



DoD Business Transformation

& The 5000 Series Regulations

*Meeting the Security Challenges of the
21ST century*

Presented at the 2nd Annual DAU-South

CONTRACTING CONFERENCE & EXPO

February 18 & 19 2004

By

MARK D. LUMB

The Need for Transformation

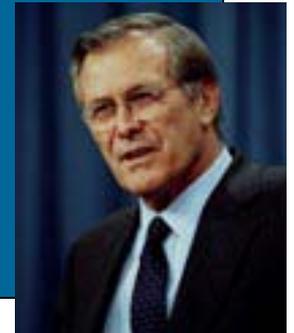


“The United States will ... transform America’s national security institutions to meet the challenges and opportunities of the twenty-first century.”

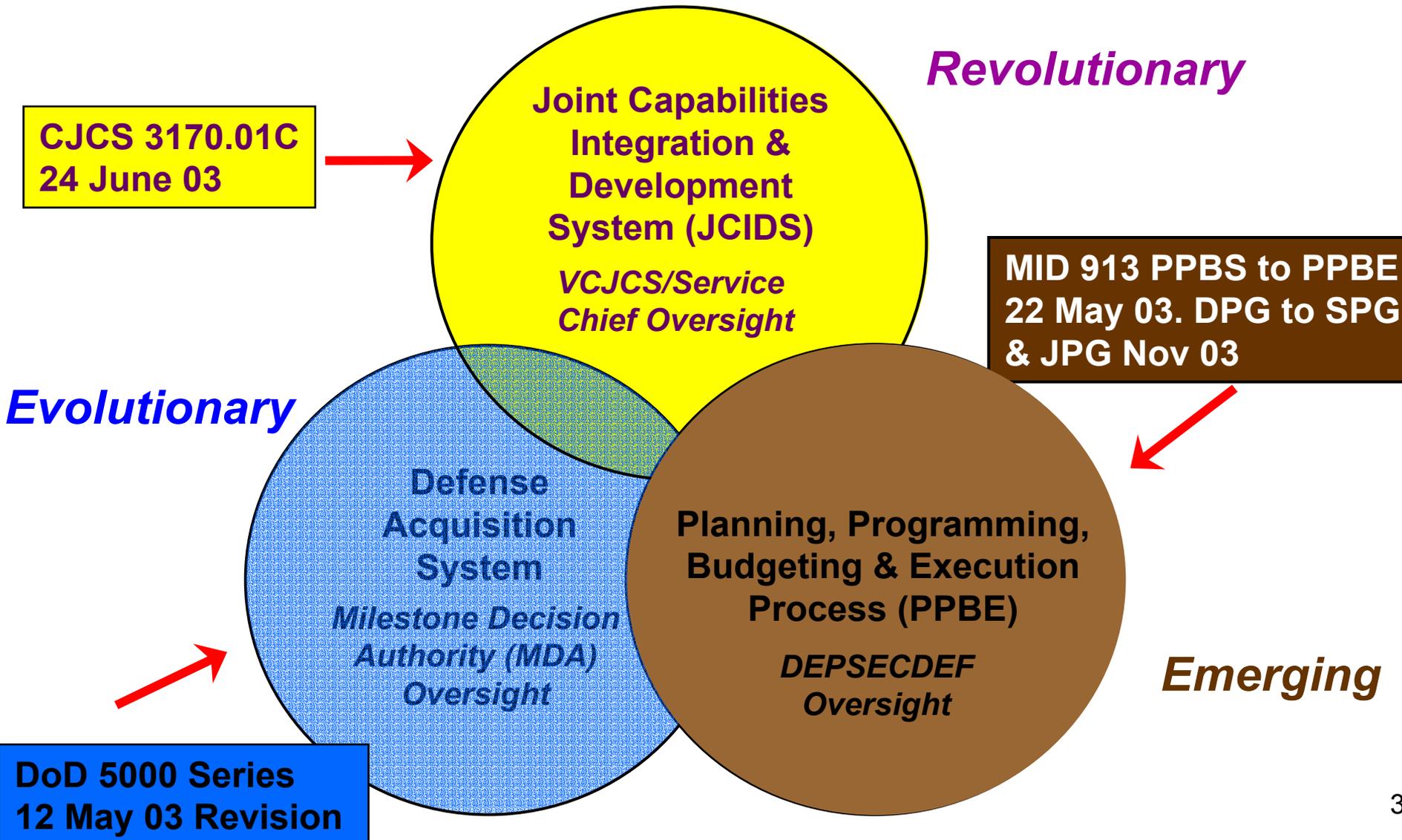
President George W. Bush,
September 2002

“The Department currently is pursuing transformational business and planning practices such as adaptive planning, a more entrepreneurial, future-oriented capabilities-based resource allocation process, accelerated acquisition cycles built on spiral development, out-put based management, and a reformed analytic support agenda.”

Secretary of Defense Donald Rumsfeld,
Transformation Planning Guidance
April 2003



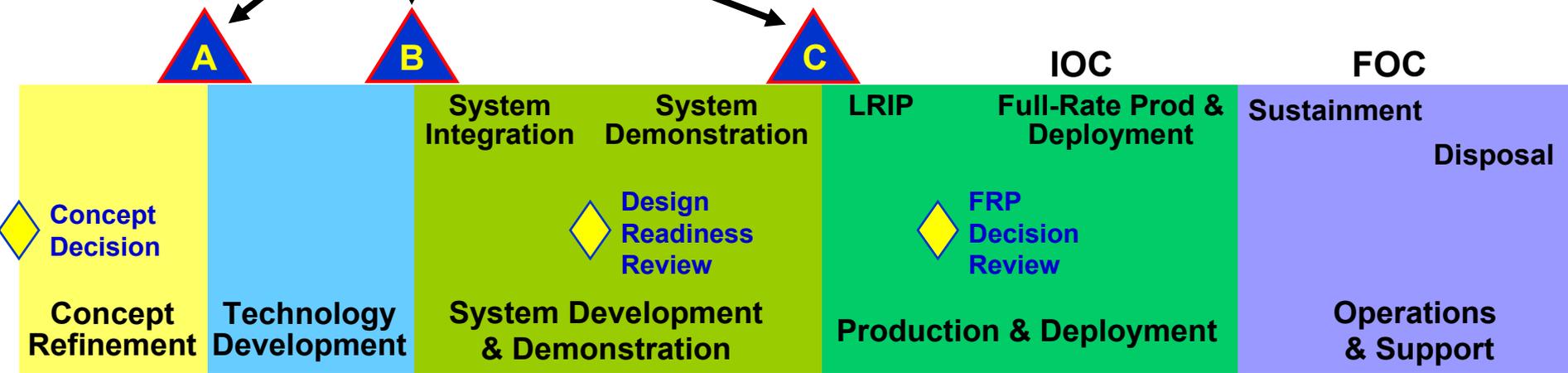
Acquisition Decision Support Systems In Transformation



The Defense Acquisition Management Framework

User Needs & Technology Opportunities

- Process entry at Milestones A, B, or C
- Entrance criteria met before entering phases
- Evolutionary Acquisition or Single Step to Full Capability



Pre-Systems Acquisition

Systems Acquisition

Sustainment

Initial Capabilities Document (ICD)

Capability Development Document (CDD)

Capability Production Document (CPD)

Validated & approved by Validation Authority

Relationship to Joint Capabilities Integration & Development System

DoD Leadership's Intent For DoD 5000 Revision



“....create an acquisition policy environment that fosters efficiency, flexibility, creativity, and innovation.”

DEPSECDEF Paul Wolfowitz, 30 Oct 2002

Revised Policy Objectives

- Encourage innovation and flexibility
- Permit greater judgment in the employment of acquisition principles
- Focus on outcomes vice process
- Empower PM's to use the system vice being hampered by over-regulation

Deputy Secretary of Defense Direction

- Canceled existing policies
- Issued interim guidance
- Directed rapid preparation of revised documents



THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301-1000

USA

OCT 30 2002



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL, DEPARTMENT OF DEFENSE
INSPECTOR GENERAL, DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: Defense Acquisition

I have determined that the current DoD Directive 5000.1, "The Defense Acquisition System," DoD Instruction 5000.2, "The Operation of the Defense Acquisition System," and DoD 5000.2-R, "Mandatory Procedures for Major Defense Acquisition Programs (MDAPs) and Major Automated Information System (MAIS) Acquisition Programs," require revision to create an acquisition policy environment that fosters efficiency, flexibility, creativity, and innovation. Therefore, by separate memorandum, I have cancelled those documents effective immediately.

By this memorandum, I am issuing the attached interim guidance in place of the cancelled documents. The intent of the guidance is to rapidly deliver affordable, sustainable capability to the warfighter that meets the warfighter's needs. Additional, supporting discretionary, best practices, lessons learned, and expectations have been posted to the DoD 5000 Resource Center at <http://dod5000.dau.mil>.

I am directing the Under Secretary of Defense for Acquisition, Technology, and Logistics, with the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) and the Director, Operational Test and Evaluation, to jointly prepare revised documents within 120 days.

Attachments:
As stated

U16167-02

Streamlined Policy

- DoD Directive 5000.1
 - Principles retained; innovation/flexibility emphasized
- DoD Instruction 5000.2
 - Detailed discussion of acquisition model
 - Focused on required outcomes and statutory requirements
- DoD Interim Defense Acquisition Guidebook
 - Canceled DoD Regulation 5000.2R; characterized as non-mandatory
 - Content will be:
 - Expectations (TEMP, C4ISP, etc.)
 - Best Practices
 - Lessons Learned
 - Guidance on practice and procedure
 - Information retained; available to workforce on Internet
 - Transition to Guidebook underway

Revised Policy Objectives

- **Streamline**
- **Increase Flexibility**
- **Enhance Business Practice**
- **Emphasize Evolutionary Acquisition**
- **Integrate Acquisition Business Model with transformed Requirements Generation System**

Increased Flexibility

- **PM determines what information is required to satisfy regulatory requirements**
- **MDA may tailor (with some exceptions) regulatory information requirements**
- **MDA resolves issues regarding Guidebook expectations**

The Opportunity to Be Innovative

Enhanced Business Practice

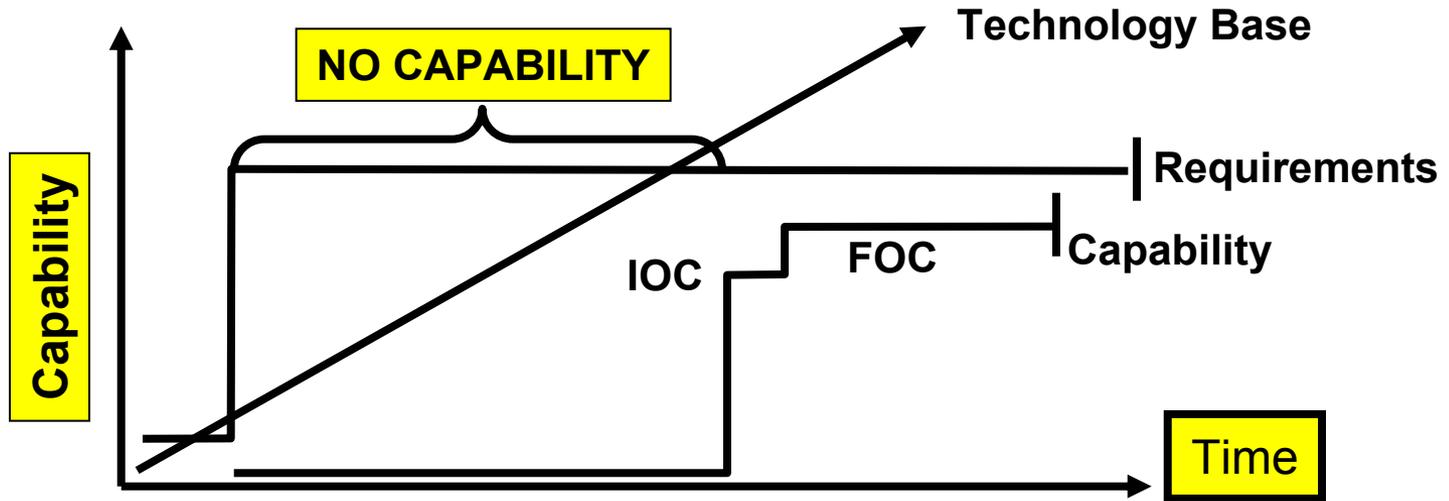
- Institutionalized *Acquisition of Services Policy*
- *Streamlined Clinger-Cohen Act Compliance Procedure*
- Improved Oversight of *Financial Management Information Systems* (and related systems)
- Increased Emphasis on *Supportability*
 - Human Systems Integration, Information Assurance, Sustainment, Anti-Tamper, Spectrum Certification, etc.
- *Design Readiness Review* to assess progress during the System Development and Demonstration Phase
- SAE determination of *Operational Test Readiness*

Evolutionary Acquisition

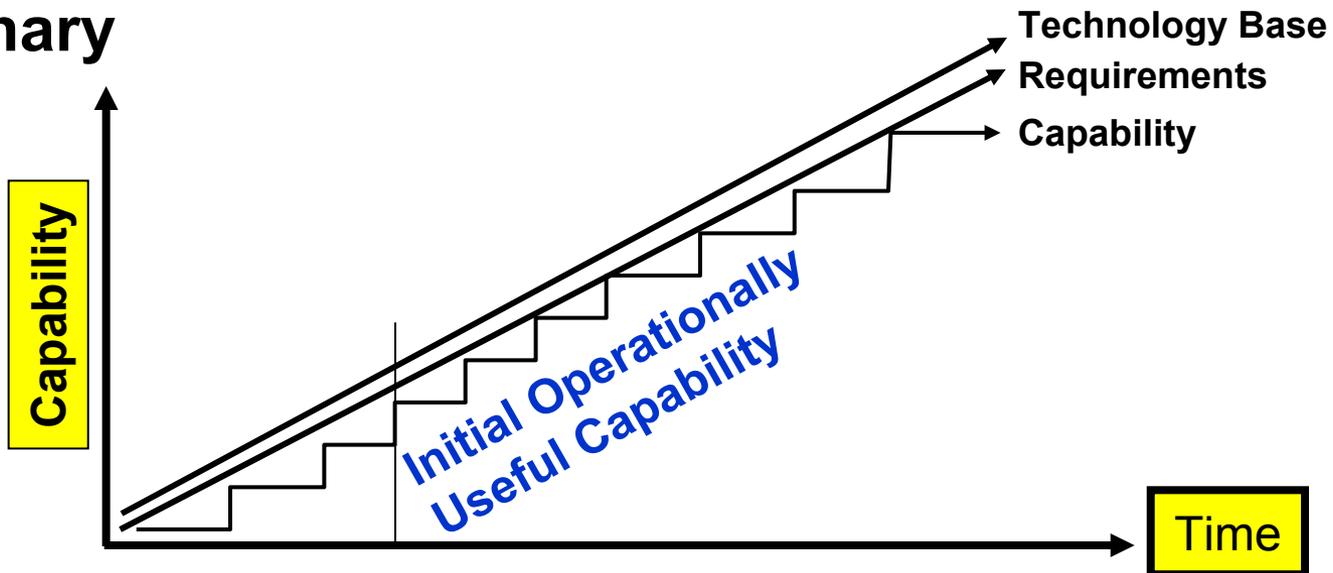
- Two development processes to implement Evolutionary Acquisition Strategy
 - Incremental Development: End-state requirement is known, and requirement will be met over time in several increments
 - Spiral Development: Desired capability is identified, but end-state requirements are not known at Program Initiation. Requirements for future increments dependent upon technology maturation and user feedback from initial increments
- Evolutionary acquisition strategies shall be preferred approach to satisfying operational needs.
- Spiral development shall be the preferred process.

Single Step & Evolutionary Approaches

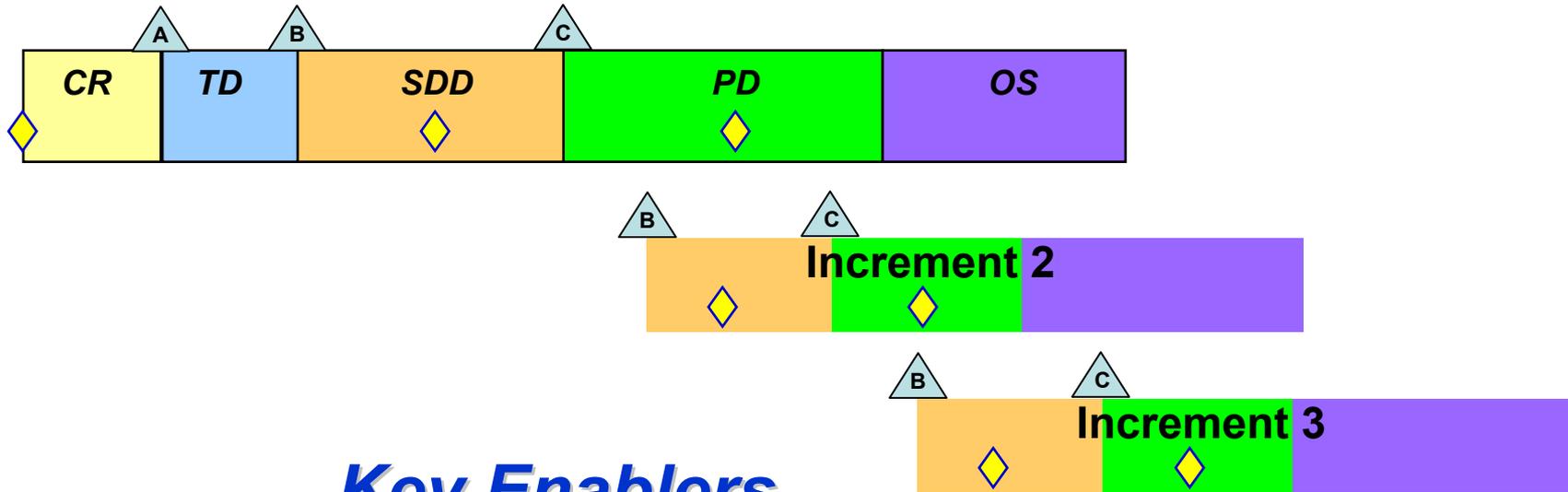
Single Step



Evolutionary



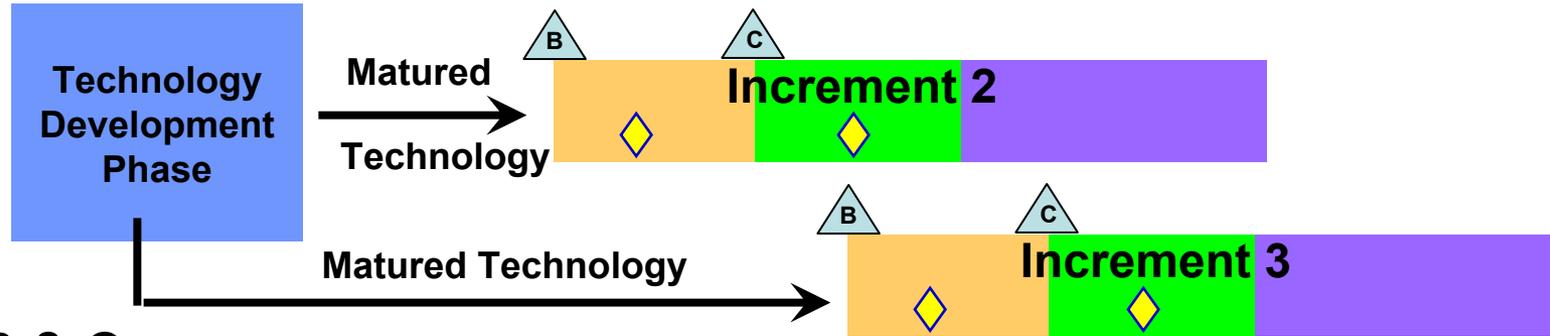
Evolutionary Approach



Key Enablers

- Time-Phased Capability Needs
- A Modular Open Systems Approach to facilitate Technology Insertion
- Evolutionary Sustainment Strategies
- T&E Consistent with Evolutionary Approach
- Full Funding

Each EA Increment Must Have...



• Milestone B & C

- Capabilities Development & Production Document (CDD/CPD)
- Performance, Cost and Schedule Goals (Acquisition Program Baseline)
- Operational and Live Fire Testing (If Required)
- Compliance with Acquisition Oversight Requirements
- Acquisition Strategy that Reflects Consideration of:
 - Logistics Planning;
 - Manpower, Personnel and Training;
 - Environmental and Security Factors;
 - Protection of Critical Program Information;
 - Spectrum Management
 - Other Information Tailored to the Conditions of the Program

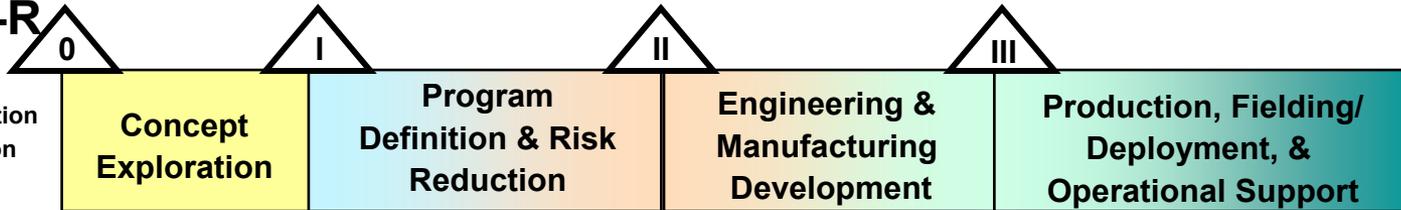
Increments are Related, but Separate Acquisitions

Defense Acquisition Milestones & Phases 1996 vs. 2000 vs. 2003

1996

**DoD 5000.2-R
Process**

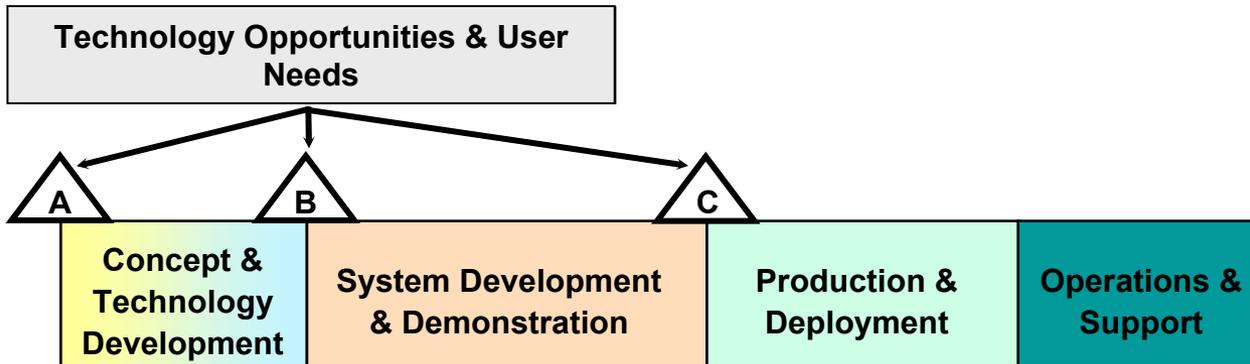
Determination
of Mission
Need



Demilitarization
&
Disposal

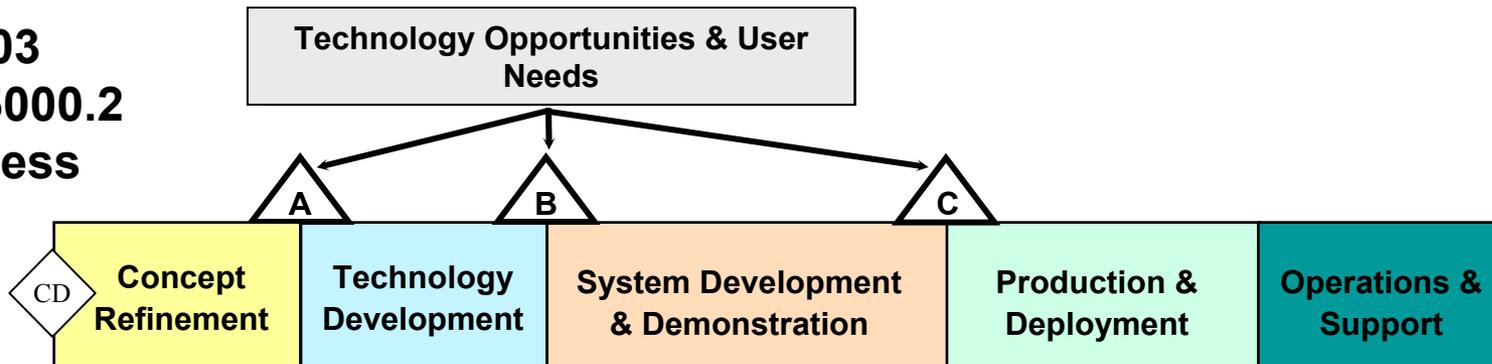
2000

**DoDI 5000.2
Process**



2003

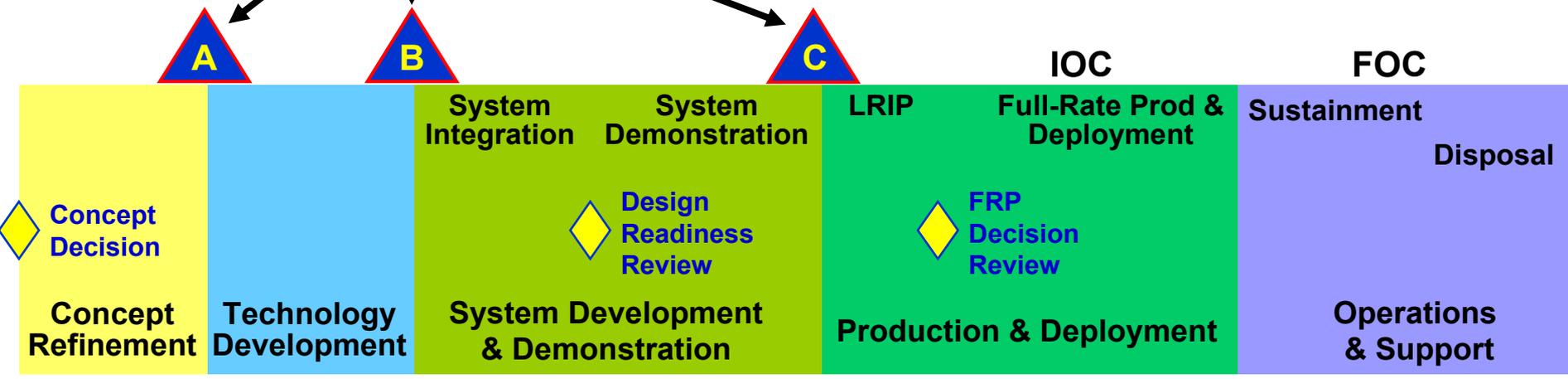
**DoDI 5000.2
Process**



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Systems Acquisition

Sustainment

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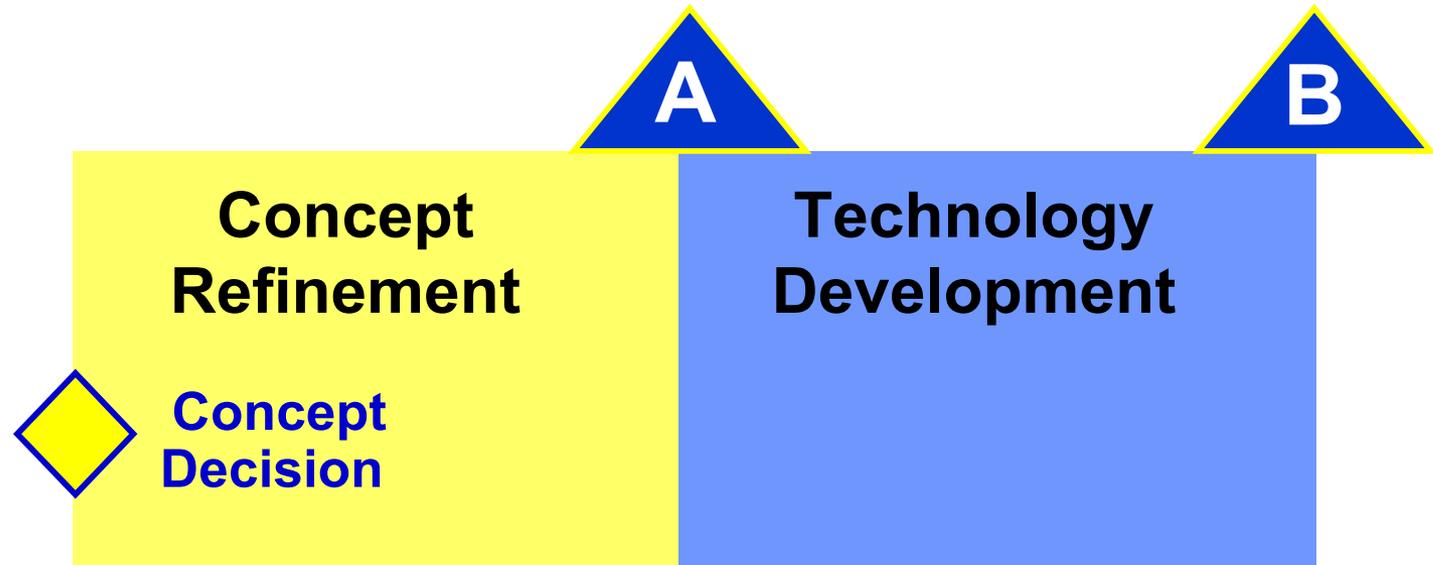
Capability Production Document (CPD)

Validated & approved by Validation Authority

Relationship to Joint Capabilities Integration & Development System

The Defense Acquisition Management Framework

DoDI 5000.2, May 2003

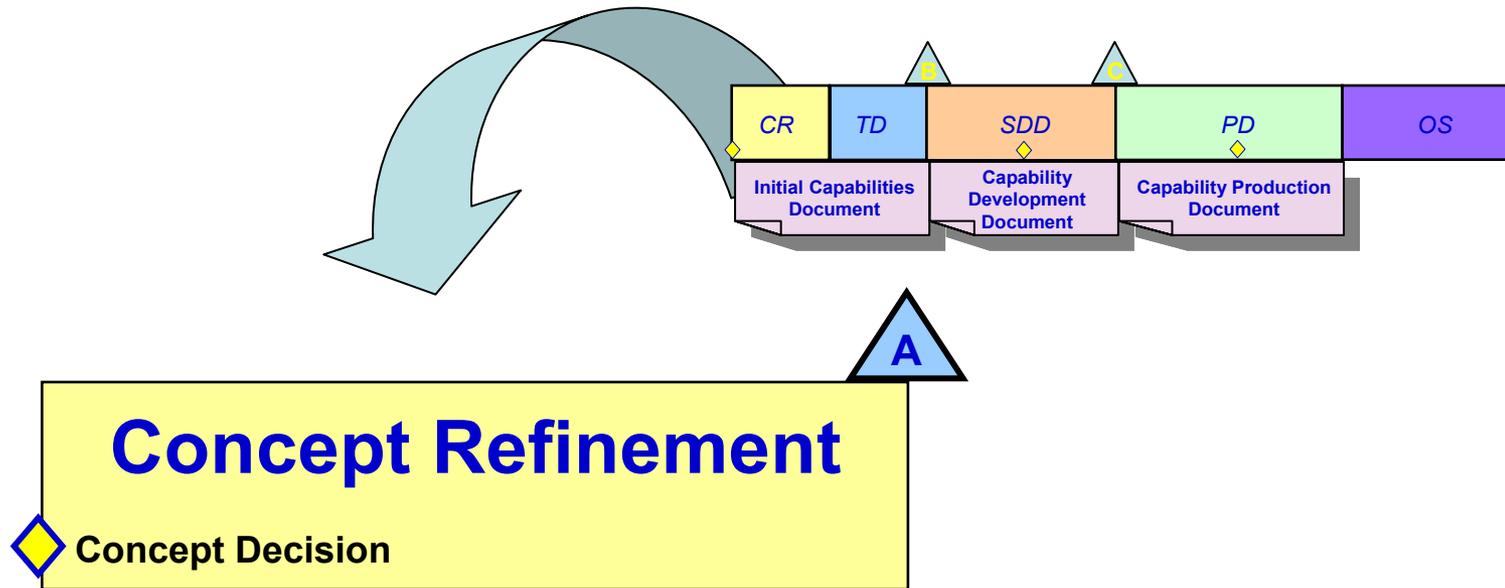


Pre-Systems Acquisition

Most impact –

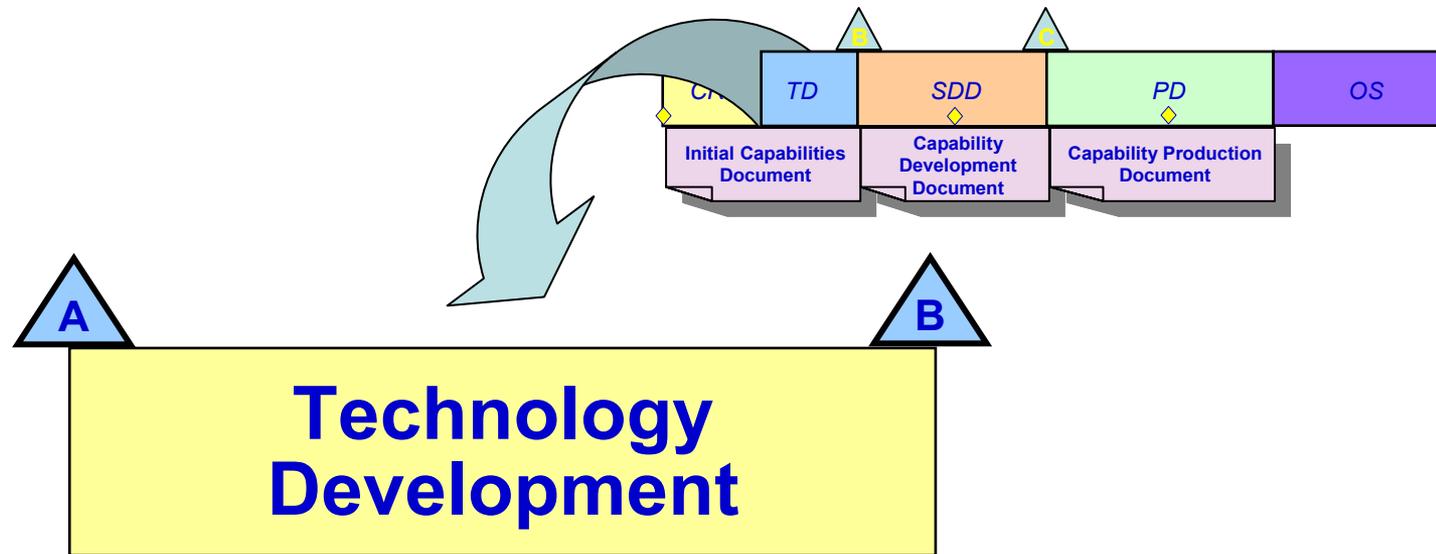
- Concept & Technology Development now two distinct phases
- Concept Decision new decision point driven by Joint Staff requirements for “capabilities analysis”
- Analysis of Alternatives due at Milestone A

Concept Refinement



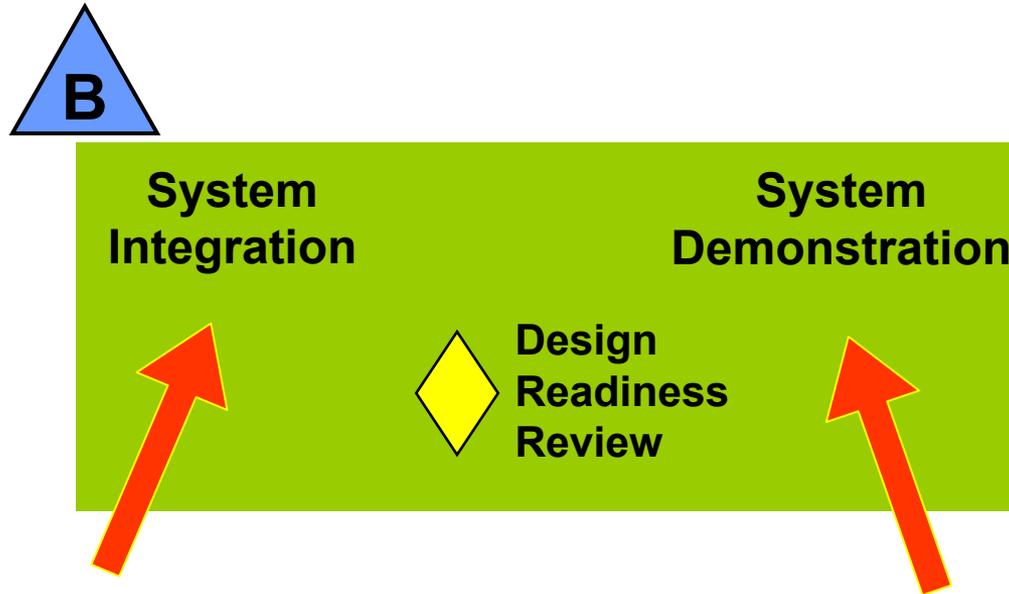
- **Purpose.** Refine the initial concept and develop a Technology Development Strategy (TDS)
- **Entrance Criteria.** Approved Initial Capabilities Document (ICD); approved plan for conducting an analysis of alternatives (AoA); phase funding
- **Exit.** MDA-approved preferred solution and TDS

Technology Development



- **Purpose.** Reduce technology risk; determine the appropriate technologies to be integrated into a full system
- **Entrance criteria .** MDA - approved Technology Development Strategy TDS; phase funding
- **Exit .** Affordable increment of militarily – useful capability with technology demonstrated in a relevant environment, and a system that can be developed for production within a short timeframe.

System Development & Demonstration



System Integration

Enter: PM has technical solution but has not integrated subsystems into complete system; approved CDD

Activities:

- System Integration of demonstrated subsystems and components
- Reduction of integration risk
- DT/EOA/preliminary LFT&E

Exit: Demonstration of prototypes in relevant environment

System Demonstration

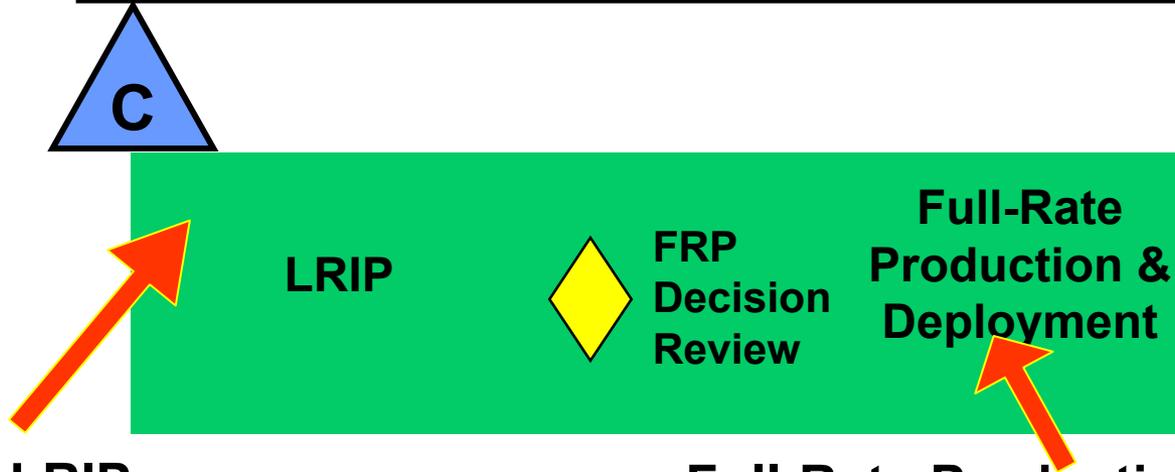
Enter: Prototypes demonstrated in intended environment

Activities:

- Complete system demonstration
- DT/OA/OT and preliminary LFT&E

Exit: System demonstration in intended environment using engineering development models; meets validated requirements

Production & Deployment



LRIP

Enter: System matured for production, approved CPD

Activities:

- Low-rate initial production
- IOT&E
- Full-up systems level LFT&E of production-representative articles
- Establish full manufacturing capability

Exit: System operationally effective, suitable and ready for full rate production

Full-Rate Production & Deployment

Enter:

- Demonstrated control of manufacturing process
- Satisfactory IOT&E: Beyond LRIP Report to Congress for ACAT I
- Full-up systems level LFT&E (covered systems) & report to Congress

Activities:

- Full rate production
- Deploy system
- Start support

Exit: Full operational capability; deployment complete

Operations & Support

Sustainment

Disposal

Sustainment

Sustainment starts immediately upon fielding or deployment.

Activities:

- Maintain readiness and operational capability of deployed system(s)
- Execute operational support plans
- Conduct modifications and upgrades to hardware and software
- Measure customer confidence.

Disposal

Demilitarization & Disposal
Activities:

- Demilitarize and dispose of systems IAW legal and regulatory requirements, particularly environmental considerations
- Use Defense Reutilization and Marketing Office support, as appropriate

New/Revised from Previous Policy (DoDI 5000.2)

- Establishes Information Technology Acquisition Board (ITAB)
 - Previous MAISRC – DAB counterpart for MAIS programs)
- Designates “special interest” reason for ACAT designation
- Requires SAE (vice Developing Agency) to certify readiness for IOT&E for programs on the OSD T&E Oversight List
- Added procedures for oversight of acquisition of services
- Added new report: Software Resources Data Report

Technology Development Strategy (TDS)

- **ACAT I and IA require TDS. Based on AoA results**
- **Contents:**
 - **Rationale for EA or single-step strategy**
 - **For EA, description of how program will be divided into technology spirals & development increments**
 - **Appropriate limits on prototypes produced and deployed during the TD Phase**
 - **Performance Goals and Exit Criteria to be met prior to proceeding into SDD and producing additional prototypes**
 - **Overall cost, schedule and performance goals for the total R&D effort**
 - **Specific cost, schedule and performance goals and exit criteria for the first technology spiral demonstration, and a test plan to ensure that they are met.**

Defense Acquisition Management Framework

Key Points

- **Evolutionary acquisition** is the preferred strategy for rapid acquisition of mature technology; **spiral development** is the preferred process
- MDA may authorize entry at any point consistent with phase-specific entrance criteria and statutory requirements
- Non-mandatory guidance on best practices, lessons learned and expectations are available in the Interim Guidebook (former DoD 5000.2-R)
- Requirements documents replaced by Capability documents (ICD, CDD, & CPD) as defined in CJCSI 3170.01C, 24 June 03

Final Thoughts.....

Deliver Advanced Technology Faster

- **Improved integration of business practice**
- **Focus on Joint Capabilities**
- **Flexible, outcome-based, Acquisition Management Framework**
- **PPBE Interface aligned with JCIDS and Acquisition Process**

Improved Business Practices meet the 21ST Century Challenge

ADDITIONAL RESOURCES

- **DoD 5000 RESOURCE CENTER** (<http://dod5000.dau.mil>)
 - **Includes:**
 - **Joint Capabilities Integration and Development System (JCIDS)**
 - Instruction (CJCSI 3170.01C) and Manual (CJCSM 3170.01)
 - Overview Video (J-8)
 - JCIDS Brief
 - **Defense Acquisition System**
 - Directive (DODD 5000.1) and Instruction (DODIO 5000.2)
 - Overview Video (DPAP)
 - Summary Brief
 - Tutorial, Frequently Asked questions, Terminology
- **OSD PA&E Website** (<http://www.ra.pae.osd.mil/pr/index.htm>)