MEMORANDUM FOR SENIOR PENTAGON LEADERSHIP
COMMANDERS OF THE COMBATANT COMMANDS
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Establishment of the Office of Strategic Capital

Our Nation’s technological edge has long been a foundation for our military advantage. As our National Defense Strategy makes clear, the Department must develop and rapidly scale technologies critical to our defense. As today private sector capital is the dominant funding resource for technology development, we can build enduring advantages though engagement with trusted private capital that is focused on critical technology areas for the Department of Defense.

To support the innovation ecosystem, I hereby establish the Office of Strategic Capital (OSC) within the Office of the Under Secretary of Defense (USD) for Research and Engineering (R&E) to integrate efforts across the Department of Defense and to partner with other U.S. Government Departments and Agencies to develop, integrate, and implement proven partnered capital strategies to shape and scale investment in critical technologies. In alignment with Section 1711 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2018, as amended, and Section 230 of the John S. McCain NDAA for FY 2019, the OSC will conduct program management and oversight activities, including:

- Identifying and prioritizing promising critical technology areas in industry and academia for the Department of Defense.

- Funding investments in critical technology areas for the Department of Defense that the private sector has not sufficiently supported.

- Informing and encouraging private sector investment in critical technology areas for the Department of Defense.

- Contributing to the development of policies, policy implementation, and actions to protect industrial and technical capabilities in the private sector.

The Director of the OSC will ensure that all OSC program activities are aligned towards transitioning technologies to Department of Defense mission capabilities, either directly through procurement or indirectly through the supply base. The Office of the Secretary of Defense and Department of Defense Component heads will coordinate with the Director of the OSC on all matters, under their purview, related to the mission and responsibilities assigned to the Director. The General Counsel of the Department of Defense, along with the Director of the Department of Defense Standards of Conduct Office, will provide guidance to the Director of the OSC to ensure adherence to legal and ethical standards.
Additionally, I hereby establish the Strategic Capital Advisory Council (SCAC) to advise and assist on matters related to the OSC. The SCAC will be comprised of the Undersecretaries for Research and Engineering, Acquisition and Sustainment, Policy, Comptroller, as well as the General Counsel of the Department of Defense and the Director of Cost Assessment and Program Evaluation, and other members as deemed appropriate. The Director of the OSC will prepare and provide investment priorities in the form of an investment prospectus to the SCAC for review and assessment before submitting to me for my approval. I direct the Undersecretary of Defense for Research and Engineering, with appropriate coordination, to prepare and distribute a SCAC charter and review process and standup the SCAC within 90 days. I further direct the initial investment priorities to be provided no later than 90 days after the standup of the SCAC.

Innovation lies at the heart of American security, because when we maintain our technological edge, we maintain our military edge.