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Section 809 Panel Recommends Reforming Defense Acquisition with Updated Structures, Simplified Procedures and an Empowered Workforce



The **Section 809 Panel** (<http://section809panel.org>) released the **third volume of its *Final Report*** (<http://section809panel.org/volume-3-report>) to Congress January 15. It contains recommendations that, if adopted, will prioritize defense acquisition on its mission to deliver capability and lethality to the warfighter inside the turn of its near peer competitors and non-state actors. Over the course of 2 ½ years and 4 publications, the panel has generated 98 recommendations that collectively work to reduce barriers that deny the Department of Defense (DoD) timely access to innovative technology and bridge the gap developing between the United States and its near-peer competitors and non-state actors. These recommended changes also empower the acquisition workforce by eliminating or simplifying burdensome practices; delegating more decisions to the working level; and revising processes by which the acquisition workforce is hired, trained, and retained. To accomplish these changes the panel recommends that DoD's acquisition system be placed on a war footing and put mission first.

The Dynamic Marketplace

Volume 3 provides a roadmap to implement the Dynamic Marketplace Framework, a revolutionary approach that will facilitate acquiring the most up-to-date products and services in the least amount of time possible from the open, accessible marketplace. It is also designed to promote competition, enhance transparency, and maintain integrity. The Dynamic Marketplace divides what DoD buys into three categories:

- *Readily Available*: Any product or service that requires no customization by the vendor and can be ordered directly by customers, to include products and services that only governments buy.

- *Readily Available with Customization:* Includes the products and services that are sold in the private sector, including to other public-sector customers, for which customization or manufacturing that is consistent with existing private-sector practices is necessary to meet DoD's needs.
- *Defense-Unique Development:* DoD-financed development, either to re-purpose a readily available product or solution or to develop a new product or solution, to provide a defense-unique capability.

The buying processes for Readily Available and Readily Available with Customization radically re- envision government contracting, replacing current commercial buying procedures that have become overly complicated, in effect denying DoD access to the global marketplace.

The panel acknowledges that the basic contracting processes for defense-unique products and services is generally appropriate. The panel proposes revolutionary changes in terms of how the programs in this part of the marketplace are managed. Many of our recommendations therefore work to make this category of purchasing more efficient and innovative, and we encourage practitioners to take advantage of the many existing initiatives (such as Other Transaction Authorities and Middle Tier Acquisition Authority) that can speed time to development and production.

Dynamic Marketplace Framework



Portfolio Management

The panel's most significant and revolutionary suite of recommendations to defense-unique acquisitions is the adoption of portfolio-based management for DoD's major acquisition programs. This holistic set of recommendations runs from requirements generation through sustainment and would feature the establishment of portfolio acquisition executives (PAEs) at the execution level as well as enterprise capability portfolio managers (ECPs) at the enterprise level. This new organization structure would provide better strategic view of capabilities and flow down decision making to those closer to the working level. These and other recommendations suggest ways to more effectively allocate resources, including the human resources of the acquisition workforce and the budgetary resources DoD leverages to acquire capabilities and maintain technological dominance.

IT Reforms

DoD's acquisition system has not kept pace with the way information technology is developed and purchased in the private sector. Many of the panel's recommendations modernize acquisition

processes to better align them with commercial IT practices and make accessing private-sector training/p/apply-for-a-course) Course Login (https://dau.csod.com) innovation easier. In Volume 1, the panel proposed a new process for managing defense business systems and eliminating outdated management and review practices.

Volume 3 addresses the problem of inefficient buying of consumption-based solutions with a new contract type based on fixed-price resource units. This solution would provide a standardized approach to buying cloud-based, telecommunication-related, and other solutions that tend to be sold via consumption-based models. The panel also recommends exempting DoD from the Clinger-Cohen Act to eliminate redundant and unnecessary documentation requirements. To cut the time and cost of acquiring highly specialized experts, the panel provides a strategy for contracting directly with IT consultants.

Budget

Budgeting represents a core part of the acquisition process, and the panel recommends several measures aimed at streamlining that part of the process. For example: increasing reprogramming thresholds would expand the flexibility of portfolio managers to engage in trade-offs on short-term time frames; allowing for a small carryover on single-year acquisition funding would mitigate the problems associated with end-year spending surges; and extending the duration beyond which funds are canceled from five to eight years would allow DoD to more effectively close out contracts. Several recommendations address the use of short-term continuing resolutions, with the goal of drawing congressional attention to the significant problems they produce in the acquisition system.

Acquisition Workforce

The DoD acquisition workforce is the linchpin to achieving success with acquisition reform. To support an educated, capable, and empowered workforce, the panel recommends a series of actions to streamline and update current hiring authorities, make permanent the Civilian Acquisition Workforce Personnel Demonstration Project (AcqDemo), and improve the Defense Acquisition Workforce Development Fund (DAWDF). To improve career development, the panel recommends overhauling DoD's implementation of Defense Acquisition Workforce Improvement Act (DAWIA) to introduce qualifications in addition to certifications. DoD should also implement career paths that cultivate and develop multi-discipline training to ensure that acquisition teams train together throughout members' careers. To keep the workforce familiar with commercial best practices, the panel suggests establishing a two-way private-public exchange program (PPEP) to temporarily assign DoD acquisition professionals to the private sector and vice versa. These recommendations are detailed in Volumes 2 and 3 of the panel's recommendations.

Other Recommendations

In addition to these major topics, the panel recommends a broad array of recommendations that are more evolutionary than revolutionary in nature. Volume 3 contains recommendations to improve audit compliance, reduce the paperwork required in the contracting process, improve the quality of government-industry communications, improve DoD's acquisition data analytics capabilities, and minimize the flow-down of contract clauses in subcontracts for commercial purchases.

Volume 3 also contains a proposal to reorganize Title 10 of U.S. Code to ensure that for the first time in recent history, all acquisition provisions are grouped together. As an addendum, it includes a Federal Acquisition Regulation (FAR) genealogical history to be made available to

acquisition professionals and the public. Volume 3 concludes with a recommendation to establish a Center for Acquisition Innovation, which would serve as a repository for the panel's research and a hub for future acquisition reform proposals.

Mission First

As the panel looks to the future of what a reformed defense acquisition system can look like, we note that innovation ultimately results from an acquisition workforce that is sufficiently empowered and encouraged to experiment with new strategies for achieving DoD's mission. Our bold recommendations better focus the acquisition system around this shared mission, with the goals of restoring a sense of urgency, enhancing competition, and putting defense acquisition on a war footing to meet 21st century threats.

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