Deputy Under Secretary of Defense (Industrial Policy)
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Introduction

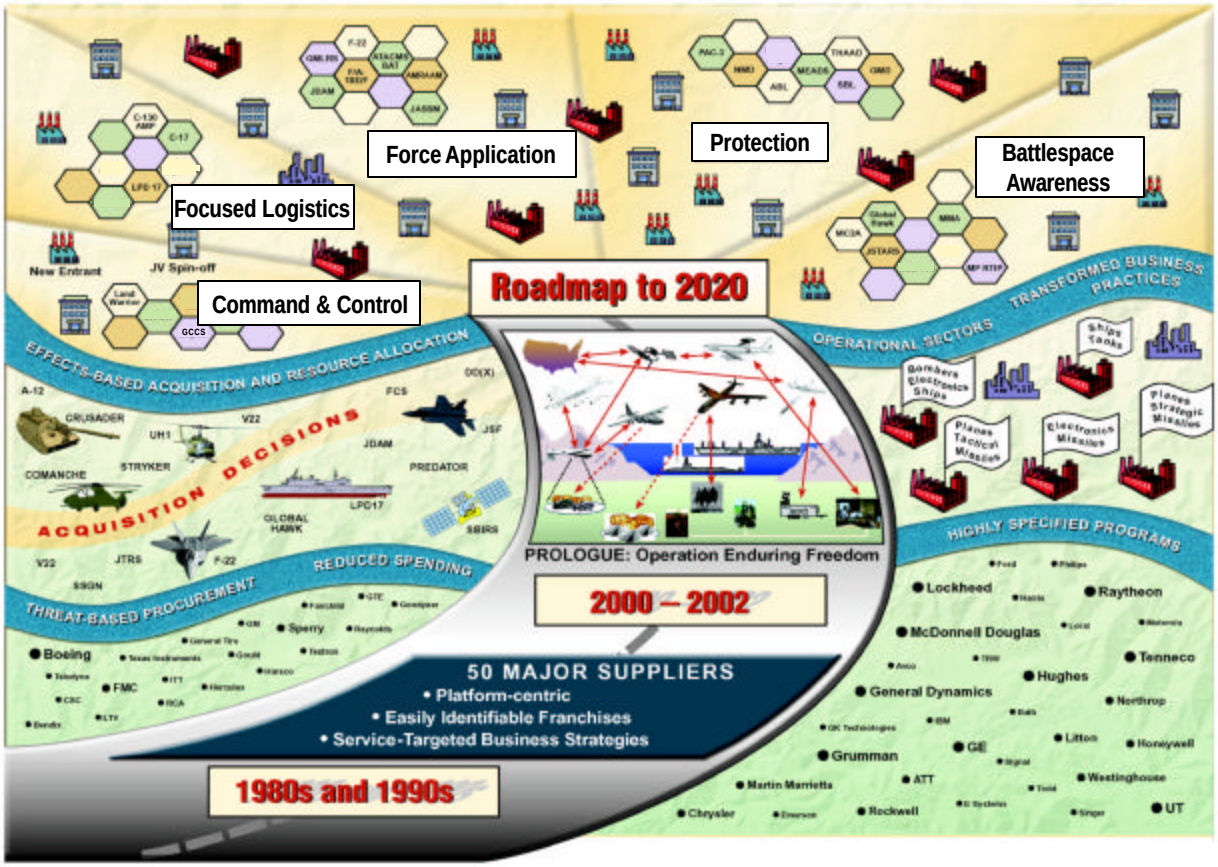
Honored guests, I know that the Swedish Armaments Director, Ms Birgitta Bohlin, and the Embassy here in Washington have become interested in how our transformation process might be applied to how the Swedish defense enterprise views and manages itself. And, of course, it is critical for Swedish industry interested in participating in our programs to have a "common operating picture."

"Road Maps" have become the Department's term to describe our attempt to sketch paths to future end states. So let me give you a brief tour of the defense industrial base landscape: where we have been and where we are going.

The Defense Industrial Base Road Map

A version of the graphic that you see behind me was used in the report we published on transformation of the defense industrial base this February.

A Roadmap to the Future Defense Industrial Base



Source: Transforming the Defense Industrial Base: A Roadmap (http://www.acq.osd.mil/ip)

As the lower right sectors of the chart show, the defense industrial base of today is a distillate of its prior form. What were roughly 50 major defense suppliers in the 1980s have become five highly consolidated, cross-Service, cross-platform prime contractors. As such, they are uniquely suited to provide us with system-of-systems approaches to requirements.

The middle of the map shows the backdrop against which this Administration began making budgetary and weapons system acquisition decisions. This environment included three key features: a number of large programs still on the drawing board as long as 20 years after inception; this highly consolidated defense industrial base; and the realities of warfighting in the 21st century as punctuated by Operations Enduring and Iraqi Freedom. Recognizing that the futuristic weapons systems required for 2020 and beyond will not be forged overnight, the Department moved programs essential to next generation warfighting from development into production.

Over the first two years of this Administration, we also began realizing that the Secretary's transformation mandate required a different lens for viewing the defense enterprise: one that was organized around the most essential operational effects that the U.S. war fighter must be able to achieve to be successful. The top of our landscape shows the major Joint Warfighting Capabilities Architectures (JWCAs) recently articulated by the Joint Staff: Battlespace Awareness, Command and Control, Force Application, Protection, and Focused Logistics. These five concepts are becoming the central theme for Department decision-making capturing operational concepts, requirements, system interfaces, and architectures in a single framework.

- Battlespace Awareness is the ability of commanders and all force elements to understand the environment in which they operate and the adversaries they face. It uses a variety of surveillance capabilities to gather information, a harmonized net-centric environment to manage this information, and a collection of capabilities to analyze, understand and predict.
- Command and control is the exercise of authority and direction of a commander over forces to accomplish a mission. It involves planning, directing, coordinating, and controlling forces and operations. It provides the means for a commander to recognize what is needed and ensure that appropriate actions are taken.
- Force Application is the engagement of adversaries with lethal and non-lethal methods. It covers the entire spectrum of conflict.
- Protection defends forces and U.S. territory from harm. It includes missile defense and infrastructure protection and other capabilities to thwart force application by an adversary.
- Focused logistics deploys, redeploys, and sustains forces anywhere in the world for continuous operations.

We believe that this changed vernacular will fundamentally change defense process over the next several years. How we look at what we have and need will also affect who participates in the defense industrial base.

To help understand and manage this process, our report published in February, made three recommendations that you can see on the chart.

Transformation of the Defense Industrial Base: A Roadmap

	Recommendations	Status
1	The Department should view the industrial base as being notionally composed of five operational effects-based sectors.	The Joint Staff has adopted five functional architectures defining operational effects-based sectors: "the new vernacular."
2	The Department should organize its decision-making processes to optimize operational effects not programs, platforms, or systems.	Update to CJCSI 3170.01 and DoD 5000 series introduce new requirements decision-making process and use of architectures in acquisition process.
3	DoD ought to analyze the results of a systematic assessment of critical technology requirements in each of these sectors.	ODUSD(IP) conducting Defense Industrial Base Capabilities Studies for each sector beginning with Battlespace Awareness. All initial studies complete in 2005.

The first recommendation said that we should view the industrial base from a capabilities or effects-based perspective. We suggested five notional sectors for

this purpose. Soon after, the Joint Staff released its framework of five functional architectures.

The second recommendation was to use a capabilities-based approach for decision-making. It introduced the idea of acquisition decision-making on entire capabilities-based sectors rather than individual programs by themselves. The new CJCS Instruction 3170.01, Joint Capabilities Integration and Development System, implemented a capabilities-based process for analyzing gaps and overlaps and specifying requirements. The new 5000 series of acquisition regulations also prominently feature architectures.

To define some of the new thinking about the transformation of the defense industrial base, my office is busy implementing the third recommendation. Beginning with Battlespace Awareness, the Defense Industrial Base Capability Studies will assess the sufficiency of the most critical segments of the industrial base in each JWCA sector. Our methodology categorizes war fighter capabilities according to the advantage they give the U.S. over its adversaries. We focus extra attention on those capabilities where we wish to lead the rest of the world and less attention where leadership is not possible or not particularly advantageous. Our attention then turns to the key technologies that enable the

capabilities where we wish to lead. Our studies assess the most critical of those technologies for industrial base sufficiency.

When an industrial base deficiency is identified, we look at the levers we have available to correct or avoid future deficiencies and make recommendations on the application of those levers. Funding innovation is the first of these levers. Optimizing acquisition strategies and program management structures is the second. The third lever is applying external corrective measures such as regulatory actions or developing new sources.

Conclusion

With our first study in February, we began identifying the key features of our future defense industrial landscape. Our next studies will assess the robustness of our existing topography and infrastructure to support the five new "regions" of warfare the Joint Staff has proposed. Where we find gaps we will fill them; where we find overlaps and redundancies, we will rationalize. One thing, however, we are convinced of more than ever: that if we are to build the best systems for tomorrow's warfighters, we must tap the best that the world has to offer!

Thank you.