PALANTIR BACKGROUND

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WHAT IS PALANTIR?

DATA INTEGRATION

FEDERATED SEARCHING

OPEN PLATFORM VIA XML & OPEN API

GLOBAL PEERING

DISCONNECTED ENVIRONMENTS

DATA INTEGRATION LAYER

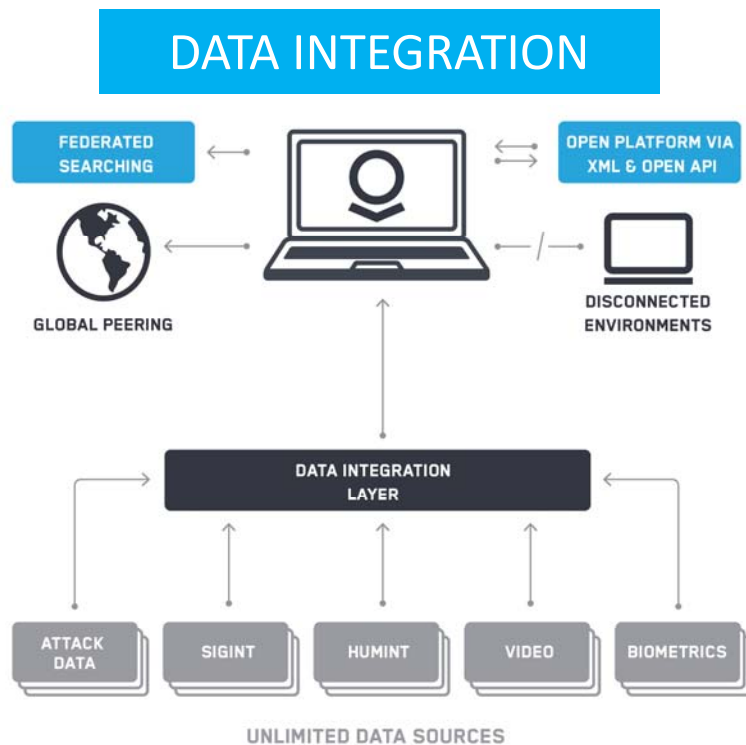**ATTACK DATA** | **SIGINT** | **HUMINT** | **VIDEO** | **BIOMETRICS**

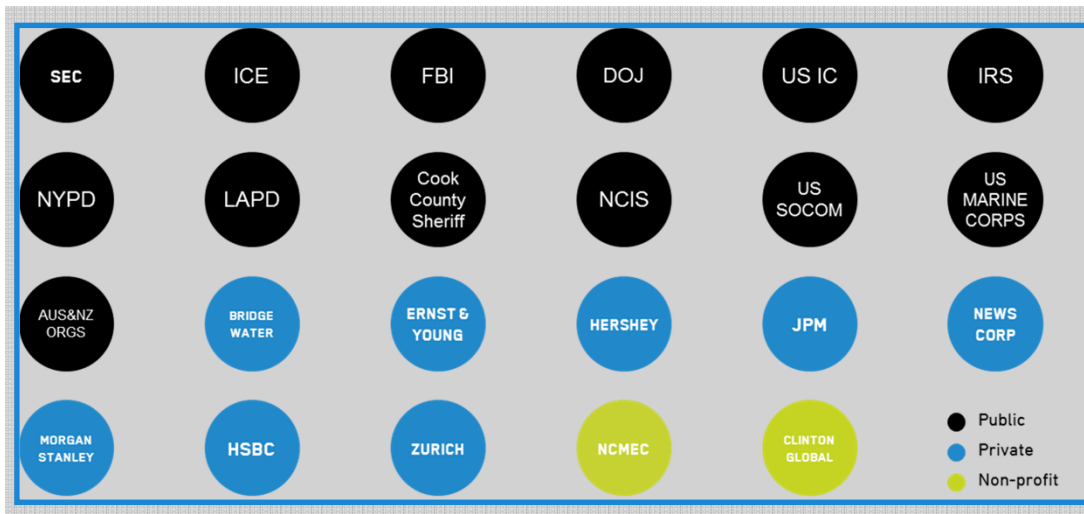UNLIMITED DATA SOURCES

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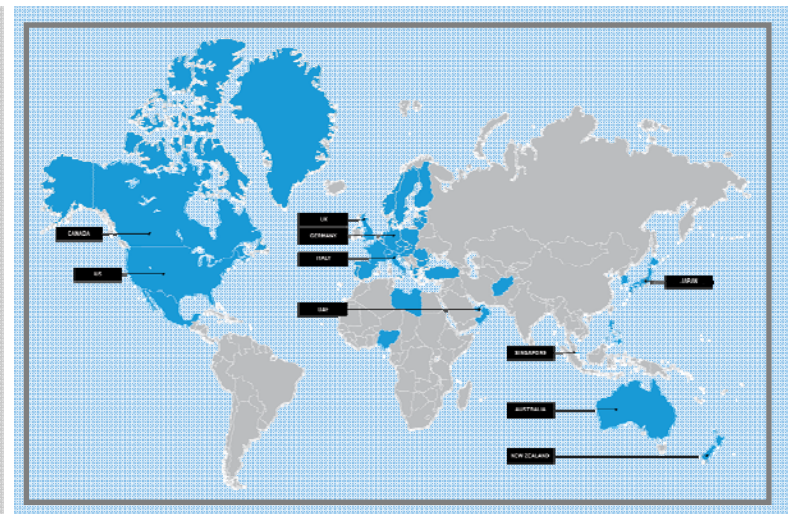**A fully _open, interoperable platform_ to access all enterprise data in one place**

- Any kind of data

- From any source

- With granular access controls

- Using a flexible data model

PALANTIR TODAY

Palantir has **300+ deployments**

And **a global presence**

HOW PALANTIR IS USED TODAY

- **Intelligence** *Collaboration & investigation*

- **Military** *Enabling the warfighter in Afghanistan*

- **Cyber** *Intrusion defense & investigation*

- **Retail Banks** *Operations & revenue generation*

- **Regulators** *Financial oversight & compliance*

- **Federal Law Enforcement** *Protecting borders*

- **Health** *Tracking disease spread*

- **Non-Profit** *Saving exploited children*

- **Local Law Enforcement** *Crime in major cities*

- **Tax** *Collaboration & investigation*

- **Anti Money Laundering** *Organized illicit networks*

- **Pharmaceutical** *Clinical trials & R&D efficiency*

- **Insurance** *Counter health care fraud*

- **Disaster Relief** *Preparation & recovery*

- **City Initiatives** *Resource allocation & revenue collection*

- **Revenue Generation** *Customer knowledge & segmentation*

- **Rogue Trading** *Trader surveillance opportunities & threats*

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BARRIERS

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WHY DO WE CARE?

OUR CORE IDENTITY AND MISSION - apply technology to hard problems

THE DOD & USG - owners of hard problems

OUR EXPERIENCE - painful

OUR GOAL - reduce friction, improve outcomes for taxpayers, warfighters

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WHY IS IT SO HARD?

MISALIGNED INCENTIVES **–** bias for building over buying, no fidelity to USC 10 Sec 2377

UNDERSTANDING SOFTWARE **–** false "business" or "mission" software distinction

CHECKING BOXES VS. FIELDING WORKING SOFTWARE **–** what counts as success

UNIQUE COMPLIANCE INFRASTRUCTURE **–** required for building, issues with IP, IDIQs

ILLUSION OF COMPETITION **–** assessing software on paper rather than in operation

SCALING TO ATTRACT CAPITAL **–** pilots die, POR structure favors traditional competitors

UNDERSTANDING OF INTEROPERABILITY **–** making standards in small, closed community

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COMMERCIAL ENGAGEMENT MODEL

IN SUCCESSFUL COMMERCIAL ENGAGEMENTS THERE IS A TRUE PARTNERSHIP

- Needed to enable disruption, real innovation

- Problem owner has full authority and inherent accountability for the result – no "problem of two sovereigns"

COMMERCIAL ENGAGEMENT MODEL

FLEXIBLE BUSINESS TERMS – blank sheet, similar to FAR 12 or OTA

ADHERENCE TO AGILE <u>*METHODS*</u> – short sprints, tightly scoped, allow for change

DEFINED AND MEASURED OUTCOMES – mission-level needs, not detailed requirements

TESTING AND CERTIFICATIONS – flexibility underneath industry standards

QUALITY ASSURANCE – outcome-focus, not checklist-focus, byproduct of build vs. buy

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COMMERCIAL ENGAGEMENT MODEL

INCENTIVES – strong bias towards buying, speed as a first-order priority

COMPETITION – show up with working software

SCALING – success in pilots or early engagement has meaning

UNDERSTANDING OF INTEROPERABILITY – the need for global interoperability

IDEAS FOR REFORM

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FINDING THE RIGHT FOCUS

"The GAO analysis identified counterproductive incentives for government and industry that continue to exist despite the many procedural changes resulting from the acquisition reforms described in the preceding four chapters. It seemed clear to GAO researchers that the Defense Department must remove and replace the counterproductive incentives before improved results could be realistically expected."

- *Ronald J. Fox, "Defense Acquisition Reform 1960-2009: An Elusive Goal"*

"One of the aspects of the acquisition culture that will be most difficult to change is the fact that the success of participants' careers is more dependent on getting programs through the process than on achieving better program outcomes."

- *GAO, "Weapons Acquisition A Rare Opportunity for Lasting Change"*

FOCUS ON INCENTIVES, NOT PROCESS

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FUNDAMENTAL ASSUMPTIONS

SOFTWARE IS DIFFERENT. The smart approach to acquiring IT is fundamentally at odds with the approach inherent in the acquisition system.

PLAY THE ODDS. Building software is difficult and incredibly risky; avoid or minimize the development of new software and code at all costs.

YOU GET WHAT YOU MEASURE. To incentivize better practices, measure fidelity to those practices and reward or punish accordingly.

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WHAT TO DO?

Creating the Right Incentives

1. **Unify Authority and Accountability**

    - Enforce and educate on existing law and guidance – 10 USC 2377

    - Extend MDAP budget penalty to MAIS

    - Create "scorecard" to measure fidelity to better practices*

    - You cut it, you keep it; Congress cuts it, you lose it

2. **Use the Budget to Encourage Certain Behaviors and Discourage Others**

    - Create IT working capital funds with rational constraints**

    - Move budgetary penalties into these funds

    - Apply Nunn-McCurdy to MAIS, require "live unicorn certification"

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WHAT TO DO?

Reflect Incentives in Process

1. **Rationalize the Role of Requirements**

   - Exempt smaller IT programs from the JCIDS process

   - Extend and emphasize "time-based" requirements

   - Frame solicitations around objectives, not detailed requirements

2. **Make Competition Meaningful**

   - Move competition away from paper towards operational demonstrations

   - Create sensible, timely "off-ramps" for IT investments

   - Allow for prime-level commercial competition on IDIQs, other GWACs

3. **Work Towards Global Interoperability*****

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