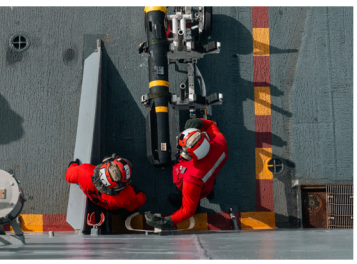
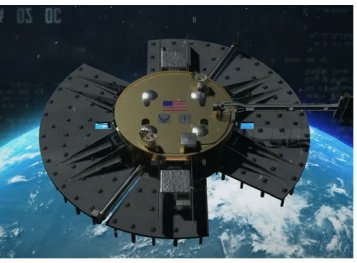
Acquisition Transformation Strategy









Rebuilding the Arsenal of Freedom

U.S. Department *of* War

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Introduction

The Department of War (DOW) is rapidly transforming our antiquated acquisition processes and revitalizing the atrophied Defense Industrial Base (DIB) by prioritizing speed, flexibility, and rigorous execution. The Secretary of War has placed the Department on a war footing, and the Warfighting Acquisition System (WAS) is aligning with urgency and velocity, balancing speed with rigor in execution to ensure we rapidly deliver relevant and effective solutions at scale to address warfighting needs. Executive Order (E.O.) 14265, *Modernizing Defense Acquisitions and Spurring Innovation in the Industrial Base*, directed the Department to prepare this strategy, consistent with President Trump's direction to transform the current defense acquisition system to ensure delivery of capabilities to the American warfighter at pace to deter and, if necessary, defeat our adversaries.

Under this aggressive strategy, the Department will prioritize three overarching *outcomes for our transformed acquisition system*:

1. Field technology and modernize systems at a rate that outpaces our adversaries;
2. Increase production capacity and deliver wartime surge capacity for key capabilities, systems, weapons, and munitions to the U.S. warfighter and priority allies and partners;
3. Put the entire acquisition system and the industrial base on a wartime footing with the urgency and mandate to accept more risk, transition from a culture of compliance to one of speed and execution and rapidly tackle the strategic challenges facing the nation.

In transforming the existing acquisition processes, there are five pillars with nested actions to achieve the President's direction:

Rebuild the Arsenal of Freedom: Rebuild the Defense Industrial Base

Elevate and Empower the Acquisition Workforce to Rapidly Deliver Capability

Maximize Acquisition Flexibility through Reduced Regulations and Process

Develop High Performance Systems through Rigorous Enterprise Technical Execution Excellence

Improve Lifecycle Risk Management

The key to acquisition transformation is enabling and incentivizing the workforce to overhaul the process as it exists today. The Department can improve the WAS by resolving existing gaps in close concert with industry and congress. Only an aggressive systemic overhaul built on the following key factors will ensure accelerated acquisition across the Department.

Transformation Efforts to Date

The Department has already moved ahead in executing E.O. 14265's critical reforms to the warfighting acquisition process with several transformation efforts already in effect:

Directing Modern Software Acquisition to Maximize Lethality
Secretary of War (SecWar) Pete Hegseth issued guidance on March 6, 2025, directing DOW Components to use the Software Acquisition Pathway (SWP) as the preferred pathway for all software development components of business and weapon systems programs in the Department. He also directed use of Commercial Solutions Openings and Other Transactions as the default solicitation and award approaches for acquiring capabilities under the SWP.

Workforce Acceleration and Recapitalization Initiative Organizational Review
Deputy Secretary of War (DepSecWar) Steve Feinberg issued guidance on April 7, 2025, to initiate the DOW effort to rebalance and optimize the civilian workforce to urgently rebuild our military, revive the warrior ethos, and deliver maximum deterrence. This effort includes consolidated functions, flattened hierarchies, speed over process, fiscal discipline, and digital first operations.

Army Transformation and Acquisition Reform
SecWar issued guidance on April 30, 2025, directing the Secretary of the Army to implement a comprehensive transformation strategy, streamline its force structure, eliminate wasteful spending, reform the acquisition process, and modernize inefficient defense contracts.

Military Services Implementing Rapid Acquisition
The Military Services are performing in-depth tradeoff analyses to pivot acquisition strategies for our most critical development efforts. Acquisition and requirements leaders are identifying trade-space opportunities to deliver innovative solutions on shorter timelines to deliver warfighting capabilities.

Fuel the Arsenal of Freedom: Rebuild the Defense Industrial Base

The DOW has an unprecedented opportunity to harness American innovation, scale production to levels of output required by the nation's armed forces, and prioritize schedule and volume to deliver capability and capacity sooner. This revitalization will result from transformative overhauls proposed throughout this document.

Expand the Industrial Base: Get more companies building military equipment, make it easier for new ones to join in, come up with better ideas, work faster to win contracts, and deliver results faster.

The DIB has been consolidated from 51 prime vendors following the Cold War down to just five major prime contractors developing our most critical weapon systems today. The DIB is stagnant, building the world's best and most exquisite weapon systems at low volume while relying on obsolescent parts, outdated manufacturing processes, and stale innovation. In contrast, the commercial industry outpaces the DIB in advancing cutting edge technology across multiple product domains while gaining cost efficiencies from increased volume and productivity gains with each successive generation.

The Department will restore innovation, accelerate production, gain negotiating leverage, and more effectively manage cost and schedule growth by promoting competition with lowered barriers to entry and diversification of prime and subcontractor sourcing without sacrificing quality. New market entrants foster increased competition and provide diverse technologies and systems with varying capabilities and price points. Through a broad range of diverse sources, the Department can meet current and future operational needs by procuring a high-low mix of capabilities, balancing the need for exquisite, high-end solutions that have longer development and delivery timelines with more economic and readily available and manufacturable solutions.

The Department will also drive greater competition by providing increased testing capacity, competitions, and exercises to enable industry to better understand the Department's needs and demonstrate mature products and services early in the acquisition process. Through our Capability Portfolio Management (CPM) approach, Program Acquisition Executives (PAEs) will include diverse performers and non-traditional vendors in source selection across all DOW service and product solicitations as much as allowable and more aggressively assess and manage competitiveness within their industrial base sector when developing acquisition strategies, requesting and allocating funding, and negotiating contracts to protect vendor diversity, healthy competition, and accessibility of non-traditional defense companies. The Under Secretary of War for Acquisition and Sustainment (USW(A&S)) will develop the tools, best practices, and training to ensure PAEs and program management teams have the skilled talent to effectively manage the industrial base and the supply chain to maximize competition, product choice, and negotiating leverage to maintain a healthy industrial base.

Stabilize Demand Signals: Award companies bigger, longer deals, so they'll be willing to invest more to grow the industrial base that supplies our weapons.

The Department and the DIB often incur unnecessarily excessive unit and non-recurring cost growth. This is without the benefits of long-term planning, stable resource commitments, or predictable procurement funding in annual budgets and appropriations. This is more acute in some areas than in others, such as munitions programs, where programs have historically been decremented to cover shortfalls on other programs resulting in wide ranging procurement quantities year over year. By increasing the consistency of a stable, focused, long-term, and predictable demand signal in planning, programming, and budgeting and multi-year procurements, the DIB will be better postured to increase capital investment and gain production efficiency with sufficient confidence of the return on their investment, provide more responsive delivery timelines, and increase production volume and velocity. The Department has begun pursuing increased production and demand signal stabilization for the munitions industrial base through the Munitions Acceleration Council, and will work with the U.S. Congress to pursue this more consistent and stable demand signal through multiple channels across a range of areas, including increased use of multi-year procurements, long duration and

high volume contracting, economic order quantity authorization, guaranteed purchase orders, and stable or fenced funding sources.

Accelerate Private Capital Investment: Attract increased private capital investment to accelerate the creation of new companies, expand current factory production rates, and improve innovation.

The expansion and revitalization of the DIB will require considerable investment, enabled by a stable, focused, and reliable demand signal. In addition to looking beyond annually budgeted and appropriated funds to employ novel financing approaches and de-risk industry capital investments, the Department will examine alternate capital investment strategies in the DIB. This new balance of risk sharing with industry through stable demand signals and the correct incentives will enable industry to meet increased expectations of reinvestment of earnings and the deployment of private capital to drive growth.

The Department will accelerate investment, contracting, and procurement strategies and pathways to drive sizable production and sustainment contracts as a primary incentive for industry to invest in research and development (R&D) and production. By establishing a clearer pathway for successful solutions to transition to production contracts, private capital in R&D will increase, driven by clear communication of the Department's operational needs, total addressable market, and potential investment returns.

The expansion and revitalization of the DIB will require considerable investment, enabled by a stable, focused, and reliable demand signal.

The Department will regularly collaborate with leading private equity and venture capital firms to communicate operational challenges, demand signals, critical issues, and opportunities for strategic investments, building upon the Office of Strategic Capital's (OSC) Fiscal Year (FY) 2025 Investment Strategy. This increased engagement with the financial community will seek to incentivize increased private capital investments focused on warfighting priorities while providing the Department with greater insights into market intelligence and current and emerging industry offerings. The Department will also endeavor to measure and assess levels of private capital investment in warfighting capability across the industrial base, and the transition of those investments into fielding of capability to more effectively manage and positively impact that transition into fielded capability for the warfighter.

The Department will curate a playbook of financial tools for defense executives to leverage to include advance market commitments (purchase guarantees or offtake agreements), low-interest direct lending/loans, loan guarantees, non-dilutive early-stage R&D contracts like the Small Business Innovation Research (SBIR), Small Business Technology Transfer (STTR), Strategic Funding Increase (STRATFI), Tactical Funding

Increase (TACFI) , and the Accelerate the Procurement and Fielding of Innovative Technologies (APFIT) programs. The goals are to reduce the costs of capital and increase revenue predictability to accelerate investment and growth. The Department will further explore greater public-private partnerships to increase risk sharing with DIB suppliers.

The quantification and measurement of risk and reward over time is vital to permit effective risk sharing. DOW will develop approaches to analyzing and rewarding risks beneficial to the mission, such as pre-contract industry investment in long lead items to incentivize schedule and cost efficiencies only achievable by industry. To generate Department-level views of risk posture, DOW will ensure that contract and subcontract data collection is optimized and utilized to view procurements across all contracts, departments, and industry on both prime and major subcontracts.

Increase Due Diligence: Scrub every government investment deal to confirm it is the best deal for the warfighter to protect our national security.

A phased, strengthened due diligence process for capital investments from the Defense Production Act (DPA) and Industrial Base Assessment and Sustainment (IBAS) funds is essential to ensuring maximum return on taxpayer funding to provide the greatest value to the Department. The Department will develop and implement this enhanced process to assess critical areas of each investment such as: strategic and defense mission alignment, industrial base and shortfall assessment, comprehensive company analysis, financial and economic analysis, a detailed risk assessment, regulatory and compliance assessment, clearly defined performance metrics, an exit strategy, a well-defined transition plan, a robust sustainment strategy, thorough external coordination and stakeholders analyses, strategic repayment and benefit capture mechanisms, and ultimately, well-supported data driven recommendations and alternative options.

Phase 1 will focus on executing current projects by applying enhanced diligence in advance of negotiated and evaluated projects while conducting thorough risk mitigation and return on investment (ROI) analyses. This phase also involves evaluating risk and ROI relative to funding, mitigation measures, and combined authorities. Phase 2 entails full implementation, deploying the comprehensive investment due diligence process for all DPA and IBAS investments. This includes establishing a team of subject matter experts (SMEs) to supplement the existing network of experts for independent review and technical validation. The standardized strategy will incorporate a weighted scoring matrix encompassing all assessment criteria, risk-adjusted capability ratings with clear justification, and comparative analysis protocols against qualified vendors. The DOW will also assess the most appropriate mechanism for recouping investments, undergoing transparent and rigorous negotiation tactics, and evaluating the potential contract inclusion of royalties on commercialization, technology transfer agreements, patent licensing, cost sharing, and data rights management. This phase includes setting up routine monitoring of performance against milestones, the assessment of technological progress, and tracking commercialization efforts.

Key deliverables include comprehensive due diligence reports, comprised of an executive summary presenting findings and recommendations, detailed assessment results with supporting documentation, a risk matrix outlining mitigation strategies, and an alternative options analysis culminating in a final company ranking with selection rationale.

Accelerate Commercial Preference: Maximize purchase of products, services, and parts available in the commercial marketplace to avoid additional cost and schedule.

Through this transformation effort, the Department will incentivize the warfighting acquisition workforce (WAW) to pursue solutions from a broader industrial base for novel or more effective solutions by strengthening the guidance, training, and resources on the effective use of Commercial Solutions Offerings (CSOs), other transactions, and related agreements, commercial acquisition, and rapid contracting practices.

These transformations will also strengthen market research and contracting guidance, training, tools, and processes to ensure consideration of commercial products and services and non-developmental items as the default approach consistent with statute. The Department will place greater focus on identifying commercial products and services that will meet the Department's needs and PAEs, PEOs, and Program Managers (PMs) will provide the metrics and scorecards to indicate how these policies have been implemented and the outcomes they have achieved.

Go Direct-to-Supplier: Negotiate and invest directly with all companies and suppliers throughout the industrial base, not just through the big prime contractors, saving money and time.

Suppliers provide major subsystems and prime mission equipment to our key weapons programs, as well as critical components that can be single points of failure in some fragile market segments. The Department must proactively manage these risks within the supply chain and will therefore establish the contractual and resourcing mechanisms, as well as acquisition strategies, to smartly pursue development, production, and sustainment of subsystems, parts, and components through expanded use of direct-to-supplier relationships when in the best interest of the U.S. Government.

To enable this objective, we will establish proper incentives and contractual mechanisms to ensure effective integration across the supply chain. In cases where the government acts as an integration manager, it will directly oversee the development, production, and sustainment of subsystems, parts, and components through expanded direct-to-supplier relationships. In other cases, where prime contractors retain integration responsibilities, the government will ensure accountability and oversight through appropriate contractual clauses. With highly horizontally integrated supplier networks accounting for most program direct costs, assuring equitable risk sharing across the entire supply network is vital to mission success. Our related supply chain illumination and technical data for

warfighting readiness initiatives will provide important knowledge and insight and enable more effective supply risk management. Ultimately, appropriate application of direct-to-supplier program and contractual relationships will avoid pass-through costs and fees; ensure proper contractor oversight by empowered PAEs, PEOs, and PMs; and allow for the government to leverage the competitive forces of multiple sources of development, production, and sustainment. Those efforts will begin immediately with application to critical nodes in the weapons and munitions market, where subsystems such as solid rocket motors, sensors, fuses, control systems, and other critical components consistently create delays in delivering on promised timelines and constrain our ability to scale quantities.

Procure Industry-Driven Solutions: Prioritize the purchase of equipment and weapons that meet our needs faster, even when they do not meet every requirement.

The DOW's success relies on the innovation and production capacity of industry to provide high performance systems to the warfighter. However, the Department does not currently utilize the full potential of the industrial base to produce and deliver innovation and must improve efforts to collect and act upon market intelligence regarding the emerging and maturing technologies from academia and industry. To maximize the effects of industry innovation and allow for speed of capability delivery, the Department will pursue a strategy to transition from requirements-based acquisition to solutions-based acquisition, where bespoke requirements defined without industry input will not exclude companies from offering bids. This new approach will ensure we do not reject viable proposals and associated bids without due consideration of the ability of that company or proposed solution to solve operational problems. The Department will present operational problems and kill chain gaps to industry performers through consortiums and solutions marketplaces and allow these companies to propose and demonstrate solutions through modeling or prototyping. Successfully demonstrated solutions will be eligible for contract awards to further develop, produce, and field capabilities.

Scaling our systems and best practices to capture high-value insights from market research, technology scouting, business intelligence, and industry and technology assessments will enable the WAW to increase awareness and understanding of emerging and mature technologies from the private sector, creating a more competitive marketplace. To enhance market intelligence capabilities, the DOW will invest in predictive analytics to anticipate emerging threats and technology trends and use artificial intelligence (AI) to map solution effectiveness across Combatant Commands and operational theaters. The Department will broaden vendor participation to lower barriers for small businesses and startups through increased mentorship, simplified compliance, and sandbox testing environments. Through the Foreign Comparative Testing (FCT) program, the Department will engage with allied Nation's Industry partners for technology assessment, integration, and procurement, driving research, development, test, and evaluation (RDT&E) expenditure reductions and worldwide supply chain

diversification. The DOW will also integrate feedback loops into program acquisition strategies by formalizing warfighter feedback as a metric in solution evaluation and contract renewal, as well as develop real-time dashboards for commanders to track solution performance and adoption. The DOW will extend the marketplace model to all operational domains and create domain-specific sub-marketplaces to tailor acquisition to unique mission sets.

The Department must adopt an industry-driven environment for companies to share their product and service offerings to accelerate and scale capability delivery. A new level of DOW and industry collaboration mindset and culture will be essential to realizing this initiative.

The DOW, in collaboration with the Office of Management and Budget (OMB), is advocating for legislative change to reform the bid process to discourage offerors from filing frivolous bid protests and accelerate processing and adjudication.

Reform Bid Protests: Complete bid protests faster and make protest losers pay.

The DOW in collaboration with the Office of Management and Budget (OMB) is advocating for legislative change to reform the bid protest process to discourage offerors from filing frivolous bid protests and accelerate processing and adjudication. If implemented in a manner that promotes competition, the Department will seek enactment of a new statutory authority to permit the government to, as the Government Accountability Office (GAO) has recently suggested in congressional testimony, "recoup or otherwise withhold profit or fee from an incumbent contractor if the incumbent files a protest, the agency awards the incumbent an extension of its incumbent performance during the pendency of the protest, and its protest is subsequently dismissed as legally or factually insufficient or for otherwise being procedurally infirm."

Maximize Flexible Contracting: Use every play and contracting tool available, including quick, low-cost deals, to get our troops the best equipment, FAST.

The DOW will direct the use of the other transaction authority (OTA) for prototype and follow-on production efforts where in the best interest of the warfighter and the taxpayer. The Department is committed to providing additional resources, guidance, and training to the WAW to ensure our contracting/agreements officers fully understand the benefits and appropriate application of OTAs to maximize contracting flexibility and accelerate weapon delivery.

The Department will encourage requirements owners and contracting and agreements officers to communicate with nontraditional defense contractors and consortia to better understand the capabilities that industry can provide. The Department will work to increase engagement with nontraditional defense contractors to educate industry on

how to compete for OTAs and other rapid acquisition projects. Additionally, the Department will engage with the DIB to seek feedback on best practices for inclusion of traditional defense contractors in other transactions.

Establish the Industrial Base Consortium: Increase the Department's regular communication with industry to share our needs and see their innovative products and services

The Department will leverage the existing Industrial Base Council (IBC), the Joint Industrial Base Working Group (JIBWG), and the Joint Defense Manufacturing Council (JDMC) to serve as the Department's mechanisms for coordinating industrial base initiatives across the Office of the Secretary of War (OSW), the Defense Agencies, and the Military Departments. The DOW will conduct a comprehensive survey of current DOW initiatives and OTA consortia to map activities, eliminate duplication, and create a single, department-wide plan that aligns acquisition authorities, incentives, and governance to bolster industrial base resilience.

The Department will verify that membership in these consortia includes Government, industry, and academia with expertise in advanced manufacturing, production technologies, and scalable defense component solutions, and that each consortium's charter will prioritize removing policy and procedural barriers to nontraditional defense contractors, maximizing the use of commercial standards, and smoothing transitions from R&D to acquisition programs of record. Through this consortium, the Department will identify and mitigate supply chain fragility by addressing parts obsolescence, single-source vulnerabilities, and dependencies on non-allied suppliers; develop long-term strategies to ensure lifecycle availability of mission-critical parts; expand domestic manufacturing capacity through rapid public-private engagement, civil reserve manufacturing concepts, and modernization of government-owned depots and manufacturing arsenals; accelerate adoption of commercial information technology (IT), cloud, AI, and digital manufacturing; and build workforce pipelines through industry-informed training, talent exchanges, and experiential curricula to sustain and scale advanced production capabilities for national security needs.

Elevate and Empower the Acquisition Workforce to Rapidly Deliver Capability

The Department must remove restrictive red tape and provide opportunities for PMs to be empowered to make requirements trades while right-sizing program management authorities, structures, and operations across the Military Services. Ultimately, the Department and every member of the WAW *must* be more proactive to enable execution outcomes. We are a risk-based decision-making organization, focused on meeting warfighting operational needs, and the Department must provide our acquisition professionals with the trinity of command – authority, responsibility, and accountability – along with flexibility, incentives, and resources, to rapidly meet the needs of the warfighter.

Acquisition Workforce Excellence: Hire top talent from industry and government, then turn them loose to make big things happen.

Acquisition transformation will be largely dependent on an WAW with the skills, training, experience, and authority – both in government and industry – to cut through the red tape and deliver results. The Department will build and augment that workforce with a

focus on recruiting, retaining, and training highly skilled and highly experienced operators and SMEs in key positions for our critical programs and industrial activities. We can ensure the WAW is properly staffed, trained, and postured for success through several key initiatives, including government and industry rotations, blended career paths that focus on developing the skills and experience of everyone, and more active WAW recruitment and management to more effectively meet the needs of the Department and each member of our workforce.

Government and industry rotations will include members of both government and industry on a dependable recurring cycle to ensure that we are training our workforce – across the board – with on-the-job experience. The Department has already begun to augment the workforce with operating teams delivering manufacturing and supply chain expertise to industry partners in the submarine industrial base. These operating teams and placement of experienced operators in key programs and companies will address manufacturing and production issues and provide greater collaboration and insight across government and industry teams. The Department will develop a comprehensive transformation plan of the WAW in the Acquisition Workforce Transformation Plan, which will be prepared and delivered separately.

Warfighting Acquisition University (WAU): Create the Warfighting Acquisition University to train our buyers to be tough and fast so we can deliver dominant capabilities to warfighters.

The Department is looking beyond WAW-related policies and procedures to create the culture, training, and tools required to enable the WAW to accelerate and innovate. To cultivate the next generation of acquisition leaders, the Department will transition the Defense Acquisition University (DAU) to the Warfighting Acquisition University (WAU), and institutionalize a modernized training methodology that emphasizes immersive, scenario-based experiential learning focused on portfolio management competencies. This approach will foster rapid cross-functional teaming, critical thinking, innovation, and risk taking under operational pressures.

Training must mirror acquisition operational reality, where more efficient and effective acquisition outcomes depend on cross-functional understanding and collaboration. The WAW must also have a basic understanding of military operations to help inform how we task organizations to support operations with appropriate acquisition products and services. Current training is largely designed to focus on functional and technical skills. The WAU will realign training to equally emphasize cross-functional integration, critical thinking, and innovation that best deliver to operational priorities. Cross-functional training (CFT) will include elements like peer-group learning; simulations and gaming; and expanded participation for CFTs to incorporate representatives from international acquisition, cybersecurity, requirements development, and industry groups.

The Department will also implement targeted leadership training and education designed to: challenge entrenched risk-averse behaviors; equip leaders with strategies to

empower their teams, delegate authority, and embrace mission-focused risk-taking; embed new policies, such as portfolio management, into leadership practices and operational decision making; and provide tools for shaping organizational culture to align with policy and operational community priorities. It is imperative that both mid-level and senior leaders embrace this construct to grow the WAW. The WAU will offer industry-focused training to military and civilian personnel focused on topics such as venture capital and commercial practices that drive speed and agility to accelerate capability delivery to the warfighter and overmatch adversaries.

Accountable Program Leadership Terms: Keep our best leaders in the job longer to deliver the best results.

The Department will assess and adjust program management slating and assignment processes to enable longer tenures for PEOs, PMs and other critical leadership and functional positions. The Department must have leaders serve in these critical positions long enough to have an impact and benefit from the incentives and accountability that drives performance over longer terms. In many cases, the Department has not adhered to its own policies for length of tenure, and those tenures may not be as long as required to achieve the needed results. The OUSW(A&S) will assess the effects of tenure on military and civilian career paths, as well as how we assign military members or civilians to those leadership positions, and determine the right balance given the program assignment and criticality of the capability.

Accountability is dependent on clear and consistent evaluation criteria and standards. Where appropriate, DOW-wide common civilian employee performance key performance indicators (KPIs) will be developed and implemented for acquisition workforce occupations and roles. These KPIs will provide transparent, quantifiable, performance expectations and help identify areas for improvement and recognize successes. By establishing common KPIs, the Department will improve accountability by aligning expectations to desired outcomes and reducing subjectivity in the performance management process.

Portfolio Acquisition Executives: Empower our program leaders with control of a full team of subject matter experts and the authority to direct program outcomes, move money, and quickly adjust system features to deliver on time and under budget.

The Department must establish new paradigms for acquisition and pivot from program- and platform-centric structures, processes, and strategies to deliver integrated suites of capabilities across platforms and systems. The Department will adopt a phased approach to scale portfolio practices, resources, and authorities, enabling greater speed and flexibility within portfolios and maximizing efficiencies and mission impact. This includes working with the Military Services to identify how PEOs can be realigned to serve as PAEs), such as the potential consolidation of PEOs addressing related products or segments of kill chains to ensure more cohesive planning and decision-making across the

Military Services. This will create a balanced management and oversight construct focusing on two dimensions: (1) delivery of the platforms, weapons, and systems (delivery of things); and (2) integration and interoperability between systems to deliver system-of-systems architectures and warfighting capabilities (connection between things). The PAEs will operate with expanded authorities for resourcing, requirements, and acquisition decisions within prescribed portfolios, allowing for more rapid trades and priority shifts within assigned portfolios. The portfolios the PAEs oversee will likely be related systems that integrate to deliver capabilities across programs and will be structured and bounded within a Military Department or Defense Agency. The requirement to look across Military Departments and Defense Agencies at the various portfolios and programs necessary to close kill chains will be met by the DOW's CPM processes using mission engineering.

The USW(A&S) will identify PAE portfolio candidates to pilot implementation, in coordination with the Military Services, to begin execution immediately. Initial PAEs will be focused on portfolios that require significant integration across platforms, systems, weapons, and grouping of like-capabilities. While establishing initial PAEs, the Department will right-size the authorities, structure, and operation of PAEs across the Military Departments.

The Department will empower PAEs with additional flexibilities in resourcing and requirements through budget consolidation and portfolio-level requirements. The USW(A&S) will partner with the USW(Comptroller) to implement Planning, Programming, Budgeting, and Execution (PPBE) reform efforts and explore options to empower PAEs to flexibly apply funding to emergent needs while maintaining maximum transparency with OMB and the U. S. Congress. The Military Departments, the Joint Staff, and the USW(A&S) will collaborate to prepare a playbook on developing portfolio-level requirements documents aligned to operational outcomes instead of system-specific technical requirements. Finally, the Department will ensure PAEs are empowered to manage their portfolio and deliver results through direct supervisory authority over professionals across critical disciplines, including acquisition, contracting, testing, and systems engineering. The OUSW(A&S) will establish accountability measures of merit that prioritize outcomes rather than activity across the acquisition enterprise. This will be addressed more extensively in the Acquisition Workforce Transformation Plan, prepared and delivered separately.

Capability Portfolio Management (CPM): Assign an accountable leader to optimize the purchase and fielding of similar products for efficiency, speed, and effectiveness.

CPM will empower the Department's PAEs and the WAW to manage all the elements of successful acquisition – contracting, resourcing, requirements management, systems engineering, test & evaluation, etc. – with data-driven insights drawn from rigorous analysis and flexible acquisition authorities. The CPM construct will leverage the technical and analytical expertise within the Department to identify, prioritize, and

assess unmet requirements and warfighting capability gaps within the joint force, apply acquisition and science and technology (S&T) solutions in collaboration with industry, and prioritize and allocate resources to address the most pressing needs.

The OUSW(A&S) will work across the Department to manage efforts above and across all DOW Components to deliver integrated, joint capabilities to the Combatant Commands. This will ensure a focus on rapidly filling capability gaps to optimize kill chains instead of prescribing system unique requirements. By strengthening CPM education, training, application, and resourcing, the CPM construct will optimize, accelerate, and integrate joint solutions aligned with enterprise requirements and budget reforms to enable the SecWar and the DepSecWar to make better, faster decisions.

To realize the underpinning analysis mechanism for CPM across the enterprise, the OUSW(A&S) and the Office of the Under Secretary of War for Research and Engineering (OUSW(R&E) will work to establish an OSD-level analysis office that enables execution through the Mission Engineering and Integration Activity (MEIA) and revolutionize how we assess, develop, and acquire the joint force. Transforming systems like Advana to support CPM and establishing joint operational integration programs (JOIPs) will enable resourcing joint operational integration opportunities identified by the OSW-level analysis office established by the OUSW(A&S) and the OUSW(R&E). This will include conducting and assessing operational utility at joint rehearsals, exercises, and/or other relevant maturation events; as well as conducting continuous operational assessments of programs, systems, and prototypes to provide sound recommendations to senior Department leadership.

The USW(A&S) will establish the MEIA with the USW(R&E), redirect acquisition data resources within the OUSW(A&S) and across the OSW to support portfolio management, and scale the JOIPs to immediately action opportunities identified through CPM.

Capability Trade Councils: Empower managers to work with the warfighter and Department leadership to make large adjustments to programs to field systems faster.

Through this transformation, the Department's PAEs and PMs will have increased flexibility to make requirements trades to maintain focus on accelerated delivery of capabilities within specified thresholds. When a requirements trade exceeds a threshold, or the PAE or PM determines it is in the best interest, the PAE can engage with the operational community and broader enterprise stakeholders to coordinate the proposed trade. Configuration Steering Boards (CSBs), which have traditionally filled a similar role, will transition to Capability Trade Councils (CTCs) shifting away from satisfying compliance to empower PAEs and PMs to drive the needs-based discussion when making requirements trades.

PAEs and PMs can engage CTCs to validate and balance performance requirements and acquisition strategies against cost and schedule in execution to identify trades, make shifts in strategy, and manage risks when those trades exceed thresholds or the PAE

determines there is a need for a broader discussion, all in collaboration with the operational warfighting community. Applying risk-based trades must be optimized to rapidly deliver capabilities and address priority operational needs. The CTCs will be tied back to joint and cross-Department requirements and resourcing decision-making processes and venues led by the DepSecWar and Vice Chairman of the Joint Chiefs of Staff.

Current CSB management across the Department varies by Military Service and Defense Agency. To overhaul the existing processes, CSB leads from each DOW Component will collaboratively review and update policies, processes, guidance, and resources to improve processes, aligned with related acquisition, requirements, and budget reforms to transition to CTCs. This structured review effort will revise existing guidance, presently found in DoDI 5000.85, Appendix 3C, *Major Capability Acquisition*, as derived by statute. More defined guidance will establish guidelines and best practices based upon a review of each Military Service's and Defense Agency's CTC policies and procedures. The OUSW(A&S) will publish a directive prescribing how CTC outcomes are defined and applied. Further, the Department will expand the aperture of CTCs to increase visibility to all major acquisition programs and develop additional guidelines for non-major acquisition programs.

Accelerate Planning, Programming, Budgeting, and Execution (PPBE) Reform: Empower our program leaders to move money around more freely to buy new technology and fix problems without congressional approval.

The Commission on PPBE Reform, established by the U.S. Congress with Section 1004 of the National Defense Authorization Act (NDAA) for FY 2022, examined the effectiveness of the Department's PPBE process. The PPBE Commission's final report, published in March 2024, included 28 recommendations on how to foster innovation and adaptability, improve the alignment of budgets to strategy, modernize business systems and data analytics, and other bold reforms. The Department will pursue the PPBE Commission reforms that provide resourcing flexibility and agility to accompany transformations in the acquisition and requirements processes. OUSW(A&S) will work through the PPBE Reform Implementation cross-functional team established by Section 1006 of the NDAA for FY 2025 to build an implementation plan for key PPBE reform initiatives that directly tie to enabling the acquisition transformation demanded by the administration and the U.S. Congress.

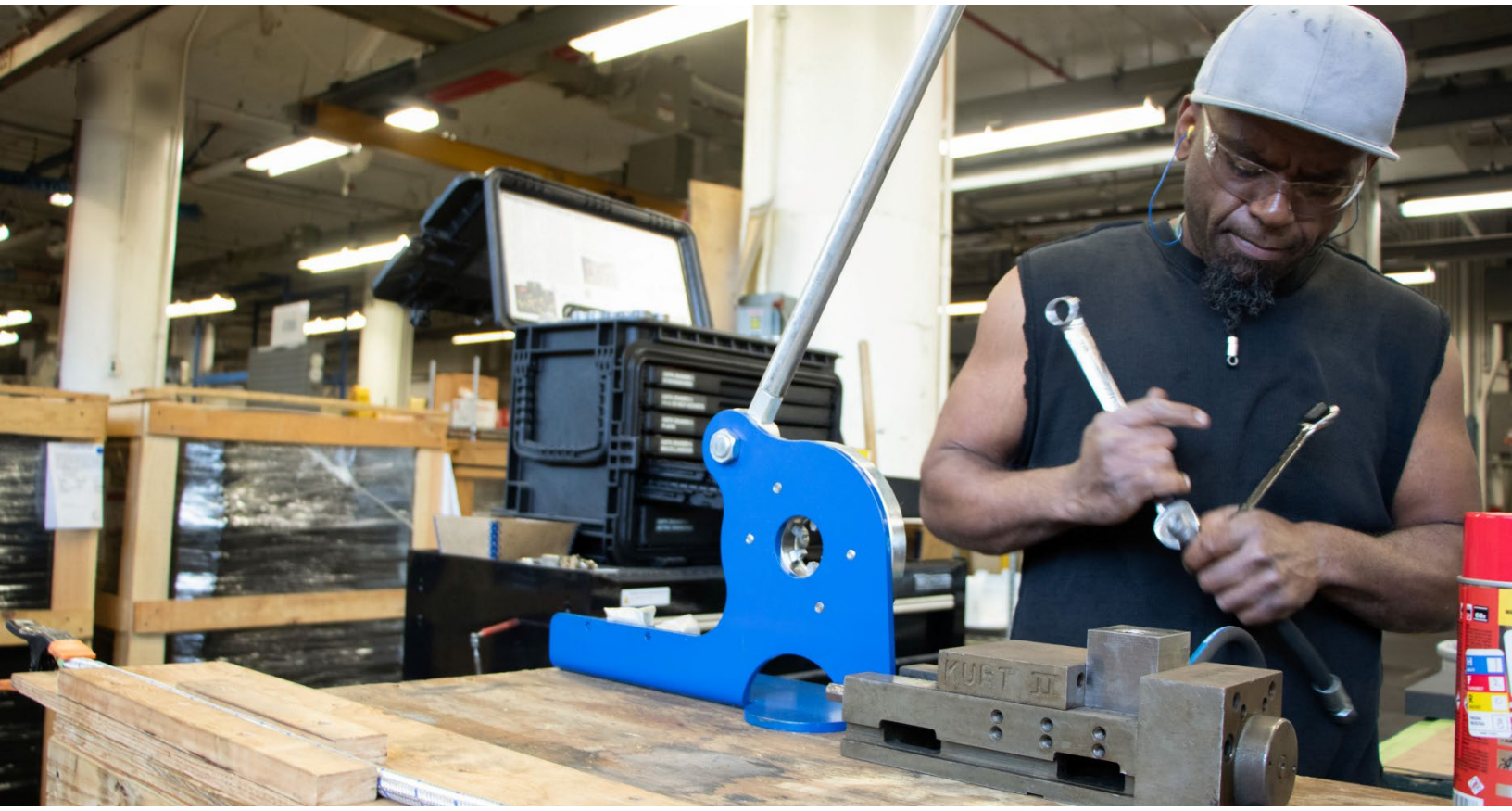
The Department will resource certification and warrant holder functions (technical authority across all functional disciplines) in planning and execution and align them to PAEs to empower program leaders to ensure all staff adequately prioritize rapid delivery. As reflected in a 1994 Secretary of Defense memorandum, the DOW is not a compliance-based organization. Instead, the DOW is a risk-based decision-making organization, focused on meeting warfighting and operational needs. In some cases, the Military Departments have allowed their organizations to slip into a compliance-based, checklist mentality, which is generally slower and does not foster the required value-

added critical thinking and professional judgment needed to plan and execute programs. In other cases, overapplied technical authority from an excess of technical warrant holders without sufficient expertise has driven delays and cost overruns. Both conditions must be addressed to reestablish the right balance of program and technical authority and enable tighter collaboration with industry to deliver safe, suitable, and effective systems on relevant timelines and achieve cost baselines.

By empowering our technical experts and making them accountable to the Program Executives and Managers, these individuals will have the flexibility to enforce best practices through engineering judgement in balance with the PAE and PM focus on rapidly delivering results. Those technical experts will also assist in reducing the amount of testing required for weapon system certification, qualification, and acceptance. This will require experienced experts in each functional discipline who can work collaboratively with each other and industry counterparts to apply standards and make risk-based judgements and recommendations to program leadership in executing assigned programs. When done well, the right balance will ensure operational safety, suitability, and effectiveness in system development, production, and sustainment while maintaining accountability to PAEs and program leaders to deliver program priorities within timelines, cost constraints, and acceptable levels of risk.

Incentivize the Workforce: Pay our acquisition professionals well and hold them responsible for getting the best deals for the warfighter, no matter what it takes.

To ensure the Department is operating with speed and rigor, we must empower and incentivize PMs to take risks by providing performance incentives to those who take risks that result in successful outcomes. We must take strides to empower those in positions to influence change and make a concerted effort to improve. Incentivizing PMs to take risks can come in a variety of forms, but the Department will lean forward and work with the U. S. Congress to identify opportunities to fund monetary incentive awards for appropriate risk taking, driving change in program offices, and leading change with speed and innovative ideas. For those who drive change successfully, the Department plans to provide incentives as compensation for leading change and removing barriers.



Maximize Acquisition Flexibility through Reduced Regulations and Processes

To move fast with speed and rigor, the Department must maximize flexibility by removing unnecessary process and reducing regulations, including the elimination of the Joint Capabilities Integration and Development System (JCIDS) and the transformation of the acquisition program review processes throughout the programmatic lifecycle.

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Middle-Tier Acquisition: Remove bureaucracy and reporting burden to move this accelerated process even faster.

The Department must fix the Middle Tier of Acquisition (MTA) pathway approval processes and enable strategies that balance speed of

development and delivery with program management rigor. In the NDAA for FY 2016, the U.S. Congress created the MTA pathway with the intention of enabling greater speed and flexibility in program execution. The Department has used this pathway significantly since its establishment and has learned many lessons since the MTA policy was signed in 2020.

The Department must now scale MTA guidance, training, and resources to ensure innovation from industry can be used to shape novel warfighting capabilities. By utilizing field training teams (FTTs) established in the NDAA for FY 2025, the WAU can work directly with programs to ensure the most effective training is provided and continue to develop a greater understanding of how we can engage industry to share lessons learned with the WAW. This same approach will be applied across all acquisition pathways.

The USW(A&S) will delegate the MTA pathway approval processes to the lowest permissible levels and prioritize the focus on rapid development and deployment of a functioning prototype. Military Departments and OSW Components must be able to make more timely decisions for their programs rather than delaying decision-making due to senior leadership availability and multiple layers of staff reviews.

To remove the burdensome barriers that may be faced, the Department will eliminate MTA Advisory Boards and replace them with a digitized system that will integrate data from every MTA program. This system will include analysis capabilities and continual insight to ensure programs in need of review are identified based on concerning data pertaining to cost, schedule, and performance. MTA Advisory Boards will only be held by exception to address issues requiring management intervention. Collaboration with the Military Services to develop and adopt the digitized system will be critical to ensuring accurate data and information is available to senior leaders on all MTA programs to enable this “by-exception” process.

Digitize Acquisition: Use the power of Artificial Intelligence (AI) to reduce administrative burden and plan our purchases and deliver weapons faster than our adversaries.

Each Military Service and applicable DOW Component will work to minimize the burden of required documents for programs of all sizes and across all acquisition pathways. The Department will scale efforts to leverage digital and AI tools in preparing and reviewing program strategies to enable greater speed and quality, centralize decision making within the PAE and PM structure, and accelerate approval authorities for most program documentation to the PM, the PEO, the SAE, or the Defense Acquisition Executive, as appropriate. Teams within each Military Service will work to minimize the number of individuals and offices that need to approve, coordinate, or be provided an information copy of each required document.

The OUSW(A&S) will work with stakeholders to evaluate the scope, number, and effectiveness of milestone reviews and related gate reviews across all acquisition pathways, program sizes, and program components, prioritizing opportunities to reduce

the number of reviews, pre-briefings, attendees, and scope and aligning strategy documents with reviews to ensure decision makers have sufficient insight to make timely, informed decisions. These reviews will focus on mission outcomes and operational value, while ensuring supporting analysis drives sound decisions across the acquisition lifecycle.

The Department will review the existing processes for milestone and gate reviews and develop a memorandum for signature by the USW(A&S) to revise existing processes and establish standard operating procedures for all Military Services and applicable DOW Components.

Portfolio Scorecards and Data-Driven Acquisition: Measure progress and prove programs are on the right path by providing real-time and continuous access to program and portfolio performance data.

The Department will establish portfolio scorecards to capture programmatic performance to deliver capability, scale production, implement commercial solutions, and other key performance metrics. The scorecards will be a key feature of the CPM approach to assessing programs and portfolios in a threat-informed mission context. The scorecards will allow Department leadership to assess portfolio and program health and allow for a "by-exception" approach to oversight. To minimize the burden associated with these requirements, the Department must work to reduce the reporting and reporting systems a program or PAE must provide to their Military Service and OSW leadership and other stakeholders on a recurring basis. It is critical that teams leverage existing authoritative data sources, including contractor data and automated reporting mechanisms to assess program performance.

The OUSW(A&S) will work in close coordination with the Military Services to assess the effectiveness of existing reporting requirements and conduct a review – across all actively reporting programs – to ensure reported metrics appropriately convey program health, status, ongoing or anticipated issues, risks, and actions required to address possible causes for delay, as well as compliance with the transformative initiatives in response to E.O. 14265. During this comprehensive review, the OUSW(A&S) will also assess whether the correct data is collected and assessed for informed decision making and that the metrics being tracked are outcome focused. While discussions surrounding data requirements can begin immediately, the implementation of new data standards, particularly across classified systems, will take time to implement. To ensure the proper use of digital threads and the ability to use real-time data to inform decision-making, the Department will carefully review how data is currently used and ingested, and where improvement is needed to address gaps, while ensuring the reporting process does not become overly burdensome.

Modernize Test Infrastructure: Increase the ability to test our weapons systems faster by investing in new, better, and more test equipment, ranges, and people.

The Department must resource and empower the Test Resource Management Center (TRMC) to provide the digital infrastructure required to accelerate and optimize access to

and use of testing proving grounds. The TRMC must adopt commercial software, increase self and third-party certifications for mature vendors, and enable joint testing teams to share data, analysis, and tooling across the enterprise. Additionally, scaling tools, policies, and practices to maximize the use of modeling and simulation and automated testing will allow the Department to accelerate and continually validate software.

Greater system-of-systems integration testing across capability portfolios and mission threads will optimize the performance of systems. The Department will identify and mature a minimum set of test data standards and quality to enable greater reciprocity across the Military Services and the Defense Agencies. A working group will be established with collaborators from across the Department –including Military Services and OSW stakeholders – to modernize test and evaluation infrastructure.

Reduce Test Oversight: Decrease the number of bureaucratic test managers and increase the number of actual testers of our weapon systems.

Oversight activities must be focused on the most critical acquisition programs to maximize the success of complex, multi-domain mission threads. It is important that the Department invest in test and evaluation (T&E) resources for validating digital technologies, including modeling and simulation, synthetic environments, and managing performance/risks.

The Department has already taken initial steps to reduce oversight, eliminate redundancy in the defense acquisition system, and return the Office of the DOT&E to its statutory intent as an oversight body.

The Department has already taken initial steps to reduce oversight, eliminate redundancy in the defense acquisition system, and return the Office of the DOT&E to its statutory intent as an oversight body. This, in turn, returns T&E oversight mechanisms to the Military Departments for most programs, ensuring oversight is applied to the most appropriate level.

By tailoring T&E plans based on the size and type of acquisition program, as well as their responsible test organization, the Department can prioritize integrated testing to optimize test resources, avoid redundancies, and utilize data-driven decisions to trace programs, performance, and testing.

Information Technology Acquisition: Remove the burdens of purchasing information technology to accelerate cost-effective delivery of software and hardware.

Officially known as the *Information Technology Management Reform Act*, the Clinger-Cohen Act (CCA) of 1996 is a federal law aimed at improving the way government agencies acquire and manage IT, which the law mandates be treated as a capital

investment. The CCA also establishes the role of a Chief Information Officer (CIO) and emphasizes the value and importance of performance-based management and enterprise architecture. Since the CCA was enacted, the Department has faced challenges due to the CCA's focus on compliance rather than outcomes. The Department must ensure IT capabilities are focused on strategic outcomes, maximize the use of commercial technology, and require high cybersecurity standards. The USW(A&S) will work in close coordination with the DOW CIO to ensure rapid, iterative, and secure capability deliveries. This will include reviewing existing guidance pertaining to the CCA and related processes, Military Service-specific guidelines, and identifying opportunities to allow PMs greater flexibility to move quickly while complying with the law.

Replace Analysis of Alternatives (AoAs): Replace the redundant and excessive study and analysis that delays the start of program with experimentation and demonstration of existing or emerging technology.

The analysis of alternatives (AoAs) process requires long periods of study and analysis time prior to initiating a program of record. The OUSW(A&S), Cost Assessment and Program Evaluation (CAPE), and the Joint Staff will work collaboratively to modify these processes and provide more rapid and impactful assessment of commercial solutions, existing technologies, and competing prototypes as a preferred approach to the extended document analysis.

The Department will work on this transformation expeditiously, leveraging previous efforts between CAPE and the OUSW(A&S), to draft an initial proposal for assessment of what these changes may be. These changes will be proposed to the Director, CAPE and the USW(A&S) for decision on how to optimize pre-Milestone A analysis.

Improve Cost Estimation: Deliver realistic and accurate cost estimates so we know how much to budget for the weapon systems we are buying.

The Department will assess the effectiveness of our processes for developing acquisition program cost estimates and their application in establishing acquisition program baselines and program execution. Cost and schedule overruns continue to occur too often, impacting budget stability and the timely delivery of capabilities to the warfighter. Achieving reliable and credible estimates at program initiation is essential to improving acquisition outcomes.

Reliable cost estimates depend on a variety of factors, including: a thorough understanding of a program's technical baseline; access to high-quality historical data from relevant analogous programs; and an accurate assessment of a program's relative complexity compared to past projects.

Cost estimates are most impacted by the chosen acquisition approach, the application of technology, tailored methodologies that account for unique requirements, the acquisition strategy, industry experience with similar tasks, and the program's risk profile. All programs require some form of cost estimate, but major and special interest programs

currently require an independent cost estimate (ICE) from CAPE or the Military Department headquarters. These ICEs support risk-informed decision-making when establishing program cost baselines.

Working in close coordination with CAPE and OUSW(R&E), the OUSW(A&S) will develop robust frameworks to improve the understanding and acknowledgment of risks associated with program technical baselines. The goal of these frameworks will be to ensure cost estimates appropriately capture risks alongside program-specific considerations. This effort will improve collaboration between the acquisition and cost estimating communities to prioritize, collect, and share relevant historical data to enhance the quality and reliability of future cost estimates.

ICEs performed by organizations outside of the program office, provide an objective assessment of program costs and risks. These estimates serve as a critical input to the establishment of realistic program baselines, helping to ensure programs are adequately funded and managed. Improving the availability and application of historical data and ensuring a rigorous and risk-informed approach to cost estimation are vital steps in enhancing the reliability of program funding profiles.

The OUSW(A&S), working closely with CAPE and OUSW(R&E), will assess how to best apply cost estimates to program baselines, improve data collection practices, and leverage historical data more effectively when considering acquisition approaches, risk posture, and unique requirements.

Common-Sense Accounting: Transition from arcane Cost Accounting Standards (CAS) to commercially used Generally Accepted Accounting Principles (GAAP).

The DOW strongly endorses and actively supports recent OMB-led Cost Accounting Standards (CAS) Board activity that has taken an aggressive approach to reduce the CAS regulatory requirements; reduce burden on contractors; remove barriers for new defense contractors; increase competition; reduce prices; and increase speed. The Department will continue to actively participate with its CAS Board voting member, the Director of the Defense Contract Audit Agency (DCAA), toward conformance of the CAS to the Generally Accepted Accounting Principles (GAAP) to reduce the burden on contractors while continuing to protect the interests of the government. Additionally, the Department will continue to work with the CAS Board to increase CAS applicability thresholds (that have not been increased for years) to reduce the number of CAS covered contracts going forward and encourage new non-traditional defense contractors to participate in defense acquisition to increase competition.

Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS) Reduction: Slash rules down to only what is absolutely vital and remove anything that slows down government contracts, especially the Truth in Negotiations Act (TINA).

The DOW is undertaking a complete and revolutionary overhaul of the FAR and the DFARS to right size the regulatory environment in collaboration with interagency partners, which will be detailed in the response to the White House addressing E.O. 14275, *Restoring Common Sense to Federal Procurement*. The Department's response to that E.O. will also incorporate revisions identified from the work being completed in response to Section 4 of this E.O. Internal Regulations Review.

Wisely applying statutory requirements tailored to needs and providing decision-making tools for PMs and support staffs are instrumental to increasing the speed and rigor of contracting actions.

In the Department's review of regulatory and statutory requirements required by Section 4 of this E.O., the Department will assess how statutory requirements can be tailored to the needs of the workforce, particularly as it concerns the Truth in Negotiations Act (TINA) and TINA Lite. TINA requires contractors to submit accurate, complete, and current cost or pricing data when negotiating government contracts exceeding a specific cost threshold and absent adequate price competition. This data is used to ensure fair and reasonable prices and is critical to ensuring the Government has access to the same information that the contractor possesses when negotiating contracts with limited or no competition. Wisely applying statutory requirements tailored to needs and providing decision-making tools for PMs and support staffs are instrumental to increasing the speed and rigor of contracting actions. As the Department seeks to maximize competition in the DIB, we will pursue concurrent reductions in the application of TINA as the competitive pressures of the market will provide inherent cost and quality management. The Department has already developed tools to assist PMs and contracting officers, and we will deploy new versions of those tools to assist with the tailored application of regulations. As an example, the Department will pursue the expanded use of TINA Lite authorities and tailored application in our contracting, as applicable when full TINA or TINA waivers are not necessary. The details of these regulatory reviews will be provided in the Section 4 plan in response to this E.O.

Foreign Military Sales (FMS) Reform: Grow the industrial base and fix the process to arm our allies and partners with American weapons.

The Department's report in response to E.O. 14268, "Reforming Foreign Defense Sales to Improve Speed and Accountability," addresses FMS reforms and, understanding the

crucial nature of FMS, especially today, will address all recommendations pertaining to the Department's FMS processes and organizational alignments to speed planning and execution in that report. The first phase on FMS reform efforts is already underway, a root cause analysis of the worst-performing FMS cases to understand which factors are causing delays, where those delays occur, and why those issues persist. The next phase of the Department's FMS reform efforts will address broad and impactful changes to the processes, organizations and people that execute the Department's FMS system such as exportability decisions in the milestone decision process and the transition of the Defense Security Cooperation Agency (DSCA) and the Defense Technology Security Agency (DTSA) to operational control of the USW(A&S). Much of the success achieved through the execution of acquisition reform will have direct benefits to FMS.

Develop High Performance Systems through Rigorous Enterprise Technical and Execution Excellence

Speed and volume must not compromise the technical excellence and performance superiority characteristic of U.S. military hardware and software. Developing high-performing systems requires a balance of intentional planning and analysis while maintaining speed and urgency, achievable by right-sizing program leadership tenures, holding PMs accountable, and ensuring rigor is applied and risk is taken for the benefit of the program. Rigorous application of the assessments conducted throughout system development efforts are necessary, specifically technology and manufacturing readiness assessments. A higher performing government workforce promotes greater calculated risk, complex integration of new capabilities, and rapid adoption of solutions to close all kill chains with mission-based analysis.

Wartime Production Unit: Rebuild the U.S. defense industry with manufacturing and supply chain experts from DOW and industry to surge American manufacturing capacity and deliver weapons at the speed of relevance.

The Department will take immediate action to transform how we rapidly accelerate the manufacturing and production of hardware and software capabilities to the warfighter through the establishment of the Wartime Production Unit (WPU). The Department has already established a deal team to apply innovative contracting techniques to hasten negotiations and urgently accelerate delivery of munitions to the warfighter. The deal team's mission is to accelerate the delivery of weapons to warfighters by structuring business deals that enhance production capacity and overhaul contract execution. This involves crafting financial incentives that will result in strong contractor performance to meet warfighter needs on time.

To improve production contracts, the deal team emphasizes faster negotiations and better results through a commitment to mutual transparency and cooperation between the government and industry partners. This will result in reduced reliance on proposal artifacts generated specifically for contracting processes and increased reliance on contractor formatted data used to manage business operations and financial accounting. The deal team has been piloted on munitions acceleration efforts and will scale to assist program across all portfolios.

The Department will combine the Joint Production Accelerator Cell's (JPAC) analytical focus on mitigating and overcoming production bottlenecks with the deal team's focus on improved quality of negotiated, corporate-wide deals to create the Wartime Production Unit (WPU). The WPU will manage and execute the direct support of the urgent acquisition production priorities and leverage the Director of Administration and Management's (DA&M) BOND program to bring in C-suite executives to advise on industrial production optimization. In addition, the WPU will leverage support from industry experts to engage with PEOs and the Defense Contract Management Agency (DCMA) to drive prime contractors to implement necessary efficiency improvements in production lines and rapidly accelerate production ramps to meet U.S. warfighter needs.

The OUSW(A&S) will work with stakeholders to ensure that data collection, including the total incurred costs of completed contracts and subcontracts, timely delivery metrics, and success against performance criteria, enables analysis, feedback, and improvement of future negotiations. Current processes only review sole source efforts that are more than $1 billion. Consistent collection of outcome-focused data will result in the right level of support for programs, accelerating processes and steering resources to programs in need of support and expertise.

Modernize Systems Engineering: Build and sustain our weapon systems better, faster, and cheaper by using advanced acquisition and physics-based models.

The WAS is dependent on many parts to deliver the world's most sophisticated and capable weapon systems; systems engineering is one of its most critical disciplines.

Focused on the design, integration, test, and management of systems throughout their lifecycle, systems engineering ensures that each system effectively meets its intended purpose and fulfills the needs of the warfighter over its lifetime. The Department must continually modernize systems engineering processes and tools to provide the most modern capabilities and guidance, including driving value engineering early in programs and services to reduce lifecycle costs. As part of this comprehensive acquisition transformation, the Department will modernize systems engineering across all acquisition pathways to enable agile development, technology insertion, improved technology and manufacturing risk management, and reduced need for testing, rework, and re-testing to certify a system. This transformation is critical, given the rapid modernization of technology and the increased use of software acquisition, advanced computing, artificial intelligence, and model-based acquisition. These tools, properly applied, inherently reduce requirement and design defects and test in build-up and scope required when verifying, validating, and certifying end items.

This transformation is critical, given the rapid modernization of technology and the increased use of software acquisition, advanced computing, artificial intelligence, and model-based acquisition.

The Department will integrate and scale adoption and investments in digital engineering and model-based engineering, including mission engineering, model-based systems engineering, modeling and simulation environments for virtual and constructive testing and training, and developmental integration and testing, which will fuel rapid, iterative designs and technology insertion to maximize mission outcomes. These advanced techniques will reduce the burden in test planning and execution and the unplanned testing that results from unanticipated discovery, which drives program delays. We must ensure our digital environments, tools, infrastructure, and talent are fully integrated with industry, and address issues including intellectual property (IP) concerns, system integration, classified environments, and workforce training and skillset levels.

The Department's comprehensive acquisition transformation will reduce testing across our programs, accelerate delivery, and reduce pressure on limited test capacity and infrastructure in our various test venues, labs, and ranges. The OUSW(R&E) will publish a revised Systems Engineering Guidebook, which will cover a range of objectives associated with systems engineering modernization. The application of CPM across the Department requires rigorous mission engineering processes, tools, and skillsets to apply model-based systems engineering as an integrated part of all acquisition programs.

Balanced and Flexible Technical Experts: Aligning technical warrant holders with program leadership to deliver safe, suitable solutions within time constrained schedules.

The Department will resource certification and warrant holder functions (technical authority across all functional disciplines) in planning and execution and align them to PAEs to empower program leaders to ensure all staff adequately prioritize rapid delivery. As reflected in a 1994 Secretary of Defense memorandum, the DOW is not a compliance-based organization. Instead, the DOW is a risk-based decision-making organization, focused on meeting warfighting and operational needs. In some cases, the Military Departments have allowed their organizations to slip into a compliance-based, checklist mentality, which is generally slower and does not foster the required value-added critical thinking and professional judgment needed to plan and execute programs. In other cases, overapplied technical authority from an excess of technical warrant holders without sufficient expertise has driven delays and cost overruns. Both conditions must be addressed to reestablish the right balance of program and technical authority and enable tighter collaboration with industry to deliver safe, suitable, and effective systems on relevant timelines and achieve cost baselines.

By making empowered technical experts accountable to the Program Executives and Managers, these individuals will have the flexibility to enforce best practices through engineering judgement in balance with the PAE and PM focus on rapidly delivering results. Those technical experts will also assist in reducing the amount of testing required for weapon system certification, qualification, and acceptance. This will require experienced experts in each functional discipline who can work collaboratively with each other and industry counterparts to apply standards and make risk-based judgements and recommendations to program leadership in executing assigned programs. When done well, the right balance will ensure operational safety, suitability, and effectiveness in system development, production, and sustainment while maintaining accountability to PAEs and program leaders to deliver program priorities within timelines, cost constraints, and acceptable levels of risk.

To empower the PMs to set priorities and meet operational needs, the Department must build and maintain the right cadres of technical experts, who will to be supervised and rated by the program leaders they support. These functional experts allow for alignment of organizational efficiency and consistency, and include a variety of stakeholders, such as industry, program office staff, military service and program leadership, and outside organization members. The right experts with relevant domain knowledge are invaluable in supporting product development and testing, assisting with safety hazard risk management, allowing for informed decision making, developing and tailoring processes and standards, and helping to advance technology and tools for future needs. Functional experts also allow for the agile reallocation and application of technically proficient talent across programs, rather than locking experts into program silos. Additionally, functional experts provide technical depth and breadth of talent on call as reach-back support to

the PMs and technical leadership to apply to technical challenges and to execute priority programs.

Open Systems Architectures: Use common components and standards so all companies can compete to integrate components on our weapon systems.

Fully implementing Modular Open Systems Approach (MOSA) into acquisition strategies for all programs is paramount for promoting interoperability, competition, technology insertion, performance improvements, and reducing life cycle costs. Properly implemented, MOSA enables cost-effective and responsive modernization and sustainment of weapons systems, and allows for more competition throughout the programmatic lifecycle, avoiding vendor lock.

The Department will fully implement MOSA in all acquisition strategies to the maximum extent practicable by leveraging open standards, pursuing software application programming interfaces, and asserting IP rights. The Department has a MOSA Guidebook that works in coordination with the DOW IP Guide to facilitate technical and business approaches of MOSA. To further scale MOSA guidance and implement statutes, the Department will develop additional guidance on how to integrate MOSA in acquisition and sustainment strategies.

Integration in the Adaptive Acquisition Framework: Integrate and test new technology soonest to get key insights early to shape weapon system development and fielding.

Acquisition executives across portfolios must rigorously apply technology readiness assessments (TRAs) and manufacturing readiness assessments (MRAs) throughout system development while integrating industry into these efforts early and often. TRAs and MRAs seek to objectively assess and manage technology and manufacturing risks, requirements feasibility, and cost/performance trade-space to improve lifecycle risk management. The Department must increase taking calculated risks to achieve greater speed and performance, begin the integration process earlier in the program lifecycle, and prioritize experimentation.

Robust TRAs and MRAs will provide an understanding of where relevant experimentation and evaluation is needed early in the program. Early insight into a system's underlying technologies and manufacturing requirements will decrease late discovery of defects and provide knowledge of where potential problems may exist prior to cost estimation.

The Department will pursue increased rigor in creating technology maturation plans (TMPs) and manufacturing maturation plans (MMPs), including revising existing guidance to experiment with systems as close to the actual model as possible. To achieve integration readiness, systems must be modeled and demonstrate how capabilities, especially commercial systems, will work and integrate into the DOW ecosystem.

For programs utilizing the rapid prototyping capabilities from the MTA pathway, TRAs and MRAs could include focusing solely on integration during prototyping. The TRA is a technology risk identifier and should be an input to every program's risk management process. All critical technology elements (CTEs) should be considered as a risk item to be managed. TMPs and CTEs should also serve as a guide to MTA pathway programs and an oversight mechanism. The results of a TRA will identify which technologies are considered program CTEs and apply a technology readiness level (TRL) and an integration readiness level (IRL) for each.

While the TRLs of CTEs assessed as the result of a TRA are based on the level of successful integrated system demonstrations, the assessment of IRLs associated with each CTE is necessary to identify integration risks and evaluate the likelihood that components and subsystems can successfully combine to function as a cohesive system. Managing these metrics will minimize the risk of unplanned discovery and rework, and major delays to timely completion of the development phase of a program.

The Department's Technology Readiness Assessment Guidebook was last revised by the OUSW(R&E) in February 2025. The OUSW(R&E) will work to revise existing guidance to include additional details and rigor in TMPs and increased collaboration with industry to assess and mitigate technology and manufacturing and integration risks early in programs life cycles.

Rapidly Generate New Kill Chains: Implement interoperability technical standards to rapidly generate new kill chains.

To more effectively assess capability gaps and integrate new capabilities, the Department must develop improved standards and guidance for program integration strategies. There is not currently a fully resourced pathway that combines the Urgent Capability Pathway with the MTA pathway, designed to build, test, and deliver kill chains within 24 months of an operational demand signal using commercial-off-the-shelf products. Such a pathway would go beyond the MTA pathway, which enables rapid prototyping and fielding of specific systems but is not designed for integrated capabilities and systems-of-systems architectures.

The Department will explore opportunities to establish a new acquisition pathway or amend current acquisition pathways to build, test, and deliver kill chains in a more agile, rapid manner aligned with operational demands. This may include capabilities that emerge from Small Business Innovative Research projects, prototype other transaction agreements, other DOW R&D efforts, commercial products and services, and from existing Military Service acquisition and development efforts.

The OUSW(A&S), in coordination with OUSW(R&E), will work across all DOW Components and Military Services to develop a guidebook identifying processes for integrating capabilities. The Department will execute at least one use-case in FY 2026 with a Military Service to document and mechanize an integration pathway.

Resourcing decisions are one of the most important steps in the acquisition process, especially for delivering integrated, joint capabilities. Mission-based analysis is one of the cornerstones to ensuring that resource allocation is informed by the analysis of our weapons and systems working together to accomplish missions and defeat adversaries. The Department will develop a risk-informed and mission-based analysis process, through deployment of digital tools and environments, including AI enabled tools, to conduct kill chain analysis to mission threads, assessing our warfighting architecture, prioritizing capability gaps, identifying science & technology needs and opportunities, developing acquisition solutions, and rapidly assessing requirements trades to close our kill chains.

Improve Effective Lifecycle Risk Management

The success of the WAS is dependent on mitigating risks and issues and understanding the health and performance of the DIB. From start to finish, the Department must take necessary steps to proactively anticipate and mitigate risks, rather than react, and work to resolve constraints at an enterprise level to increase production capacity and compress delivery timelines. The Department must plan for and acquire capability with the ability to conduct depot-level maintenance, repair, and overhaul of systems and sub-systems to ensure military readiness. This requires increased focus on sustainability in system design and planning as captured in product support strategies and life cycle sustainment plans to maximize flexibility and cost effectiveness of operations and maintenance throughout systems' lifecycles. Allowing more tailoring for shorter life-span programs will ensure greater success without restrictive barriers.

Government Weapons Repair and Maintenance: Owning the operator's manual of our systems so government and military mechanics can repair our weapon systems without reliance on others.

The Department must plan for and acquire systems with the ability to conduct organic depot-level maintenance, repair, and overhaul of systems and sub-systems to ensure

military readiness for any conflict. Laws, regulations, and policies drive early and continuous product support planning of lifecycle requirements for future programs. Achieving this planning in balance with appropriate protection of vendor IP rights when IP was developed in large part with private funding will require a thoughtful approach to defining what technical data the Government will require, how to protect the information the Government retains, and how to ensure technical data is sufficient to satisfy Government needs for repair and sustainment. The Department must continue to conduct necessary product support analysis early in the program lifecycle and frequently update requirements to plan for and maintain the ability to organically repair systems and sub-systems in both peace and contingency operations to maintain operational readiness objectives and combat effectiveness in accordance with statutory requirements.

It is imperative that programs conduct robust analysis of repairable items, acquire the proper technical data and access rights during competitive phases, and put flexible product support agreements in place to enable organic repair n various use cases. Such analysis should include rigorous review and oversight from both acquisition and sustainment communities, PAEs, and PMs (who serve as life cycle managers). These PMs, their teams, and the warfighter will benefit when contracts are aligned to program development, production, and support strategies early in development and production and include procuring the necessary technical data packages for organic or third-party maintenance, computer software development, tooling, supply chain management, training, repair, and overhaul. Additionally, the Department will ensure that product support agreements include risk mitigation options for organic depot-level repairs for urgent operational needs. These risk mitigation options should consider all available means of alternative maintenance and innovative strategies for necessary data such as escrow accounts.

The Department is challenged by programs already in sustainment that do not have flexible product support agreements in place that meet all the operational readiness objectives. These programs face factors such as changing requirements, obsolescence, aging equipment, contested operations, and long lead times. Solutions to these issues are inhibited by insufficient technical data and information necessary to implement alternatives. Programs may face challenges in procuring necessary capabilities due to lack of market leverage (i.e., vendor lock) and lengthy and cost-prohibitive alternatives such as reverse engineering. The Department will reduce barriers to implementing alternative maintenance activities and explore options for new capabilities to increase the ability of programs to execute contingency options.

The Department will strike a balance between strengthening existing authorities and preserving the intellectual capital of industry while ensuring the Department has the information and tools it needs to conduct maintenance, repair, and overhaul of critical systems. For implementation, the immediate focus will be on legacy systems in need of improved readiness and increased availability.

Fixing the Broken Supply Chain: Map out all levels of our industry supply chain, from raw materials and critical minerals to parts, subcomponents, and end items so we can anticipate, prioritize, and fix issues and weaknesses.

Acquisitions for the warfighter often experience delays in delivering and sustaining weapon systems and realize capacity limitations due to weaknesses and constraints in the DIB. In some cases, increasing the number of commercial suppliers and competition may mitigate some delays. In other cases, the Department makes broad DIB investments through Defense Production Act authorities or direct program-by-program investments. Those measures are reactive and do not resolve issues systemically or economically. The means to mitigate risks and issues begins with understanding the health and performance of the DIB segments that support key portfolios and market segments. Currently, the Military Departments and Defense Agencies do not have the supply chain sufficiently mapped or understood to proactively anticipate and mitigate risks and resolve constraints at an enterprise level, and neither do the defense prime contractors or their major sub-contractors. It is more critical than ever to address this shortcoming so we can increase production capacity and compress delivery timelines, applying a more complete understanding of the dependencies across programs throughout the supply chain. Beginning with our munitions acceleration efforts, the Department will integrate various tools and organizational efforts to provide broad and deep supply chain illumination, prioritize issues, and enable proactive mitigation of supply chains risks throughout the DIB.

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Lifecycle Sustainment Plans: Plan to design, build, and buy systems that are cost-effectively maintainable and sustainable throughout the lifecycle.

The WAS must be flexible and tailorable for PMs if it is going to be more rapid and effective. Added bureaucracy and stringent guidelines increase burden on our PMs throughout the life of programs. One of the most critical documents for any weapon system is the LCSP, which is the primary program management document governing operations and support planning and execution from program inception to disposal. Given the significance of the LCSP in ensuring thoughtful system design and a support strategy to cost effectively sustain the system throughout its lifecycle, the Department will work to provide PMs the ability to simplify and tailor both the product support strategy and the LCSP for programs that are planned to have short operational lifespans, which are for systems envisioned to have regular iterations and for which the Department does not intend to sustain older versions.

Current policy requires programs to update the LCSP when there are changes to the product support strategy, or every five years, whichever occurs first. The most recent update to the LCSP Outline, Version 3, was published in October 2022, applying additional requirements in alignment with congressional requirements, as well as the Assistant Secretary of War for Sustainment (ASW(S)) Strategic Plan. Th LCSP Outline should be updated to allow for more tailoring, to be less burdensome on programs with shorter lifespan. Section 104 of the Streamlining Procurement for Effective Execution and Delivery (SPEED) Act proposed revisions to the responsibilities and requirements of the product support manager (PSM). To ensure the Department meets the congressional intent for PSMs and their responsibilities, we will revise our LCSP guidance, including DoD Instruction 5000.91, *Product Support Management for the Adaptive Acquisition Framework*, and the *DoD Product Support Manager Guidebook*.

Conclusion

The DOW is postured to make significant acquisition transformations at a time when the nation and the warfighter demand urgency and speed from our acquisition system. The WAS requires an overhaul to create acquisition flexibility by delegating greater responsibility and ownership over programs and increasing requirements and resourcing flexibility and agility, enabling responsive execution. The Department will overhaul the processes in place to balance speed and rigor, while promoting competition, incentivizing faster execution, taking calculated and shared risks to accelerate increased production, and shifting from a culture of compliance to rapid and mission-focused execution. Contractors also will be provided additional flexibility in how they bid to solve problems and integrate into the Department's planning earlier and more often. The Department will drive operational excellence and accountability in the DIB and train the WAW to ensure they are fully aware of existing opportunities for flexibilities they are empowered to use.

Appendix A: Glossary

APB	Acquisition Program Baselines
APFIT	Accelerate the Procurement and Fielding of Innovative Technologies
AWF	Acquisition Workforce
CAS	Cost Accounting Standards
CCA	Clinger-Cohen Act of 1996
COTS	Commercial-Off-The-Shelf
CPM	Capability Portfolio Management
DAWIA	Defense Acquisition Workforce Improvement Act
DFARS	Defense Federal Acquisition Regulation Supplement
DPA	Defense Production Act
FAR	Federal Acquisition Regulation
FARA	Federal Acquisition Reform Act
FASA)	Federal Acquisition Streamlining Act
GAAP	Generally Accepted Accounting Principles
IBAS	Industrial Base Analysis and Sustainment
ICE	Independent Cost Estimate
LCSP	Life Cycle Sustainment Plan
MOSA	Modular Open Systems Architecture
PAE	Portfolio Acquisition Executives
PPBE	Planning, Programming, Budgeting, and Execution
SBIR	Small Business Innovation Research
STTR	Small Business Technology Transfer
STRATFI	Strategic Funding Increase
TACFI	Tactical Funding Increase
WAU	Warfighting Acquisition University