

# Fourth International Acquisition/Procurement Seminar—Pacific (IAPS-P)

## Concepts for Developing Defense Industry

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**T**he Fourth International Acquisition/Procurement Seminar—Pacific (IAPS-P), was originally scheduled for September 2001. Regrouping after the events of 9/11, the fourth seminar was held Sept. 23-26, 2002, at the Defense Acquisition University/Defense Systems Management College (DAU/DSMC), Fort Belvoir, Va. The 2002 seminar focused on cooperative programs and international acquisition practices and training.

### “Concepts for Developing Defense Industry”

Sponsoring this year’s event were DAU/DSMC, the Australian Defence Force Academy (ADFA), the Korea Institute for Defense Analyses (KIDA), the Korea Association of Defense Industry Studies (KADIS), and the Singapore Ministry of Defense (MINDEF).

Participation was by invitation only, and extended to Defense Department/Ministry and defense industry employees from the sponsoring nations who are actively engaged in international defense acquisition programs. For the first time, Japan participated and provided a national presentation delivered by a representative of the Japan Defense Agency.

The theme for the 2002 conference was “Concepts for Developing Defense Industry” with a concentration on global suppliers, offsets, commercial technology, assurance of supply, and residual capability. Presentations included “The

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National Presentations were a highlight of the Fourth International Acquisition/Procurement Seminar—Pacific (IAPS-P), held at Fort Belvoir, Va., Nov. 23-26, 2002. From left: National Presenter Army Colonel Won Mo Jung, Director of Acquisition Policy Division, Republic of Korea, Ministry of Defense (ROK MND); Seminar Director Richard Kwatnoski, International Department, DAU/DSMC; National Presenter Wendy Steele, Defence Materiel Attaché from the Embassy of Australia in Washington; National Presenter Hiroshi Waguri, Deputy Director, Equipment Coordination Division, Bureau of Finance and Equipment, Japan Defense Agency (JDA); National Presenter Alfred Volkman, Director, International Cooperation, USD(AT&L); and National Presenter Quek Pin Hou, Director of Defense Procurement, Singapore.

Future Security Environment in the Pacific,” “Trans-Pacific Cooperation,” “Acquisition Training,” and “Promoting/Restricting Arms Exports.”

### Keynote Address

The keynote speech was to be delivered by E.C. “Pete” Aldridge Jr., Under Secretary of Defense for Acquisition, Technology and Logistics (USD[AT&L]). Due to a last-minute scheduling conflict, Aldridge was unable to attend. Aldridge’s speech, delivered in absentia by Alfred Volkman, Director, International Cooperation, USD(AT&L), centered on the

acquisition challenges facing all countries—the globalization of industry and technology, the demands of 21<sup>st</sup> Century warfare, and defense industry consolidation.

Volkman stressed the increasing importance of emerging technology, classifying the war against terrorism as “techno-centric,” meaning technology is mandatory in finding and exploiting the weaknesses of terrorists. “The war on terror is most assuredly a coalition effort,” he said, “and collective efforts have already led to a safer world.”

To continue the effort, Volkman emphasized the need to share access to high technology among nations in the coalition to reduce costs and lay the groundwork for interoperability.

The Joint Strike Fighter was cited as a successful example of international cooperation from a systems development level. The project involved research and development money from several countries and resulted in the finest strike fighter in the world at a fraction of the cost for each country involved. This type of multilateral cooperation was called "a blueprint for missile defense development cooperation."



Wendy Steele, Defence Materiel Attaché, Embassy of Australia in Washington. "You can play policy until the cows come home," said Steele, "but implementation is the key."

Volkman also stressed the importance of "in-kind" commitments in addition to monetary cooperation in the form of training, testing facilities, radar sites, etc.

Observing that rapid deployment was a must for 21<sup>st</sup> Century warfare, Volkman noted the existing interoperability gap between the United States and coalition countries, and insisted that now is the time to unify efforts to create lighter, faster, interoperable systems. He went on to say that 21<sup>st</sup> Century warfare won't be fought in countries with large standing armies; that there is now a mandate to create light, fast, flexible defense. "No one can do it alone," he said. "A coalition is necessary for logistics."

### DAU Welcome

DAU President Frank J. Anderson Jr., welcomed those assembled, noting that he looked forward to hearing the na-

tional presentations. He talked about how the University is participating in the fundamental transformation of the Department of Defense. "Our transformation has already begun," said Anderson, "by taking steps to become more agile, quicker to respond to the customer, and increasing the University's outreach programs by using high-tech tools like distance learning."

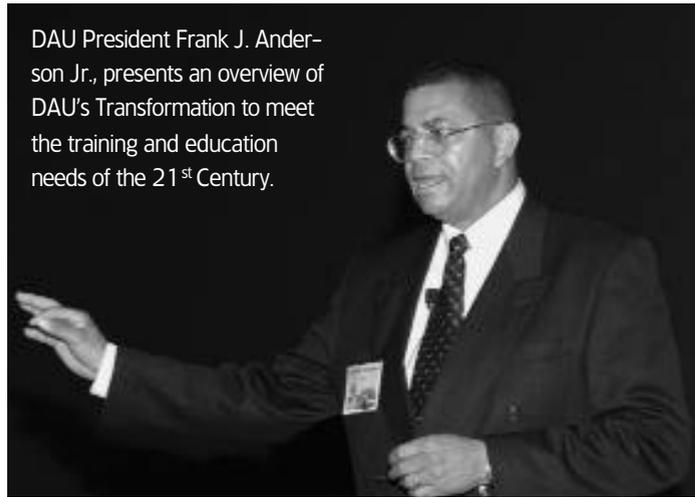
The skill sets required by the new business environment of the 21<sup>st</sup> Century, he said, "can no longer be served by the traditional training methods of the 20<sup>th</sup> Century."

DAU, Anderson noted, is looking to the future and has re-engineered the University organizational structure to increase emphasis on speed and accuracy of course development; collocated DAU teaching facilities where the DoD AT&L workforce is concentrated; provided job-specific performance support; and deployed e-Learning initiatives.

"We have rapidly incorporated modernization initiatives," he said, "to add

Army Colonel Won Mo Jung, Director of Acquisition Policy Division, Republic of Korea, Ministry of Defense. Of particular concern to the ROK MND, he told the delegates, is the increased need for high-technology systems, creating escalating costs at a time of decreasing budgets.

DAU President Frank J. Anderson Jr., presents an overview of DAU's Transformation to meet the training and education needs of the 21<sup>st</sup> Century.



value to our learning products for our customers."

### National Presentations

On the first day of the seminar, policy-level presentations were given by representatives from each of the sponsoring countries and Japan concerning their respective national policies on international acquisition/procurement. A panel discussion with the presenters ended the day, including a question-and-answer session.

Taken as a whole, the presentations reveal a group of countries with militaries that differ greatly in size, budget, mission, and strengths, yet all share many overriding concerns: interoperability, technological advancement, commercialization, budget constraints. Additionally, emerging from the presentations was a newly focused concentration





Donna Richbourg, former Principal Deputy Director, Defense Procurement and Acquisition Policy, OUSD(AT&L).

on uniting efforts to combat the war against terrorism.

### **Australia Department of Defence National Presentation**

The national presentations began with “Conclusions for Developing an International Defence Industry” by Wendy Steele, Defence Materiel Attaché from the Embassy of Australia in Washington. Steele focused on the importance of implementing industrial partnerships to ensure defence capabilities and readiness. “You can play policy until the cows come home,” she said, “but implementation is the key.”

Since a significant reform effort in the 1990s, the Australian Department of Defence has implemented a strategic approach to developing industry relationships, including relocating closer to the support teams and industry, and performing sector studies. In order to adhere to a policy that dictates its Department of Defence remain largely self-reliant, Australia has increased reliance on local industry, linking procurement needs and long-term demand to industry sustainable outcomes by ensuring industry retains key production capabilities and critical skill sets, regardless of the current economic trend.

“A project-by-project approach doesn’t work,” stated Steele. “A strategic approach is needed in setting industrial policy.”

### **Republic of Korea, Ministry of Defense National Presentation**

Army Colonel Won Mo Jung, Director of Acquisition Policy Division, Republic of Korea, Ministry of Defense (ROK MND), delivered a talk on “ROK Weapons Acquisition Policy.” Of particular concern to the ROK MND is the increased need for high-technology systems, creating escalating costs at a time of decreasing budgets.

To address the problem, the MND has focused on 78 areas of critical technology, and increased their Research and Development (R&D) allotment from 4.5 percent of the defense budget to 10 percent. By prioritizing an R&D capability, the MND hopes to improve domestic production of technology. When local procurement is not feasible, adopting principles of open competition and ensuring that the acquisition process is transparent and fair are also strategies currently being employed to capture more efficient and economical results.

### **Singapore Ministry of Defense National Presentation**

The Singapore representative, Director of Defense Procurement Quek Pin Hou, presented “Defense Procurement in Singapore: Value Creation and Enhancement.” Based on its geo-political situation and the country’s stable economy, the small Southeast Asian country—“somewhat smaller at high tide,” said Quek—has focused on developing and nurturing their defense capabilities. Technology, he emphasized, is viewed as the force multiplier to compensate for Singapore’s size and space limitations. “While technology advances us to a leading edge,” stated Quek, “procurement advances give us a competitive edge.”

The Ministry of Defense (MINDEF) has combined technology with business initiatives to create new procurement methods such as the online reverse auction, introduced in January of 2001. Using this system, the government buys from suppliers with the lowest bid in a live, online auction (in contrast with a traditional, formal auction starting with the highest bid).

Up to 12 percent in savings have been realized through this method. Other examples include online e-catalogs and the enterprise e-procurement systems to facilitate Web-based online sourcing.

### **United States Department of Defense National Presentation**

Volkman also delivered the U.S. National Presentation, entitled “Armaments Cooperation in the Asia-Pacific Region: The U.S. Perspective.” Starting with the most elemental question—why the U.S. wants cooperation in this region—Volkman stressed the operational, economic, and technical reasons, including interoperability, reduced research and development costs, and access to the best technology that each country has to offer. Additionally, Volkman added political reasons: strengthening allied relationships and sustaining the ability and willingness to act together when threatened.

Interoperability was presented as a major concern and necessitated information sharing with allies. Volkman recognized that a cultural change is needed to facilitate doing business in a new way, to shift the mentality from business-as-usual to international cooperation. He also warned that armaments cooperation

Hiroshi Waguri, Deputy Director, Equipment Coordination Division, Bureau of Finance and Equipment, Japan Defense Agency (JDA). The nature of current events, according to Waguri, is changing [Japan’s] defense orientation from peacekeeping and prevention of conflicts, to a proactive dispersal of forces to support the United States and allies in the war against terrorism.



tion is necessary to ensure European and other allies are not marginalized.

Citing Kosovo as an example, Volkman outlined how the superiority of the U.S. capabilities in that situation resulted in U.S. forces undertaking almost all of the difficult missions; and when working with allies being forced into the uncomfortable position of having to reduce capabilities to the lowest common denominator. The United States, he cautioned, can't be in alliances if the capability gap is too huge.

### **Japan Defense Agency National Presentation**

The final national presentation was delivered by Hiroshi Waguri, Deputy Director, Equipment Coordination Division, Bureau of Finance and Equipment, Japan Defense Agency (JDA). Presenting "Outline of the Organization, Policy and Acquisition of the Japanese Defense Agency," Waguri began with the ways in which the JDA is a remarkably different organization than the defense establishments of the other presenting countries.

By its own constitution, Japan cannot seek to be a military power, and therefore operates an exclusively defense-oriented policy with the desire to develop a moderate defense capability. Yet, the nature of current events is changing their defense orientation from peacekeeping and prevention of conflicts, to a proactive dispersal of forces to support the United States and allies in the war against terrorism.

Japan has an active pledge to support the United States in anti-terrorism efforts. As the nature of the JDA changes, Waguri predicted a change in the procurement process would be necessary as well, stating that the current acquisition system precluded planning for future needs and evolving circumstances.

### **Other Conference Events**

Industry presentations were given on the second day, featuring representatives from Lockheed-Martin, the Boeing Company, and Northrop Grumman. A Government/Industry Panel followed the

presentations. Presentations on the following day covered a variety of technical topics, from Advanced Concept Technology Demonstrations to the Small Smart Bomb Flight Test, the Foreign Comparative Test, the Collins Submarine, and the Australian 737 AEW&C [Airborne Early Warning and Control] Wedgetail.

The final day of the seminar began with a DAU presentation on acquisition and program manager training. A significant message to DAU's international customers was the process of how to access DAU's distance learning and continuous learning courses.

### **Continuous Learning Center**

Professor Bob Faulk currently serves as Director of the DAU Continuous Learning Center (CLC). Since it was formally launched in July 2001, this Web site at <http://clc.dau.mil> has provided access to modules that can be accessed wherever and whenever customers need specific information on a wide range of topics.

To date, the CLC Web site hosts 35 modules. The site also has other capabilities that allow the workforce to collaborate on projects with others who are not physically located at their customary work sites. DAU will continue to leverage the power of this Web site to

serve the emerging training and educational needs of the AT&L workforce.

### **Virtual Campus**

In addition, DAU also hosts a **Virtual Campus Web site** at <https://dau1.fed-world.gov/dau/index.htm> where Defense Acquisition University/DAU 2003 Catalog information and educational materials are readily available. Also offered at this Web site are many online classes servicing the entire acquisition community.

### **Future Events**

The International Acquisition/Procurement Seminars give defense procurement professionals an opportunity to actively engage with their counterparts in foreign countries, exchange best practices, and work on areas for possible future collaboration. The Atlantic version of the conference held its 14<sup>th</sup> seminar last year in Paris, France, with participation from France, Germany, Spain, the United Kingdom, and the United States, among others. The Pacific conference is a newer event, now in its fourth year, and is tentatively scheduling a fifth seminar to take place in Australia in 2003.

Editor's Note: For more information on annual international seminars, visit <http://www.dsmc.dsm.mil/international/international.htm>.

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