



OFFICE OF THE SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

NOV 27 2013

The Honorable Howard P. "Buck" McKeon
Chairman
Committee on Armed Services
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

House Report 113-102, to accompany H.R. 1960, the National Defense Authorization Act for Fiscal Year 2014, requests the Under Secretary of Defense for Intelligence (USD(I)), in coordination with the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) Performance Assessment and Root Cause Analysis (PARCA) office, to provide a briefing to the committee regarding the Distributed Common Ground/Surface System-Army (DCGS-A). Enclosed is the Department of Defense (DoD) response in the form of the requested brief and an assessment memorandum from PARCA.

This response is consistent with previous DoD reports requested by Congress from the Army and the Office of the Director of Operational Test and Evaluation (DOT&E). Because of the critical role the DCGS Family of Systems plays in delivering intelligence, surveillance, and reconnaissance capabilities to the Warfighter, the staffs of USD(I) and USD(AT&L) provided significant input to the Army and DOT&E analysis in order to address the committee's request.

Sincerely,

Frank Kendall
Under Secretary of Defense
for Acquisition, Technology, and Logistics

Michael G. Vickers
Under Secretary of Defense for Intelligence

Enclosures:
As stated

cc:
The Honorable Adam Smith
Ranking Member

*Chairman McKeon,
Will be happy
to provide an
"in person" brief.
TKL*





OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

October 24, 2013

FOR: UNDER SECRETARY OF DEFENSE (AT&L)

FROM: Mr. Gary R. Bliss, Director, PARCA

SUBJECT: PARCA Performance Assessment of Distributed Common Ground System-Army Increment 1 (DCGS-A Inc 1)

Purpose. This responds to direction in House Armed Services Committee Report (HASC) 113-102 which accompanies the National Defense Authorization Act for Fiscal Year 2014 that the PARCA office coordinate on the Under Secretary of Defense for Intelligence's briefing assessing a Director of Operational Test and Evaluation (DOT&E) report on the Distributed Common Ground System-Army (DCGS-A) program.¹ PARCA's statutory role is to assess the performance of acquisition programs and determine root causes of cost growth for programs that exceed Nunn-McCurdy thresholds. Because PARCA has limited expertise analyzing operational effectiveness of systems, PARCA's Director met with HASC staff to ascertain congressional intent. He was advised that Congress intended PARCA to provide a performance assessment of DCGS-A, analogous to its statutory duties. PARCA's assessment thus focused on cost, schedule, and performance metrics and program management effectiveness. This memorandum summarizes PARCA's assessment (within time constraints imposed) and, upon release to Congress, is intended to satisfy PARCA-related requirements in HASC Report 113-102.

Background. DCGS-A Inc 1 (previously called DCGS-A Mobile Basic (MB)) is the Army's primary system for intelligence, surveillance, and reconnaissance (ISR) tasking of sensors, posting of data, processing of information, and using intelligence information about the threat, weather, and terrain at all echelons.² Prior to 2007, several Acquisition Category (ACAT) III programs were initiated with Program Executive Officer authorization to provide proofs of concept and develop requirements for what later became the DCGS-A program of record (POR). In December, 2007, to reduce life-cycle sustainment costs, these programs were consolidated into the DCGS-A MB program and designated as a pre-Major Automated Information System (MAIS) by OSD(NII). DCGS-A MB was designated as a MAIS program by OSD(NII) on March 29, 2010, and in March 2012 its Acquisition Strategy, initial Acquisition Program Baseline (APB) and Milestone C were approved by USD(AT&L). DCGS-A is fielded to every Army unit from the Company level to Echelon Above Corps. As of July 2013, DCGS-A Inc 1 has spent approximately \$2.2 billion (TY) (including ~\$0.2 billion on ACAT III programs prior

¹ "...the committee directs the Under Secretary of Defense for Intelligence, in coordination with Performance Assessment and Root Cause Analysis office, to provide a briefing by October 18, 2013 providing an additional assessment of the DOT&E report."

² Source: DCGS-A Defense Acquisition Executive Summary (DAES), July 25, 2013.

to 2007) and estimates it will spend an additional \$3.4B (TY) in Procurement and research, development, test, and evaluation (RDT&E) investment funds to complete the POR.

Program Assessment. Defense Acquisition Executive Summary (DAES) reports and other program information collected by PARCA indicate that DCGS-A Inc 1 is generally executing in accordance with or better than its cost and schedule baselines. Based on the most recent July 2013 estimate, total program estimated acquisition costs have decreased from the initial APB by approximately 12 percent (from \$5.9 billion to \$5.2 billion, BY 2012). Major milestones have all been accomplished within 2 months of the schedule estimates in the initial APB. The most recent DAES Assessments by the Program Manager and OSD staff indicate DCGS-A Inc 1 is “Green” in all nine applicable DAES Assessment categories (two categories, Production and International Program Aspects, are not yet applicable). In addition to reviewing official documents, PARCA conducted interviews with Government program experts from OUSD(I) and OUSD(AT&L/C3&Cyber), each of whom reported that DCGS-A Inc 1 is performing well, with an effective program management team that has responded to challenges.

While metrics indicate that DCGS-A Inc 1 is executing well (particularly compared to other MAIS programs), this is after only 18 months execution from its initial APB. PARCA fully expects additional challenges will arise in the future. This does not mean there have been no problems; while its cost and schedule metrics are respectable, DCGS-A Inc 1 (like many MAIS programs) has shifted content to later blocks as it encountered technical challenges (e.g., the delay of TS/SCI capability from Release 1 to 2).

PARCA has assessed several MAIS programs, including most recently the Air Force’s Expeditionary Combat Support System (ECSS).³ As PARCA and others have noted,⁴ DoD has a poor track record implementing IS programs. In its ECSS assessment, PARCA determined that the root cause of failure was the Air Force’s inability to understand and define the processes it planned to implement, which was a fatal flaw for a program that was intended to transform the AF’s entire logistics enterprise. Instead, the AF contracted with a lead systems integrator to develop, translate, and allocate requirements, essentially outsourcing the critical thinking that should be performed by the Government. Based on PARCA’s assessment, the DCGS-A Inc 1 management team has avoided these mistakes: they are not attempting to transform an enterprise level process (i.e., how ISR is collected and who participates), but instead have maintained their original vision of providing commercial best of breed products to the ISR community with rapid upgrade cycles.

Assessment of DOT&E Report. PARCA was given the opportunity to coordinate and comment on draft versions of the DOT&E report prepared for Congress in response to HASC Report 113-102. PARCA’s comments and suggestions were incorporated into DOT&E’s final report and in PARCA’s judgment the DOT&E report adequately addresses the operational performance areas stipulated in the HASC Report.

³ PARCA Root Cause Analysis of ECSS, Aug 28, 2013, available at: <http://www.acq.osd.mil/parca/references.shtml>

⁴ See, e.g., GAO 11-53, “DoD Business Transformation Improved Management Oversight of Business Transformation Efforts Needed,” October, 2010.

SUMMARY

Metrics indicate that DCGS-A Inc 1 is executing in accordance with its baseline cost and schedule estimates and the management team has been effective. In PARCA's judgement, the DOT&E report adequately addresses the operational performance areas stipulated in HASC Report 113-102.

Prepared by: Dr. Mark Husband, PARCA, 571-256-1686