

Bridging the Disconnect:

The Government-as-Integrator Approach to Streamlining the DoD Acquisition Process

Insight report

In-depth analysis from a survey of defense leaders

March 2014

THAT THE DEFENSE ACQUISITION PROCESS IS INEFFICIENT, AND OFTEN INEFFECTIVE, IS NEWS TO NO ONE.

The government’s top watchdog, the Government Accountability Office, has placed weapons systems acquisition on its high-risk list since 1990¹ and authored numerous reports on cost overruns and schedule growth within the Department of Defense.²

More recently, however, shrinking budgets, rapidly evolving threats related to irregular warfare, and increasingly complex military operations have made the need for reform much more urgent. In his first major policy speech, Secretary of Defense Chuck Hagel highlighted the need to fix the acquisition process “so that our programs do not continue to take longer, cost more, and deliver less.”³

Members of Congress have also intensified their calls for overhaul, with the Chairman of the House Armed Services Committee emphasizing that

DOD “cannot afford a costly and ineffective acquisition system, particularly when faced with devastating impacts of repeated budget cuts and sequestration.”⁴

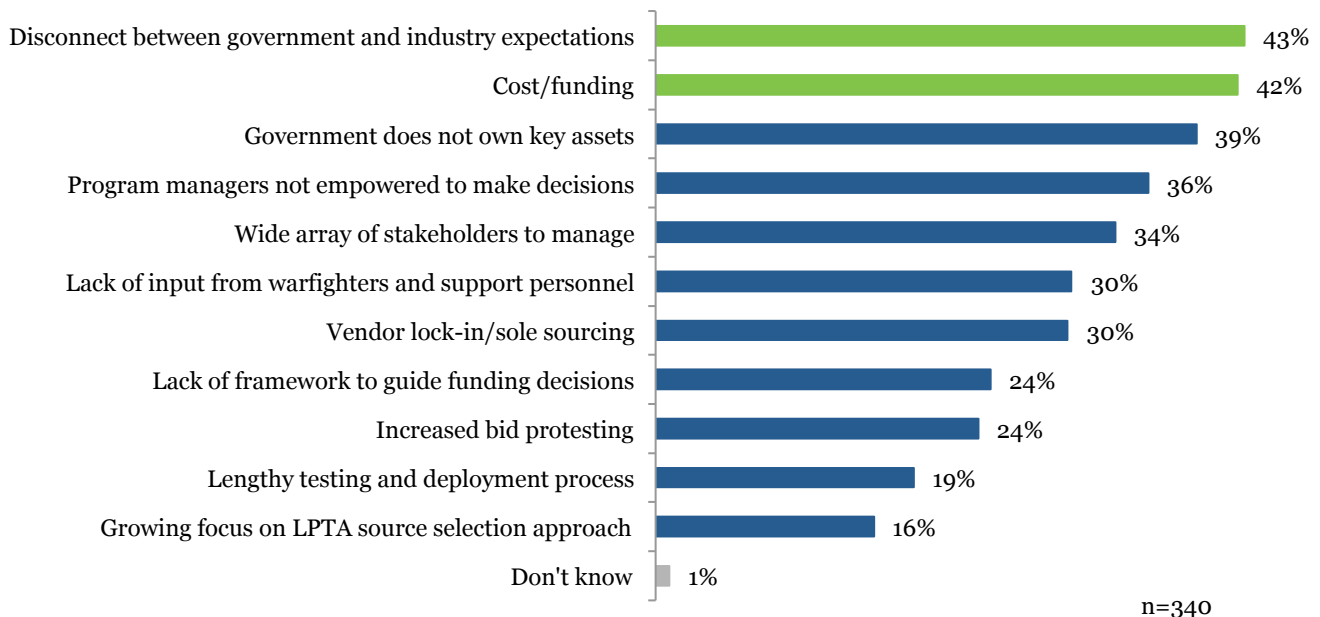
Now, as DOD takes steps toward reform with the launch of its Better Buying Power 2.0 initiative and subsequent instruction 5000.02, a deeper understanding of the underlying causes of the broken acquisition process is warranted.

Government Business Council (GBC) and Booz Allen Hamilton launched a research study in October 2013 to do just this.

Through a survey of 340 DOD leaders, GBC and Booz Allen learned from those with firsthand knowledge about the need for DOD acquisition reform, problems specific to the growing field of C4ISR, and the opportunities and challenges related to reform.

Overall, the results indicate that a lack of integration—both between government and industry and across government entities—forms the core of the defense acquisition problem.

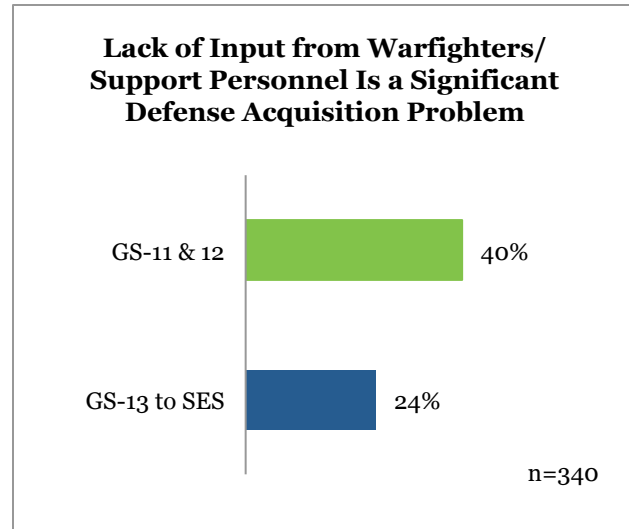
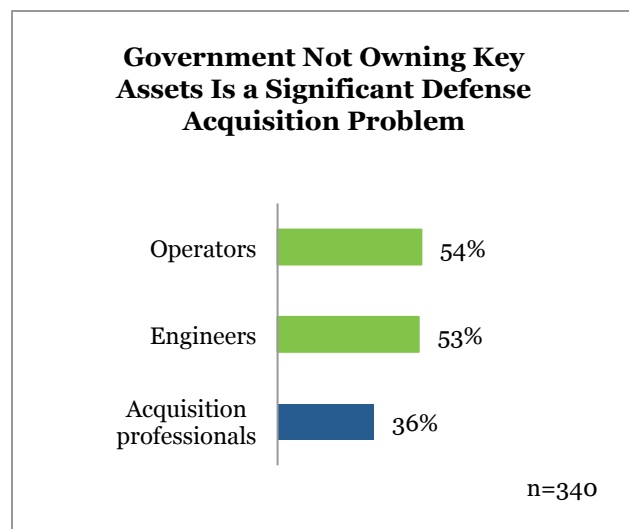
Significant Problems Identified in the Defense Acquisition Process



New Research on DOD Acquisition

Of the 340 participants, nearly all (99 percent) identify significant problems with the acquisition process. The most often identified problem is the disconnect between government and industry expectations, noted by 43 percent of respondents. This disconnect could be the result of unaligned government and industry processes, misunderstanding of program risk elements, or disagreements over project scope. Other commonly identified problems include cost or funding, government not owning key assets (e.g., data rights and intellectual property), and program managers not being empowered to make decisions. These problems are exemplified by the fact that total median cost growth for Major Defense Acquisition Programs has increased 31 percent for development contracts and 10 percent for early production contracts over the last twenty years.⁵

Beyond these basic findings, a more detailed review of the data offers further insight. Looking at the results by job function reveals that engineers and operators are particularly concerned with government not owning key assets as an acquisition problem. More than half of both groups indicate this concern, compared to only 36 percent of the acquisition



professionals surveyed. Disaggregation by respondent grade level reveals that, compared to senior defense leaders, more respondents of GS/GM-11 and -12 grade level believe that the lack of input from warfighters or support personnel is a major problem with the defense acquisition process. Both cases suggest fundamental problems in the relationships between defense acquisition stakeholders.

The Need for C4ISR Acquisition Reform

Given its increasing importance to mission readiness in the new era of defense, GBC and Booz Allen investigated C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance) acquisition problems specifically. C4ISR refers to the concept of integrating all intelligence, surveillance, and reconnaissance (ISR) sources and capabilities across military services and intelligence agencies into a usable tool for warfighters, war planners, and policymakers.

Secretary Hagel, among others, has underlined the importance of protecting and bolstering investments in ISR. At the Center for Strategic and International Studies Global Security Forum in November 2013, the Secretary named ISR investments as a top budget and strategic planning priority. He told the defense audience, “as our potential adversaries invest in more sophisticated capabilities and seek to frustrate our

military’s traditional advantages – including our freedom of action and access – it will be important to maintain our decisive technological edge.”⁶

Others within DOD have also expressed the increasing need for C4ISR reform and interoperability, including Vice Admiral David Dunaway, Commander of Naval Air Systems Command (NAVAIR). Vice Admiral Dunaway believes that, “with a fixed Department of Defense budget, the only way that we will afford our future without stripping away force structure is to consistently deliver integrated warfighting capabilities (networked platforms, sensors, and weapons that can operate seamlessly in a systems of systems [SoS] environment) to create desired mission-level effects.”⁷

The growth of intelligent weapons systems further underscores the importance of C4ISR acquisition reform. Many newer vehicles and weapons systems, like the Switchblade mini unmanned aerial vehicle (UAV), are dual use, having both an ISR capability and a combat component.⁸ Older weapons vehicles and systems are also increasingly outfitted with ISR capabilities.

C4ISR Acquisition Problems Ranked by Level of Concern		
1 st	Wide array of stakeholders to manage	3.533
2 nd	Disconnect between government and industry expectations	3.765
3 rd	Cost/funding	3.773
4 th	Government does not own key assets	3.875
5 th	Lack of input from warfighters/support personnel	3.912

Lower average rank indicates higher concern, n=340

As the line between C4ISR and weapons systems continues to blur, reform over their lengthy acquisition could have an increasingly direct impact on our troops and their support staffs.

Problems with the C4ISR Acquisition Process

The survey results reveal that the most significant C4ISR acquisition problems largely parallel those of the DOD-wide process, but they are even more acute.

Significant Problems Identified in the C4ISR Acquisition Process



Sixty percent of those surveyed indicate that the disconnect between government and industry expectations is a major C4ISR acquisition problem, followed closely by smaller majorities that select cost or funding, government not owning key assets, and a wide array of stakeholders to manage.

To better understand the wide variety of problems identified, GBC and Booz Allen asked respondents to rank C4ISR acquisition problems by severity. On average, managing a wide array of stakeholders ranked higher than any other C4ISR acquisition problem. This finding in particular emphasizes the need to integrate the acquisition process and therefore simplify program management.

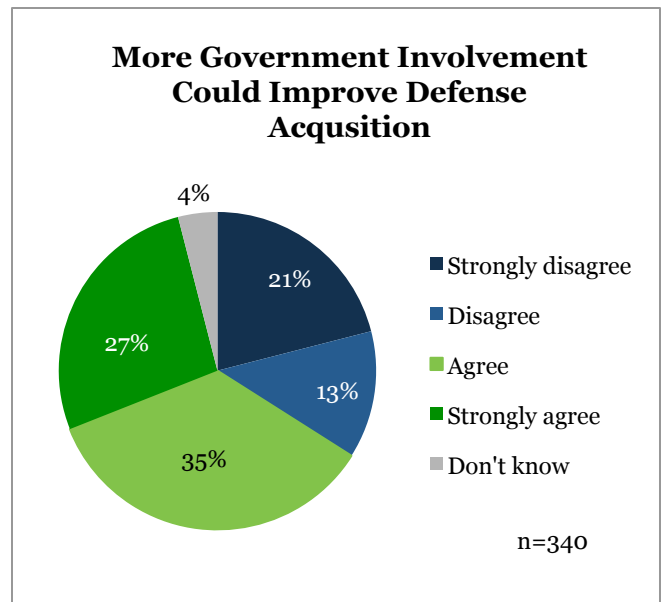
“ON AVERAGE, MANAGING A WIDE ARRAY OF STAKEHOLDERS RANKED HIGHER THAN ANY OTHER C4ISR ACQUISITION PROBLEM.”

Disaggregation by respondent job function reveals additional trends. Acquisition professionals view cost or funding as a more significant problem than either operators or engineers, a finding that aligns with the Better Buying Power initiatives’ focus on cost control. Operators, however, observe the lack of input from warfighters and support personnel to be a more significant problem than engineers and acquisition professionals. This second finding is significant because it suggests that those with closer ties to activities in-theater feel the lack of input from warfighters and support personnel especially acutely.

Seniority is also correlated with certain C4ISR priorities. Those of lower rank (GS/GM-11 or -12) are more likely than their senior comrades to list the lack of input from warfighters and support personnel as one of the most significant problems with C4ISR acquisition. Similarly, program managers not being empowered to make decisions is viewed as a more significant problem as the number of direct reports increases.

Improving the Acquisition Process with Greater Government Involvement

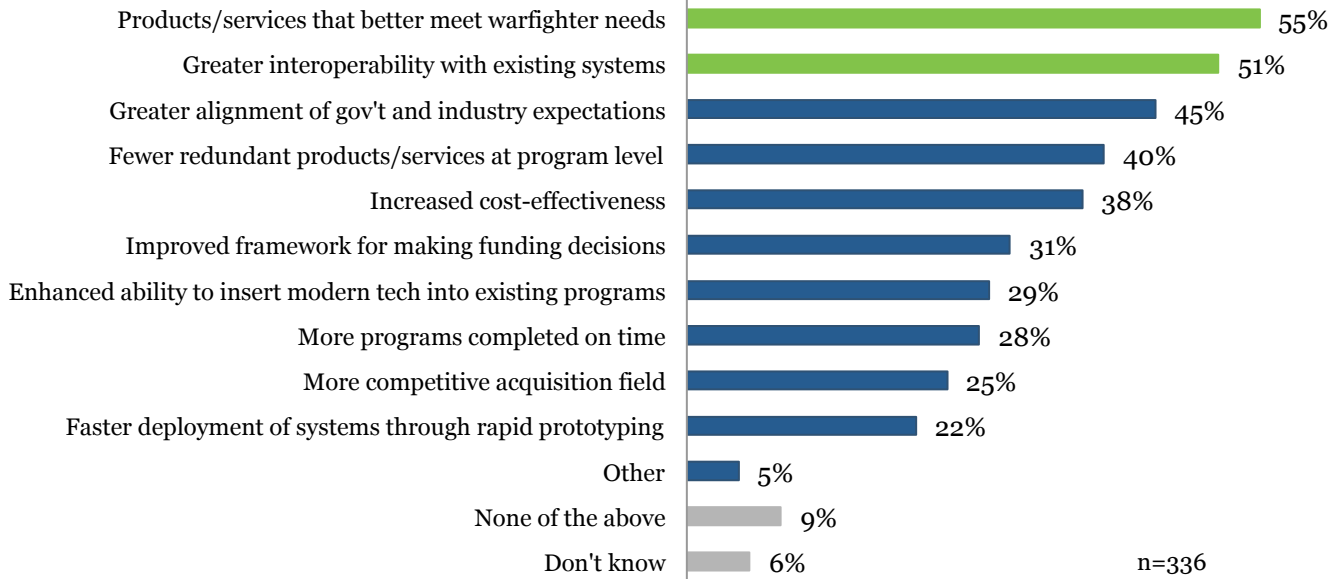
Though defense leaders identify many challenges to the acquisition process, almost two-thirds believe that greater government involvement in designing requirements (i.e., as the primary integrator) could improve the overall process.



For C4ISR acquisition in particular, 85 percent of respondents identify positive outcomes resulting from more government involvement. These results suggest that defense leaders believe the process, particularly for C4ISR, needs to be integrated and simplified under the government’s leadership.

When asked specifically how greater government involvement could improve defense acquisition, more than half of respondents indicate that it would result in products or services that better meet the needs of the warfighter and support personnel, as well as increased interoperability with existing systems. This suggests that defense leaders believe government is best positioned to track evolving warfighter requirements and ensure they are fulfilled when developing systems.

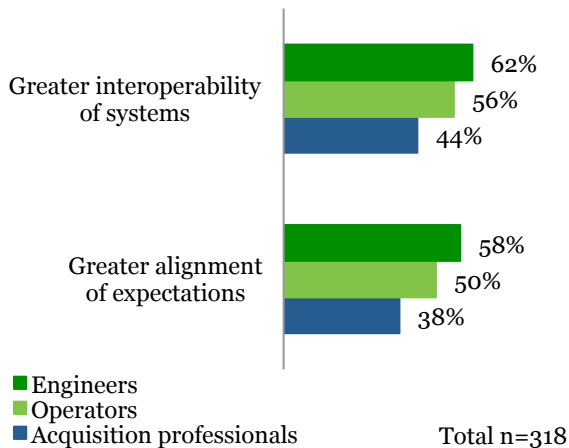
**Expected Outcomes from More Government Involvement
in C4ISR Acquisition**



An analysis of the results by job function provides greater granularity on these expected benefits. Engineers, on average, are more optimistic than any other group about greater government involvement in C4ISR acquisition. Fifty-eight percent of engineers, compared to 38 percent of acquisition and half of operators, believe that

greater government involvement in designing C4ISR requirements would result in greater alignment between government and industry expectations. Engineers are also more likely to believe that more government involvement would lead to greater interoperability with existing systems and more programs completed on time.

**Expected Outcomes from More
Government Involvement in
C4ISR Acquisition**

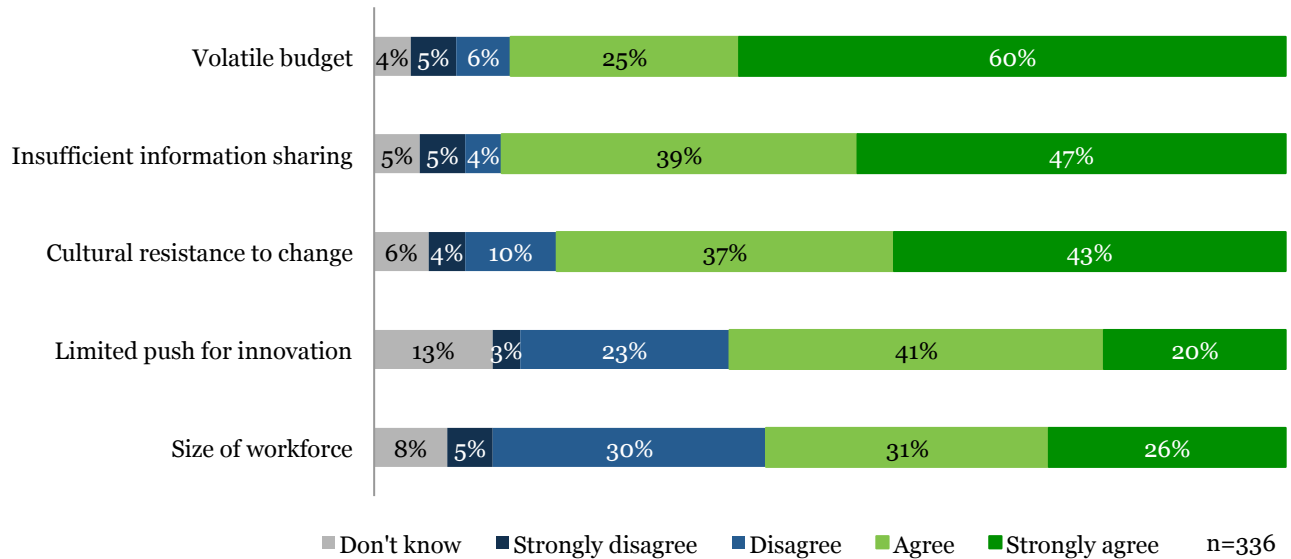


Operations respondents, more than other job functions, believe that more government involvement in designing C4ISR requirements would result in an enhanced ability to insert modern technology into existing programs. In both cases, those with a closer interaction with C4ISR technologies believe that more government involvement in designing requirements would improve functionality and interoperability.

Challenges to Greater Government Involvement

Though the survey results suggest a clear preference for increasing government involvement in C4ISR acquisition, doing so may not be easy. Poor information sharing, cultural resistance to change, and budget limitations are each widely identified as challenges.

Challenges to Greater Government Involvement



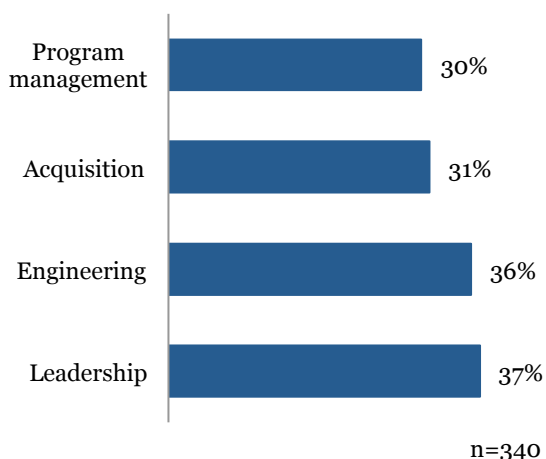
Smaller majorities of respondents believe that the limited push for innovation and size of the workforce present challenges.

Whereas problems at the institutional level appear to present significant obstacles, skills gaps are not perceived to be a major challenge to greater government involvement in designing C4ISR

requirements. However, they are not entirely dismissed. At least one third of respondents believe that government lacks the leadership and engineering expertise needed to design C4ISR requirements.

A closer examination of the results reveals that the perceived need for additional expertise increases with seniority. The higher the rank of respondents, the less likely they are to believe that government has the acquisition and engineering expertise needed to design C4ISR requirements. A similar trend occurs when respondents are disaggregated according to their number of direct reports.

Types of Expertise Needed to Design C4ISR Requirements



Developing a Mission Integration Strategy

Overcoming current C4ISR and DOD-wide acquisition challenges requires changing the engineering mindset within DOD and embracing an integrated approach. Though it presents its own challenges to overcome, a model in which government acts an integrator of disparate stakeholders can help optimize the defense acquisition process for a new era of rapidly evolving threats and limited budgets.

There are several necessary components of a successful government-as-integrator model. First, budget pressures demand that defense agencies take inventory of current IT systems before designing new ones when a C4ISR capability is needed.

Agencies can then prioritize systems by mission criticality, using SoS architectures to assist in making the tough decisions about what to keep, to cut, and buy from a mission portfolio baseline. As agencies work to eliminate non-critical systems, they can seek out opportunities to reuse elements of existing systems across the enterprise. Shared services and systems can help organizations achieve continued mission success on a reduced budget.

For new technology that DOD must acquire, interoperability should be “designed-in” from the start. By inverting the traditional engineering approach so that government designs and owns the specifications that systems plug into, agencies would be able to acquire smaller systems instead of larger, more complicated ones. In doing so, operators and engineers would have the opportunity to provide valuable insight into the design and development process.

This acquisition model can help ensure SoS architectures are open and standards-based to maximize interoperability, and can help avoid

vendor lock-in while enhancing visibility across multiple government and industry stakeholders.

Though further integration has the potential to bring many benefits to DOD, smooth implementation will not be possible without careful stakeholder management. Numerous groups and individuals will be involved in the transition, and communication is key to reducing ambiguity and risk among them. Successful stakeholder management in this context requires a holistic approach from program managers. They must be aware of the technical, acquisition, and end-user perspectives at all times.

Furthermore, the variety of obstacles to greater government involvement identified by respondents indicates a need for greater and clearer leadership. Defense agencies can take the first steps towards government-led integration by establishing single champions and funding lines to clarify authority and responsibility.

At the end of the day, the success of an acquisition process is judged by its effect on the warfighter. Ensuring that our troops and support personnel are best prepared to do their jobs demands that all relevant stakeholders work together to efficiently acquire interoperable and user-friendly tools. A government-as-integrator approach to C4ISR acquisition presents an opportunity for defense agencies to do just that.

About GBC

Government Business Council (GBC), the research arm of Government Executive Media Group, is dedicated to advancing the business of government through analysis and insight. GBC partners with industry to share best practices with government decision-makers, understanding the deep value inherent in industry's experience engaging and supporting federal agencies.

About Booz Allen Hamilton

Booz Allen Hamilton is a leading provider of management consulting, technology, and engineering services to the US government in defense, intelligence, and civil markets, and to major corporations, institutions, and not-for-profit organizations. Booz Allen is headquartered in McLean, Virginia, employs approximately 23,000 people, and had revenue of \$5.76 billion for the 12 months ended March 31, 2013. In 2014, Booz Allen celebrates its 100th anniversary year. To learn more, visit www.boozallen.com. (NYSE: BAH)

Sources

1. Government Accountability Office, *High Risk Series: An Update*, 14 Feb 2013, www.gao.gov/products/GAO-13-283.
2. Government Accountability Office, *Defense Acquisition: Where Should Reform Aim Next?* 29 Oct 2013, www.gao.gov/products/GAO-14-145T.
3. Secretary of Defense Chuck Hagel, speech delivered at National Defense University, Washington, D.C., 3 April 2013, www.defense.gov/speeches/speech.aspx?speechid=1764.
4. House Armed Services Committee Press Release, "McKeon Taps Thornberry to Lead Reform Effort," 29 Oct 2013, <http://www.armedservices.house.gov/index.cfm/2013/10/mckeon-taps-thornberry-to-lead-reform-effort>.
5. Office of the Under Secretary of Defense, Acquisition, Technology and Logistics, *Performance of the Defense Acquisition System: Annual Report*, 28 June 2013, www.acq.osd.mil/docs/Performance%20of%20the%20Def%20Acq%20System%202013%20-%20FINAL%2028June2013.pdf.
6. Secretary of Defense Chuck Hagel, speech delivered at CSIS Global Security Forum, 5 Nov 2013, <http://www.defense.gov/speeches/speech.aspx?speechid=1814>.
7. Vice Admiral David Dunaway, "Creating Integrated Warfighting Capabilities," *Proceedings Magazine*, 139/8/1 (2013), 326, www.usni.org/magazines/proceedings/2013-08/creating-integrated-warfighting-capabilities.
8. AeroVironment, "Switchblade," http://www.avinc.com/uas/small_uas/switchblade/.

Methodology

Government Business Council and Booz Allen Hamilton released a survey on October 24, 2013, to a random sample of *Defense One* and *Government Executive* subscribers. 340 defense leaders completed the survey, including GS/GM-11 to -15 grade levels and members of the Senior Executive Service. Respondents include representatives from the Departments of Defense, Air Force, Army, Navy, and U.S. Marine Corps.