans. The restructured process addresses all MDAP programs, utilizes open and transparent DAMIR data, and directs trade considerations starting with performance (requirements) first, schedule second and cost third to meet contract requirements. Three charts addressing program status, issue summary and risk summary have been implemented, metrics are being collected and improvements are being incorporated as the initiative gains momentum with the Components, Joint Staff and OSD with the objective to deliver predictable performance. Key enablers being fostered for success include teamwork characterized by trust and integrity as imperatives, commitment to create clarity, healthy debate and differences encouraged, holding one another accountable, focus on collective results and open transparent communication.
Requirements
Responding to the Combatant Commanders with product-ready capabilities, on time and on cost, is the objective of the Defense Acquisition System.

The Reports urged the Department to provide a mechanism for the rapid insertion of new capabilities into forces engaged in operations to include systems engineering, funding, acquisition, and sustainment support. The Deputy Secretary of Defense established the Joint Rapid Acquisition Cell to ensure that joint immediate warfighter needs submitted by the Combatant Commanders (COCOMs) are expeditiously reviewed, validated, funded, fielded, and supported. Since its inception, the JRAC successfully has addressed over 20 COCOM immediate warfighter needs valued at over $280 million and has assisted with respect to the funding of over $500 million for 16 classified programs identified as critical warfighter needs. The success of the Joint Rapid Acquisition Cell process has grown from that of the Services, which also have established joint rapid acquisition processes to improve their own responsiveness to warfighters. The Congress has regularly supported the Department in these efforts.

The Reports recommended that the requirements process adapt to the new security environment. The Joint Requirements Oversight Council reviews and validates joint requirement documents for Major Defense Acquisition Programs and other programs designated as high-interest. The Reports also encouraged early and continuous collaboration across the entire acquisition community to ensure transparency with new capabilities that are conceived and developed in the joint warfighting context.

The Council has undertaken several initiatives over the last year to improve the requirements process based on recommendations from The Reports and based on internal assessments of what needs to be improved. The Council has worked to achieve greater involvement by the combatant commands throughout the requirements process. The COCOM’s Integrated Priority Lists have become the starting point for a series of Council assessments that resulted in the identification of a list of most pressing military issues and a prioritized list of capability gaps. As capabilities are identified and turned into warfighting system requirements, the COCOMs are actively engaged to comment on those future capabilities. When the Council meets to consider validating future capabilities and associated system requirements, the COCOMs are invited to attend (either in person or virtually) to provide the Council their input on issues or concerns. This year over 60 percent of the Council sessions have had one or more COCOM flag officer representatives attend and provide this critical warfighter input. Finally, twice a year the Council travels to the COCOMs to better understand their warfighting needs and to provide feedback on what the Council and the Services are doing to satisfy those needs.

The Joint Requirements Oversight Council has begun performing an enhanced assessment of proposed capabilities and weapon systems by considering not only the Key Performance Parameters, but also the technology cost and schedule risks. The objectives are to ensure the warfighter is not requesting weapon systems which have unreasonable cost and schedule risks and that the Services are not promising to deliver weapon systems without understanding the maturity of the technology required.
The Council is also considering the overall affordability of a weapon system before approving its performance requirements and before recommending a new program be initiated. Finally, the Council has directed that weapon system programs experiencing cost growth return to the Council for an evaluation of performance criteria and their impact on the cost growth.

The Joint Staff, working in concert with Acquisition, Technology and Logistics and through the Defense Acquisition University, is developing a training course for personnel that is specifically focused on the requirements process. The personnel who generate and review our future warfighting concepts and identify the capabilities required to execute successfully those concepts currently do not receive any formal training to perform this function. By providing this training, we will have a consistent understanding between the warfighters and the acquisition community to better ensure that the right weapon systems are developed and our delivery of the required capabilities to the warfighter is improved.

The Capability Portfolio Management Initiative is investigating approaches for the Department in this area. Four test pilot cases have been created and the initiative is monitoring their progress:

- Joint Command and Control
- Joint Network Operations
- Battlespace Awareness
- Joint Logistics

This portfolio experiment will enable senior leaders to consider strategic trades across previously stove piped areas, and to better understand the implications of investment decisions across competing priorities. In parallel, a capability framework is being developed as the basis for building on the test cases for an institutionalized capability portfolio approach across DoD’s “Big A” acquisitions.

Currently, warfighting capability is being transformed to be more synchronized, timely, integrated, and cost effective. To manage the core set of enabling programs and associated capabilities that will ensure delivery at the enterprise level, the Department continues to explore improvements in portfolio management and data transparency within the context of several levels of capability decisions, with each decision informing the next.

The table below summarizes the types of capability decisions (level of choice):

<table>
<thead>
<tr>
<th>Capability Decision</th>
<th>Decision Process Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>Senior decision makers balance choice and prioritize across portfolios. The focus is on operational effects, the determination of what types of capability portfolios, and how much of those capabilities are needed. An example of strategic choice is balancing additional investment in Prompt Global Strike with Joint Command and Control.</td>
</tr>
<tr>
<td>Portfolio</td>
<td>Balances capabilities within a portfolio to provide the most effective mix to deliver desired effects and meet objectives. At this level, managers determine the right mix of assets within a capability portfolio, such as the division of resources within Joint Command and Control.</td>
</tr>
<tr>
<td>Weapon System</td>
<td>The determination of the optimal solution is to provide the needed capability by balancing performance requirements with cost, schedule, and technical risk.</td>
</tr>
<tr>
<td>Weapon System Sustainment</td>
<td>Identification of the preferred strategy for optimizing weapon system materiel readiness (weapon system availability, weapon system reliability, weapon system mean downtime and weapon system ownership cost) for the duration of a mission, and for the total lifecycle.</td>
</tr>
</tbody>
</table>
The move to **Capabilities-Based Decisions** about individual programs is addressed in the context of a wider lens. Defense processes are adapting to protect development dollars that are allocated to address new challenges, while maintaining strength in current areas. The Department is examining capability needs and solutions in the context of joint portfolios and there are several important aspects of this change. The concept decision pilot, discussed earlier, is examining how this portfolio review can be codified within the Department’s various requirements, acquisition, and resourcing processes. By looking at collections of assets across the military services that can be leveraged to meet joint needs, the Department is better able to adapt investments of the individual Services to meet broader joint warfighter needs. Additionally, the Department is gaining efficiencies within portfolios, or “product lines”, by introducing commonality, sharing technologies, and adapting existing capabilities versus initiating new developments and identifying portfolio lifecycle cost drivers. The Department is working to establish a capability-based requirements development process with industry as, for example, in OSD support to the Joint Integrated Air and Missile Defense Summit which enables early discussions of requirements and potential solutions with our industry partners.

Linkage among resources, performance, capabilities, and strategy is a strategic goal. To that end, a defensible framework for long-term improvement that directly links resources to supply chain and logistics activities has been developed. In the context of this framework, capability performance targets have been identified to achieve the most operationally effective and cost-efficient use of the resources available for achieving focused logistics capabilities. The application of capabilities-based management strategies beyond the supply support function is embodied in the Department’s Performance-driven Outcomes Initiative which seeks the cost-effective achievement of effects-based outcomes such as materiel readiness rather than just the delivery of process outputs such as spare parts. To the extent that requirements can be successfully articulated as outcomes they become much more defensible. These defensible performance targets facilitate development of realistic programs and budgets for focused logistics programs and initiatives; analysis and assessment of programs and initiatives for their costs, schedules, risks, and measurable contributions to improved focused logistics capabilities; and identification and assessment of the resource requirements for realizing the entire portfolio of focused logistics capabilities. This will result in the effective and cost-efficient use of the resources available for achieving focused logistics capabilities.

Current initiatives are associated with lifecycle management principles, such as Department-wide Continuous Process Improvement (Lean Six Sigma), Defense Logistics Agency Consumable War Reserve Management, and Logistics Resource Baseline Development, benchmarking, and assessment of capabilities.

Additionally, the Department also is continuing to develop its weapon system readiness and sustainment modeling capabilities. Such models are aimed at enhancing the ability of acquisition and sustainment professionals to assess, for example, trade-offs between alternative investments in elements such as sustainment capabilities, support structures, cycle times, reliability, and alternative policies. The goal of these modeling capabilities is to ensure that DoD can make the intelligent, informed resource application decisions that will optimize acquisition and sustainment operations and maximize achieved materiel readiness at optimum total weapon systems ownership cost. Such modeling capabilities support the ongoing integration of acquisition and sustainment activities into an end-to-end continuum.
Budget

Realistic, cost-effective plans and programs are essential to preserve options that are flexible and responsive.

The Department is striving to budget programs realistically through the Planning, Programming, Budgeting and Execution process. There are numerous ongoing improvement efforts (in combination with our efforts addressed in this report) that will result over time in less volatility and over-runs and ensure that fielded designs are effectively sustained at optimal total ownership cost.

We are implementing several approaches that substantially will improve the rigor and focus of our requirements development, budgeting, acquisition, and sustainment planning processes, while providing the means to adapt those processes to changing circumstances and deliver required capabilities to the field. Other initiatives involve implementing processes to coordinate the Office of Management and Budget Program Assessment Rating Tool, capital accounts, and portfolio management experiments, as well as experiments in evaluating alternatives through a concept decision process. The Department is working to establish authoritative information sources by consolidating certain financial databases, to provide more accurate cost data to the defense planning and acquisition communities. Another initiative calls for a Wide Area Workflow system expansion through a Navy interface with Office of the Secretary of Defense for its Enterprise Resource Planning System.

The Department is examining capital accounts for Major Defense Acquisition Programs as a means of stabilizing program funding. The intent of the capital accounts concept would commit a fixed set amount of funding for the development portion of a project and then “hold” that commitment by avoiding adjustments of funding, up or down, until the product is delivered. Checks and balances are necessary, as the Department will be equally disciplined in areas beyond the resource processes. When program managers and industry know that funding for a program will be held to an annual predictable level, and other aspects of the program are not allowed to vary (such as unfunded performance changes), there is a greater likelihood of a program’s predictability in delivering on the predetermined schedule and within budget. Program predictability, when measured by cost, schedule, and performance, will benefit greatly from a funding stream that is guaranteed.

The capital accounts concept is being formalized in three pilot programs:

- **Combat Search and Rescue Helicopter** (Air Force)
- **Joint High Speed Sealift Vessel** (Army/Navy)
- **General Funds Enterprise Business System** (Army)

These programs will capitalize on rapid acquisition while emphasizing customer response with reduced Decision-Making Cycle Time and earlier Initial Operating Capability. These initiatives are within the Department’s current authorities, which can be implemented in the near-term. The Department will provide valuable lessons learned for the future implementation of this kind of capital funding approach in a wider variety of acquisition and sustainment programs.
The Deputy Under Secretary of Defense for Acquisition and Technology, with the support of the Service Acquisition Executives and through the Director of Acquisition Resources and Analysis, is re-engineering the monthly reviews known as Defense Acquisition Executive Summaries. This process ensures that the Department's senior acquisition leaders have visibility into all of the Major Defense Acquisition Programs – 89 programs – on a quarterly basis with input from and participation of the Service Acquisition Executives and Department functional stakeholders. The primary improvements to Summaries include emphasis of trust and accountability to promote the sharing of information; more timely and accurate data inputs; tighter compliance with standards; increased discipline over cost, schedule, and performance; reports detailing issues and risks along with the associated closure and mitigation plans; and earlier identification of negative trends to accelerate recovery strategies. The Department will focus its attention on programs most in need of assistance. Efforts to date have streamlined the Service data entries by 50 percent, reduced assessment reporting by 60 percent, focused reviews on program risk, and adopted a new review format to facilitate meaningful discussion. The changes have been viewed as successful by Service Acquisition Executives and Office of the Secretary of Defense stakeholders, and the resulting actions improve the probability of success for underperforming programs.

The Acquisition, Technology and Logistics Strategic Goals Implementation Plan recommends implementing changes to streamline the oversight of Major Defense Acquisition Programs and the Defense Acquisition Board process. A working group of senior executives in the Office of the Secretary of Defense and in the military departments was chartered in 2005 to represent the stakeholders in these programs and in this process. The working group proposed seven initiatives to improve and standardize oversight and the decision process, and to minimize documents and meetings to support milestone decisions and oversight. The Under Secretary for Acquisition Technology and Logistics, through the Director, Acquisition Resources and Assessment, accepted all seven recommendations and has implemented two:

- Eliminating the Integrating Integrated Product Team construct as a mandatory meeting in preparation for a Defense Acquisition Board review
- Establishing a new online training course at the Defense Acquisition University for Program Managers and staff leaders regarding effective meetings to support oversight and the review process

In addition to these two actions, the Joint Tactical Radio System Program is designated a pilot program for streamlining oversight and review documentation and information management.
The Department also recognized the need for increased financial resources and flexibility for urgent warfighting needs. In many ways, the success of the Joint Rapid Acquisition Cell can be attributed to improved access to resources. We intend to expand on past lessons and institutionalize this type of budget approach with an annual transfer account specifically designed to fulfill urgent warfighting needs. Increased financial transparency, reduced costs, and the effective use of technology are the priority of Defense leadership. The Department is applying time and technology to one of government’s greatest historical challenges – effectively budgeting for changing needs in a rapidly evolving environment.

**Industry**

*The Department is creating an environment that encourages industry to create and sustain reliable and cost-effective industrial capabilities sufficient to meet strategic DoD objectives.*

The industrial base is a vehicle to the Department’s ultimate objective: military superiority today and into the future. DoD research, development, and acquisition, and associated policies, analyses and program decisions guide and influence industry in three fundamental ways. First, DoD evaluations and assessments of sectors or specific industry issues help identify future budgetary and programmatic issues and inform requirements generation. Second, the Department’s weapons system acquisition policies and decisions shape the technological and programmatic focus of industry. The Department incorporates industrial base-related policies into its acquisition regulations and strategies on an ongoing basis to promote competition and innovation, and in specific cases to preserve critical defense industrial capabilities and technologies and to provide for sustainment of weapons systems. Third, decisions made on mergers and acquisitions involving defense firms continue to shape the financial and competitive structure of the industry.

In an effort to better understand the effects of the policy and program decisions that affect industry, and the extent to which industry decisions limit or expand DoD options, the Department is establishing baseline criteria for the industrial base. This effort will help it to evaluate the extent to which industry demonstrates the most important desired attributes -- reliability, cost-effectiveness, and sufficiency. The Department is defining and evaluating key contractor workforce capabilities; funding and funding stability; programmatic, economic, and financial metrics that reflect industry performance; competitiveness; and sustainment. It is necessary to work with industry partners to encourage long-term contractor workforce improvements. Encouraging competitive forces for innovation and new industrial design, manufacturing, and sustainment capabilities is critical to these efforts. The Department also is characterizing and assessing the industry segments that support DoD acquisition of services. Finally, the Department is assessing how it can best leverage the positive aspects of globalization while minimizing the risks.

As part of DoD efforts to better leverage acquisition-related policies and decisions, the Department is seeking to better understand and address entry barriers to the defense enterprise through outreach to industry initiatives with current and potential defense suppliers and roundtable discussions with the
investment community. To reach beyond traditional defense companies, the Department is reducing certain barriers to entry for non-traditional defense companies and improving its access to commercial technology by attacking the myriad rules, regulations, and practices that limit the use of Other Transactions Authority, Federal Acquisition Regulation Part 12 and other programs.

Helping small business firms to improve their ability to compete effectively in the defense marketplace, the Department analyzes spending patterns and relates those patterns to areas where small business innovation is particularly valuable to meet the needs of the Department. The Department uses the resulting information to encourage small businesses to transition to produce needed goods and services. Similarly, the Department continually is improving its internal management tool, the Small Business Program Strategic Management System. The System identifies strengths and weaknesses of the DoD Small Business Program thereby highlighting areas where small businesses could be better served.

In an environment of significant U.S. and international industry consolidation, the Department is continuing to evaluate its contractor vertical integration policies and refine them where necessary to address defense contractors inappropriately favoring in-house capabilities when such use would be detrimental to the Department.

With such structural, cultural, and process improvements, the Department has a wide variety of tools to promote innovation and competition by directly funding innovation in science and technology accounts and inducing innovation by employing acquisition and containment strategies. This will encourage competition to determine appropriate research and cost to purchase the necessary goods and services. Using specific contract provisions incentivizes the delivery of required capability and readiness outcomes rather than merely seeking immediate outputs.

By working more effectively with industry, the Department is gaining innovation, reliability, adaptability, and agility. Defense organizations are finding better ways to partner with industry, leverage strong small business contributions, expand the competitiveness of the defense acquisition environment, stimulate commercial creativity to develop effective solutions to defense requirements, and encourage industry to provide ever better products and personnel to support the defense mission.

**Organization**

*Effective structure and integration of efforts through reduced layers of authority contributes to efficient and effective acquisition performance.*

By merging acquisition organizations through an integrated enterprise model, defense business transformation is creating an acquisition lifecycle management environment that enables efficiency, flexibility, and innovation. In December 2006, DoD leadership issued a memorandum requiring department-wide Fiscal Year 2007 organizational performance assessments through individual strategic plans that are based on performance priorities to include:

- Continue transforming enterprise management
- Focus on people -- military and civilian
- Improve effectiveness and efficiency across the board

The Reports specifically recommended efforts to eliminate redundancies, thus allowing for a more efficient flow of processes within the Department. If changes to the defense enterprise are to be
successful, the first essential requirement is to remove institutional barriers to improvement, efficiency, and change. Key enhancements to the defense acquisition enterprise include aligning roles and responsibilities so that the acquisition and sustainment systems become better focused and more organized, and reducing policy obstacles to make smart buying decisions, such as enabling strategic choice and joint business support for the warfighting mission. By removing institutional impediments to transformation, the Department is embracing an acquisition total lifecycle systems management culture that is open to communication and ready to stimulate the dramatic changes needed to improve the effectiveness of the organization. Such an effort includes demonstrating both organizational and program stability to reinforce the concept that transformation of the Defense Acquisition System comes through determination to achieve proven and measurable results.

An effective, timely, and efficient Defense Acquisition System must meet the demands of the 21st Century joint warfighter. To achieve this goal, DoD is reshaping business operations and the decision-making processes to create a more adept and responsive combat support infrastructure. The Institutional Reform and Governance Roadmap, one of eight Quadrennial Defense Review Roadmaps, is being executed to improve the defense enterprise by creating more integrated and responsive decision-making processes, organizations, and business practices.

The Roadmap seeks to develop a decision management approach that enables a clear and transparent link from strategy to outcomes. It will capitalize on and provide synergy between the numerous initiatives discussed in this report. The approach clearly will delineate decision-making responsibilities of the governance, management, and execution levels of the Department. It also will enable senior leaders to focus on strategic choices and empower managers to carry out their responsibilities with transparency, accountability, and sound performance management. The Department’s analytic framework is improving. As part of this effort, we are building more transparent business information systems across the Department, integrating decision processes to enable strategic choice, and aligning roles and responsibilities to maximize decision-making effectiveness across the enterprise.

The Fiscal Year 2005 National Defense Acquisition Act required the DoD to develop an integrated Enterprise Transition Plan which creates a roadmap for DoD business transformation by:

- Describing what DoD is trying to achieve and how we will know when we get there
- Capturing milestones and metrics to guide business capability lifecycle management improvements
- Identifying tangible benefits for each investment
- Documenting a baseline against which to measure progress
- Including an acquisition strategy for all new business systems

Our intention is to enhance our strategic governance capabilities by clarifying lines of responsibility and accountability, and establishing a closer and more effective relationship among the key business processes in the Department. These include our requirements generation system, the Planning, Programming, Budgeting and Execution system, and the Defense Acquisition system – all of which make up the “Big A” acquisition process… Taken together, this “Big A” approach, will facilitate a more balanced and effective analysis of the capability issues we will face, help to focus our principal decision makers on the most important issues at the portfolio – or capability – level, and ensure that their decisions are supported and executed.

Kenneth J. Krieg
Under Secretary of Defense for Acquisition, Technology and Logistics
House Armed Services Committee
April 5, 2006
The organizational construct of the Enterprise Transition Plan is based on “Tiered Accountability” where both the Office of the Secretary of Defense and the Components share the responsibility to develop and implement the Plan. The DoD enterprise layer serves as the “corporate requirements” for business operations, and the Components determine requirements and priorities for their specific layer.

The Enterprise Transition Plan is focused to achieve “Big A” acquisition visibility for the Department to deliver business capabilities that will improve acquisition and sustainment information availability from the Components to the enterprise. The Plan is being executed and currently focuses on six Business Enterprise Priorities that will enable joint business support for the warfighting mission and bring enterprise business improvements on many fronts. The current Priorities are:

- Personnel visibility, providing access to real-time, reliable personnel information for warfighter mission planning
- Acquisition visibility, providing transparency and access to acquisition information that is critical to supporting full lifecycle management of the Department’s processes that deliver weapon systems and automated information systems
- Common supplier engagement, aligning and integrating policies, processes, data, technology, and people to simplify and standardize the methods that DoD uses to interact with commercial and government suppliers
- Materiel visibility, improving supply chain performance and providing transaction visibility across logistics systems in support of the joint warfighting mission
- Real property accountability, providing access to near-real time secure, accurate, and reliable information on environmental, workforce, hazardous material, and real property assets in which the DoD has a legal interest. It is also concerned with information regarding environment, safety and occupational health sustainability throughout DoD
- Financial visibility, providing timely access to accurate and reliable financial information in support of financial accountability and efficient and effective decision-making

Organizationally, the Department is improving the way it executes its acquisition and sustainment mission through increased knowledge of roles and responsibilities, better communication, better and more adaptive guidelines and logical, non-redundant business structures. The Department established the Strategic Communication execution roadmap to address gaps in the Department’s primary communication supporting capabilities by developing a culture that values communication. The roadmap is focused on three primary objectives:

- Assign a Strategic Communication Integration Group of senior leaders to horizontally integrate communication efforts for key defense issues across the enterprise
- Clearly define communication roles, responsibilities and relationships, and define doctrine by preparing DoD Directives for Strategic Communication
- Organize, train and equip key communication capabilities

To make the world’s largest defense enterprise more effective, commercial best practices are being deployed. Efforts to streamline the Department include implementing roadmaps for governance and the business enterprise. Transforming the Department of Defense into an organization built for acquisition total lifecycle systems management excellence requires communicating and spreading
organizational transformation throughout the Department. The Department is improving program stability with knowledge-based decisions and optimizing the Integrated Product Team process by reducing layers of review and oversight.
Conclusion

The Department of Defense is providing institutional readiness, personnel, fiscal resources and financial management, planning and requirements development, acquisition and sustainment capability and partnership with industry to sustain and enhance America’s joint force. The Department continues to assess, adapt, innovate, and transform to meet the challenges of a new strategic era and is focused on initiatives that will impact defense effectiveness, efficiency, and agility.

Implementing key recommendations and identifying new initiatives will support defense-wide business transformation. Adapting to the challenges of “Big A” acquisition as a continuous process will complement current deployments in areas of conflict as today’s warfighting community requires flexible solutions to protect the national security of the United States. Significant attention has been given to the need to transform and respond to recommendations from multiple reports and findings. The Department has initiated important improvements through internal assessments. We will work with Congress to innovate, inspire, and institutionalize these initiatives and programs.
Appendix A: Website Links and Definitions

**Acquisition of Services**
The execution of one or multiple contracts or other instruments committing or obligating funds for a specified requirement. Acquisition begins at the point when agency needs are established and includes all functions directly related to the process of fulfilling those needs by contract, agreements, or funds transfer.

**Acquisition, Technology and Logistics Strategic Goals Implementation Plan**
Definition: N/A (Link to the plan).

**AT&L Human Capital Strategic Plan**
Link to the report.

**Best Practices**
http://en.wikipedia.org/wiki/Best_practice
Best Practice is a management idea which asserts that there is a technique, method, process, activity, incentive or reward that is more effective at delivering a particular outcome than any other technique, method, process, etc. The idea is that with proper processes, checks, and testing, a project can be rolled out and completed with fewer problems and unforeseen complications.

**Business Transformation**
http://www.dod.mil/dbt/
Link to the defense business transformation website.

**Capabilities-based Decisions**
CBP should be a top down, competitive approach to weigh options versus resource constraints across a spectrum of challenges.

**Capability Portfolio Management Initiative**
Capability-based planning and management was emphasized in both the QDR and Strategic Planning Guidance as a way to facilitate strategic choices and improve the ability to make capability tradeoffs. One approach being explored is joint capability portfolio management.

**Capital Accounts**
A financial initiative designed to provide stability in the budgeting system and to establish accountability for acquisition programs throughout the hierarchy of program responsibility.

**Civilian Human Capital Strategic Plan 2006 – 2010**
Link to the report.
**Combatant Commanders’ (COCOMs) Integrated Priority Lists**
[http://usmilitary.about.com/od/glossarytermsi/g/i3154.htm](http://usmilitary.about.com/od/glossarytermsi/g/i3154.htm)
A list of a combatant commander's highest priority requirements, prioritized across Service and functional lines, defining shortfalls in key programs that, in the judgment of the combatant commander, adversely affect the capability of the combatant commander's forces to accomplish their assigned mission. The integrated priority list provides the combatant commander's recommendations for programming funds in the Planning, Programming, and Budgeting System process.

**Combat Search and Rescue Helicopter (Air Force)**
[http://www.spacewar.com/reports/Air_Force_Selects_Developer_For_Combat_Search_And_Rescue_Replacement_Vehicle_999.html](http://www.spacewar.com/reports/Air_Force_Selects_Developer_For_Combat_Search_And_Rescue_Replacement_Vehicle_999.html)
Article declaring that Boeing will develop the CSAR helicopter.

**Concept Decision Review**
First decision point of the Defense Acquisition Management Framework. It authorizes entry into the Concept Refinement (CR) phase.

**Contingency Contracting Practices**
Contingency contracting encompasses all contracting done in a contingency environment (declared and non-declared), including stability operations, natural disasters and other calamitous events.

**Continuous Process Improvement**
Definition: Continuous Process Improvement (CPI) is an OSD initiative focused on "continuous process improvement to maximize weapon system readiness while minimizing materiel flows and in-process inventories. The goal is to optimize reliability and cycle time while striking a reasonable balance with costs across the total Lifecycle value chain.

**Decision-making Cycle Time**
Decision-making Cycle Time is the total time taken between the origin of an issue and its resolution.

**Defense Acquisition Acronyms and Terms**
The Glossary: Defense Acquisition Acronyms and Terms contains the most acronyms, abbreviations, and terms commonly used in the systems acquisition process within the Department of Defense and defense industries. It focuses on terms with generic DoD application but also includes some service unique terms.

**Defense Acquisition Management Information Retrieval (DAMIR)**
DAMIR website

**Defense Acquisition University (DAU) Strategic Plan**
Definition: N/A (Link to the plan).
Defense Federal Acquisition Regulations Supplement (DFARS)
DoD implementation and supplementation of the FAR is issued in the Defense Federal Acquisition Regulation Supplement (DFARS) under authorization and subject to the authority, direction, and control of the Secretary of Defense

Defense Industrial Base Attributes
http://www.acq.osd.mil/ip/faq.html#number9
Stable, robust, Department of Defense (DoD) funding is the primary factor in sustaining those industrial capabilities supporting defense because such funding focuses market demand across a broad spectrum of industry segments to meet emerging and projected DoD requirements. Several other criteria also can be used to evaluate the extent to which the industrial base has the desired attributes of reliability, cost-effectiveness, and sufficiency.

Defense Integrated Military Human Resources System (DIMHRS)
http://www.dimhrs.mil
DIMHRS website

Department of Defense Continuous Process Improvement (CPI) Transformation Guidebook
Link to guidebook.

Enterprise Risk Assessment Model (ERAM)
http://www.dod.mil/dbt/faq_erm.html
The Enterprise Risk Assessment Model aids the business Major Automated Information Systems (MAIS) to deliver business capabilities rapidly, at a reduced cost, by identifying program vulnerabilities and providing mitigation solutions.

Enterprise Resource Planning System
http://en.wikipedia.org/wiki/Enterprise_resource_planning
Enterprise Resource Planning systems (ERPs) integrate (or attempt to integrate) all data and processes of an organization into a unified system. A typical ERP system will use multiple components of computer software and hardware to achieve the integration. A key ingredient of most ERP systems is the use of a unified database to store data for the various system modules.

Enterprise Transition Plan (ETP)
Links to the report.

Federal Acquisition Regulations System
http://www.acquisition.gov/far/
FARS is established for the codification and publication of uniform policies and procedures for acquisition by all executive agencies. The Federal Acquisition Regulations System consists of the Federal Acquisition Regulation (FAR), which is the primary document, and agency acquisition regulations that implement or supplement the FAR.
General Funds Enterprise Business System (Army)
http://www.gfebs.army.mil/
The vision for GFEBs, as approved by the Principal Deputy for the ASA (FM&C) is to develop a
CFO-compliant General Fund Finance and Accounting System, on a JFMIP-certified COTS/ERP
product, that is capable of supporting the Department of Defense with accurate, reliable, and timely
financial information, in peacetime and in war.

Initial Operating Capability
http://akss.dau.mil/askaprof-akss/qdetail2.aspx?cgiSubjectAreaID=14&cgiQuestionID=1375
The first attainment of the minimum capability to effectively employ a weapon, item of equipment,
or system of approved specific characteristics, and which is manned or operated by an adequately
trained, equipped, and supported military unit or force.

Institutional Reform and Governance Roadmap
http://www.dod.mil/dbt/products/BTG/RelToOtherInit1.html
The Institutional Reform and Governance (IR&G) roadmap will further develop and provide
guidance for the implementation of those specific reforms. The objective of the IR&G road map is to
streamline and improve Department governance, including its processes, tools, data, and
organization, and its relationship to management and execution to meet the needs of the 21st century
joint warfighter in an effective, timely, and transparent manner.

Integrated Data Environment/Global Transport Network (IDE/GTN)
http://findarticles.com/p/articles/mi_m0NQS/is_4_69/ai_n16726237
Article discussing the IDE/GTN convergence

Integrated Defense Supply Chain Operation
http://www.dod.mil/comptroller/icenter/learn/iscmconcept.htm
Integrated supply chain management is a proven business strategy that has gained wide acceptance in
recent years due to increasing customer demands for quality, delivery, and speed. New and radical
ways of communicating, coupled with cost reduction and more interdependent supplier, provider,
and customer relationships, have contributed to the emergence of an integrated supply chain
approach.

Integrated Product Team Process
An Integrated Product Team (IPT) is a multidisciplinary group of people who are collectively
responsible for delivering a defined product or process.

Investment Reviews
http://www.dod.mil/dbt/manage_inv-review.html
The work being undertaken by the Investment Review Boards (IRBs) is a maturing and continually
improving process. Key accomplishments in this area point to improved management of business
system investment expenditures, not merely the number and types of systems certified

Joint High Speed Sealift Vessel (Army/Navy)
Profile of an HSV.
Joint Integrated Air and Missile Defense Summit
http://www.jiandsummit.org/
General website for the summit.

Joint Rapid Acquisition Cell (JRAC)
https://acc.dau.mil/jra
The cell’s goal is to respond to immediate warfighter needs, as soon as possible, but with a goal of 180 days to 2 years.

Joint Requirements Oversight Council (JROC)
The JROC reviews programs designated as JROC interest and supports the acquisition review process. In accordance with the CJCS Instruction 3170.01, the Joint Staff reviews all Joint Capabilities Integration and Development System documents and assigns a Joint Potential Designator.

National Security Personnel System
http://www.cpms.osd.mil/nsps/
Definition: N/A (Link to the NSPS homepage).

Performance-Based Logistics (PBL)
Performance-Based Logistics (PBL) is a support strategy that places primary emphasis on optimizing weapon system support to meet the needs of the warfighter. PBL delineates outcome performance goals of weapon systems, ensures that responsibilities are assigned, provides incentives for attaining these goals, and facilitates the overall lifecycle management of system reliability, supportability, and total ownership costs. It is an integrated acquisition and logistics process for buying weapon system capability.

Performance-Based Procurement Process
“Performance-Based Acquisition (PBA)” means an acquisition structured around the results to be achieved as opposed to the manner by which the work is to be performed.

Planning, Programming, Budgeting and Execution (PPBE)
PPBE provides a vehicle for decision makers to examine and analyze decisions by taking into consideration influencing environmental factors such as threats, political and economic climates, technological developments, and resource availability.

Program Assessment Rating Tool (PART)
http://www.whitehouse.gov/omb/part/
The PART was developed by the Office of Management and Budget (OMB) to assess and improve program performance so that the Federal government can achieve better results.
Revitalizing Systems Engineering, Software Engineering and Developmental Test and Evaluation

http://www.dau.mil/pubs/dam/05_06_2005/Var_mj05.pdf

In a February 2004 policy memorandum, Wynne issued a directive to meet the problem: “All programs responding to a capabilities or requirements document, regardless of acquisition category, shall apply a robust systems engineering approach that balances total system performance and total ownership costs within the family-of-systems, system-of-systems context.”

Risk-Based Source Selection


Risk-Based Source Selection employs one or more approved and funded technology development and risk reduction contracts that would precede program initiation. These contracts will be designed to identify, quantify and reduce risk, enhance requirements definition, refine cost estimation, and improve source selection.

Tiered Accountability


Responsibilities are aligned with the decentralized management structure of the Department so that accountability for the planning and management of systems/initiatives is clearly defined between the DoD Enterprise level and the Component 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.

Time-Defined Acquisition

http://www.dod.mil/dodge/olc/docs/TestKrieg060907.doc

In short, the approach employed will be directly dependent on the risks identified -- the lower the risk, the more streamlined the approach, and the faster we can respond to the warfighter.
# Appendix B: Acronym List

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AT&amp;L</td>
<td>Acquisition, Technology and Logistics</td>
</tr>
<tr>
<td>BEA</td>
<td>Business Enterprise Architecture</td>
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<td>BEP</td>
<td>Business Enterprise Priorities</td>
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<tr>
<td>BTA</td>
<td>Business Transformation Agency</td>
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<tr>
<td>CCOs</td>
<td>Contingency Contracting Officers</td>
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<tr>
<td>COM</td>
<td>Combatant Command</td>
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<tr>
<td>CPI</td>
<td>Continuous Process Improvement</td>
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<tr>
<td>DAB</td>
<td>Defense Acquisition Board</td>
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<tr>
<td>DAES</td>
<td>Defense Acquisition Executive Summaries</td>
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<tr>
<td>DAMIR</td>
<td>Defense Acquisition Management Information Retrieval</td>
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<td>DAPA</td>
<td>Defense Acquisition Performance Assessment</td>
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<td>DAU</td>
<td>Defense Acquisition University</td>
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<td>DFARS</td>
<td>Defense Federal Acquisition Regulation Supplement</td>
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<td>DIMHRS</td>
<td>Defense Integrated Military Human Resources System</td>
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<tr>
<td>DLA</td>
<td>Defense Logistics Agency</td>
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<tr>
<td>DOD</td>
<td>Department of Defense</td>
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<tr>
<td>ERAM</td>
<td>Enterprise Risk Assessment Model</td>
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<td>ERP</td>
<td>Enterprise Resource Planning</td>
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<tr>
<td>ETP</td>
<td>Enterprise Transition Plan</td>
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<tr>
<td>FAR</td>
<td>Federal Acquisition Regulation</td>
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<tr>
<td>FFRDC</td>
<td>Federal Funded Research and Development Center</td>
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<tr>
<td>FY</td>
<td>Fiscal Year</td>
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<tr>
<td>GFEBS</td>
<td>General Fund Enterprise Business System</td>
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<tr>
<td>IDE/GTN</td>
<td>Integrated Date Environment/Global Transportation Network</td>
</tr>
<tr>
<td>IIPT</td>
<td>Integrating Integrated Product Team</td>
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<tr>
<td>IOC</td>
<td>Initial Operating Capability</td>
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<tr>
<td>IPL</td>
<td>Integrated Priority List</td>
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<td>IR&amp;G</td>
<td>Institutional Reform and Governance</td>
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<td>JC2</td>
<td>Joint Command and Control</td>
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<tr>
<td>JNO</td>
<td>Joint Network Operations</td>
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<tr>
<td>JRAC</td>
<td>Joint Rapid Acquisition Cell</td>
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<td>JROC</td>
<td>Joint Requirements Oversight Council</td>
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<td>MAIS</td>
<td>Major Automated Information System</td>
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<td>MDAPs</td>
<td>Major Defense Acquisition Programs</td>
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<td>NDAA</td>
<td>National Defense Authorization Act</td>
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<td>NSPS</td>
<td>National Security Personnel System</td>
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<td>OMB</td>
<td>Office of Management and Budget</td>
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<td>OSD</td>
<td>Office of the Secretary of Defense</td>
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<td>P&amp;R</td>
<td>Personnel and Readiness</td>
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<td>PART</td>
<td>Program Assessment Rating Tool</td>
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<td>PBL</td>
<td>Performance Based Logistics</td>
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<td>PDO</td>
<td>Performance Driven Outcomes</td>
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<td>PPBE</td>
<td>Planning, Programming, Budgeting and Execution</td>
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<td>SARs</td>
<td>Selected Acquisition Reports</td>
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<td>SES</td>
<td>Senior Executive Service</td>
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<td>SMS</td>
<td>Strategic Management System</td>
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<tr>
<td>QDR</td>
<td>Quadrennial Defense Review</td>
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