



DEFENSE BUSINESS BOARD

Submitted to the Deputy Secretary of Defense

Defense Logistics Agency - Defense Information Systems Agency Charter Review

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DBB FY20-03

An examination of the designated roles and missions of the Defense Logistics Agency and Defense Information Systems Agency

November 13, 2020



TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
PREFACE	6
TASK	6
TASK GROUP	7
APPROACH AND METHODOLOGY.....	7
THE STRATEGIC IMPERATIVE	8
BACKGROUND	9
CHARTER COMPARISONS.....	12
<i>Defense Logistics Agency</i>	12
<i>Finding</i>	15
<i>Defense Information Systems Agency</i>	16
<i>Finding</i>	19
OBSERVATIONS	20
RECOMMENDATIONS	22
SUMMARY	24
CONCLUSION.....	24
APPENDICES	25

EXECUTIVE SUMMARY

Tasking: On August 3, 2020, the Deputy Secretary of Defense (DepSecDef) requested the Defense Business Board (DBB) examine the Defense Logistics Agency (DLA) and the Defense Information Systems Agency (DISA) chartering documents to assist the Department of Defense (DoD) by providing a private industry perspective of the organizational responsibilities and authorities. The tasking stated, in order to confirm relevance and avoid mission overlap, a review of chartering documents is overdue. The tasking recognized the potential for realizing significant savings exists across the Defense Agencies and Field Activities (DAFA) by adopting global shared services, combining entities, refining mission focus, and eliminating any missions that are no longer critical. The Deputy asked the DBB Task Group to examine chartering documents and provide a private industry perspective of the responsibilities and authorities of DLA and DISA. Specifically,

1. Review previous studies/reports (internal, advisory boards, Government Accountability Office (GAO)/Inspector General (IG), think tanks, etc.) and assess which findings and recommendations should be considered for implementation;
2. Share/explain best-in-class private sector examples of global shared services, identify which business practices the Department should consider adopting in the short and long term, and explain which approaches would not be appropriate for the Department;
3. Provide specific recommendations and options for transforming and improving the performance of these organizations or functions; and,
4. Any other related matters the Board determines relevant to this task.

Approach and Methodology: The Task Group conducted twelve weeks of study and assessment, comprised of interviews with 35 DoD leaders, private industry principals, and think tank executives; detailed questionnaires of each Military Department; a comparison of the current and historical DLA and DISA Chartering documents; and a literature review of 105 past studies and reports.

Conclusion: Our business approach led us to assess the overall objectives of DISA, DLA, and other DAFA, as a first step in evaluating the effectiveness of the myriad of studies and evaluations reviewed. In this process, supplemented by interviews with business leaders as well as current and former leaders at senior levels in the DoD, we learned the initial intentions and taskings of both DISA and DLA have evolved dramatically over the past six decades. These changes certainly being justified by the era and national security issues of the time. Today, the National Defense Strategy (NDS) defines a strategic environment and resultant objectives that require a new DLA and DISA much different than what they evolved into over the post-Cold War decades. We believe there must be a higher level review of taskings of the DAFAs, as mere cost reduction alone in today's DLA and DISA organization/mission structure is not likely to deliver assured logistics and command, control, and communications (C3) in contested domains of great power competition. There is more to consider than what was asked. DLA and DISA are critical combat support to the Joint Lethal Force. There are bigger and more important questions. Are DLA and DISA built at present to deliver logistics and C3 combat support in highly contested domains today and tomorrow? What should they **BE** and what should they **DO** differently now and in the future? A new vision and new structure are urgently required. "Re-Form" DLA and DISA beyond just cost reduction of current organization and mission structure.

Observations:

1. There is dramatic growth in missions, responsibilities, and authorities for DLA and DISA over the last 30 years, justified by the historical eras when this growth occurred.
2. Private sector equivalents for DLA and DISA to emulate are few and far between with their currently assigned breadth and depth of missions.
3. DLA and DISA have been studied extensively, often in a narrow focus, leading to siloed efficiency recommendations.

Recommendations:

1. Determine what DLA and DISA must **BE** and **DO** to support the Joint Force in great power contested domains – it is **Job One**.
 - DoD should focus DLA and DISA on integrated, contested logistics and C3 that enable domain information dominance and increasingly lethal fires for the NDS environment and objectives. Strategic DLA and DISA “Re-Form” must match the Services’ pursuit of advanced integrated capabilities and be synchronized at highest levels. Joint Integration must be elevated and prioritized. Significant organizational change will be challenging to deliver. DoD should not delegate another study about it. DoD should just do the hard work to accomplish it. Historical Principal Staff Assistant (PSA) governance will not create the needed change. **The Chairman of the Joint Chiefs of Staff (CJCS)/Vice Chairman of the Joint Chiefs of Staff (VCJCS), Combatant Commanders (CCRD), and Service Chiefs should war game the logistics and C3 they need in contested domains, and from there, define the requirement for the BE and DO. The SecDef and Service Secretaries should govern the “Re-Form.”**
2. Focus DLA/DISA on **Job One** and **transfer other** non-combat support missions and tasks.
 - Measure **Job One** to increase value in both military and fiscal senses. Create **new measures** of external results and traits **tied to the new mission**. Measure **cost of delivery** of those **results for the new mission**. Make accountable leaders drive outcome measures up and cost down year over year as an expected duty, not forced by the budget process. Cost management driven by budget process is transactional and unfulfilling compared to healthy enterprise leadership behavior. DoD should seriously consider the Naval Reactors model of an extended leadership term. DoD should create new and much shorter charters for DLA and DISA. Write charters “for them,” not “by them.” Put the “rest” in non-combat support places. DoD should consider homing the non-combat support functions in organizations other than the DAFAs and avoid inside preservation of the present. This effort should not be staffed out to “reform teams.”

3. The new DLA and DISA require new methods and means to do **Job One**.

- Ensure DLA and DISA have the relevant technical skills to do **Job One**. DoD should determine who is capable to deliver a responsive and adaptable “new next” logistics and C3 for contested domains. It **does not follow** that the operators of the present are suited to conceive, create, test and deliver the “new next.” This study makes no judgment of today’s DLA and DISA technical and functional skills. The Task Group did not analyze it, but it must be skeptically analyzed and correctly judged. Being wrong about it will be disastrous in lost time, wasted resources, and results. The right provider may not be organic in DLA or DISA, or even in DoD itself.

Final Comments: The DBB appreciates the confidence shown by the DepSecDef in entrusting this important study to it. In addition, the Task Group sincerely applauds all the hardworking people of DLA and DISA. We commend and thank VADM Michelle Skubic and VADM Nancy Norton together with their staffs. We sincerely thank them for their assistance and valuable cooperation during the course of this study.

Observations and recommendations were approved by the full DBB on November 10, 2020. It is the unanimous view of the DBB that the United States is already in an era where the challenges it faces strategically, militarily, operationally, fiscally, and economically are considerably more serious than any in modern history. We face far more determined, sophisticated, and heavily funded adversaries than ever before. The DoD begins a multi-decade struggle, in some cases trailing adversaries in current and projected capabilities, while shouldering a considerable burden of increasingly constrained resources. The obvious need is for sustained and successful delivery of a supported lethal Joint Force that is dominant in the contested logistics and C3 domains. It is no longer a desirable abstraction; it is now an essential endeavor. It is within that sobering context that the DBB offers this assessment and recommendations.

Respectfully submitted,



David J. Venlet
Task Group Chairman

PREFACE

This study, *Defense Logistics Agency - Defense Information Systems Agency Charter Review*, is a product of the DBB. Recommendations provided herein by the DBB are offered as advice to the DoD and do not represent DoD policy.

The DBB was established by the Secretary of Defense (SecDef) in 2002 to provide the SecDef and DepSecDef with independent advice and recommendations on how “best business practices” from the private sector’s corporate management perspective might be applied to overall management of DoD. The DBB’s members, appointed by the SecDef, are senior corporate leaders and managers with demonstrated executive-level management and governance expertise. They possess a proven record of sound judgment in leading or governing large, complex organizations and are experienced in creating reliable and actionable solutions to complex management issues guided by proven best business practices. All DBB members volunteer their time to this mission.

Authorized by the Federal Advisory Committee Act (FACA) of 1972 (5 U.S.C., Appendix, as amended), and governed by the Government in the Sunshine Act of 1976 (5 U.S.C. § 552b, as amended), 41 Code of Federal Regulations (CFR) § 102-3.140, and other appropriate federal and DoD regulations, the DBB is a federal advisory committee whose membership volunteers their time to examine issues, develop recommendations, and offer effective actionable solutions aimed at improving DoD management and business processes.

The management of this study was governed by the FACA, the Government in the Sunshine Act, 41 CFR, and other appropriate federal and DoD regulations.

TASK

On August 3, 2020, the DepSecDef requested the DBB establish a task group (TG) to examine the DLA and the DISA chartering documents and in reviewing those documents to offer a private industry perspective on their respective organizational responsibilities and authorities. The tasking premise states in order to confirm relevance and avoid mission overlap, a comprehensive review of the chartering documents is overdue. The tasking states potential for realizing significant savings exists across the DAFA by adopting global shared services, combining entities, refining mission focus, and eliminating any missions that are no longer critical. The TG was asked to review previous studies and reports and assess their recommendations. It was also requested to share private sector examples and business practices that pertain, recommend options for transforming such performance, and any other matters relevant to this task.

Specifically, the TG was to:

1. Review previous studies/reports (internal, advisory boards, GAO/IG, think tanks, etc.) and assess which findings and recommendations should be considered for implementation;
2. Share/explain best-in-class private sector examples of global shared services, identify which business practices the Department should consider adopting in the short and long term, and explain which approaches would not be appropriate for the Department;

3. Provide specific recommendations and options for transforming and improving the performance of these organizations or functions; and
4. Any other related matters the Board determines relevant to this task.

The terms of reference at **TAB A** guided the full scope of research and interviews for this study.

TASK GROUP

David Venlet served as TG chairman. Other TG members include Paul Madera and Dr. Kiron Skinner. TG support was provided by CAPT Jeffrey Plaisance, United States Navy, DBB Military Representative.

TAB B provides biographies of the TG members.

The study, along with its findings and recommendations, was presented to the entire DBB membership at an open public meeting conducted by video teleconference on November 10, 2020. After discussion and deliberations, the study was approved unanimously. The briefing slides presented and approved are found in **TAB C**, and any public comments received are at **TAB J**. A list of acronyms used may be found at **TAB I**.

APPROACH AND METHODOLOGY

The TG conducted its study and assessment over a period of 12 weeks, researching and analyzing documents and literature, as well as interviewing personnel. The interviews comprised of structured dialogues under Chatham House Rules¹ with 35 DoD leaders, private sector executives, and subject matter experts. A list of interviewees may be found at **TAB D**. Additionally, detailed questionnaires were developed (one relevant to DLA and one germane to DISA) and provided to each of the Military Departments, other DoD leaders, private sector executives, and subject matter experts. These questionnaires are included in **TAB E**.

The TG reviewed the respective DoD 5105 issuances for DLA and DISA dating to each organization's inception (1961 and 1960 respectively) and conducted a literature review of over 100 past studies, reports, and assessments, dating back to 1977. In those studies and reports, the TG identified 85 distinct recommendations for improving DAFA business operations. The TG focused its analysis on the current state of private industry best practices in shared services and more recent recommendations for improving DAFA business operations. A listing of literature reviewed may be found at **TAB F**.

¹All interviews were conducted under Chatham House Rules (CHR) - "When a meeting, or part thereof, is held under the CHR, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor the participant, may be revealed."

THE STRATEGIC IMPERATIVE

The world has changed. America is no longer the sole superpower.

The current NDS clearly states the United States is in the midst of a paradigm shift derived from a computational and information revolution that is transforming virtually every aspect of human endeavor. That revolution has played a considerable role in the emergence of China and the reemergence of Russia as international peer competitors, energetically pursuing global influence. This is a situation the United States has not faced since the onset of the Cold War in the late 1940s. To meet these challenges, every entity in the DoD must perform at the highest levels of effectiveness and efficiency, from the warfighter to the support infrastructure, to include those within government and the contractors without. Thus, both Congress and DoD leadership has correctly placed a high priority on managerial and business process reform that is fundamental to the successful implement of the NDS and the protection of the Nation.

Managerial and business process reform is not necessarily a new challenge. The DoD has, nonetheless, struggled over many decades to deliver efficiencies in its complex and widespread business operations. The sustained inability of the Department to deliver material reform, and thereby satisfy the Congress and successive DoD leaders, does not obviate the imperative of achieving transformation and efficiencies. However, the emergence of peer competitors changes the imperative for success and the benchmarks for determining its achievement. It is no longer sufficient to make DoD's business operations achieve the productivity and cost control of the U.S. top logistics, health care, retail, finance, human resources, information technology, and other world-class operations. Great Power competition demands that DoD's outputs must be better, faster, and cheaper than those of the current pacing threat -- China.

Achieving significant progress in efficiency is now beyond a statutory mandate; improving efficiency and re-directing capital within an existing budget is now an existential mandate. The realities of this competition for superpower status, coupled with constrained U.S. Government and national security budgets, drive the urgent requirement for sustained system-wide defense transformation.

What does "transformation" mean in this context? At DoD, transformation needs to be redefined as making major changes in the size, structure, policies, processes, practices, and technologies to improve the economy, efficiency, and effectiveness of the overall defense effort. Transformation goes far beyond mere cost cutting exercises. While it is much more difficult to achieve, it can result in much larger reductions in costs and improvements over time that can be used to enhance readiness. Transformation within DoD includes many actions, including addressing the many high risk areas identified by the GAO, reducing the tail (overhead) in order to sharpen the tooth (warfighting), rationalizing the workforce mix (e.g., military, civilian, and contractors), and restructuring/rightsizing the numerous DAFA – which constitute a large portion of the so-called "Fourth Estate."

For several decades, the rationale for the Department's efforts to achieve effectiveness and efficiency was the "wise use of taxpayer dollars." In that, the bench markings were close at hand and obvious. The benchmarks were comparable private sector activities in medical services, logistics, education, retail, and top-level management. So too the goal: comparable Departmental activities were to meet or exceed

the speed or performance of similar U.S. private sector activities. Nonetheless, the DoD continuously struggles to even achieve those desired efficiencies and has generally missed the mark proliferating sufficient effectiveness throughout its complex and varied global operations.

America’s over half-century of global dominance and superiority, forged in WWII and culminating in the fall of the Soviet Union, is being profoundly diminished in key areas. Great Power competition has returned, and the “Great Game” is once again being played out globally. Simultaneously, a very powerful and new player has entered the board: China. Unlike Russia, China has the economic, diplomatic, military, AND cultural strength to be a global Superpower. It is this threat which drives the strategic imperative to not simply reform, but to transform, the way the business operations of the DoD are conducted.²

BACKGROUND

Enterprise-wide business reforms are one of the SecDef’s priorities for modernizing the Department. Specifically, the NDS’s third line of effort, reform is fundamentally changing the way DoD, and in particular the Fourth Estate, is required to do business. Consistent with the SecDef’s directive³ and the DepSecDef’s follow on instruction⁴ the Department is committed to achieving greater performance and affordability across the Fourth Estate.

Within the DoD, there are 28 DAFA. They are considered as the core of the Fourth Estate (Figure 1) and **constitute the largest percentage of the Defense-Wide (DW) account and spending.** Of note, of the Defense Agencies, only eight are designated as a Combat Support Agency (CSA), pursuant to § 193 of title 10, U.S.C., and in accordance with DoDD 3000.06 *Combat Support Agencies (CSAs)*.

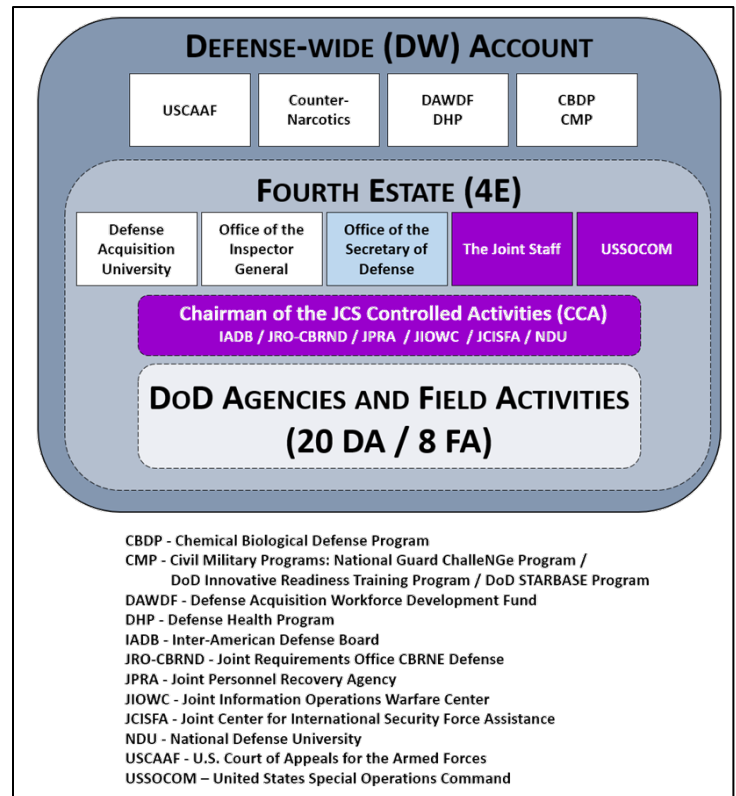


Figure 1: Defense Wide Account.⁵

² See DBB FY20-01 - The Chief Management Officer of the Department of Defense: An Assessment. 2020 for further discussion on the current strategic threat.

³ "Department of Defense Reform Focus in 2020" January 6, 2020.

⁴ "Defense-Wide Organizations Transition to Chief Management Officer Governance" January 24, 2020.

⁵ Source: DBB FY20-01 - The Chief Management Officer of the Department of Defense: An Assessment. 2020.

The DW accounts encompass an extremely broad range of disparate DoD organizations and activities. In addition to government civilians and contractors, the Joint Staff (JS), U.S. Special Operations Command (USSOCOM), and many DAFA “employ” military members, known as Borrowed Military Members (BMM). These organization’s budgets do not reflect the pay and benefits for detailed BMM, as that is fully borne by the military service to which they belong. This is an added “cost” to operate these entities, one not reflected in an organization’s budget numbers.

For FY19, the DLA had a \$42.7B budget and employed 26,000 people (military, government, and contractors) and is under the authority, direction, and control of the Under Secretary of Defense for Acquisition and Support.

For FY19, the Defense Information Systems Agency had a \$12.2B budget and employed 9,000 people (military, government, and contractors) and falls under the authority, direction, and control of the DoD Chief Information Officer.

From 1958 to 2018, the number of DAFA grew from two to twenty-eight -- a sizeable increase (Figure 2). In FY19, DAFA accounted for \$115.5B of the spending by year-end, 16.8% of the total DoD budget. Again, these totals do not include the classified intelligence spending.

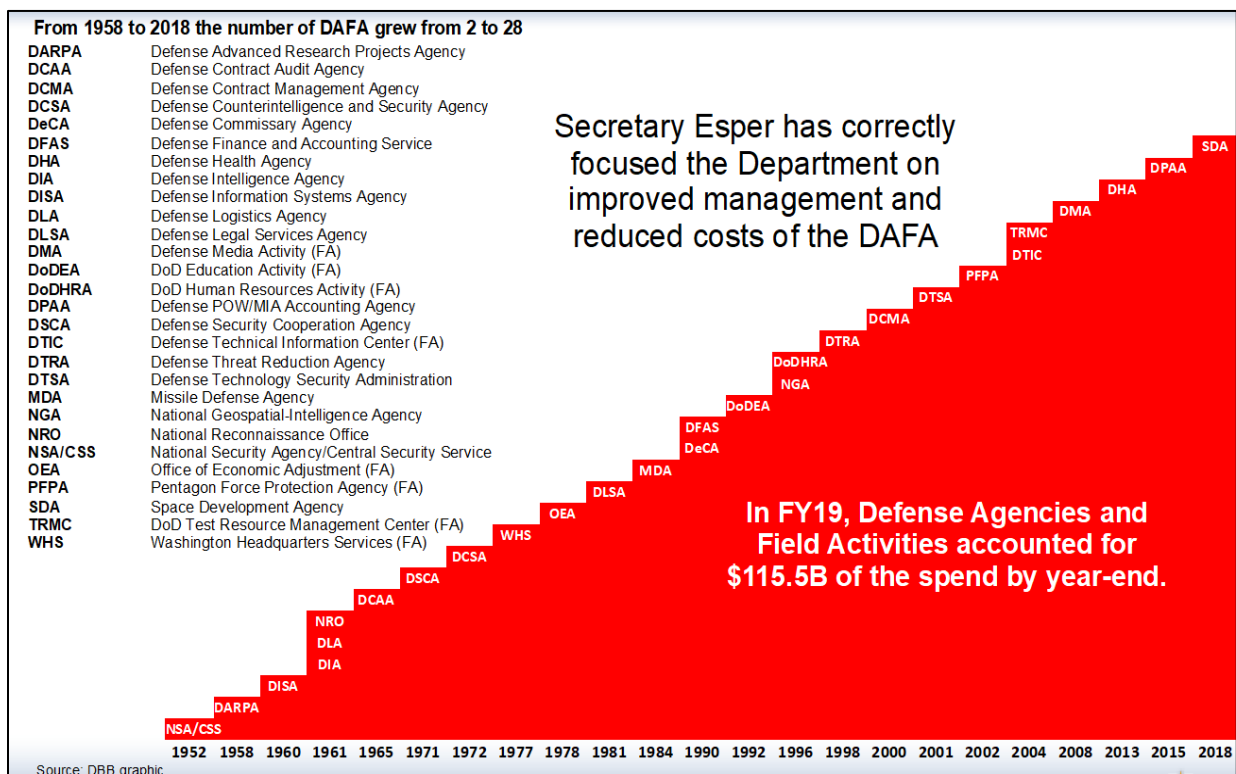


Figure 2: DAFA Growth 1952-2018⁷

⁷ Source: DBB FY20-01 - The Chief Management Officer of the Department of Defense: An Assessment. 2020. DBB FY20-03

Concurrent with the growth of the DAFA there has been an increase in both DW spending and its percentage of the total DoD budget.

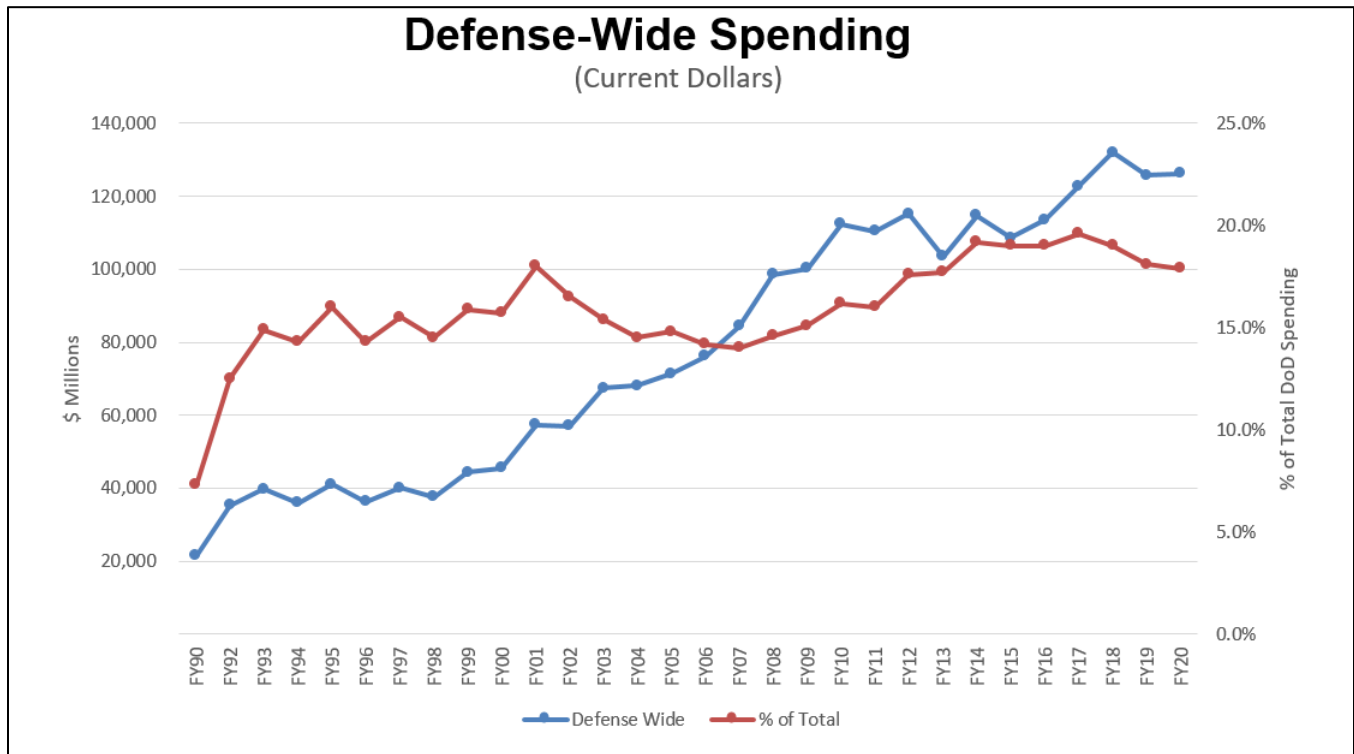


Figure 3: Defense-Wide Spending FY90-FY20⁸

Figure 3 shows how DW spending (in Blue) has steadily increased over the past three decades. The DW account predominantly funds the 28 DAFA, but also includes other Fourth Estate entities such as the Defense Acquisition University, DoD Inspector General, OSD Staff, Joint Staff, and CJCS activities (see Figure 1 above on page 9).

As a percentage of the total DoD budget, DW spending (in Red) has increased from 7% in FY90 to well over 15% since FY10, a substantive increase in overhead budgetary burden.

⁸Source: DBB graphic derived from data provided by OSD Comptroller to represent the “actuals” through 2019, and enacted in 2020. Data is authoritative from the Comptroller budget database (Green Book data) – PRCP, CIS, & EFD
DBB FY20-03

CHARTER COMPARISONS

Defense Logistics Agency

While DLA is a member of the DAFA collective, it is very different from all others - by statute, mission, and through its day-to-day functions in support of the Department and other entities. Of the eight CSAs, DLA is the one with primary responsibility for logistics, supply chain, storage, and distribution across DoD and directly enables the lethality of the Military Services and the Combatant Commands (COCOM).



Figure 4: History of DLA ⁹

In 1961, due to issues with the commodity manager agencies called "single-managers," Secretary of Defense Robert McNamara ordered these agencies to be consolidated into one organization. The Defense Supply Agency (DSA) was established and began operations in 1962. Eight single-manager agencies became DSA supply centers. In 1965, DoD established the Defense Contract Administration Services within DSA to manage the consolidated functions. From 1972-1973, DLA assumed responsibility for defense overseas property disposal operations and worldwide procurement, management and distribution of coal and bulk petroleum products, and worldwide management of food items for troop feeding and in support of commissaries. In 1977, DoD changed the name of the Defense Supply Agency to the Defense Logistics Agency (DLA). Furthermore, the Goldwater-Nichols Act of 1986 identified DLA as a combat support agency. In 1988, DLA assumed management of the nation's stockpile of strategic materials from the General Service Administration (GSA). While DLA had added responsibilities from 1961 to 1988 as outlined above, the greatest expansion in its responsibilities and functions was yet to come.

⁹ Source: <https://www.dla.mil/AboutDLA/History/>

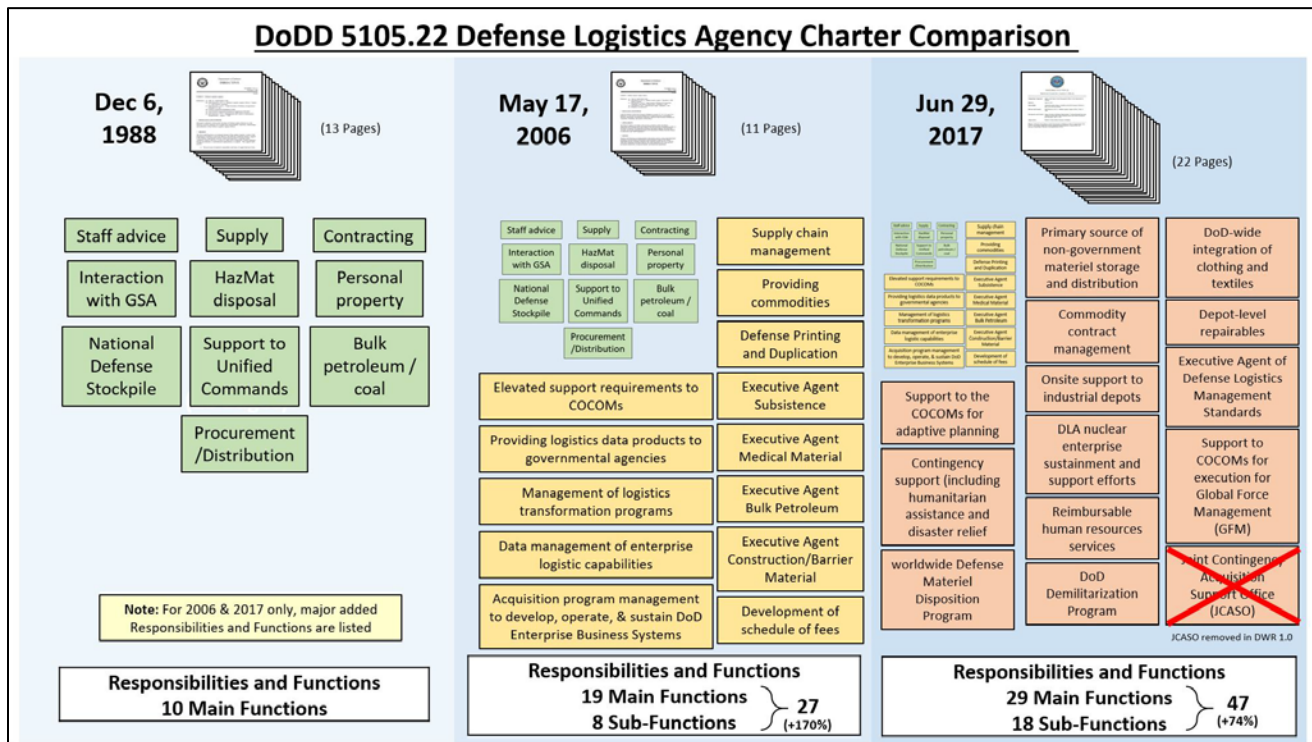


Figure 5: DLA Charter Comparisons 1988 to 2017

In the December 6, 1988 version of the DoD Directive (DoDD) 5105.22 (DLA’s chartering document), DoD codified DLA’s ten main responsibilities and functions at the time. These functions were focused on supply; procurement; distribution; contracting; staff advice and assistance on logistics matters; its worldwide food mission; bulk management of petroleum and coal; personal property and hazardous material disposal; interaction with the General Services Administration (GSA); Reimbursable to the Unified Commands; and management of the strategic reserves and the National Defense Stockpile Program.

In 1990, DoD established the Defense Contract Management Command, absorbing its Defense Contract Administration Service into DLA. In 1990, DoD directed the consolidation of distribution depots of the Military Services and DLA into a single, unified materiel distribution system to reduce overhead and costs and designated DLA to manage it. In 1996, Defense Printing Services, renamed Defense Automated Printing Service, transferred to DLA. In 2001, DLA transferred out the Defense Contract Management Agency (DCMA). The 2005 Base Realignment and Closure (BRAC) Commission transferred responsibility for depot-level repairables, commodity contract management, and onsite support to industrial depots to DLA.

By the May 17, 2006 version of the DoDD 5105.22, DLA’s main responsibilities and functions had increased significantly in depth and scope. That document tasked DLA with 19 main responsibilities and functions and eight sub-functions, an increase of 170% since 1988. DLA retained all of the original ten functions and now had codified responsibility for providing commodities and supply chain management for items of supply and services that were appropriate for integrated management;

Defense Printing and Duplication; DoD Executive Agent (EA) for Bulk Petroleum, Medical Material, Subsistence, and Construction/Barrier Material; data management of DoD's enterprise logistic capabilities; management of logistics transformation programs; development of a schedule of fees for recovering the costs of providing logistics data products to governmental agencies; acquisition program management responsibilities to develop, operate, and sustain the DoD Enterprise Business Systems; and elevated support requirements to the COCOMs.

In the latest version of DoDD 5105.22 (29 Jun 2017), DLA has 29 main responsibilities and functions and 18 sub-functions, an increase of 74% since 2006. Again, DLA retained its responsibilities and functions from 2006 and extended its responsibilities for depot-level repairables, commodity contract management, and onsite support to industrial depots (enacted in the 2005 BRAC, but not codified until this version of the DoDD); DoD-wide integration of clothing and textiles; the worldwide Defense Materiel Disposition Program and DoD Demilitarization Program; contingency support (including humanitarian assistance and disaster relief); primary source of non-government materiel storage and distribution; DLA nuclear enterprise sustainment and support efforts; reimbursable human resources services; EA of Defense Logistics Management Standards; support to the COCOMs for adaptive planning and execution for Global Force Management (GFM) and establishment of the Joint Contingency Acquisition Support Office (JCASO) (eliminated during Defense Wide Review 1.0).

Much of DLA's growth can be attributed to an increase in its Whole-of-Government Approach (WGA) mission. In 1962, DLA began providing WGA support, providing shelf stable bread and batteries for the fallout shelter program. Over time, DLA's WGA mission grew substantially, especially during emergencies and crises, including the Gulf War, the 9/11 terrorist attacks, the H1N1 pandemic, Hurricane Katrina, wildland fires, and today's COVID-19 pandemic. DLA provides WGA support to over 40 federal, 50 state, 300 local, and 118 international partners, amounting to sales over \$7B in FY19 and representing 20.8% of total DLA sales.



Figure 6: DLA Missions¹⁰

Finding

DLA’s current number of responsibilities and functions and their scope represent a considerable growth since 1988, and certainly, since the Agency was founded in 1961. The acceleration in growth has come about predominantly in the last three decades. DLA’s major responsibilities and functions have grown from ten in 1988 to 29 major responsibilities and functions and 18 sub-responsibilities and functions in 2017, a total increase of 370%. Furthermore, DLA’s Iceberg Chart (Figure 6), depicts the current state of DLA’s Roles and Missions. There is no organizational equivalent to DLA elsewhere in the federal government. No other agency handles the breadth or the volume of logistics that DLA does across the globe.

¹⁰ Source: DLA DBB FY20-03

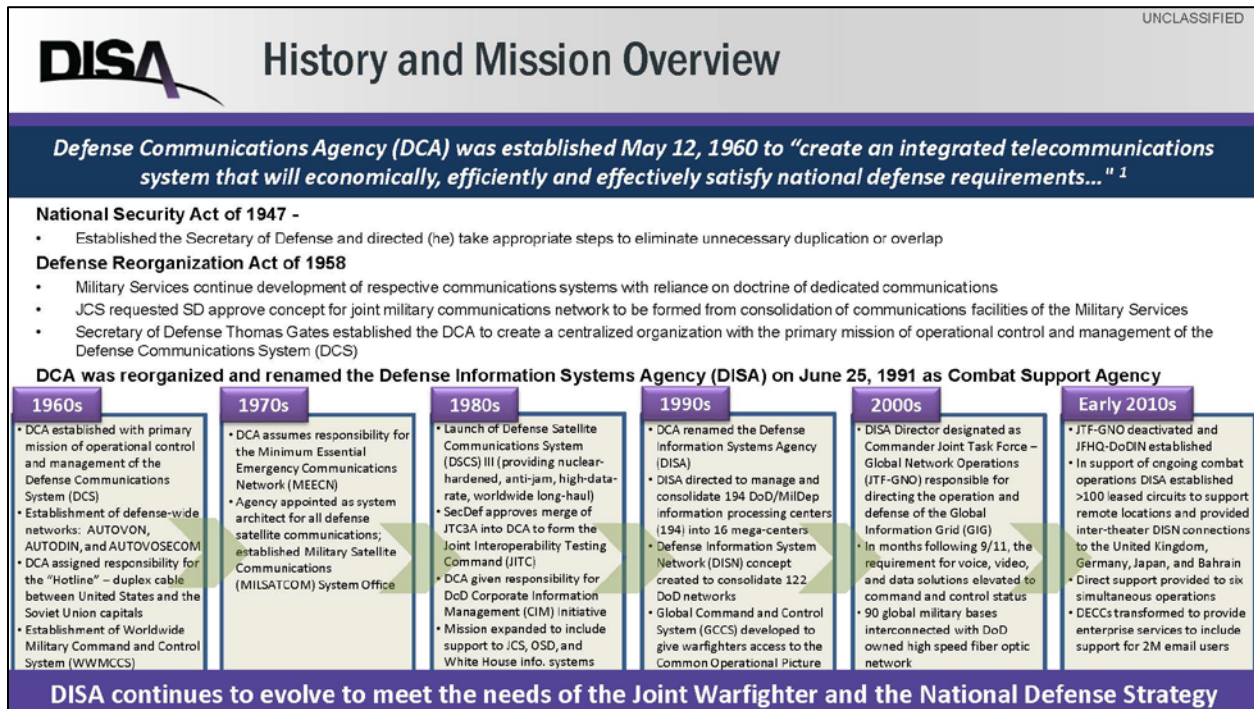


Figure 7: History of DLA¹¹

DISA, like DLA, is also designated as a CSA. Again, DISA is quite different from the other DAFAs - by statute, mission, and through its day-to-day functions in support of the Department. Of the eight CSAs, DISA is the one with primary responsibility for research, testing, interoperability, sustainment, acquisition, modernization, operation, and defense of the DoD Information Network (DoDIN), IT services, Joint Command, Control, and Communications (C3), and Joint Spectrum management. Through information systems, DISA directly enables the lethality of the Military Services and the COCOMs.

In 1959, the Joint Chiefs of Staff requested the SecDef approve a concept for a joint military communications network to be formed from consolidation of communications facilities of the Military Services. SecDef Thomas Gates approved establishment of a centralized organization with the primary mission of operational control and management of the Defense Communications System (DCS). DISA's predecessor, the Defense Communications Agency (DCA), was established in 1960 with responsibility for the DCS. In the 1960s, DCA's focus was on the establishment of three common-user, defense-wide networks, the Automatic Voice Network (AUTOVON), the Automatic Digital Network (AUTODIN), and the Automatic Secure Voice Communications Network (AUTOVOSECOM), as well as a defense-wide network for national command authorities, the Worldwide Military Command and Control System (WWMCCS). In 1971, DCA assumed responsibility for the Minimum Essential Emergency Communications Network (MEECN), a subsystem of WWMCCS. In the early 1970s, DCA was appointed as the system architect for all defense satellite communications. In 1982, the first launch of the Defense Satellite Communications

¹¹ Source <https://www.disa.mil/About/Our-History>

System (DSCS) III communications satellites took place. In 1988, DCA absorbed the Tri-Service Tactical Communications Joint Test Element and Joint Tactical Command, Control, and Communications Agency (JTC3A) Joint Operability Test Facility. DCA consolidated these organizations into a new organization in 1989, establishing the Joint Interoperability Test Command (JITC). In 1991, DCA underwent a major reorganization and was renamed the Defense Information Systems Agency (DISA) to reflect its expanded role within DoD and to clearly identify DISA as a CSA. Like DLA, DISA had added responsibilities from 1960 to 1991 as outlined above. However, the greatest expansion in its responsibilities and functions was approaching due to the acceleration and expansion of information technology within the DoD and worldwide.

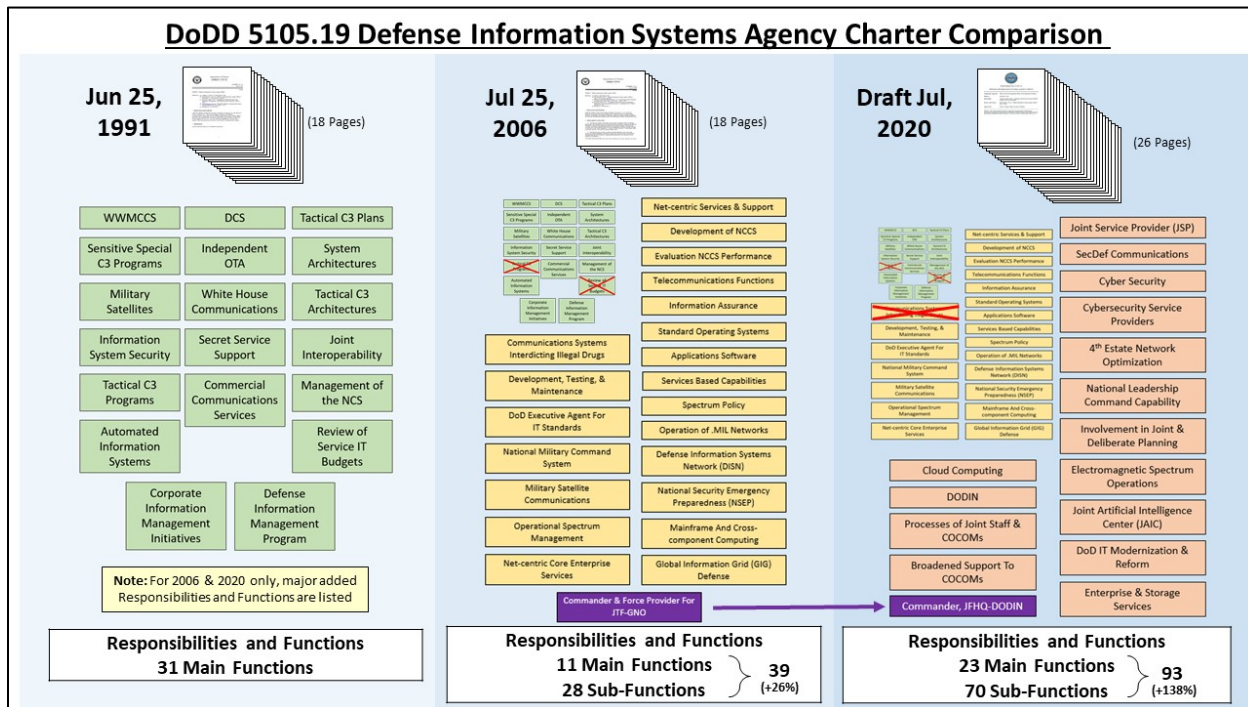


Figure 8: DISA Charter Comparisons 1991 to 2020

In the June 25, 1991 version of the DoDD 5105.19 (DISA’s chartering document), DoD codified DISA’s 31 main responsibilities and functions at the time. These functions were focused on the management and operations of the WWMCCS and the DCS; military satellites; joint interoperability; automated information systems; system architectures; sensitive special C3 programs; commercial communications services; management of the National Communications System (NCS); an independent, operational test authority (OTA); supporting White House communications and the Secret Service; review of the Service budgets, related to DISA; information system security; tactical C3 programs, architectures, and plans; and technical implementation of the Defense information management program and the Defense corporate information management initiative.

During the 1990s, DISA fielded the Global Command and Control System (GCCS), the Joint Chiefs’ C4I for the Warrior, and the Defense Message System (DMS). GCCS replaced WWMCCS. In 1998, the DoD created the Joint Task Force-Computer Network Defense (JTF-CND). In 2000, JTF-CND became the Joint

Task Force-Global Network Operations (JTF-GNO). In 2002, DoD re-aligned JTF-GNO under United States Strategic Command (USSTRATCOM). In 2004, the Director of DISA was designated the commander of JTF-GNO.

By the July 25, 2006 version of the DoDD 5105.19, DISA's main responsibilities and functions had increased, but their extent and breadth had expanded dramatically commensurate with the acceleration and proliferation of the internet, wireless networks, and modern information technology services. That document empowered DISA with 11 main responsibilities and functions, 28 sub-functions, and added a significant role, DISA as the Commander of JTF-GNO. The total number of responsibilities and functions increased by 26% since 1991. DISA no longer had the responsibilities to review the military budgets for tactical C3 programs, architectures, and plans. However, the rest of its responsibilities and functions codified in 1991 were retained. Added to them were the responsibility and functions for development, testing, and maintenance of standard operating systems, applications software, and services based capabilities; DoD EA for Information Technology (IT) Standards; communications systems support for detection and monitoring functions aimed at interdicting illegal drugs; operation, maintenance, and registration for the DoD Domain Name Service (.MIL) for DoD networks; net-centric services and support; development of nuclear command and control standards and evaluation of Nuclear Command and Control System (NCCS) performance; information assurance; Global Information Grid (GIG) defense; mainframe and cross-component computing; spectrum policy and operational spectrum management; net-centric core enterprise services; and Commander and force provider for JTF-GNO. DISA's responsibilities and functions for the National Military Command System (NMCS), military satellite communications, the Defense Information Systems Network (DISN), continuity of communications and support the National Security Emergency Preparedness (NSEP) Telecommunications Functions had further broadened. (Note: The DoDD 5105.19, dated July 25, 2006, is the latest approved version. DISA provided a significantly updated draft for the DBB assessment that is in its final stages of Departmental coordination and approval.)

In the latest draft of DoDD 5105.19 (July 2020), DISA has 23 main responsibilities and functions, 70 sub-responsibilities and functions, and the DISA Director's updated role as the Commander of the Joint Force Headquarters, DoD Information Network (JFHQ-DoDIN) under USCYBERCOM. JTF-GNO was disestablished. The total number of responsibilities and functions increased by 138% compared to 2006. DISA no longer has the responsibilities to manage communications systems support for detection and monitoring functions aimed at interdicting illegal drugs. DISA retained most of its responsibilities and functions from 2006, but they have evolved and many of the names have changed. For instance, information assurance became cyber security; the GIG became the DoDIN. DISA now has responsibilities for cybersecurity service providers; cloud computing; the Joint Service Provider; the Joint Artificial Intelligence Center; SecDef Communications; 4th Estate Network Optimization; and involvement in the joint and deliberate planning processes of the JS and COCOMs. DISA's responsibilities and functions for enterprise and storage services, National Leadership Command Capability, Electromagnetic Spectrum Operations, DoD IT Modernization and Reform, and support to the COCOMs have further broadened.

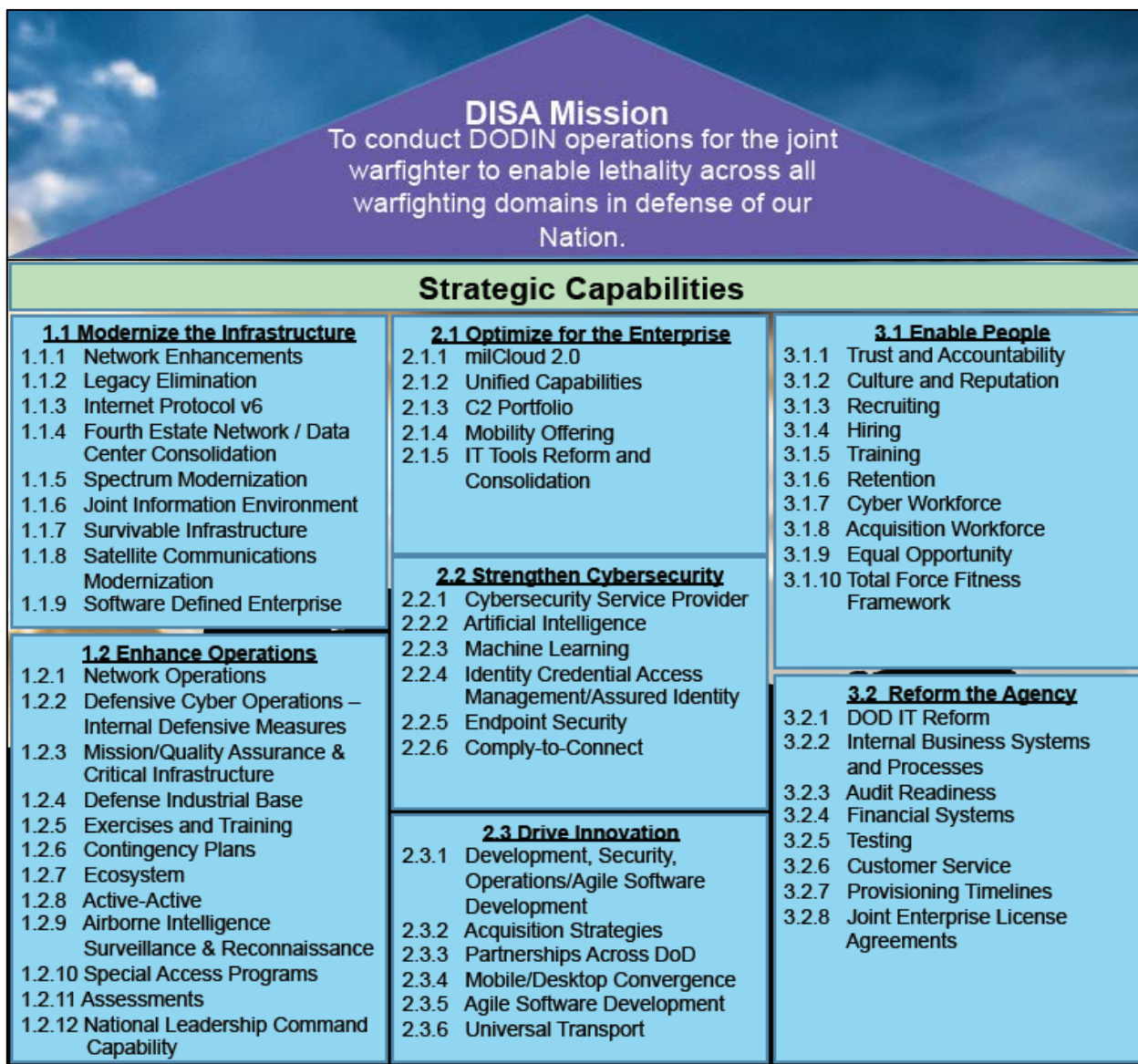


Figure 9: DISA Missions¹²

Finding

Much like DLA, DISA’s current number and extent of responsibilities and functions represent considerable growth since 1991, and undoubtedly, since the Agency was formed in 1960. DISA’s major responsibilities and functions in 1991 have grown from 31 main responsibilities and functions to 23 main responsibilities and functions, 70 sub-responsibilities and functions, and a major operational role as CDR, JFHQ-DoDIN, a total increase of 200%. DLA’s responsibilities and functions have multiplied, filling more and more of the logistics space for not only DoD, but their WGA partners. On the other hand, the exponential evolution and expansion of DISA is commensurate with the explosion in information technology in the last couple decades. DISA’s Mission and Strategic Capabilities (Figure 9), depicts the current state of DISA.

¹² Source: DISA
DBB FY20-03

OBSERVATIONS

Through conducting interviews, reviewing a variety of literature, and from individual experience, the DBB TG offers the following observations:

1. There has been dramatic growth in the responsibilities and authorities of DLA and DISA.
 - Both agencies manage an extensive mix of combat and non-combat support. Both are only doing what they have been tasked to do by directive and statute.
 - They were originally established to increase effectiveness and improve efficiencies for logistics and C3.
 - Their growth, justified on a basis of the era, has produced overlap and duplication. Both provide services for customers who fund and operate similar categories of services for themselves, all justified by Title 10 authorities.
 - These issues lead to long enduring fights about the overlap and cost of services that have never resolved.

This growth knowingly introduced overlap and duplication in many areas for both DLA and DISA. That overlap and duplication is a reference to like capabilities within the Military Services. Both of these Agencies provide services to customers that fund and operate remarkably similar services for themselves. This is largely justified by the Military Services in their Title 10 authorities. During our 35 interviews, the TG would like to highlight that the DoD interviewees gave us frank and unvarnished feedback, both positive and otherwise. These interviewees were in organizations that span the spectrum of customers of DLA and DISA. Criticism focused on the cost of services provided and the overlap of function and service.

Across the historical record and in the TG interviews with people who have been in significant positions of authority inside and outside DoD, these discussions, called here long, enduring fights, do not seem to have gone away. Comments and criticisms of the cost of services do not seem to abate either and have been around a long time. Given that historical record of the endurance of those arguments, the struggles, and the feedback about the cost of those services, an outside observer would conclude the Department must think it's acceptable, as nothing has been done to change it.

2. There are few opportunities to find private sector examples for DLA and DISA to emulate. There clearly are logistics and information companies that operate using various business models. They are out there. They do have examples of specific business practices that pertain and can provide helpful information, but there are presumptions that persist that these commercial analogs provide significant efficiency guidance. The TG doubts these "needle movers," taken individually and in stovepipes, would effectively reform and transform DLA and DISA considering how massive each is today.
 - Furthermore, DoD's personnel policies are not attracting effective, experienced leaders at all levels.
 - Basic business practices that pertain to value creation are elusive in DoD.

- A business healthy “refresh cycle” questions and affirms “core,” then relentlessly measures outcomes and cost in a culture of continual optimization.
- Clean sheet budgeting **follows** core affirmation, not the other way around. Getting this right is not evident in historical defense department governance.
- These realities devolve into modest cost savings that substitute for reform.

There are some basic business management functions the TG doesn’t see evident within DoD. The TG notes the people policies within the Department are not attracting significant numbers of effective, experienced leaders at all levels. The most significant of these business practices are constant value creation and a “refresh cycle” that affirms “core”, and then relentlessly measures outcomes and cost to continually optimize the organization. Business practices gleaned from the private sector interviews may be found at **TAB H**. The Clean Sheet budgeting that is happening within DoD is occurring on today’s structure and presupposes that structure is correct, when it has been accumulated via historical aggregation, not always conscious intent. DoD is likely zero-based budgeting or clean sheeting a non-optimal structure. DoD should figure out DLA and DISA’s core first, and then clean sheet that. It should not be the other way around. The TG does not see evidence of that process being done historically in the past or regularly in the present. Real reform does not just happen. Without figuring out core and tailoring the organization to that, modest cost savings get substituted for true transformation.

3. DLA and DISA have been studied extensively, often in a narrow focus, leading to siloed efficiency recommendations.
 - Various studies, reports, and assessments have been done by DoD itself, the Government Accountability Office, the Congressional Research Service, the Center for Strategic and International Studies, the RAND Corporation, the Institute for Defense Analyses, DBB, McKinsey & Co., the Boston Consulting Group, and many others.
 - These reviews produced a multitude of recommendations and the significant ones are highlighted in **TAB G**.

DoD reported its implementation of previous study recommendations to Congress as recently as July 2019. Working harder reducing the cost of present mission load leaves the consequences of total mission growth less or completely unanalyzed. Total cost growth pressure has not abated and draws broad criticism. If DoD just keeps working harder to reduce costs with the present mission load, the consequences of the total growth never gets analyzed. DoD won’t understand the detriment to the capabilities it needs for today’s fight. Within every budget cycle, there is cost pressure to grow and it draws broad criticism.

RECOMMENDATIONS

The following recommendations are offered:

1. Determine what DLA and DISA must BE and DO to support the Joint Force in Great Power contested domains – it is Job One.

- DoD should focus DLA and DISA on integrated, contested logistics and C3 that enable domain information dominance and increasingly lethal fires for the NDS strategic environment and objectives.
- Strategic DLA and DISA “Re-Form” must match the Services’ pursuit of advanced integrated capabilities and be synchronized at highest levels. Joint Integration must be elevated and prioritized. Significant organizational change will be challenging to deliver. DoD should not delegate another study about it.
- DoD should just do the hard work to accomplish it. Historical PSA governance will not create the needed change. **CJCS/VCJCS, CCDRs, and Service Chiefs should** war game the logistics and C3 they need in contested domains, and from there, **define the requirement for the BE and DO.**
- **The SecDef and Service Secretaries should govern the “Re-Form.”**

Figuring out what DLA and DISA need to BE and DO for modern combat support is needed. It will define a new modern core – or **Job One**. Department practice allows generally “hands off” or a “light touch” on DAFA governance today, under the Principal Staff Assistant structure. That is not going to get Joint Warfighters the new DLA and DISA they need. DoD needs a set of modern requirements for what DLA and DISA need to do that should come from no less than the CJCS, CCDRs, and the Service Chiefs working together. These requirements need to be informed by the war gaming that is going on now with DLA and DISA participating. Defining specific modern domain requirements needs to be done, and then levied on DLA and DISA, not logistics and C3 generalities, given to them to infer based on their structure today. If DLA and DISA define their specific requirements, the needed capability will be missed. Next, no less than the SecDef and the Service Secretaries need to govern the “re-form” and not leave it up to PSA governance. The current PSA governance construct will not drive the “re-form” that is needed. This is the level of significance this task requires. This senior leadership needs to be the driver, the doer, and the verifier. Disconnect a team from the DLA and DISA of today and get the right innovative body thinking about the next “Be and Do.”

2. Focus DLA/DISA on Job One and transfer other non-combat support missions and tasks.

- Measure **Job One** to increase value in both military and fiscal senses. Create **new measures** of external results and traits **tied to new mission**. Measure **cost of delivery** of those **results for the new mission**.

- Make accountable leaders drive outcome measures up and cost down, year over year as expected duty, not forced by the budget process. Cost management driven by budget process is transactional and unfulfilling compared to healthy enterprise leadership behavior.
- DoD should seriously consider the Naval Reactors model, an extended leadership term. DoD should create new and much shorter charters for DLA and DISA.
- Write charters “for them” not “by them.” Put the “rest” in non-combat support places. DoD should consider homing the non-combat support functions in organizations other than the DAFAs and avoid inside preservation of the present. Do not staff this out to “reform teams.”

Once the requirements are determined, DLA and DISA need to be focused on their modernized core, **Job One**. That means the non-combat support functions should transfer away from them. Once done, DoD should determine the right benchmarks and/or scorecard for **Job One** and relentlessly and maniacally measure performance against it.

DoD should also consider an extended leadership model for both DLA and DISA, reminiscent of what the Navy does for the Director of Naval Reactors, an eight-year 4-star term. DoD does not necessarily need a 4-star in charge of DLA or DISA, or even a military commander in charge at all. The TG is suggesting the term of the military or civilian leader chosen should be of an extended duration, increasing accountability and experience.

The TG would also warn against the inside preservation of the present. That should be avoided. This process will be very hard work. DoD goes through each budget cycle and determines cost reduction targets. Once determined, DoD organizations meet to review their proposed budgets and some of those cost cutting measures can be bought back. The private sector does not do “buy backs.” This method is transactional and it’s not making the impact that is required. DoD needs an enterprise leadership behavior that will measure external outcomes and the cost of those results. Every year, those leaders should be expected to deliver a budget that delivers better outcomes at a lower cost.

3. New DLA and DISA need new methods and means to do Job One.

- Ensure DLA and DISA have the relevant technical skills to do **Job One**. DoD should determine who is capable to deliver a responsive and adaptable “new next” logistics and C3 for contested domains.
- It **does not follow** that the operators of the present are suited to conceive, create, test, and deliver the “new next.”
- This study makes no judgment on today’s DLA and DISA technical and functional skills. We did not analyze it, but it must be skeptically analyzed and correctly judged.
- Being wrong about it will be disastrous in lost time, wasted resources, and results.
- The right provider may not be organic in DLA or DISA, or even in DoD itself.

It does not follow that the operators of today are the best to develop the capability for tomorrow. They might be, but DoD should check and verify. If DoD is wrong about that, it will mean a lot of time and resources wasted with disappointing results. DoD needs to ponder that the developer of the new next may not be optimally assigned to DLA or DISA, or even within DoD...to give the Joint Warfighter new logistics and network means and methods that it needs to be agile and resilient in contested domains that it has never been in before.

SUMMARY

The key connective sinew and muscle between all three recommendations is the repeated fundamental theme from our business interviews and is known by Defense Business Board colleagues. The commercial practice of continual review and affirmation of the reason the organization exists as a whole, including the sectors within the enterprise, is found in healthy measure in technology, logistics, and finance companies. Then, “Re-Forming” the organization for clear eyed focus and alignment of effort, and relentless measurement of external value and internal cost is the sound competitive business practice strongly endorsed by this study for DLA and DISA. DoD must gain a firm grasp on this fundamental practice, because it is bed rock that will prevent the new DLA and DISA **Job One** from failing in the storms of peer contested logistics and C3.

CONCLUSION

The Nation is at a critical inflection point in its history. The actions over the next five to ten years will define if America can maintain the global superiority it enjoyed at the turn of the century. Without significant and substantive transformation of its business processes, particularly within the Fourth Estate, to focus resources on increased lethality through readiness, modernizations, and recapitalization, the maintenance of that superiority is in critical danger of being lost.

The DBB appreciates the confidence shown by the DepSecDef in entrusting this important study to it. In addition, the TG sincerely applauds all the hardworking people of DLA and DISA. We commend and thank VADM Michelle Skubic and VADM Nancy Norton, together with their staffs. They are doing what they have been tasked to do, nobly and very well. Everything they do is traceable to their respective DoD Charters and statute. We sincerely thank them for their assistance and valuable cooperation during the course of this study.

We recognize the Department is working across the Services and JS to pursue and deliver new capabilities and strategies for information, joint fires and communication, command and control. We’ve seen strategies and concepts emerge for Data, Electromagnetic Spectrum Superiority, Joint All-Domain C2, Distributed Maritime Operations, Expeditionary Advanced Base Operations, all with various cloud and cyber manifestations. That work is context for recommendations we are about to discuss. We know DLA and DISA are involved in those efforts at the war gaming level. We believe the observations and recommendations in this report can help inform leadership choices and actions.

The observations and recommendations presented to the Deputy on November 10, 2020 were approved by the DBB. It is the unanimous view of the DBB that the United States is already in an era where the challenges it faces strategically, militarily, operationally, fiscally, and economically are considerably more

serious than any in modern history. We face far more determined, sophisticated, and heavily funded adversaries than ever before. The DoD begins a multi-decade struggle in some cases trailing adversaries in current and projected capabilities, a considerable burden to shoulder and most certainly to be shouldered with increasingly constrained resources. The obvious need is for sustained and successful delivery of a supported lethal Joint Force that is dominant in the contested logistics and C3 domains. It is no longer a desirable abstraction; it is now an essential endeavor. It is within that sobering context that the DBB offers this assessment and recommendations.

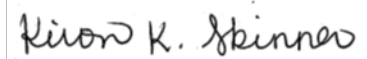
Respectfully,



David Venlet
Task Group Chair



Paul Madera
Task Group Member



Kiron Skinner
Task Group Member

APPENDICES

TAB A: Terms of Reference - Defense Logistics Agency - Defense Information Systems Agency Charter Review

TAB B: Biographies of DBB Task Force Members

TAB C: DBB November 10, 2020 Public Meeting Presentation Slide Deck

TAB D: Interviews Conducted

TAB E: Questionnaires

TAB F: Literature Reviewed

TAB G: Prior Recommendations

TAB H: Interview Business Practices

TAB I: Acronyms

TAB J: Public Comments



APPENDICES / BACK-UP SLIDES

Many DBB studies include appendices and/or extensive back-up slides which offer additional information in addition to the briefing provided to the DBB members at public meetings.

Appendices include information that is adjunct to the study itself.

Back-Up Slides are intended to provide DBB members additional information on complex topics and issues that the task group utilized to formulate the recommendations presented. The slides are not normally presented as part of the briefing given during the public meeting, unless required by the briefer to further clarify or elucidate a particular observation, finding, or recommendation. If Back-Up Slides were a part of the public briefing they will appear under one the following TABs; if not, no slides will be included.





Defense Business Board

TAB A

TERMS OF REFERENCE





DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

AUG 03 2020

MEMORANDUM FOR THE DEFENSE BUSINESS BOARD

SUBJECT: Terms of Reference – Defense Logistics Agency – Defense Information Systems Agency Charter Review

Enterprise-wide business reforms are one of the Secretary of Defense's priorities for modernizing the Department. Specifically, the National Defense Strategy's (NDS) third line of effort, reform is fundamentally changing the way DoD, and in particular the Fourth Estate, does business. Consistent with the Secretary of Defense's January 6, 2020 memorandum ("Department of Defense Reform Focus in 2020") and my January 24, 2020 memorandum ("Defense-Wide Organizations Transition to Chief Management Officer Governance"), the Department is committed to achieving greater performance and affordability across the Fourth Estate.

The Department currently operates 28 separate support entities, categorized as Defense Agencies and DoD Field Activities (DAFA). Collectively, the DAFAs constitute a major part of the Fourth Estate, resourced predominantly through Defense-wide accounts. In order to confirm relevance and avoid mission overlap, a review of chartering documents is overdue. Potential for realizing significant savings exists across the DAFAs by adopting global shared services, combining entities, refining mission focus, and eliminating any missions that are no longer critical.

Therefore, as an initial step, I direct the Defense Business Board ((DBB) or "the Board") to examine the Defense Logistics Agency (DLA) and Defense Information Systems Agency (DISA) chartering documents (DoDD 5105.22 and DoDD 5105.19, respectively) to assist DoD by providing a private industry perspective of the organizational responsibilities and authorities. Specifically:

- Review previous studies/reports (internal, advisory boards, GAO/IG, think tanks, etc.) and assess which findings and recommendations should be considered for implementation;
- Share/explain best-in-class private sector examples of global shared services, identify which business practices the Department should consider adopting in the short and long term, and explain which approaches would not be appropriate for the Department;
- Provide specific recommendations and options for transforming and improving the performance of these organizations or functions; and
- Any other related matters the Board determines relevant to this task.

Unless deemed classified or otherwise not releasable, the findings, observations, and recommendations will be presented to the full Board for thorough open discussion and deliberation in a noticed public meeting. The Board will provide its final recommendations to me no later than November 13, 2020. I authorize the Board to establish a subcommittee to perform this study if deemed necessary by the Board's chair.

In conducting its work, the Board has my full support to meet with Department leaders and all requests for data or information shall be honored that may be relevant to its fact-finding and research under this terms of reference. Components should respond to requests for data/information from the Board within five business days. Once material is provided to the Board, it becomes a permanent part of the Board's record.

As such, I direct the Office of the Secretary of Defense Principal Staff Assistants and Component Heads to cooperate and promptly facilitate requests by Board staff regarding access to relevant personnel and information deemed necessary, as directed by paragraphs 5.1.8. and 5.3.4. of DoD Instruction 5105.04, "Department of Defense Federal Advisory Committee Management Program," and in conformance with applicable security classifications.

All data/information provided is subject to public inspection, unless the originating Component office properly marks it with the appropriate classification and Freedom of Information Act exemption categories before releasing to the Board. The Board has physical storage capability, and electronic storage and communications capability on both the non-classified and classified networks to support receipt of material at the Secret level. Each Component should remember that DBB members, as special government employees of a DoD Federal advisory committee, will not be given any access to the DoD Network, to include DoD email systems.

The Board will operate in conformity with and pursuant to the Federal Advisory Committee Act, the Government in the Sunshine Act, and other applicable federal statutes and regulations. Individual Board members do not have the authority to make decisions or recommendations on behalf of the Board, nor report directly to any federal representative. Members of the Board are subject to title 18, U.S.C., section 208, governing conflicts of interest.

Thank you in advance for your cooperation with this important undertaking that will inform decisions on how the Department addresses national security challenges in the coming decades. My points of contact for this effort are Jennifer Hill, Executive Director of the DBB, and CAPT Jeffrey Plaisance, USN, Military Representative (jeffrey.m.plaisance.mil@mail.mil).

A handwritten signature in blue ink, appearing to read "Stan L. M. T.", is centered on the page.



Defense Business Board

TAB B

BIOGRAPHIES OF DBB TASK FORCE MEMBERS





David J. Venlet
Vice Admiral, U. S. Navy (Retired)
President Chemring Sensors and Electronic Systems

David is President of Chemring Sensors and Electronic Systems. He serves as a proxy board member and Government Security Committee Chairman for Top Aces Corp, providing modern adversary air training for US military Services, and is a member of the Defense Business Board advising the US Secretary of Defense. David is also a board member of the non-profit Jill's House that provides respite care for children with intellectual disabilities.

In his acquisition career on active duty he managed the largest and most complex defense procurement program, the F-35 Joint Strike Fighter. Asked to lead the program when it was facing possible cancellation by Congress he worked with a joint government and industry team that stabilized performance in test and production. With transparency and realism in high-risk communications, he restored trust in the program by the US and numerous partner nations.

He led a 24,000 person \$30B organization, Naval Air Systems Command, providing engineering, test, logistics, contracting, financial and program management support for Department of the Navy aviation acquisition. NAVAIR provided sustainment for over 3,000 aircraft and unmanned vehicles, enabling global aviation operations by the Navy and Marine Corps.

David is a retired Vice Admiral, U.S. Navy. He led large complex organizations and programs at the executive management level for 10 years as a flag officer. His career in defense acquisition covered 22 years and he flew F-14 Tomcats in fleet operations.

He is a graduate of the U.S. Naval Academy, Naval Postgraduate School and US Naval Test Pilot School. David is a member of the National Association of Corporate Directors, the Society of Experimental Test Pilots and in 2018 completed the MIT certificate course in Architecture and Systems Engineering.





Paul Madera
Managing Director, Meritech Capital Partners

Paul Madera is a graduate of the USAF Academy and is currently Managing Director at Meritech Capital Partners, a \$3.1 billion venture capital fund he co-founded in 1999.

He currently invests in private technology companies in the SaaS, storage, e-commerce, financial, and medical device sectors.

He began his career in finance as an investment banker with Morgan Stanley & Co. in New York. Before entering the private sector, he served in the United States Air Force as an F-16 Instructor Pilot based in South Korea, Spain, and Utah. He also spent a tour at the Pentagon as a member of the Air Force Liaison Office where he interfaced with Senate and House Armed Services Committees.

Paul holds an M.B.A. from the Stanford Graduate School of Business and B.S. in Political Science from United States Air Force Academy.





Professor Kiron Skinner
Taube Professor of International Relations and Politics
Carnegie Mellon University

Kiron Skinner is the Taube Professor of International Relations and Politics and a member of the Artificial Intelligence faculty community at Carnegie Mellon University (CMU). She is the W. Glenn Campbell Research Fellow at Stanford University's Hoover Institution and a Visiting Fellow at the Heritage Foundation. She is the author/editor of seven books, two of which (*Reagan, In His Own Hand* and *Reagan, A Life in Letters*) were New York Times best sellers. *The Strategy of Campaigning: Lessons from Ronald Reagan and Boris Yeltsin*, coauthored with Serhiy Kudelia, Bruce Bueno de Mesquita, and Condoleezza Rice, was excerpted on the opinion page of the New York Times on September 15, 2007.

Professor Skinner was the Director of the Office of Policy Planning at the U.S. Department of State and Senior Advisor to the Secretary of State from September 2018 to August 2019. As Director, she reengaged the Department in red-team exercises on regional conflicts and fostered transatlantic partnerships through numerous strategic dialogues, including the first-ever Policy Planners Summit for NATO, held in April 2019.

At various points in the past twenty years, Professor Skinner has served on the US Defense Department's Defense Policy Board, the Chief of Naval Operations' Executive Panel, the National Academies' Committee on Behavioral and Social Science Research to Improve Intelligence Analysis for National Security, and the National Security Education Board.

Professor Skinner holds MA and PhD degrees in political science from Harvard University and undergraduate degrees from Spelman College and Sacramento City College. She has an honorary doctor of laws degree from Molloy College, Long Island.





Defense Business Board

TAB C

PUBLIC MEETING PRESENTATION

NOVEMBER 10, 2020

PROVIDED TO THE DEFENSE BUSINESS BOARD



DEFENSE BUSINESS BOARD

CLEARED
For Open Publication

Nov 05, 2020

Department of Defense
OFFICE OF PREPUBLICATION AND SECURITY REVIEW



Defense Logistics Agency and Defense Information Systems Agency Assessment

November 10, 2020

Task

Deputy Secretary of Defense asked the DBB to:

1. Examine chartering documents and provide private industry perspective of responsibilities and authorities of Defense Logistics Agency (DLA) and Defense Information Systems Agency (DISA)
2. Review previous studies/reports and assess recommendations
3. Share private sector examples and business practices
4. Recommend options for transforming performance
5. Any other related matters relevant to this task



The Task Group

DBB Team

Paul S. Madera

Dr. Kiron Skinner

David J. Venlet (Study Chair)

Staff

Web Bridges

CAPT Jeff Plaisance, US Navy



Process and Methodology

- 12 weeks of team study and analysis:
 - Interviewed 35 DoD leaders, private industry/think tank executives
 - Sent questionnaires to Military Departments
 - Compared DoDD 5105 charters for DLA and DISA
 - Conducted literature review of **105** past studies and reports
 - Categorized prior report **85** recommendations for improving Defense Agencies and Field Activities (DAFA) business operations

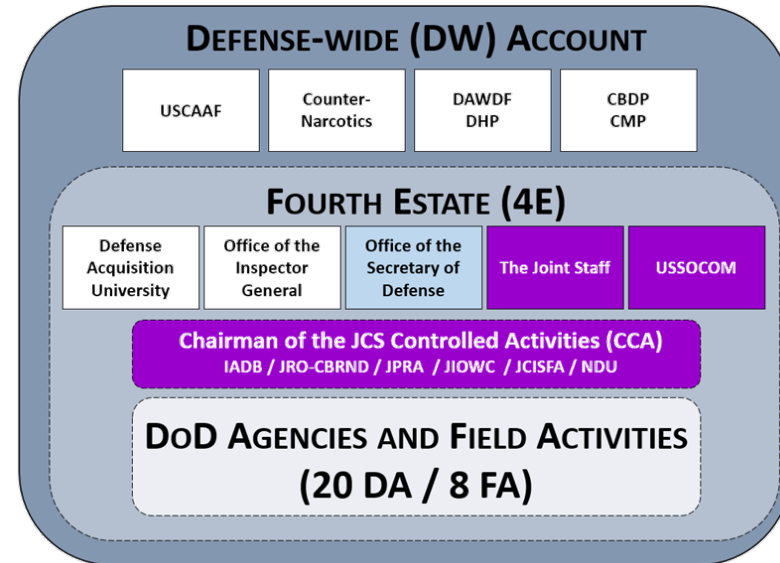




DLA and DISA Study Context



- **National Defense Strategy (NDS)**
 - Enterprise-wide business reform as third line of effort
 - DoD Reform Focus in 2020 – SecDef, January 6, 2020
 - CMO lead Defense-Wide reform DepSecDef, January 24, 2020
 - Greater performance and affordability in Fourth Estate
- **DoD currently operates 28 separate support entities**
 - Categorized as Defense Agencies and Field Activities (DAFA)
 - DAFA constitute a major part of the Fourth Estate
 - Resourced predominantly through Defense-Wide accounts
- **Defense Logistics Agency (DLA)**
 - **\$42.7B** budget and **26,000 people**
- **Defense Information Systems Agency (DISA)**
 - **\$12.2B** budget and **9,000 people**
- **DepSecDef directed DBB examine DLA and DISA**
 - Examine chartering documents
 - Private industry perspective of responsibilities and authorities
- **Recommendations to DepSecDef 13 Nov 2020**

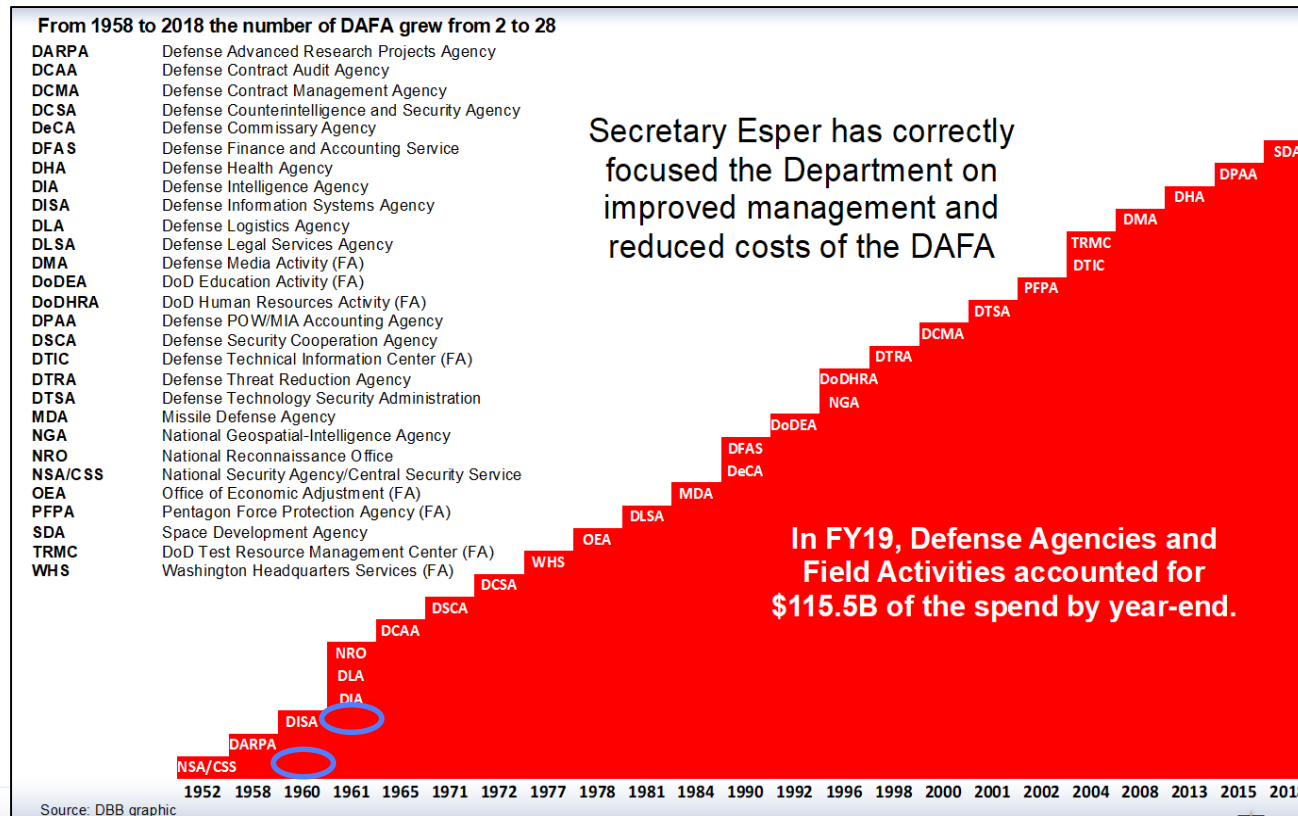


“I see progress, it’s not fast enough. We need to do better and I want to move as quickly as the private sector.”
 ~ Secretary of Defense Mark Esper

BLOOMBERG GOVERNMENT, SEPT. 24, 2020

DAFA Background

- From 1958 to 2018 the number of DAFAs grew from 2 to 28
- In FY19, DAFA accounted for **\$115.5B** of spending, 16.8% of the total DoD budget
- DLA and DISA combine for **48%** of DAFA spend – good choice to study these two
- These totals do not include the classified intelligence spending



Observations

1. There is dramatic growth in missions, responsibilities and authorities for DLA and DISA over 30 years, justified by the historical eras when growth occurred.
2. Private sector equivalents for DLA and DISA in breadth and depth of responsibilities are scarce.
3. An extensive body of studies on DLA and DISA contain myriad cost reduction, effectiveness, and efficiency recommendations.

Bottom Line Up Front

The National Defense Strategy defines a strategic environment and resultant objectives that **need a new DLA and DISA** much different than what they grew to be over the decades post Cold War. **Mere cost reduction alone** in **today's DLA and DISA** organization/mission structure is **not likely** to deliver assured logistics/C3 **in contested domains of great power competition.**

Response to the Requested Task

There is more to consider than what was asked.

- DLA/DISA are critical combat support to the Joint Lethal Force

There are bigger and more important questions.

- Are they built today to deliver logistics and C3 combat support in highly contested domains today and tomorrow?
- What should they BE and what should they DO differently now?

A new vision and new structure are urgently required.

- Re-Form DLA and DISA beyond just cost reduction of current organization and mission structure.



DLA Background

Defense Supply Agency (DSA) 1961-1977

Established by Sec. Robert McNamara to manage common supplies

By 1963: Clothing; construction; general, electronic and industrial supply; medical; petroleum; subsistence; traffic mgt.; logistics services; cataloging; standardization; defense utilization; disposal; industrial plant equipment (9 supply centers, \$2.5B inventory, 1M items)

1963: Wholesale Distribution/ DSA Depot Network

1965: Defense Contract Administration Services (included MILSVCS, new weapons systems)

1972: DoD manager for bulk petroleum and coal

1972: Defense Property Disposal Service

1973 Worldwide food mission and commissaries

1977: 1.9M items, \$3.1B

Defense Logistics Agency (DLA) 1977-1986



Defense Supply Agency (DSA) redesignated as Defense Logistics Agency

Under ASD for Manpower, Reserve Affairs, & Logistics

1979: DLA Office of Small Business

1980: Hazardous and toxic material disposal

1983: DLA Europe Headquarters



DLA: Combat Support Agency 1986-1993



1986: Goldwater-Nichols Act identifies DLA as a CSA

1988: Defense National Stockpile Center (from General Services Administration)

1989: Defense Management Review Decision: Consumable Item Transfer (Secretary Cheney)

1990: Defense Contract Management Command

1990: Operations Desert Shield and Desert Storm

DLA: Post-Desert Storm 1993-2005

1991: Transferred out: Defense Information Systems Agency, Defense Finance and Accounting Service

1992: Distribution depot consolidation/CONUS & OCONUS network

1992: First "Prime Vendor"

1993: Base Realignment and Closure (BRAC): Several subordinate commands merged, realigned, or closed

1993: From 42 to 6 direct reporting organizations

1995: Standard Procurement System/ Business Systems Modernization

1996: Defense Automated Printing Service

1998: DoD cataloging and map products

2001: Defense Contract Management Agency established as a separate agency



DLA: 21st Century 2005-Present

Operations Iraqi Freedom, Enduring Freedom and Resolute Support

2005: BRAC: Depot-level repairable, privatize commodity contract mgt. and on-site support to industrial depots transferred to DLA. Business Transformation Agency (portions).

2006: Enterprise Business System

2008: Joint Contingency Acquisition Support Office

2010-2018: Over 20 global Humanitarian Assistance/Disaster Relief support missions

From:
- 64K to 27K employees
- 29% to 11.6% cost recovery rate
- 100M to 30M sqft





DISA Background



History and Mission Overview

Defense Communications Agency (DCA) was established May 12, 1960 to “create an integrated telecommunications system that will economically, efficiently and effectively satisfy national defense requirements...”¹

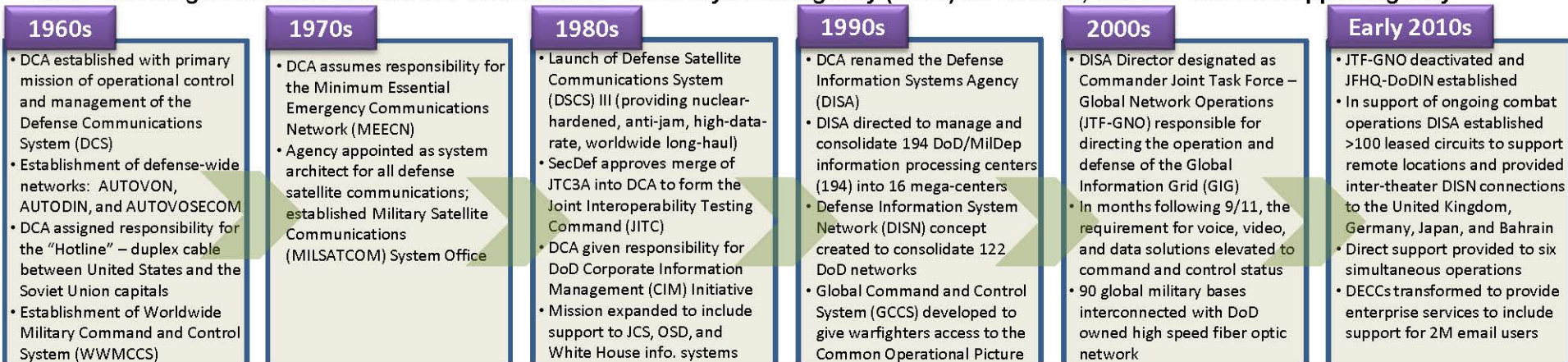
National Security Act of 1947 -

- Established the Secretary of Defense and directed (he) take appropriate steps to eliminate unnecessary duplication or overlap

Defense Reorganization Act of 1958

- Military Services continue development of respective communications systems with reliance on doctrine of dedicated communications
- JCS requested SD approve concept for joint military communications network to be formed from consolidation of communications facilities of the Military Services
- Secretary of Defense Thomas Gates established the DCA to create a centralized organization with the primary mission of operational control and management of the Defense Communications System (DCS)

DCA was reorganized and renamed the Defense Information Systems Agency (DISA) on June 25, 1991 as Combat Support Agency

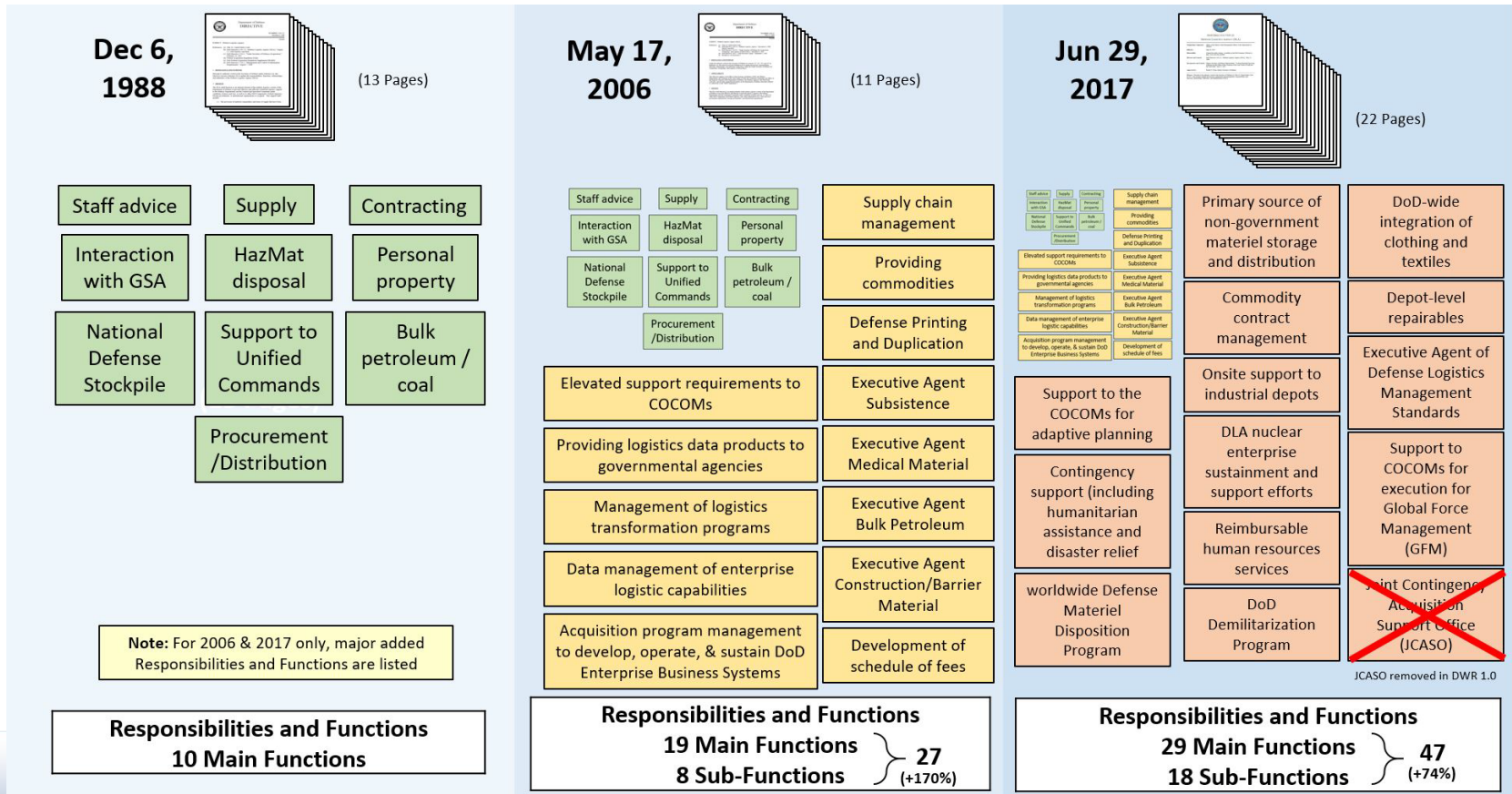


DISA continues to evolve to meet the needs of the Joint Warfighter and the National Defense Strategy



DLA Charter Comparison

- From 1961 to 1988, the Defense Supply Agency's, and eventually DLA's (1977), responsibilities and functions were relatively constant
- From 1988 to 2017, the responsibilities and functions increased by 370%
- By 2020, the responsibilities and functions had increased further (Iceberg Chart)



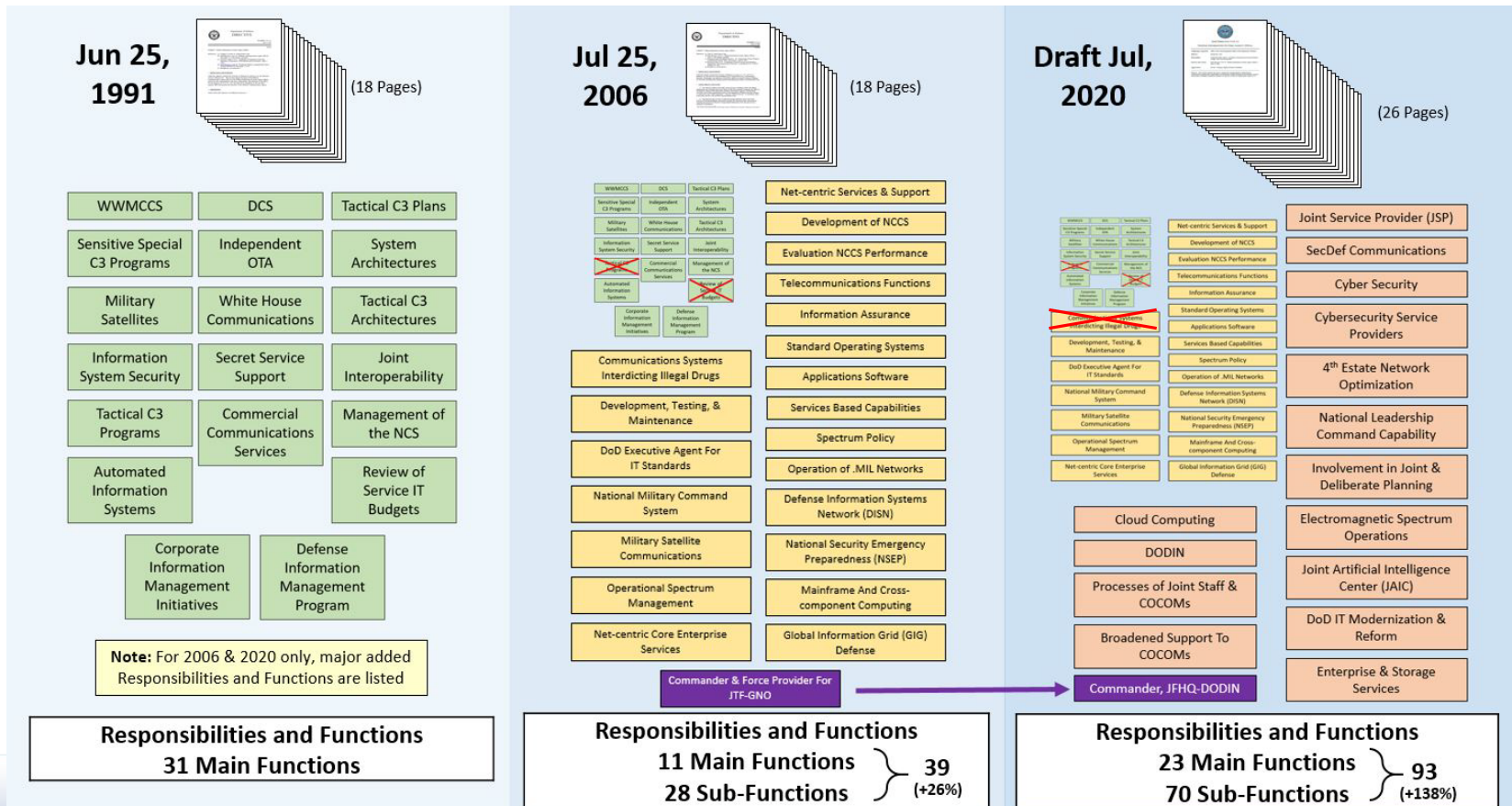
JCASO removed in DWR 1.0





DISA Charter Comparison

- From 1960 to 1991, when the Defense Communications Agency was redesignated DISA, DISA's responsibilities and functions were relatively constant
- From 1991 to 2020, the responsibilities and functions increased by 200%



Literature Review

- The team reviewed 105 think tank reports, internal DoD Assessments, commercial case studies, GAO reports, and other evaluations
- Viable recommendations were combined into themes, source, implementation status, organizational requirements, and comments
 - Supply Chain/Logistics (21)
 - IT/Networks (18)
 - Defense Working Capital Fund (DWCF) (10)
 - Management/Oversight (10)
 - Statutory/Strategic (7)
 - Data/Metrics (6)
 - Forecasting/Planning (5)
 - Contracting (5)
 - Fuel/Energy (3)
- 85 Recommendations included in Report Appendices

Interview Business Practices

- Twelve industry Business Practices emerged during interviews.
- Practices apply not only to DLA and DISA, but to all DoD.
 - Practice #1: Engagement Managers to Reduce Contractual Risk
 - Practice #2: Zero-Based Budgeting
 - Practice #3: Automated Factory for Reporting
 - Practice #4: Expediting Invoices with Detective Controls
 - Practice #5: Automated Detective Data Controls free travel expense reports
 - Practice #6: Leverage the Power of Incubation/Pilots
 - Practice #7: Conway's Law influence on org design/micro service architecture
 - Practice #8: IT Sustainability
 - Practice #9: Instituting a "Break Glass" Re-Form mindset
 - Practice #10: Delaying – Spans and Layers
 - Practice #11: Enterprise Relationship Management
 - Practice #12: Cautionary awareness of risk in diseconomies of scale
- Detailed write-ups are included in Report Appendices

Observation #1

- Dramatic growth in responsibilities and authorities for DLA and DISA
 - Manage extensive mix of combat and non-combat support
 - Both doing what they are tasked to do by directive and statute
 - Originally established to increase effectiveness and improve efficiencies for logistics and command, control, and communications
 - Growth, justified on a basis of the era, produced overlap and duplication
 - Both provide services for customers who fund and operate similar categories of services for themselves, all justified by Title 10 authorities
 - Long enduring fights about the overlap and cost of services never resolve

Observation #2

- Private sector equivalents for DLA and DISA to emulate with their currently assigned breadth of missions are few
 - Yes, there are logistics/information companies and various business models
 - Presumptions persist that commercial analogs provide efficiency guidance
 - People policies are not attracting effective, experienced leaders at all levels
 - Basic business practices that pertain to value creation are elusive in DoD
 - A business healthy “refresh cycle” questions and affirms “core”, then relentlessly measures outcomes and cost in a culture of continual optimization
 - Clean sheet budgeting **follows** core affirmation, not the other way around.
 - Getting this right is not evident in historical defense department governance
 - These realities devolve into modest cost savings that substitute for reform

Observation #3

- DLA and DISA have been studied extensively, often in a narrow focus, leading to siloed efficiency recommendations
 - DoD, Government Accountability Office, Congressional Research Service, Center for Strategic and International Studies, RAND Corporation, Institute for Defense Analyses, DBB, McKinsey & Co., Boston Consulting Group, others
 - Reviews produced multitude of recommendations and the significant ones are highlighted in appendices
 - DoD reported its implementation of previous study recommendations to Congress as recently as July 2019
 - Working harder reducing the cost of present mission load leaves the consequences of total mission growth less or completely unanalyzed
 - Total cost growth pressure has not abated and draws broad criticism

Recommendation #1

- Determine what DLA and DISA MUST BE and DO to support the peer contested, lethal Joint Force – it is **Job One**
 - **Focus on Contested Logistics and C3** that enable domain information dominance and increasingly lethal fires for **NDS environment and objectives**
 - Strategic Re-Form and Joint Integration must be elevated and prioritized
 - Significant organizational change will be challenging to deliver. Do not delegate another study about it. Just do the hard work to accomplish it.
 - Historical Principal Staff Assistant (PSA) governance will not create the needed change
 - **CJCS/VCJCS, COCOMs and Service Chiefs** war game the logistics and C3 they need in contested domains and **define requirement for the BE and DO**
 - **Secretary of Defense and Service Secretaries govern the Re-Form**



Recommendation #2

- **Focus** on **Job One** and **transfer other** DLA and DISA missions and tasks
 - **Measure Job One** to increase value in military and fiscal sense
 - Create **new measures** of external results and traits **tied to new mission**
 - Measure **cost of delivery** of those **results for the new mission**
 - Make accountable leaders drive outcome measures up and cost down year over year as expected duty, not forced by the budget process.
 - Cost management driven by budget process is transactional and unfulfilling compared to healthy enterprise leadership behavior
 - Seriously consider Naval Reactors leadership extended term model
 - Create new and much shorter charters for DLA and DISA
 - Write charters “for them” not “by them”
 - Put “the rest” in non-combat support places. Consider other than DAFA.
 - Avoid inside preservation of the present
 - Do not staff this out to “reform teams”

Recommendation #3

- Ensure DLA and DISA have the relevant technical skills to do **Job One**
 - Determine who is capable to deliver a responsive and adaptable “new next” logistics and C3 for contested domains
 - It **does not follow** that operators of the present are suited to conceive, create, test and deliver the “new next”
 - This study makes no judgment of today’s DLA and DISA technical and functional skills. We did not analyze it. But it must be skeptically analyzed and correctly judged.
 - Being wrong about it will be disastrous in lost time, wasted resources and results.
 - It may not be organic in DLA or DISA, or in DoD.

Summary

1. Determine what DLA and DISA must BE and DO to support the Joint Force in great power contested domains – it is **Job One**.
 - Integrated Logistics and C3 must enable information dominance and integrated fires today and in tomorrow’s contested domains.
 - Strategic DLA/DISA “Re-Form” must match the Services’ pursuit of advanced integrated capabilities and be synchronized at highest levels.
2. Focus DLA/DISA. Transfer non-combat support missions and tasks.
 - Measure **Job One** to increase value in military and fiscal sense.
 - Put the rest in non-combat support places. Consider other than DAFA.
3. New DLA and DISA need new methods and means to do **Job One**.
 - Determine who is the best provider of technical solutions for “new next”

Interviews

Mr. Mattijs Backx, Senior Vice President & Head of Global Business Services, PepsiCo

Mr. Peter Bechtel, Director, Supply Policy and Programs, G-4, Headquarters, Department of the Army

Mr. Manny Cardenas, Lead for DISA Clean Sheet Review, Office of the Director, Cost Analysis and Program Evaluation (ODCAPE)

LtGen Charles Chiarotti, USMC, Deputy Commandant for Installations and Logistics (I&L), Headquarters, Marine Corps

Mr. Michael Conlin, DoD Chief Business Analytics Officer (CBAO), Office of the Deputy Chief Management Officer (ODCMO)

HON Dana Deasy, DoD Chief Information Officer

Ms. Kristin French, Chief of Staff, DLA

Mr. Daniel Fri, Assistant Deputy Chief of Staff for Logistics, Engineering and Force Protection, HAF A-4, Headquarters, Air Force

LTG Duane Gamble, USA, Deputy Chief of Staff, G-4, Headquarters, Department of the Army

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BG Jered Helwig, USA, Director, Logistics and Engineering, J-4, U.S. Indo-Pacific Command (USINDOPACOM)

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VADM Michelle Skubic, USN, Director, DLA

Mr. Atul Vashistha, Chairman, Supply Wisdom & Neo Group

Mr. Rob Williamson, Acting Director, Defense Wide Program Office (DWPO), ODCMO

HON Robert Work, Senior Counselor for Defense and Distinguished Senior Fellow for Defense and National Security, Center for a New American Security (CNAS); 32nd Deputy Secretary of Defense; 31st Undersecretary of the Navy





Defense Business Board

TAB D

INTERVIEWS CONDUCTED



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Defense Business Board

TAB E

QUESTIONNAIRES





DEFENSE BUSINESS BOARD

Interview Questions

Aug 24, 2020

Please answer the questions appropriate to your organization.

1. How have DLA's organizational responsibilities and authorities changed over time? Does their Charter fully reflect those changes?
2. What are DLA's core missions and functions? What are they actually doing?
3. What DLA entities have been/will be combined externally with other Components or internally? What DLA missions/functions would you eliminate that are no longer critical?
4. What studies/reports were the most effective at analyzing DLA and providing actionable recommendations? From those studies/reports, what recommended changes were implemented? Which were not implemented that should be? What impeded their implementation?
5. What enterprise-wide business reforms are currently ongoing at DLA? Which are planned for the future? What private sector reforms might be viable for DLA? Which are not viable?
6. What private sector, global shared services (e.g. HR, IT, Finance, Legal, Acquisitions, Real Property Management) have DLA adopted internally? Are there plans to adopt more?
7. What shared services does DLA provide for other DoD entities? Would DLA improve its core missions if it did not provide non-core shared services to other Components?
8. When you think of private sector effectiveness/efficiency, and their use of data driven decision making, what DLA practices/methodologies come to mind and why?
9. Do you think Government agencies like DLA have functional differences that hinder the adoption and implementation of these practices? What are these differences and how can they be overcome?
10. What are positive ways DLA supports their customers' missions and functions? What are functions, processes, or organizational structure at DLA that you would change? Is DLA better at providing specialized services in support of the warfighter or support services like enterprise buying (e.g. paper)?
11. What data/metrics are used to assess DLA operations and what processes are used to monitor progress and make improvements? How are these metrics reviewed externally and within DLA by Seniors? How are DLA Directorates held accountable to meet these goals?
12. What are business processes most people view as successful/non-successful for DLA? What are clear areas of improvement for DLA? If you had no limits, how would you transform DLA and improve the organization?



DEFENSE BUSINESS BOARD

Interview Questions

Aug 24, 2020

Please answer the questions appropriate to your organization.

1. How has the change in DLA's organizational responsibilities and authorities over time affected your Component? Have the changes been positive or negative?
2. What are DLA's core missions and functions that directly impact your Component? What are they doing in addition to those core missions and functions?
3. What DLA entities have been/will be combined externally with your Component? What DLA missions/functions would you eliminate that are no longer critical? What DLA mission/functions would you advocate for adding?
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DEFENSE BUSINESS BOARD

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DEFENSE BUSINESS BOARD

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Defense Business Board

TAB F

LITERATURE REVIEW



TAB F – Literature Review

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Defense Business Board

TAB G

PRIOR RECOMMENDATIONS



TAB-G – Prior Recommendations

Contained herein are the results of the TG review of previous recommendations in regards to DLA and DISA. While the TG did not consider it within its purview to comment on or make recommendations towards the adaptation of specific prior recommendations, they are provided below together with their status of implementation by the affected DAFA and that organizations status on implementation.

Themes	DAFA	Recommendation	Implementation Status per DAFA	Requirements	DAFA Comments	Sources
Supply Chain/ Logistics (21 Recommendations)	DLA	Accelerate integration into customer retail production planning processes	In progress	DoD	None	IDA P-5210, Independent Review of DLA's Roles and Missions IDA P-8784, TRANSCOM-DLA Roles and Responsibilities DBB FY17-03, Logistics as Competitive War Fighting Advantage DBB FY14-01 - Implementing Best Practices for Major Business Processes in the DoD Interview & Surveys
	DLA	Institutionalize lessons learned from planning for contingency operations	In progress		None	
	DLA	Continue to improve supply chain operations at the retail level	In progress		None	
	DLA	Assess end-to-end supply chain vulnerabilities	In progress		None	
	DLA	Work with Committee on Foreign Investment in the United States (CFIUS) to ensure enterprise-wide resiliency	In progress	DoD POTUS Congress	Initial stages of work with TF Covid19 to secure supply chain	
	Both	Implement increased cyber security standards across domestic/foreign tiers of the supply chain	In progress	DoD	None	
	DLA	Create more connectivity and streamlined processes across the logistics enterprise	In progress		Improving JWICS access / Embedded with STRATCOM in Joint pilot program to enhance early warning capability / Coordinating with JS to gain GCCS-J and CENTRIX-S access within the ASOC	
	DLA/ Services	Reduce excess depot and warehouse infrastructure and maintenance costs (6 Sources)	In progress		None	
	DLA/ Services	Implement a modern, automated warehouse management/distribution system (WMS) (7 Sources)	In progress		Work to stand up WMS is underway. J6 lead, but the task is here.	
	DLA/ Services	Bundle parts/equipment/items bought during Acquisition with Sustainment phase	Not implemented		None	
	DLA	Eliminate Joint Contingency Acquisition Support Office (JCASO)	In progress		None	
	DLA	Transfer Homeless Blanket Program	In progress		None	
	DLA	Transfer Law Enforcement Support Office (LESO) Program	In progress	DoD, POTUS Congress	None	
	DLA	Implement Industrial Product-Support Vendor (IPV) at Navy shipyards and Marine Corps depots	In progress	DoD	None	
	DLA	Investigate Services buying all of their highly engineered parts	Not implemented		None	
	DLA	Reinvigorate GSA to take back WOG supply management	Not implemented	DoD POTUS Congress	None	
	DLA	Evaluate elimination of GSA and incorporation of remaining functions into DLA	Not implemented		None	
	DLA	Return the Supply, Storage, and Distribution mission to the Services	Not implemented	DoD	None	
DLA	Reduce ability to spread costs across commodities, concealing true costs	Not implemented	None			
DLA	Return responsibilities for depot level repairables to the Services	Not implemented	None			
DLA	Remove DLA as a DoD middle man for printing. Go direct to the private sector	Not implemented	DoD	None		

Implemented

In progress

Not implemented

Themes	DAFA	Recommendation	Implementation Status per DAFA	Requirements	DAFA Comments	Sources
Data/Metrics (6 Recommendations)	DLA	Adopt add'l metrics to better support retail customers. Collect associated historical data (3 Sources)	Not implemented	DoD	None	IDA P-5210 - Independent Review of DLA's Roles and Missions IDA P-8784 - TRANSCOM-DLA Roles and Responsibilities Interviews & Surveys
	DLA	Formalize an Information Harvesting Strategy	In progress		None	
	Both	Derive DoD benchmarks/metrics directly from the National Defense Strategy (NDS)	DLA		DLA - Coordinated with STRATCOM to tailor DLA tasks and standards within DRRS to capture key readiness metrics associated with priority plans with intent to expand to other CCMs during future AMETL reviews	
	Both	Incorporate and mandate use of Advana into DoD business processes (3 Sources)	In progress		DLA - Per input from EDW, Advana is used to Report Covid-19 requirements	
	DLA	Correlate DLA logistic metrics with unit readiness	In progress		None	
	Both	Embrace and direct full transparency of data within DoD	In progress		None	

Themes	DAFA	Recommendation	Implementation Status per DAFA	Requirements	DAFA Comments	Sources
Forecasting/ Planning (5 Recommendations)	DLA/ Services	Improve DLA and the Service joint demand forecasting (8 Sources)	In progress	DoD	Improved synchronization with Services on contingency requirements determination within the Logistics Supportability Analysis (LSA) process / Coordinating with JS J4 to improve guidance in the JSCP Log Supplement	DBB FY17-03, Logistics as Competitive War Fighting Advantage IDA P-5210 - Independent Review of DLA's Roles and Missions IDA P-8784 - TRANSCOM-DLA Roles and Responsibilities Interviews & Surveys
	DLA	Reduce DWCF carryover through effective trend analysis and improved repair processes	In progress		BPR and driver tree focus - early stages but designed to ID and remedy	
	DLA	Improve End-to-End Distribution Readiness to support current planning scenarios (5 Sources)	In progress		DLA Distribution and DLA Energy continuous efforts to improve, exercise and integrate expeditionary distribution capability and support contracts within the inter and intra theater distribution architecture	
	DLA	Determine if current OPLANs and wargaming for a conflict in INDOFACOM is sufficient (3 Sources)	In progress		Active participant in on-going wargames / TTXs, Joint Planning Process and Joint Concept for Contested Logistics development.	
	Both	Institute additional clarity in requirements determination and greater management of the requirements process (8 Sources)	DLA DISA		DLA - Working group on Strategic Contracts; on-going focus of DLA-Service Days / Completed Logistics Supportability Analysis (LSA) CPI to improve ability to increase analytical rigor for quantitative assessment to meet requirements during OPLAN execution DISA - DISA Senior level Strategic Program Council vets all new requirements.	

Implemented

In progress

Not implemented

TAB-G – Prior Recommendations

Themes	DAFA	Recommendation	Implementation Status per DAFA	Requirements	DAFA Comments	Sources	
Management/ Oversight (10 Recommendations)	Both	Institute civilian leadership over DLA and DISA. Hire empowered change agent (2 Sources)		DoD POTUS Congress	DLA - Currently under review by DepSecDef DISA - Non Concur. DISA is a combat support agency and cyberspace is a highly contested warfighting domain. Having an experienced military officer in the lead allows the combat support agency to address the requirements of our deployed kinetic forces while simultaneously ensuring a protected/resilient cyber domain. The dual hatting of the Commander JFHQ, DODIN with the Director of DISA has proven to have immeasurable benefits in flexing to handle near constant major cyber engagements. The Commander billet must be a GOFO.	DBB FY17-03, Logistics as Competitive War Fighting Advantage DoD Report on Section 921(b)(3) of the FY019 NDAA 2021 DBB FY14-01 - Implementing Best Practices for Major Business Processes in the DoD IDA P-3627 - Next Steps for Managing Defense Agencies, Field Activities, and Support Process 2001 CSIS BGN Phase II, 2005 Interviews	
	DLA	Make evidence-based decisions on how to reduce or better manage duplication of effort in HR shared services (2 Sources)			Recommend against any HR shared services recommendation; already addressed via the CMO/P&R Reform effort		
	DLA	Remedy lack of oversight and strategy relative to Civilian HR shared service delivery across the Fourth Estate			Recommend against any HR shared services recommendation; already addressed via the CMO/P&R Reform effort		
	Both	Mandate financial transparency for better management visibility			DISA has established a multitude of mission partner engagement forums to provide financial transparency.		
	Both	Create a "cost management culture" (4 Sources)		DLA	DoD		DISA has established a cost management culture that has led to consistent rate decreases over the past 7 budget cycles. Agree that this is an area for continuous improvement.
	Both	Strengthen PPBS process, including performance measurement and readiness reporting systems		DISA			
	Both	Increase requirement to compete against commercial suppliers			DISA - Non-concur. The government should not compete against commercial suppliers—we leverage them when feasible. DISA is often required to support requirements that industry does not find cost effective.		
	Both	Assess DLA/DISA spans and layer per BCG methodology. Drive towards the optimal number of spans and layers for a similar organization		DLA DISA	DLA - DLA instituting more rigorous manpower policy/controls		
	Both	Reinstate the power, the authority, and the vision of OSD. Develop civilian career track similar to the military with diverse postings and higher education. Remove divestiture requirements (2 Sources)		DLA Not implemented for DoD DISA	DoD POTUS Congress		DLA - For "civilian career track" - DLA has implemented functional community management, along with career maps, for civilians.
	Both	Bolster agency-customer relationships by strengthening the resource allocation process			DoD		None

Themes	DAFA	Recommendation	Implementation Status per DAFA	Requirements	DAFA Comments	Sources	
Defense Working Capital Fund (DWCF) (10 Recommendations)	Both	Provide customers with more complete information on agencies' DWCF rate-setting methodologies (5 Sources)		DoD	DISA has been formally convening rate setting information sharing sessions and has offered and provided one vs one rate information.	IDA P-8784, TRANSCOM-DLA Roles and Responsibilities GAO-20-65 - Defense-Wide Working Capital Fund Agencies Apply Most Key Operating Principles but Should Improve Pricing Transparency 2019 DoD Report on Section 921(b)(3) of the FY19 NDAA 2021 DBB FY17-03, Logistics as Competitive War Fighting Advantage IDA P3627 - Next Steps for Managing Defense Agencies, Field Activities, and Support Process 2001 CSIS BGN Phase II, 2005 DCMO - Business Reference Model (BRM) for the DISA WCF 2016 Interviews & Surveys	
	DLA	Assess usage of DLA and DFAS HR Working Capital Fund (WCF) delivery			None		
	DLA	Reduce and minimize carryover			None		
	Both	Set prices based on the incremental costs of service, baselined against commercial pricing (2 Sources)			DLA DISA		DISA strives to set prices on a per unit basis. Note that benchmarking against commercial pricing is often desirable but typically hard to achieve due to a number of variables (e.g., different performance levels, military unique requirements, etc...)
	Both	Adopt a strategic perspective for decisions on competitive sourcing.			None		
	DISA	Implementing a DISA WCF Product/Service Development and Delivery Process			None		
	DISA	Make the Joint Service Provider (JSP) operate under DWCF			None		DISA is in the process of implementing this recommendation in coordination with the MILDEPs and other stakeholders.
	Both	Rebuild DWCF office within OUSD(C)/CFO. Train financial talent to understand DWCF Accounts (3 Sources)			None		

Themes	DAFA	Recommendation	Implementation Status per DAFA	Requirements	DAFA Comments	Sources
Contracting (5 Recommendations)	DLA	Reduce the time it takes to award contracts		DoD		IDA P-5210, Independent Review of DLA's Roles and Missions DBB FY17-03, Logistics as Competitive War Fighting Advantage IDA P-3627 - Next Steps for Managing Defense Agencies, Field Activities, and Support Process 2001 Interviews
	DLA	Transfer contracting for repair of depot level repairables from the Services to DLA				
	DLA	Complete a thorough analysis of OMB Circular A-76 competitions (5 Sources)		DoD Congress	None	
	Both	Implement Vendor Management for all contracts (3 Sources)		DoD		
	Both	Adopt strategic approach for review of opportunities to use commercial support capabilities				

Themes	DAFA	Recommendation	Implementation Status per DAFA	Requirements	DAFA Comments	Sources
Fuel/Energy (3 Recommendations)	DLA	Expand DLA's authority to contract directly for maintenance and repair of fuel infrastructure		DoD		IDA P-5210, Independent Review of DLA's Roles and Missions DBB FY03-8 Fuel Hedging Interviews
	DLA	Initiate program to experiment with the concept of fuel hedging				
	DLA	Investigate DLA buying energy as an enterprise throughout DoD (i.e. installation power, gas, etc.)				

Themes	DAFA	Recommendation	Implementation Status per DAFA	Requirements	DAFA Comments	Sources
Statutory/Strategic (7 Recommendations)	DLA	Do not consolidate part or all of TRANSCOM and DLA		DoD POTUS Congress	None	IDA P-8784, TRANSCOM-DLA Roles and Responsibilities DBB FY11-07, Global Logistics Management DBB FY17-03, Logistics as Competitive War Fighting Advantage DoD Report on Section 921(b)(3) of the FY19 NDAA 2021 Interviews
	DLA	Create single Defense Logistics Organization, a global logistics integrator, to increase efficiency and				
	DLA	Pursue a new round of BRAC				
	DLA	Revise Depot Level Maint 50-50 Rule for greater efficiency and effectiveness (2 Sources)				
	DLA	Re-evaluate in order to Re-institute an improved OMB Circular A-76 process (5 Sources)				
	Both	Assess, reorganize, and reorient all of the DAFAs to directly support the National Defense Strategy				
	DLA	Remedy lack of oversight and strategy relative to Civilian HR shared service delivery across Fourth Estate				

TAB-G – Prior Recommendations

Themes	DAFA	Recommendation	Implementation Status per DAFA	Requirements	DAFA Comments	Sources
IT/Networks (18 Recommendations)	DISA	Stand up DISA Field Offices in each Military Service, analogous to COCOM Field Offices (2 Sources)		DoD	DISA - Non-Concur. DISA maintained O-6 level field representatives collocated with Military Services for several years. It proved to be ineffective and with the loss of military billets, unsustainable. DISA has since deployed GS-15 level field representatives to perform liaison services.	DBB Whitepaper - Technical and Security Issues in DoD Business Systems 2019 IDA P-3627 - Next Steps for Managing Defense Agencies, Field Activities, and Support Process 2001 CSIS BGN Phase II, 2005
	DISA	Integrate support processes and information systems to adopt modern business practices			None	
	DISA	Examine mandatory use of DISN versus contracting directly with vendors			DISA - Non-Concur. Mandatory use of the DISN has served to provide a cost effective, defensible "super highway" for communications. The referenced study date appears to be prior to the Department investing in the shared core network infrastructure known as the DISN today.	
	DISA	Mandate DISA as the IT Service Provider for all DoD enterprise networks and services			Focusing on wide area network and not base level.	
	DISA	Investigate all of DoD migrating to commercial Cloud (3 Sources)			Investigate based on mission, security, functionality and total cost. Would require considerable investment on the part of DoD to execute and certain capabilities are likely not good candidates for hosting in the commercial environment.	
	DISA	Mandate/enforce policy that Services go through DISA for all long haul circuits (3 Sources)			This would be far more cost effective in that existing capacity could be used avoiding duplication.	
	DISA	Direct Services to self-certify their own networks, instead of DISA			In progress based on CAPE-recommended reductions to DISA's certification budget as part of DWR 2.0.	

Themes	DAFA	Recommendation	Implementation Status per DAFA	Requirements	DAFA Comments	Sources
IT/Networks (Continued)	DISA	Investigate DoD managing only DoD Classified networks and those that directly affect national security as well as those required by statute. Contract out for the rest (2 Sources)		DoD	Non-Concur. The vast majority of DoD business is done in the unclassified arena. Allowing the numerous DoD entities to independently obtain IT services would severely complicate critical interoperability and security while opening the door to duplication and cost inefficiencies. This also risks reducing cyber situational awareness for USCYBERCOM and JFHQ-DODIN, with the mission to secure, operate and defend DOD Information Networks, which includes all contracted networks used for processing government work.	DBB Whitepaper - Technical and Security Issues in DoD Business Systems 2019 IDA P-3627 - Next Steps for Managing Defense Agencies, Field Activities, and Support Process 2001 CSIS BGN Phase II, 2005
	DISA	Explore DISA providing enterprise timing and synch to all of DoD (2 Sources)			DISA has presented a BCA showing savings of over \$500M/FYDP if Enterprise T&S is implemented.	
	DISA	Investigate consolidating all of DoD's Internet Access Points under DISA (3 Sources)			For both cost and security reasons, this approach would be of great benefit to the department. DISA has presented a draft business case showing savings of over \$800M/FYDP, though additional engagement with other DAFA's is needed.	
	DISA	Reduce restrictions on DoD cyber operators. Allow them to "break glass" (2 Sources)			In progress. Please see our response to Best Practice #9: Instituting a "Break Glass" mindset in the Case Studies document.	
	DISA	Rotate in and refresh outside tech experienced personnel into DISA			None	
	DISA	Restrict internet usage policies to reduce required bandwidth			This concept was briefed to the SECDEF as part of DWR 1.0 and agreement in principle was reached to implement a more restrictive policy, but the final decision package was never signed.	
	DISA	Conduct deep study on how each Service and DAFA uses DISA and the private sector for IT services. Consolidate customers into DoD's or private best providers. Standardize IT. Eliminate remaining duplicative services (4 Sources)			None	
	DLA	Determine where Defense Enterprise Business Systems (DEBS) should truly be			None	
	DLA	Integrate enterprise resource planning (ERP) software between DLA and the Services. Migrate to a single logistics network and system of record (5 Sources)			Data sharing initiative ongoing with Navy	
					<div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>Implemented </p> <p>In progress </p> <p>Not implemented </p> </div>	





Defense Business Board

TAB H

INTERVIEW DERIVED BUSINESS PRACTICES



TAB H – Interview Business Practices

Business Practices from the Private Sector

Per the Terms of Reference, the Task Group used multiple sources of data to “share/explain best-in-class private sector examples of global shared services” and to “identify which business practices the Department should consider adopting in the short and long term.” It interviewed 35 senior DoD, academic, and private sector leaders and researched the current state of private industry best practices. In addition to the interviews, the Task Group reviewed germane case studies, reports, and assessments on business practices. The bibliography of these can be found in the report’s appendices. Based on the literature review and the interviews, the Task Group recommends DoD consider and adopt as appropriate the Business Practices below:

Business Practice #1: Engagement Managers to Reduce Contractual Risk

An interviewed company leader stressed involved oversight and regular validation of all their contracted services provided by a third party. They defined those services as high, medium, and low risk. Low risk would be buying consumables such as paper, pens, etc. High risk would be a new technology insertion covering confidential company information. The company tracked only the medium and high risk engagements.

Each of these service contracts had a single, designated “engagement manager” who was the sole conduit between the company and the contractor. The engagement managers have their main job and the additional task to manage their engagements. Failure to perform at either task results in a negative mark on their annual performance reviews.

Every engagement manager was required to file quarterly validation paperwork on medium and high risk engagements/contracts. An oversight office reviews that paperwork and validates compliance. Did the manager submit paperwork in a timely manner? Is the paperwork complete? Does the paperwork show the engagement is operating within the projected costs, on schedule, and performing as promised? The oversight office then takes a representative sample of all the submissions and dives deeper on those. The engagement managers are required to provide the quantitative data that backs up their qualitative assertions in the quarterly validation paperwork. The oversight is the only function managed and validated from the center; expectation managers own the rest of the process and the lion’s share of the responsibility. The oversight office tracks, tests, and verifies. Engagement managers and the oversight office are the supervision for all third party vendors. This process allows the company to see internal, company-wide trends and issues. If they have a large percentage of the representative sample not meeting requirements, then they perceive a greater problem and dive even deeper.

DLA Response: In Progress. The Defense Contract Management Agency (DCMA) serves as our third-party evaluator for our highest risk commodities/acquisitions. Within DLA, while we have

TAB H – Interview Business Practices

institutional knowledge of some vendors, developed over time, we do not have detective/predictive AI or Machine Learning scripts or protocols in place to process or monitor transactions within the parameters noted in this best practice.

Per Federal Acquisition Regulations (FAR) and Financial Management Regulations (FMR), the noted practice is not allowed as they both require a three way match. However, J7 is in progress of developing a Risk Based Commercial approach that would allow trusted industry partners with proven timely delivery of quality items to be paid without a three way match as part of our Alternative Payment Procedures Pilot. This effort is purely manual at this point, with concerns being raised with auditability and non-compliance with financial regulations that need to be addressed.

DISA Response: DISA has an oversight process. DISA, IAW DoD instruction, appoints a certified Contracting Officer's Representative (COR) for service contracts.

The COR performs recurring oversight and validation of the services provided. The COR is required to document performance monthly. Medium and high risk (e.g., new technology) services would have more frequent, such as daily or by milestone/task, oversight. Integrated Progress Teams (IPT) may also be used when the services are of a more complex nature.

A DoD Program Management Office (PMO) has any number of service contracts at any given time, each with an appointed COR. A DoD Program Manager, with support staff, has the responsibility to oversee the entire PMO portfolio and directly engage in management of medium and high risk service contracts. This structure provides for the PM and immediate staff to identify systemic trends.

Business Practice #2: Zero-Based Budgeting

Numerous company leaders stressed they conduct their budget process using Zero-Based Budgeting. These companies don't just build on last year's budget. They start each new year's budget at zero, like it is year one.

They perceived DoD agencies and organizations to not use this industry standard technique. Every organization claims they need more resources. However, these companies intensely focus on doing more with less. Zero-Based budgeting uses the following tenets:

1. Earn the right for every employee to support your function.
2. What value is each employee bringing to the organization?
3. Is the employee essential? Do they overlap with any other employee?
4. Could their function be conducted offshore or contracted out for less cost?

TAB H – Interview Business Practices

5. Can the person be located in a lower cost area and still do their job as effectively as a high cost area? Thus, keeping the same head count, but at a lower cost.

There is a constant push to do more with less in the private sector. The leadership says either do it or they will get someone else to do it. Reductions are done by eliminating roles/personnel, making people do more, or going to vendors that can reduce expenses. Starting from a zero budget each year, the companies continually ask their contractors, vendors, and employees to do more with less, striving to get lower expenses every single year.

DLA Response: Not Implemented. Zero based budgeting was a concept that the Carter administration attempted to implement in the 1970s across the Federal government. The initiative collapsed of its own weight. The DoD has and continues to use Planning, Programming, Budgeting, and Execution (PPBE) as the resourcing process for defense programs. Defense-wide reviews 1.0 and 2.0 came close to a zero based approach to budgeting, as all missions and requirements were revisited and carefully scrutinized. This was an arduous process and is probably not something the Department has the people resources to replicate each FY.

This also presumes that labor is the only element of the operating cost/budget....in DLA, labor accounts for less than half of our operating costs. While a more rigorous review of labor requirements may be in order for DLA, it is worth recognizing that DLA doesn't have unilateral ability to resize or reposition the workforce to reduce costs; with Congress and our federal labor unions, most decisions affecting large numbers of people are subject to significant scrutiny/oversight.

DISA Response: For the FY 2022 POM/budget build, DISA used zero-based budgeting to build both the appropriated and DWCF budgets. The insights gained allowed the Agency to make strategic decisions on reductions required to achieve the \$200M cut to the appropriated top-line. Similarly, we were able to make trade-offs in the DWCF such that we added capability while not changing rates by more than inflation.

Business Practice #3: Automated Factory for Reporting

All of Company B's reporting is done through automation. This automation drastically reduced administrative costs and staffing. The company defined the data it wanted to track and tagged it with the appropriate labels. The data is now stored in the cloud, analyzed based on tailored algorithms, and disseminated regularly throughout the company via customizable reports. The company essentially created an automated factory for reporting. The company reaped huge costs savings and greatly increased speed of delivery from manual report compilation and writing.

TAB H – Interview Business Practices

The company has evolved the reports and their usefulness, even further. They now monitor which employees open which reports, which sections of the reports they look at and for how long, and which data they utilize the most. They use this second order information to further customize and optimize the reports for specific directorates and individual users within the company. They not only automated the reporting, but also the tracking of how the reports are being intellectually consumed by the users.

DLA Response: In Progress. J3 (and all of DLA) recognize the power of automation and use it extensively with certain buying procedures, as well as data pulls for reporting and dashboards. That said, there is more to be done to reach the level described above.

DISA Response: DISA does leverage automated financial reporting and we do tailor specific reports to meet the requirements of specific user groups. DISA has also been partnering with Deloitte to develop data analytics that will better inform both financial and operational decision-making. Reports and queries are customizable and users can manipulate data feeds to develop reporting that is meaningful to them. We do not currently have the ability to tag the data in a way that allows us to monitor how users are leveraging the information.

Business Practice #4: Expediting Invoices with Detective Controls

While auditing invoices, an interviewed company leader found 40% of their transactions were so small monetarily they represented less than 1% of the overall spend. However, the company was still processing these extremely low dollar transactions through a laborious 3-part process. They would verify the purchase order, the goods, and the invoice. In an effort to streamline this process, reduce costs, and focus on the more important, large transactions, the company decided they would just pay invoices with no other administration if the amount of an invoice was below a certain, pre-determined threshold.

Then, the company laid AI and Machine Learning over the top of this process and monitored all of these transactions. They tracked and processed so much data they came to know, by vendor and by individual invoice, who was gaming the system. They called this process, detective analytical controls. If the detective analytical controls determined a supplier or vendor was doing something bad, the company would use the evidence to confront the vendor and change the behavior. The company considered risk based auditing, but decided on detective controls over its predictive benefits. The AI made the detection of issues better and better. This effort made it easier and faster for employees to process and for vendors to get rapidly reimbursed on 40% of all the company's transactions. Lastly, the company saw substantial savings by reducing the time and labor required for their transaction processing teams.

This company streamlined and eliminated a huge maze of rules, paper forms, and approvals using detective analytical controls. Their old laborious method of administration was expensive and

TAB H – Interview Business Practices

flawed. Even with all that administration, they still couldn't see the corners being cut or the rules being broken. With the implementation of detective analytical controls, they actually accomplished the goal (i.e. rapid administration of small dollar invoices, focused scrutiny on large dollar invoices), but with total transparency. They labelled it a "paradigm shift."

DLA Response: In Progress. While we have institutional knowledge of some vendors, developed over time, we do not have detective/predictive AI or Machine Learning scripts or protocols in place to process or monitor transactions within the parameters noted in this practice.

As per the FAR and FMR, the noted practice is not allowed as they both require a three way match. However, J7 is in progress of developing a Risk Based Commercial approach that would allow for Alternative Payment Procedures Pilot. This effort is purely manual at this point, with concerns being raised with auditability and non-compliance with financial regulations that need to be addressed.

DISA Response: DISA is not using predictive analytical controls. Doing so would require close partnership with the Defense Finance and Accounting Service (DFAS) (as they control entitlements/payments) along with changes to acquisition regulations.

Business Practice #5: Automated Detective Data Controls Free Travel Expense Reports

Using detective analytical controls as mentioned above, the company eliminated all administrative requirements for pre-approval of travel. Employees now make and approve their own travel arrangements. The company made this change, because numerous audits found issues with less than 0.5% of their post-travel expense reports. The company trusts they are following company guidelines for all travel, but post-travel, verifies compliance via detective analytical controls. Employees are briefed on the detective analytical controls and know the company is looking at the expense reports filed after travel.

By removing the supervisor and others from the approval procedures, the company greatly streamlined a major administrative process, reduced the administrative burden on their employees, showed trust in them, and reduced overall costs. Since they are approving the travel and not their boss, employees now know the onus to comply is on them. The effect of this change on the company was psychologically positive as well. The company mentioned they had over 5,000 people working from home, so they needed employees that could be trusted with that freedom and flexibility, whether it was telework or travel. They also mentioned it was critical to their corporate ethos to recruit and keep people by not only challenging them, but removing administration burden and frustrations for them.

DLA Response: Not Implemented. DLA is subject to government-wide and Department of Defense Travel Regulations, which require approval by certifying/authorizing officials in order to

TAB H – Interview Business Practices

authorize travel orders and approve travel vouchers. Even if DLA wished to pursue this, it would require regulatory changes affecting government-wide travel.

DISA Response: DISA is not currently using predictive analytical controls for Defense Travel System (DTS) processing. The DTS approval process is established by the DTS program office and the Defense Travel Regulation—we believe changes would need to be implemented to both the system and regulations in order to change how travel approvals work in DoD or DISA (i.e. this is not something DISA can unilaterally implement).

Business Practice #6: Leverage the Power of Incubation/Pilots

An interviewed company leader mentioned the concept of extensive incubation revolutionized their corporate culture. It became a very powerful force for transformation within their organization. They started with some incubator programs that were detached from the rest of the organization. They had small groups with no human resource policies or management reviews that were only judged by their results. The “no pre-travel approval process” mentioned above was an incubator that grew to a tipping point and was applied to their entire organization.

Incubation in general became accepted and retained at this company. They recommended DoD continually pick some key use cases. Incubate them and separate them from the rest of DoD. Leaders strongly urged a separation between the incubator and the main organization. If the incubator was not separated, then the legacy organization had a tendency to mitigate the incubation and even kill it. This protective technique is very powerful, particularly in combatting “organizational antibodies to change.”

Incubation also lowers total organizational risk and exposure. It’s the opposite of boiling the ocean. It’s leading with vision, and ultimately, the company found reduced costs. Incubation also lets the organization know how its other parts will deal with the change and where the attacks on the change may come from. In summary, stand up a cell of innovation, prove it works, and then merge it into the greater whole.

DLA Response: Not implemented (Pilots yes – incubation no). The use of pilots, in J3 and DLA, is understood and practiced, enabling proof-of-concept and de-bugging before widespread roll-out. DLA pilots are often undertaken in a single entity or separate section, but the practice of incubation as described below is not typical or common in DLA. If the ROI can justify it, this bears consideration for more wide-spread future use.

DISA Response: DISA’s Emerging Technology directorate leads the identification and assessment of leading industry and government technologies. As an independent organization, Emerging Technology utilizes the principles of incubation and piloting to build, deploy, and integrate solutions to meet real-time, mission critical requirements.

TAB H – Interview Business Practices

DISA's approach to incubation is pliable and product focused. Emerging Technology employs a cyclical approach to take solutions from ideas or theories to a solution mature enough to migrate to a program office or mission partner. The directorate is positioned within DISA to allow it to appreciate the technical challenges which the Agency and Department face, while providing enough separation from the day-to-day mission set to allow it to explore technologies.

Use Case: Cloud Based Internet Isolation (CBII)

In 2019, the Cloud Based Internet Isolation team integrated an enterprise capability to transform the Department's defense against browser-based threats. After conducting industry technical exchange sessions, the emerging technology based team engaged with mission partners to validate the operational requirement and identify potential functional and financial road blocks. They developed a notional design and operational construct working closely with key operational and security representatives from DISA, as well as DoD and industry partners.

The result was CBII, which transfers Internet browsing sessions from traditional desktop browsers to a secure, isolated cloud-platform. The service isolates potential malicious code and content within the cloud-platform, separating the threat from direct connections to DoD networks.

After an industry pilot program competition, a winning vendor was selected based on performance and cost. Today, Emerging Technology is transferring the solution to a DISA program office for long-term sustainment. The current capability has more than 85,000 users, and will be offered as a DISA enterprise service.

Business Practice #7: Conway's Law Influence on Org Design/Micro Service Architecture

Since they were such a large corporation, an interviewed senior corporate leader mentioned he always took into account Dr. Melvin Conway's law. Conway's Law states, "[o]rganizations which design systems ... are constrained to produce designs which are copies of the communication structures of these organizations." Thus, large organizations that suffer from a lack of diversity will insert their own biases into the systems they develop.

In order to break this correlation of the communications structure of his organization from the systems they develop, this leader said they organize around small teams that deliver products to customers, not finish projects for customers. These small teams are aware of Conway's Law and encouraged and challenged to think outside their company's inherent biases to innovate and iterate. The emphasis is on developing a product internally, but the product should be focused on meeting the external needs of the customer, not subtly and inadvertently aligning the product to the company's internal communication and organizational structures.

TAB H – Interview Business Practices

In terms of the literature, companies are using a concept called Microservices Architecture. “By a loosely agreed-upon definition, microservices is an architectural style that structures an application as a collection of services that are:

1. Highly maintainable and testable
2. Loosely coupled
3. Independently deployable
4. Organized around business capabilities
5. Owned by a small team

The microservice architecture enables the rapid, frequent, and reliable delivery of large, complex applications. This method of development benefits from reversing the original logic of Conway’s Law by structuring a system into independent, self-contained services, so that teams can work independently. Sometimes this reasoning is referred to as ‘Reverse Conway’s Law’.”

(<https://www.bmc.com/blogs/conways-law>)

In the private sector for these teams, they utilize Robin Dunbar’s number and recognize “an upper limit of 150 people that can collaborate effectively in an organizational unit. More than that and communication breaks down.”

(<https://www.forbes.com/sites/danwoods/2017/08/15/how-platforms-are-neutralizing-conways-law/#68f2e8ef32a0>)

DLA Response: In Progress. Enterprise Resource Planning Migration is a two-phased project. Phase 1 Migration to Cloud: a managed services model with a micro-services architecture, in place by 2Q FY2022. Phase 2 Migration to Standard: Using agile development methodology, small teams with cross-functional participation to provide frequent delivery of usable increments of software with immediate feedback from the customer, with frequent demonstrations and continuous integration.

J6 is also establishing an Enterprise Digital Platform to enhance use of platforms and services to reduce development and customization costs. Use of Low Code/No Code Application Development will also utilize a Microservices Architecture.

DISA Response: DISA is the Department’s premier IT provider and is committed to developing and following strategies to achieve the highest levels of performance and productivity on an enduring basis. DISA’s use of DevSecOps, modern cloud hosting, and data-centricity are part of the Agency’s commitment to continual improvement and synchronization with best practices for developing and hosting IT services.

DISA has implemented a DevSecOps strategy to enable the rapid, frequent, and reliable delivery of services and applications to DoD customers. DevSecOps relies on frequent feedback sessions

TAB H – Interview Business Practices

with functional communities to ensure the secure delivery of frequent small increments of capabilities meets users' evolving mission needs. This approach flattens organizational communication structures and provides constant interaction between developers and the DoD users, ensuring requirements don't get lost in translation. Linking DevSecOps with continuous delivery to on-premises and secure commercial cloud hosting puts capability directly into warfighter hands much more easily and has the added benefits of rapid extensibility, secured containerized architectures, and demand-based extensibility. DISA has successfully implemented these principles in the Agency's enterprise collaboration and command & control systems including Defense Collaboration Services, Global Command and Control System-Joint, and Joint Planning & Execution Services.

DISA's use of DevSecOps is expanding beyond these initial successes into several additional areas. First, the Agency's business systems modernization will shift the development model toward Software as a service (SaaS) offerings that result in low- or no-code development and standard rather than custom business processes. In FY21, DISA's Defense Spectrum Organization will begin the development of the Electromagnetic Battle Management System utilizing a DevSecOps approach. This tool will provide predictive analysis, situational awareness, and command and control functions to streamline and automate joint electromagnetic spectrum operations activities for the Combatant Commands, the Joint Task Forces, and the electronic warfare communities.

Many of DISA's development efforts are leveraging a data-centric model that will enable independent development of microservices and machine learning (non-deterministic) solutions to ensure DoD decision makers have the information they need when they need it while ensuring the security and reliability of the network. One way DISA is ensuring the viability of this approach is through the utilization of the Zero Trust Reference Architecture. This layered defense strategy provides a mechanism to safeguard legacy systems and an architecture for both new and modernizing systems to build upon.

Business Practice #8: IT Sustainability

An interviewed senior leader mentioned their company had experienced a significant security breach of their networks. This company was about to spend billions of dollars on patching and making their software systems current. This leader thought the basic patch and currency plan was short-sighted, however. If the company fixed the security issues the right way, it would open other opportunities. The real problem wasn't the security breach; the company mindset was fundamentally flawed. The basic patch and currency plan was equivalent to a crash diet, rather than sustained healthy eating. What would happen when that money ran out in several years?

The company scrapped the basic patch and currency plan for a plan to get to long term sustainability. It changed the culture to make security sustainable. From patching and currency,

TAB H – Interview Business Practices

they shifted their investment to completely evolving their technology and leaping forward. They had silos of technology that were unlinked, rendering decision making impossible. They developed a single data fabric for ingests using modern data science. This fabric now extends globally. They migrated to the cloud for enhanced security. This shift allowed them to decommission 16 legacy, on-premise data centers and reduce staffing by 50%. The billions originally planned for patches and currency were ultimately a bad spend.

The company proved they could solve short term and long term problems by focusing on long term sustainability. In doing so, they got faster speeds, lower costs, more agility, lower latency, and enhanced security. Most importantly, they modernized the company and its products. Their mindset shifted from just doing projects like patching and currency within the company to a focus on delivering products to their customers that improved their lives. That change to a product mindset was huge for the company. Security (i.e. currency/patches) is not a product or a final end-state; it's the continual cost of doing business.

DLA Response: In Progress. DLA has instituted a Cloud First approach. The DLA CIO's Cloud Hosting Strategy guides migration for both our on-premise DLA data centers and our business applications/computing services. DLA has closed 20 of 23 data centers and has ongoing efforts to close the remaining three by the end of FY22. The Agency already has numerous applications in commercial clouds with an active project to migrate our Enterprise Resource Planning too. Approximately 85% of our 194 applications are now in the cloud.

ERP Migration phases also include cybersecurity. In Phase 1, we will improve our cybersecurity through information shared on vulnerabilities from cloud providers In Phase 2, DLA will adopt a DevSecOps methodology to integrate security into the development process. DevSecOps will include rationalization of other applications into the integrated ERP environment to reduce our IT footprint and vulnerabilities.

DISA Response: DISA is transforming from an on-premise, physical, manually maintained and sustained localized environment to a modernized flexible global computing environment. This new environment leverages both off-premise and on-premise commercial cloud offerings along with traditional government owned and operated hosting configurations when necessary. In addition, in all configurations, the use of standardized pattern-based products and services is used when applicable. These standardized offerings leverage virtualization, automation, and geographical diversity which provide the Department with commercial industry like capabilities. Over the past decade, DISA has reduced the number of DISA Datacenters by nine, with the tenth closing in 2021. Within the past few years, DISA has transformed the legacy, localized data center focus to a global computing environment where datacenters are no longer competing with each other. They instead act as a ubiquitous organization and environment that can support customer applications at any DISA location or commercial cloud environment from any location. Some of the activities that facilitated this transformation include:

TAB H – Interview Business Practices

- Moved from purchasing physical equipment to leasing equipment (Capacity Services) and leveraging cloud environments. In each capacity contracting effort, DISA has always received faster speeds, lower costs, more agility, lower latency, and enhanced security. Planned improvements in technical currency are achieved through our capacity services contracts where we receive commercial cloud-like refreshes that enhance security and performance capabilities natively built in.
- Embracing virtualization where 75% of the applications leverage virtualization to reduce implementation timelines, leverage standardized patterns, and use enhanced commonly-applied security configurations.
- Embracing commercial cloud where DISA has moved over 80% of the agency applications to commercial cloud. In addition, DISA customers (MilDeps and DAFAs) have also migrated hundreds of applications into DISA commercial cloud offerings and also leverage DISA Plus Services (system administration, database administration, etc.). DISA is ready to provide these Plus services to any Department organization that needs them in any off-premise or on premise environment.
- Commitment to identifying and codifying Technical Debt (i.e. old, unpatched systems and technologies). DISA is working to remove that debt through targeted investments, technology transformations, and team re-organizations that will help ensure a viable path for sustaining DISA's telecommunications infrastructure.
- DISA continues to look to sustainability of the networks and systems that they field. While the agency continues to field technologies that make forward leaps in capabilities, the focus by our adversaries on infiltrating critical defense systems at all levels means that a continued focus on active security patching remains a top priority. While a leap forward in capability has many benefits, those new systems will continue to require this same level of focus. For the 4th Estate Network Optimization (4ENO) network, a focus on modernizing the legacy infrastructure of Defense Agencies is an important driver in enhancing their security posture through a reduction of attack vectors from old equipment.

For the future, there are vast opportunities in this area. These include:

- Thousands of DoD applications or workloads installed and operating in more than 2,500 DoD non-enterprise datacenters. To reduce Department-wide costs, DISA has been focused on the deprecation of these DoD data centers with an identified target of supporting the Department with DISA's nine enterprise datacenters. When accomplished, this will increase availability, reduce cost, and improve security.
- Support for high density workloads like Artificial Intelligence, big data analytics, and high-performance computing to support future warfighting needs and enterprise level capabilities.
- Software Defined Infrastructure will provide flexible, agile provisioning and reconfigurations to support DoD applications and infrastructure. Technologies anticipated include Software Defined Networks (SDN), Software Defined Storage (SDS), Software Defined Compute (SDC), and others.

TAB H – Interview Business Practices

- Development of the DoD enterprise Universal Gateway to provide a common, highly resilient and secure ingress and egress to the DISN.

Business Practice #9: Instituting a “Break Glass” Re-Form Mindset

A senior private sector leader stressed that software engineering is the same around the world. China has the same cloud capabilities as the United States. The hardware and software worlds are truly merging.

He emphasized the DoD cyber teams needed to be at the same level as high performance teams like Facebook. Most importantly, he recommended DoD cyber teams be setup and authorized to operate fluidly, at speed. He contended DoD was behind due to the ways DoD “handcuffs itself.” His first recommendation was to recognize that DoD as well as the private sector are beset upon by constant cyber threats. Cyber crisis moments whether DoD or the private sector continue to occur every day. Yet, he asserted that the culture and throughput within DoD are problematic and that DoD needs to work radically different. Its culture needs to mirror Silicon Valley’s more closely.

His second recommendation is the teams should be allowed more leeway to be agile and to “break glass.” In his opinion, DoD Cyber teams are crushed under the weight of their own organization and administration. In specific instances, he mentioned the DoD cyber teams proved they could quickly operate like a Silicon Valley startup if the rules were relaxed. However, once the crisis was over, everything reverted to normal and ground back to a halt.

He stressed the DoD cyber teams should operate more like Google. “At Google, they always work like they are in a crisis. Throughout the private sector, they break glass every single day. It’s a mindset change.”

DLA Response: ERP Migration is in In Progress: Cybersecurity resources are embedded in the ERP Migration team. An Agile System Documentation IPT is underway to identify streamlining opportunities, to leverage common information across sets of documentation.

DISA Response: DISA Cyberspace Operations is dedicated to enabling agility and responsiveness at all echelons of the global organization and as a result of that focus, our incident response teams and their requisite decision making authority is empowered to the lowest logical level. Our commitment to agility and responsiveness is evident at each of our five globally diverse, 24/7/365 DISA NetOps Centers (DNC). The DNCs are forward elements sensing, operating, securing, and defending the DISA Area of Operations of the Department of Defense Information Network (DODIN) for the Combatant Commands of the unclassified and classified networks. Our Defensive Cyber operators are on high-alert to maintain situational awareness of theater and network operations, and supports integrated planning and named operations.

TAB H – Interview Business Practices

Our five 24/7 DNCs maintain a “boxer stance” and handle 95% of our cyber operations. When needed, the Agency’s cyber operators are prepared to and empowered to act swiftly to “break glass” in response to cyber events and engage Battle Drills, Incident Response Teams (IRT), Crisis Actions Teams, and Operational Planning Teams that are sourced by stakeholders and subject matter experts across the Agency to quickly surge to fix immediate cyber events. We have organized for success at the speed of warfare and these “break glass” activities are practiced and have been executed in response to cyber activities. It is enabled, because of how we are organized and our use of proven practices that we update through technical and commercial feedback.

There is no return to normal as our cyber competitors constantly change their attack vectors and methods. DISA operates, secures, and defends starting at the cloud, through the boundary (at our Internet Access Points) and horizontally (at the Joint Regional Security Stacks) out to the end-points (using Host Based Security System). Additionally, DISA provides Cybersecurity Service Provider (CSSP) services to its subscribers. DISA integrates many commercial off-the-shelf products and has close partnerships with vendors, not only during the acquisition of the product, but through its lifecycle to ensure the government is capitalizing on all that the capability has to offer and is consistently using the vendor’s best practices, including insertion of automation, machine learning and artificial intelligence where possible to pace the adversary.

The comparison of DoD to the private sector is always difficult to reconcile. The private sector has more flexibility, is not encumbered by federal rules and regulations, and typically operates a much more homogenous IT environment. In most corporate mergers or acquisitions, the company subsumed is transitioned in whole to the gaining organization, including its IT infrastructure. Defense acquisitions are protected and governed by the FAR, which can lengthen the timeline. Joint Unity of Effort in Cyberspace Operations is a strategic leadership challenge, but we are aligning and leveraging across the Department and DOTMLPF for greater cyber agility and resiliency to connect, protect and inform the Warfighters.

Business Practice #10: Delaying – Spans and Layers

A senior corporate leader said they use the concept of Spans and Layers from the Boston Consulting Group (BCG) to continually assure their organization is right-sized. Span (as in span of control) is the number of direct reports of a given employee; span is horizontal. Layer is the number of different levels of reporting in the organization, from the CEO down to the newest employee; layers are vertical.

Layers and spans tie directly into overhead and spending. On an annual basis, this company reviews their layers and spans. They try to remove layers which increases their speed of response and reduces cost. They benchmark their company against the average number of spans and

TAB H – Interview Business Practices

layers in their industry along with the best-in-class companies and strive to be the best. While layers add steps, time, and money, they also add control points which take away agility.

This executive stressed that every organization should go through a regular process of “delaying.” Layers grow naturally in any organization. The leader said his company, “maniacally reviews and reduces layers.” They can instantly run a report that tells each unit how many layers there are from the CEO to the bottom. They can also calculate the median span of control. They review annually and remove unnecessary layers that have naturally accumulated behind their backs. Less layers means less decision makers, faster decisions, and less places for people to hide.

DLA Response: In Progress. Overall, DLA is a “flat” organization, with its major subordinate commands reporting directly to the Director, and consolidated common support functions (HR/IT/Finance). However, DLA went through a significant delaying and span of control review in 2015/2016, resulting in reductions in “management headquarters positions,” and increased span of control average of 1:10 via elimination or restructuring of supervisory positions. However, DLA is in the process of institutionalizing manpower processes and policy that will include standards for position management to ensure we sustain a lean and flat structure.

DISA Response: DISA does not routinely go through the process of “delaying.” In 2017, the agency conducted an across-the-board delaying review with limited benefit, considerable organizational churn, and significant morale issues. The federal processes including personnel rights and rigid personnel reassignment/competitive processes present formidable administrative burdens when any organizational or delaying change is implemented. Since DISA’s mission space has continually changed as new missions have been added and others have been reassigned, there has been the need to conduct periodic assessments and careful realignments to maintain and or improve efficiency and effectiveness while minimizing reorganizational secondary and tertiary personnel administration burdens. Delaying is considered with each of these organizational changes. We have also consolidated support processes in such areas as human resources and finance to reduce duplication and improve customer response times. To specifically address the potential perils of too many layers or too much overhead, standing information sharing forums where the most senior officials interact directly with the more junior personnel (e.g. Director’s Program Reviews, Friday Operations Updates, etc.), have served to dampen staffing delays while exploitation of electronic collaboration has served to effectively flatten the organization. In the current IT environment, north-south interaction can be and often is near real-time while intermediate layers are easily kept informed.

TAB H – Interview Business Practices

Business Practice #11: Enterprise Relationship Management

At a major corporation, they have one single Enterprise Relationship Manager for each major vendor (i.e. IBM, Dell, etc.). That person is the sole conduit the company goes through for interaction with their major vendors and is responsible for singlehandedly managing the relationship. The Enterprise Relationship Managers that own the relationship with their assigned vendor are most often the largest consumers of each vendor's services. It is a collateral duty; it's not their main job. The company states that this active involvement in each relationship by a single person puts a productive, cost pressure on their vendors.

The company conducts quarterly surveys to rate each vendor's services. The surveys are used as a vendor scorecard. Those survey results are used by the Enterprise Relationship Manager to provide feedback to their vendors. If they get multiple negative surveys on a vendor, the vendors can lose that company's business and they know it. The company watches trends on a quarterly basis and discusses overall trends with the vendor CEO's during their annual meetings with them.

The company goal is to keep their cost structure flat or decreasing from the previous year, while absorbing growth and new investments. As an annual baseline of efficiency, they want to improve 5% a year. That doesn't mean just reducing their costs, but also includes adding revenue streams for an increase in total efficiency. All of their decisions are market-based on competitive examples. They may use one service, but are constantly evaluating others from different vendors. The company also has accurate benchmark data on what other firms in their sector are using. If a newer or different service better suits their needs, they switch. That creates dynamic tension between vendor companies. A vendor is pushed to constantly improve their services to maintain the business relationship.

DLA Response: Supplier Relationship Management (SRM) is Implemented, other efforts are in Progress.

Since 1999, DLA has run an SRM program that places a Supplier Relationship Manager with each of its Strategic Supplier Alliance partners who acts as the single conduit for that partner. This is a formalized program with a charter, regular meetings and executive oversight. There are 24 such partners across the agency.

From a Supply Chain Risk Management (SCRM) perspective, DLA is In Progress. DLA has implemented capabilities such as Business Decision Analytics (BDA), Vendor Network Mapping Credentialing (VNMC), Strategic Material Analysis Reporting Topology (SMART), and DoD's Supplier Performance Risk System (SPRS). We also have other ongoing DLA SCRM efforts such as Applied Market Intelligence in Defense Acquisition (AMIDA) and Blockchain for the Counterfeit Detection and Avoidance Program (CDAP):

TAB H – Interview Business Practices

- BDA is the first of its kind at DLA to utilize Machine Learning, Predictive Modeling, Multiple Data Sources and Advanced Analytics to assist with risk analysis, risk mitigation, quality assurance, and procurement decisions. BDA is comprised of a suite of risk tools: Solicitation, Price, Item, Supplier, Fraud, Supplier Affiliations, and Unauthorized Access to Export Control Data. Risk assessments are presented via Dashboards, Visualization Tools, and Reports
- VNMC was developed to enable DLA to obtain network maps and network risk measures to remove the supply chain visibility barrier and identify connection between existing suppliers and known high risk suppliers.
- SMART offers a dynamic visualization suite within the program including a GIS-Google Maps type view, a supply-chain map, and an enhanced data filtering system. Data collection can be completed either by an analyst or by using a customized web crawler to continuously pull pertinent information; this data could be in a number of formats including such things as live feeds of financial data from stock exchanges, to historical import/export data of metals and commodities.
- SPRS is the Department of Defense's single, authorized application to retrieve suppliers' performance information. SPRS compiles supplier's past performance data in areas of product delivery and quality to determine risks and creates a Supplier Risk Score used by procurement specialists. The quality and delivery classifications identified for a supplier in SPRS will be used by the contracting officer to evaluate a supplier's past performance in conjunction with the supplier's references (if requested) and other provisions of the solicitation under the past performance evaluation factor.
- The AMIDA solution will identify a focus area of contracts and product categories with the greatest potential impact for DLA, and will structure employee roles and intelligence development accordingly. This focused intelligence will enable price validation, increase negotiating power, and generate true savings.
- CDAP is a blockchain-based prototyping project focused on Vendor Credentialing. This program offers a functioning blockchain-based collaboration capability inside and outside DLA for collecting, sharing, and storing vendors' credentials in support of the CDAP Program at DLA Land & Maritime.

DISA Response: DISA manages contractor relationships, albeit in a different manner and perhaps not as holistic as the private sector. A DoD Program Executive Office (PEO) and/or a Program Management Office (PMO) has responsibility to manage relationships with industry partners within their acquisition portfolio.

The services provided by a defense contractor can vary widely, and each contract stands on its own. The appointed Contracting Officer's Representative (COR) submits an annual Contractor Performance Assessment Report for all service contracts equal to/greater than \$1 million that rates the quality, schedule, cost control, management, and regulatory compliance of the services provided. Other forms of "scorecards" have not been endorsed in the DOD.

TAB H – Interview Business Practices

DISA does use 'enterprise' dialogue within very homogenous market segments such as telecommunications and commercial satellite communications.

Business Practice #12: Cautionary Awareness of Risk in Diseconomies of Scale

An interviewed company executive stressed scale can actually bring "diseconomy." He mentioned he worked at a large company and was responsible for their data centers. This company determined any data center over 1,000,000 sq. ft. in size was less efficient. Beyond that baseline, scale brought "diseconomy." From that point on, they constructed all of their new data centers below that threshold. The company concluded the drop in efficiency had to do with the physical distances the technicians had to regularly travel to maintain the data center.

Internally, this company distributes some functions across multiple units to counter this "diseconomy" of scale. For instance, the company's unit CIOs line up to their revenue units. Their shared capability teams (i.e. shared services) are also run by these unit CIOs. These individuals are dual-hatted as their unit's CIO and company-wide leads for designated shared capability teams across the organization. They consume their own services as well as those provided by other shared capability teams. This private sector leader recommended DoD investigate distributing their shared services in a similar manner to the Military Services and DAFAs. Each military Service or DAFA would be lead for a specific service (e.g. cloud, AI, etc.) and provide those services to the other Services and DAFAs.

He reiterated his belief that excess layers restricted and impeded a company's efficacy in a similar manner to a "diseconomy" of scale. An organization needs clarity and accountability. An excess of layers means less clarity and a loss of accountability. Within corporate America, he stated that large scale organizations lose their edge. Becoming too big means a loss in agile competitiveness. Furthermore, he postulated it's even hard when an organization is large to know whether they are actually performing well. Size can hide the true unit costs for items and services. Is the organization really buying better than the market? Large governmental institutions procure under the most favored nation status. However, companies can buy products and services at costs lower than those provide under the most favored nation status. It's not just the unit cost, but the overhead added to it as well.

DLA Response: In Progress. Before bringing on new business lines or expanding current lines, DLA assesses the impact on the military services and ensures alignment with our core capabilities. An example of this is DLA's work with the VA in pharmaceuticals acquisition. When working to decide which commodities DLA would procure for the VA, we were very deliberate in determining which items DLA was better postured to buy, as opposed to bringing over all of the possible items. By leaving some items with the VA, DLA avoided taking on work that would inhibit the acquisition

TAB H – Interview Business Practices

of those items, increase costs, or have a detrimental effect to the cost or readiness to the military services or the VA.

DISA Response: There are some legitimate concerns that scale could overwhelm benefits, and this must be balanced by the need for standardization and interoperability across the department. As programs such as the 4ENO effort have found, when multiple agencies are given leeway to operate outside the enterprise capabilities, significant shortfall can occur in how that IT environment is managed and secured. For that effort, economies of scale are now being pursued which will benefit the department as a whole. Today, DoD accomplishes this principally through the use of common IT backbones and enterprise standards managed by DISA. DISA's use of the Enterprise, Tier, and Best In Class contracts to support the Department help reduce inefficient purchasing with deliberate efforts to make more informed buying decisions and increase ability to manage spend.

In the cloud computing space, the DoD is seeking to award contracts with *off-premise* commercial cloud computing providers to achieve large scale consolidation of applications and closure of DoD physical data centers. While there is a desire to standardize on a common commercial cloud computing environment, there is a DoD need to have some variety in compute offerings for resilience, security (system & physical), and certain special operational needs. Cloud.mil allows for DoD consumers to easily "shop" for computing services that match their needs from a variety of commercial cloud providers as well as the DISA provided on-premise government owned and operated computing.

DISA is growing its *on-premise* commercial cloud capability and its government owned and operated computing capabilities to offer more agile, resilient and diverse environments to provide more responsive levels of capabilities, security, and standardization. MilCloud was designed specifically for the warfighter to direct connect cloud service offerings to DoD networks, providing DISA mission partners the latest cloud technology at competitive prices – at the highest levels of security and performance.

Because the capability is in a DoD facility and on a DOD network, agencies can reduce their capital outlay. In addition, users inherit security controls, enabling authorized government administrators to easily demonstrate their controls to maintain their individual security requirements. This solution also allows mission partners to take advantage of today's latest technology and innovate more quickly with artificial intelligence, machine learning, cyber sensing, and other emerging solutions.

Defense Enterprise Office Suite (DEOS) will replace disparate legacy enterprise information technology services for office productivity, messaging, content management, and collaboration which no longer meet the performance needs of the Department. By out-sourcing the capability into a commercial cloud environment, DEOS both supports the DoD strategy for enterprise-level standardization and consolidation while allowing organizations to pick the products and services

TAB H – Interview Business Practices

needed to perform their missions. DEOS will be deployed on unclassified and classified networks as well as in denied, disconnected, intermittent, and limited bandwidth environments worldwide - all unique to each CCMD, Service, and Agency.

DISA's use of Enterprise-level, or Tier-level and Best In Class (BIC) contracts supports the 4th Estate buying common goods and services for the Department to eliminate redundancies, increase efficiency, and deliver more value and savings in our acquisition programs. To address a diverse geographic stakeholder base, DISA has tailored the implementation of our telecom portfolio. Use of a single large contract for fiber or telecom services can be undone by market dynamics. Using strategically competed contracts to get the best value based on market or regional dynamics can assist in quality, capacity, and speed to delivery. Additionally, leveraging commercial best practices to directly solicit and negotiate with capability owners helps DISA insure quality telecom capability globally and improved service delivery vice the standard use of global turnkey contracts with traditional large scale telecom integrators. DISA's use of the new Commercial Ethernet Enterprise Gateway in regions and use of direct contracts with asset owners (fiber vendors) delivers aggressive, scalable services for the DoD community. DISA's DISN reach and scale is only matched by Internet Content Providers.

DISA contracts are written to encompass like requirements across the Agency, and where feasible across the DoD. One example is the Systems Engineering, Technology and Innovation (SETI) IDIQ contract, awarded by DISA. A prime driver of SETI's creation was to reduce the number of disparate developmental and engineering contracts at DISA and throughout the DoD. Many of DISA and DoD's engineering contracts have similar scope, with each paying individually for functions that the contracts share. With SETI, there is a coherent, optimized, and streamlined approach for acquiring engineering services in the DoD, which reduces duplication and optimizes resource execution. Also, DISA's Service Requirements Review Board (SRRB) process provides for review of requirements early in the acquisition process to guide and shape requirements decisions, provide opportunities for efficiencies by minimizing duplicative efforts and contracts, and to identify cost savings and cost avoidance.

While there is a need for consolidation within DoD, at the same time, ensuring capabilities or services don't become so large or unwieldy that they do not meet the needs of the Department at large is also necessary. With the Department of Defense mandate to accelerate cloud adoption, defense agencies are readily transforming their IT infrastructure to improve security, data accessibility, affordability, and performance.





Defense Business Board

TAB I

ACRONYMS



TAB I - Acronyms

AUTODIN	Automatic Digital Network
AUTOVON	Automatic Voice Network
AUTOVOSECOM	Automatic Secure Voice Communications Network
BMM	Borrowed Military Members
BRAC	Base Realignment and Closure commission
C3	Command, control, and communications
CBDP	Chemical Biological Defense Program
CBRNE	Chemical, Biological, Radiological, Nuclear, and high yield Explosives
CCRD	Combatant Commander
CFR	Code of Federal Regulations
CJCS	Chairman of the Joint Chiefs of Staff
CMP	Civil Military Programs
COCOM	Combatant Command (Authority)
CSA	Combat Support Agency
DA	Defense Agency
DAFA	Defense Agencies and DoD Field Activities
DARPA	Defense Advanced Research Projects Agency
DAWDF	Defense Acquisition Workforce Development Fund
DBB	Defense Business Board
DCA	Defense Communications Agency
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DCS	Defense Communications System
DCSA	Defense Counterintelligence and Security Agency
DeCA	Defense Commissary Agency
DepSecDef	Deputy Secretary of Defense
DFAS	Defense Finance and Accounting Service
DHA	Defense Health Agency
DHP	Defense Health Program
DIA	Defense Intelligence Agency
DISA	Defense Information Systems Agency
DISN	Defense Information Systems Network
DLA	Defense Logistics Agency
DLSA	Defense Legal Services Agency
DMA	Defense Media Activity (FA)
DMS	Defense Message System
DoD	Department of Defense
DoDD	Department of Defense Directive
DoDEA	DoD Education Activity (FA)
DoDHRA	DoD Human Resources Activity (FA)
DoDIN	DoD Information Network
DPAA	Defense POW/MIA Accounting Agency
DSA	Defense Supply Agency
DSCA	Defense Security Cooperation Agency

TAB I - Acronyms

DSCS	Defense Satellite Communications System
DTIC	Defense Technical Information Center (FA)
DTRA	Defense Threat Reduction Agency
DTSA	Defense Technology Security Administration
EA	Executive Agent
FA	Field Agency
FACA	Federal Advisory Committee Act
GAO	Government Accountability Office
GCCS	Global Command and Control System
GFM	Global Force Management
GIG	Global Information Grid
GSA	General Services Administration
IADB	Inter-American Defense Board
IG	Inspector General
IT	Information Technology
JCASO	Joint Contingency Acquisition Support Office
JCS	Joint Chiefs of Staff
JFHQ-DoDIN	Joint Force Headquarters, DoD Information Network
JIOWC	Joint Information Operations Warfare Center
JRO-CBRND	Joint Requirements Office-CBRNE Defense
JTC3A	Joint Tactical Command, Control, and Communications Agency
JTF-CND	Joint Task Force-Computer Network Defense
JTF-GNO	Joint Task Force-Global Network Operations
MDA	Missile Defense Agency
MEECN	Minimum Essential Emergency Communications Network
MIA	Missing in Action
NCCS	Nuclear Command and Control System
NCS	National Communications System
NDS	National Defense Strategy
NDU	National Defense University
NGA	National Geospatial-Intelligence Agency
NRO	National Reconnaissance Office
NSA/CSS	National Security Agency/Central Security Service
NSEP	National Security Emergency Preparedness
OEA	Office of Economic Adjustment (FA)
OTA	operational test authority
PFPA	Pentagon Force Protection Agency (FA)
POW	Prisoner of War
PSA	Principal Staff Assistant
SDA	Space Development Agency
SecDef	Secretary of Defense
SOCOM	U.S. Special Operations Command
STRATCOM	United States Strategic Command
TG	Task Group

TAB I - Acronyms

ToR	Terms of Reference
TRMC	Test Resource Management Center (FA)
U.S.	United States
U.S.C.	United States Code
USCAAF	U.S. Court of Appeals for the Armed Services
USCYBERCOM	United States Cyber Command
USSOCOM	United States Special Operations Command
USSTRATCOM	United States Strategic Command
VCJCS	Vice Chairman of the Joint Chiefs of Staff
WGA	Whole-of-Government Approach
WHS	Washington Headquarters Services (FA)
WWMCCS	Worldwide Military Command and Control System





Defense Business Board

TAB J

PUBLIC COMMENTS



TAB J – Public Comments

No public comments were received in the course of this Study.







Defense Business Board
1155 Defense Pentagon
Room 5B1088A
Washington, DC 20301-1155
571-256-0835

<http://dbb.defense.gov/>

Staff

Jennifer S. Hill, Executive Director
Webster E. Bridges, Head of Research & Analysis
Steven M. Cruddas, Office Manager
Leah R. Glaccum, Administrative Support

Military Representatives

Col Charles "Chuck" Brewer, USMC
CAPT Jeffery "Preacher" Plaisance, USN