



# **CRITICAL ISSUES FOR INTELLIGENCE ACQUISITION REFORM**

Industry's Assessment of the Intelligence Community Acquisition Process

The Intelligence and National Security Alliance (INSA) and its Acquisition Reform Task Force are proud to present this white paper on reforming the Intelligence Community (IC) acquisition process. Policymakers, IC leaders, and business professionals alike have pursued acquisition reform for decades, citing the importance of creating an efficient and viable process that not only meets the demands of all parties involved, but also encourages the establishment of a robust relationship between industry and government. This relationship is central to ensuring that the United States government has access to innovative technologies and cutting-edge research found in the private sector. Unfortunately, despite efforts undertaken post-9/11 for increased public-private sector engagement, the acquisition process has been neglected by this movement and left under-staffed and poorly-resourced throughout the sixteen IC agencies.

Recently, the government has taken strides to address the prevailing inadequacies facing the acquisition process. The Director of National Intelligence, J. Michael McConnell, named acquisition reform a primary component of both his 100 and 500 Day Plans. Known as the “Acquisition Improvement Plan,” DNI McConnell highlighted the necessity to establish an integrated approach to acquisition that can be applied across the Intelligence Community, and that removes inefficient roadblocks responsible for delaying the timely transfer of technologies and services from industry to government. He also created the position of Deputy Director of National Intelligence for Acquisition (DDNI/Acquisition), which is empowered to implement broad, community-wide acquisition reform.

As the 500 day-marker approaches, the DNI has announced that acquisition reform is “at risk,” with insufficient progress made toward its transformation. Against this backdrop, the DDNI for Acquisition, Alden Munson, asked INSA to convene a task force of leading business professionals with backgrounds in industry-intelligence community acquisition. Charged with examining the acquisition issues of greatest concern to the private sector, the INSA task force sought to gain an understanding of both government and industry perspectives. It met with acquisition and procurement officials to identify their most pressing acquisition problems and then polled a cross-section of industry to determine the top acquisition issues negatively impacting the private sector. This white paper is a culmination of their informed observations and a reflection of their findings.

It is our intent that this study provide thoughtful insight as the IC and its private sector partners continue to push for reform of the acquisition process. We encourage all interested in this initiative to take steps to see that the upcoming administration transition does not halt or undo reform efforts currently underway, and we welcome feedback and encourage dialogue that reaches beyond the scope of this paper. INSA is dedicated to furthering discussion on this issue and is honored to have played a role in helping to define industry’s greatest acquisition concerns.

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## EXECUTIVE SUMMARY

The maintenance of a responsive and competitive national security apparatus is reliant upon innovative technologies and cutting-edge research. Since the end of the Cold War, technological know-how has been outsourced from government-owned research institutes to the private sector. In response, the government adopted an acquisition process to facilitate the seamless transfer of products and knowledge from industry to national security agencies. Unfortunately, today, the acquisition process is plagued by bureaucratic inefficiencies and unclear or poorly implemented policies and procedures that negatively impact both government and industry.

INSA's Task Force has identified eight areas of concern it views as critical to the creation of an efficient acquisition process responsive to the nation's intelligence needs:

- Requirements and Requirements Discipline
- Acquisition Work Force
- Procurement Policies and Procedures
- Funding and Accountability
- Communications Between Government and Industry
- IC Acquisition Authorities Between ODNI and Defense
- Security Clearance Process
- Senior-Level Acquisition Accountability

INSA proposes five recommendations to address these issues:

- Establish Priority Program for Hiring and Training Acquisition Personnel
- Set IC-Wide Communication Standards and Policies
- Establish Joint Government/Industry Training Programs
- Address Standards for Establishing Requirements
- Create and Implement a Strategy to Stabilize Program Budgets

By focusing future reform efforts on addressing these issues the government has the opportunity to create a more efficient acquisition process that better serves both its own needs and those of industry. These recommendations provide politically feasible and practical solutions that specifically aim to undue the problems currently facing the acquisition community.

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## INTRODUCTION

*"During the Cold War, the Intelligence Community was able to create and acquire cutting-edge technology to penetrate and observe the nation's adversaries. Today, acquisition processes have not kept pace with the need to address adversaries whose capabilities evolve rapidly and in unpredictable ways. To meet this challenge, we must incentivize IC leadership to achieve acquisition excellence, streamline acquisition policies and processes applied to IC practices and enhance the professional capabilities of the acquisition workforce. Our goal is to shorten development timelines and produce more reliable systems."*

*– United States Intelligence Community 100 Day Plan*

Throughout the history of U.S. intelligence, there has been a necessary partnership between government, the private sector, and academia to enhance research, development, manufacturing, and fielding of systems that support the intelligence mission. A broad range of innovations including the earliest computers and dynamic spaceborne collection systems resulted from this partnership. In some cases, these endeavors required government agencies to form contractual agreements with non-government participants. Through careful attention and nurturing of these partnerships, impressive cutting-edge technologies were developed and utilized on projects including the U-2, SR-71, CORONA overhead collection systems and the CRAY supercomputers. The challenges and innovation associated with these projects drove personnel to secure positions in government or in the few offices within the private sector and academia that worked symbiotically with government officials.

Over the last 60 years, the relationship between government and non-government entities has changed significantly. As noted above, traditionally government served as the primary owner of innovation and invested heavily in research, development and production. Consequently, technological developments were also principally government-focused, with projects ranging from space research at the National Aeronautics and Space Administration (NASA) to nuclear weapons advancement at the Department of Energy (DOE).

The late 1980s and 90s, however, brought about dramatic changes in scientific development. Advances in computer technology along with rapid price reductions

within the communications sector made acquisition by private citizens possible, and fostered the creation of an international commercial market for advanced technologies. The dramatic growth and demand for innovative technology, especially in information and communications applications, were suddenly commercially driven.

The availability and affordability of these technologies and systems spurred heated debate within government over future funding for its programs. Presidential administrations and Congress, in particular, questioned the need for substantial government investments in technologies readily available in the global market. “Outsourcing” became the mantra for both the Executive and Legislative branches in an effort to minimize the federal budget. Decision-makers throughout government stressed the advantages of utilizing “commercial off the shelf” (COTS) products in contracts. Additionally, the dot com boom fostered an environment in which a multitude of companies, many of small and medium size, sprang to life with innovative solutions, challenging the traditional large defense companies for market share. Finally, new contracting rules encouraged the creation of a competitive process that would enable small, non-government entities to bid for government contracts. With these transformations, the government became a “customer” seeking bidders rather than a partner contributing to technological development and research.

The end of the Cold War had another dramatic effect on the relationship between the IC and the private sector. The pursuit of a “peace dividend” required budget cuts across the intelligence community. Funding shortages also led to substantial cuts in personnel and motivated some of the “best and brightest” to seek opportunities in other sectors, particularly industry, which offered higher paying positions. The expertise lost included analysts, technologists, operations personnel, systems engineers and acquisition professionals. Amidst this transformation, a significant increase in contracting resulted with government struggling to function in an environment where program support and technology suddenly resided in the private sector. In the aftermath of 9/11, the impact of the IC’s attempt to complete more programs with fewer internal resources came to light: weaknesses prevailed throughout the IC, with significant decline in collection

and analysis capabilities, and increasingly complex acquisition procedures and processes.

Today, hundreds of requests for proposals (RFPs) and contracts are issued and awarded, in a broad array of types and at various levels of complexity. There are too few acquisition and procurement officials available to review and process these contracts, many of whom are over-extended and under-experienced. As a result, acquisition teams tend to prioritize daily administrative tasks over long-term strategic planning and, despite efforts to streamline acquisition processes, inefficiencies and problems persist.

As a result, IC programs are suffering from cost overruns and schedule delays. Media reporting of corporate malfeasance and revenue increases have cast somewhat of a pall on the relationship between government and industry. Additionally, budget concerns have driven contract reviewers to perform cost comparisons rather than evaluate each project based on its product value and fulfillment of mission requirements. In short, the acquisition process is currently unable to remedy program problems, and shortcuts pursued to bypass bureaucratic hang-ups are largely ineffective and may ultimately prove detrimental to our nation’s security.

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## PURPOSE AND METHODOLOGY

This study takes an independent view of the existing acquisition process in order to present the DDNI/ Acquisition with a prioritized list of issues capable of being resolved prior to the new administration.

In a series of meetings, INSA’s Acquisition Reform Task Force developed a prioritized list of eight issues of concern to industry, which it briefed to the DDNI/ Acquisition and leadership teams from both the acquisition and procurement offices. The prioritization of this list was based on several factors and is important to ensure that reform focuses on those problems that are most detrimental to acquisition, but that can likely be institutionalized before policy momentum shifts to other reform efforts. First consideration was given to issues where changes in policies or practices could have a substantial impact on the acquisition process – both for government and industry – and could be implemented

within the next few months, with the understanding that in some cases the ultimate resolution of a particular issue is contingent upon reform of another. The most striking example of this is the existence of poor communications between government and industry, which exacerbates the other seven issues outlined by the Task Force. Moreover, this paper discusses small and medium-sized contracts, rather than solely large programs, which have been the primary focus of previous studies. Finally, although the Task Force list is comprised of eight issues, this paper only provides recommendations for those left unaddressed in separate efforts currently underway.

In its survey of industry, INSA member companies were asked to review the eight issues, highlighting the top three that if reformed would have the most significant impact on their respective companies. The results of the survey are presented on page 10. They generally substantiate the Task Force's own conclusions.

It is important to note that the ODNI requested industry's view of the state of acquisition, which is principally a government process. Consequently, this paper provides an assessment of government performance, but does not argue that government is solely responsible for the extant acquisition problems. Indeed, some culpability resides with the private sector. Industry is equally burdened by an inexperienced and over-extended workforce due to limited investment in acquisition administration and training. In addition, some perceive that the industrial base supporting the IC is comfortable with the current process and benefits from its inconsistencies. To the contrary, the Task Force found that with very few exceptions, companies within the intelligence market see acquisition reform as critical for the intelligence mission and their own business prospects. These companies have adopted a long-term perspective, arguing that reform will create stability for government and industry and bolster national security. Through its study, INSA's Task Force aims to contribute to the fulfillment of this goal.

## **CRITICAL ISSUES FOR ACQUISITION REFORM**

In recent years a number of significant IC acquisition programs have struggled to achieve success. These trends reflect a general track record of poor acquisition performance that is plagued by cost overruns, schedule

slips, and flawed processes. On reflection, few people in Post World War II History had better appreciation and insight into the workings of America's Defense and Intelligence establishment – both its virtues and its vices – than President Dwight D. Eisenhower, who famously articulated his thoughts in his farewell address in 1961. "Government should spend as much money as necessary to protect the American people, but do so wisely and carefully; and constantly endeavor to find new and better ways of doing business – first and foremost for those fighting on the front lines but also for the taxpayers at home". These two principles are clearly reflected in the DNI's own goals to significantly streamline the IC acquisition process, tenets that have also guided this review. Mitigating the eight issues identified by the Task Force and listed below would have the greatest positive affect on the IC acquisition process. These are not new; some have been studied numerous times with limited or no impact, thus making them continued obstacles to progress.

### **1. Requirements and Requirements Discipline**

A successful and efficient acquisition is reliant upon accurately defining program requirements, mission needs, costs, and scheduling from its initial stages. Because the technology base now resides in industry, government often lacks expertise needed to determine sufficient program requirements that take into account technological innovations. Furthermore, requirement standards tend to vary according to government agency, creating inconsistencies that hinder efficiency, potentially disrupt communication and create further barriers for new and inexperienced businesses striving to enter the IC market.

Of equal importance is requirements discipline. If contract requirements are not followed, inefficiencies will occur throughout the acquisition process. Multiple contract modifications and changes, often driven by budget instabilities, inevitably alter timelines and costs.

### **2. Acquisition Work Force**

The state of the IC's acquisition work force is a direct result of the "peace dividend" pursued in the early 90s that forced spending and hiring reductions across the community. The dot com boom also played a role by enticing much of the experienced workforce out of the national security sector. Combined with the continued retirement of acquisition experts throughout the IC, a significant shortage in personnel developed.

Barriers to reestablishing an experienced and robust acquisition workforce persist due to three developments:

- New-found support for acquisition reform initiatives in the late 90s encouraged the outsourcing of functions normally performed by government staff and the automation of certain procedures to decrease government work loads;
- Increased competition for acquisition expertise rapidly grew in both industry and government; and,
- Demands for contracts escalated post 9/11

Recovery attempts in the late 90s were plagued by a series of well intended but flawed efforts. Specifically, programs such as the Total System Performance Responsibility (TSPR) transferred acquisition management duties to industry. The expanded use of companies as “prime” contractors and large system integrators meant that the government expected industry to manage government programs. The track record since TSPR’s enactment shows that problems prevail and conflicts of interest arise when contractors manage other contractors without specific acquisition oversight from government. Additionally, the introduction of automated tools for source selection allowed government to rely on technology rather than replenish its personnel and expertise.

Due to the exodus of employees from the ranks of government, individual agencies now compete for the remaining limited resources. Currently, incentives prevail within the IC and industry that reward employees who have garnered experience in multiple government positions. Consequently, maintaining a solid and stable base of seasoned acquisition support within each agency has been difficult to achieve. In fact, there exists minimal staffing and expertise in positions as diverse as program management, systems engineering, contracting, financial analysis, contracting officers’ technical representatives (COTRs), and source selection. Military programs are equally burdened, with military staff often subjected to three-year rotations, prohibiting them from seeing a program through to completion. When trained personnel transition between agencies or leave government entirely, vacancies, understaffing and an erosion of domain knowledge result. Those remaining quickly become overworked and morale suffers.

An increased intelligence budget and new demands for rapid program execution following 9/11 have overextended the already strained acquisition workforce. As a result, agency leaders and senior managers are focused on day-to-day operational decisions and delegate acquisition duties to lower-level staffers who often lack adequate training, mentoring or first-hand experience. Nor is there opportunity for this interaction given time-consuming program demands. This situation creates opportunities for mistakes, despite the best efforts of those now burdened with acquisition decision responsibility. And although steps have been taken to strengthen the acquisition workforce over the past decade, priorities are focused on personnel billets and hiring for operations areas.

The current state of the IC acquisition workforce is inadequate to execute the number of programs pursued today and projected for the future. This critique is not aimed at the current understaffed workforce that is responsible for keeping the IC acquisition offices functioning.

### **3. Procurement Policies and Procedures**

The U.S. Government spends several hundred billion dollars a year on the procurement of goods and services using an imposing, complex, and often confusing acquisition system. The IC represents only a portion of that annual expenditure, but implementation of the IC acquisition process is no less cumbersome than that practiced by the overall government. Although some standard regulations and authorities exist for the IC acquisition process, their execution is often subject to interpretation by each individual agency. The impact of today’s individualized policies and procedures create unnecessary confusion for industry, raise costs and inefficiencies and place IC missions at unnecessary risk.

Some significant trends have developed over the past decade, and particularly post-9/11, resulting in a general misunderstanding of the acquisition process and the necessary components of a healthy government-industry relationship. The absence of preparatory planning has led to numerous problems that waste resources of both the procuring agencies and the bidders. Without sufficient planning, a process tends to be run by ad hoc priorities and by timelines that often solve immediate needs at the

expense of longer-term, strategic requirements. A lack of transparency between agencies can result in multiple contracts for the same or similar support or technology. In such cases, industry sees synergies for the government, but is often forbidden from pointing them out based on exclusionary policies written into agency contracts, often under the cloak of security. Finally, priorities tend not to focus on execution of acquisition policies and procedures, especially at the Program Manager level. In some cases, this is a result of the “tyranny of the inbox,” where daily, tactical decisions take precedence over planning priorities.

#### **4. Funding Stability and Accountability**

For the period of performance of any reasonably sized contract that is developing an end product or system for the government, the ability to plan the program for the whole development cycle is crucial to its success. The current practice calls for readjusting the budget for a program every year of its existence. Based on the current relationships between the IC and Congress, and the state of the intelligence budget, the IC has to re-justify the program’s rationale for being and must match the program plan to the “new” adjusted budget. For a program office, annual re-planning due to budgetary changes is expensive, time consuming, and distracting. Other negative implications are listed here:

- It most frequently extends delivery times well beyond the originally planned dates. It also, therefore, costs more than the original program estimate.
- If a contract is experiencing difficulty, it provides the ability to change the baseline without encountering a penalty. It also changes the metrics that were being used to track progress since the readjusted baseline negates them.
- It results in staffing adjustments and loss of some of the talent needed to complete the program. Contractors are forced into moving staff to other contracts and hoping that those individuals can become available in concert with the adjusted schedule.
- Schedules have to be readjusted, bills of materials require changes, and manufacturing schedules have to be re-planned with availability of production lines considered.

Almost all programs do an annual internal cost-to-complete exercise to assess any needed course corrections, but unless there is some predictable budget to plan against for the current year and the out-years, these exercises are futile and the budget cycle becomes volatile. Stability in the budget does not solve all program problems, such as an overrun situation, but it can result in more predictable outcomes, less expense for the taxpayer, more focus on delivery, and less churn in the system.

#### **5. Communications Between Government and Industry**

One of the critical success factors for any acquisition program, and for the general health of the IC industrial base, is an open approach to communications between industry and the IC. A review of recent procurements reveals that government is consciously avoiding pre-acquisition discussions with industry. More often than not, the IC resorts to this behavior for fear of “creating advantage for the contractor” or some other acquisition policy or process concern. The Federal Acquisition Regulation (FAR) clearly states the terms, conditions and types of communications that can and cannot take place between government and industry, and when in the acquisition cycle they can occur. The rules are fair for both parties and have been successful when applied appropriately in the spirit and intent of the FAR. The problem arises when a narrow interpretation of the legislation is adopted by well-intended government buyers to protect themselves from real or perceived “unfair advantages.”

Some Contracting Officers (COs) and Contracting Officers’ Technical Representatives (COTRs) have taken steps to eliminate communications at the earliest possible phases of their programs because the litigious environment encourages risk aversion and fear of protest. Typically, the government lowers the curtain on communications with industry, leaving contractors unaware of actual program “needs” or government problems. The inevitable result is that only those contractors previously involved in a predecessor or related program are able to provide a reasonable proposal. The ability of the system to ensure that the most innovative companies participate is diminished.

Understanding the nature and importance of effective communications from both government and industry perspectives will make the process of government acquisition more effective. Communication serves to generate relationships, collaboration, and action for the benefit of all parties involved. These relationships do not, implicitly or explicitly, generate unfair or competitive advantage. The collaboration and actions generated through these communications are, in fact, most beneficial to the government.

### **6. IC Acquisition Authorities Between ODN and Defense**

Because certain agencies within the IC also serve the Department of Defense (DoD), acquisition authorities, policies, and practices can vary somewhat from agency to agency. Such variances depend on how a program will be funded and whether it is most associated with the national intelligence mission, a military or service mission, or a combination of the two. For contractors, it is important to have a clear understanding of which authorities will govern an agency's actions. Determining who has milestone decision authority or power to move a program from one phase of the procurement process to the next is critical to creating performance expectations.

It is important to note that in March, 2008, the DNI and Secretary of Defense (SECDEF) signed a memorandum of agreement that clarifies their relationship, especially concerning milestone decision authority, for jointly funded programs. If implemented, this agreement is an encouraging step that should help facilitate appropriate reform.

### **7. Security Clearance Process**

Security issues have a dramatic impact on the acquisition process. Almost every aspect of existing security processes and policies have been integrated into acquisitions and procurements in a manner that has raised costs, delayed schedules and stifled competition. These have served as impediments to the IC's acquisition of private-sector innovative talent. The following list compiles the security issues that have the most negative impact on the acquisition process:

- Length of time necessary to receive an initial security clearance
- Lack of security clearance reciprocity between intelligence agencies
- Personal security clearances being tied to specific contract positions
- Proposal Requirements that limit bidding to cleared personnel
- The absence of community-wide facility clearance regulations

## **THE IMPACT OF CURRENT SECURITY PRACTICES ON THE ACQUISITION PROCESS**

Security practices are vital to protect intelligence sources and methods. Many contracts are rightly classified because disclosure of the nature of the work and of the resulting product, whether an intelligence collection platform or an analytic report, can compromise national security. Despite the continuing need for secrecy, security procedures should work to enhance the overall acquisition process and its resulting products, not create barriers to government-private sector collaboration. Put simply, security should support the process, not drive it.

The length of time required for an individual to obtain an initial security clearance creates obstacles to ensuring that individuals with the proper skills and experience gain access to government or industry positions. The consequences from industry's perspective are both negative and costly. Although the average time for an individual to obtain a security clearance has dropped significantly, the process continues to lag behind both government and private sector needs. Thus, a company must continue to weigh whether it is financially feasible to hire and retain the best talent for a specific job or contract. This decision is complicated by the fact that the individual will likely spend substantial time either on a

different contract or on company overhead. Ultimately, three possibilities emerge from this process. In the first scenario an individual goes through the lengthy clearance process, receives a clearance, and begins work on the contract. The cost of the security process as well as the cost of keeping this individual on payroll is borne by the contractor until the clearance is granted and the individual can be legally charged to the government contract. In the meantime, the government is unable to utilize this talent until over a year into the contract. In the second scenario, the individual is not approved for a clearance. In this case, the company has invested over a year's worth of effort for naught. The company is required to absorb the cost associated with this individual and, again, has gone a year without his support. The third possibility is that the individual grows weary of the process and leaves the company prior to receiving his clearance. In this case, both the company and the government have spent significant resources in vain.

The security issues that perhaps have the most significant impact on the acquisition process are the combined practices of constraining security "billets" to specific contracts and requiring a company to "bid" only individuals who already have security clearances. Such

Significant progress is being made in a joint program by the ODNI, DoD and the Office of Management and Budget (OMB) to dramatically reform the personnel security clearance process and address many of the challenges described above. These changes, if implemented by the next Administration, should result in a streamlined acquisition process with benefits for both government and industry. For a more extensive explanation of the impact of the current security process, [see the text box below](#).

### **8. Senior-Level Acquisition Accountability**

An efficient and successful acquisition program relies on leadership provided by senior managers. These managers are often responsible for initiating the acquisition process and could be the end user of the program acquired. It is therefore important that these individuals have ample experience in acquisition and understand government and industry needs, capabilities and responsibilities. Yet, sometimes they lack basic acquisition knowledge.

Most often, operational concerns overwhelm managerial schedules, requiring that acquisition be a secondary, if not tertiary, strategic concern. That is not to say that IC managers believe that acquisition is unimportant. The limited amount of time available to consider strategic issues, however, often requires these duties to be delegated to lower-level staffers. When a manager does

need to engage on an issue, the amount of time available is minimal and decisions are often made as “quick hits” rather than as thoroughly developed strategic plans.

A similar trend exists within industry, where there lacks a basic understanding of the government acquisition process – and more importantly a lack of understanding of government operations in general– within upper level management of companies and corporations. Just as in government, a senior executive’s daily operational duties often take priority over gaining a more thorough understanding of how government works, a responsibility usually delegated to business developers.

### **RECOMMENDATIONS**

Reforming the acquisition process within the IC is not an easy task. A search of IC and individual agency archives would undoubtedly uncover numerous studies and recommendations from previous efforts that have either never been implemented, or were attempted but halted mid-cycle. Therefore, it is important to express the need for dedicated leadership throughout the reform process. Securing the DNI’s support is important, but having him engage senior leaders within the IC and industry is even more critical. Industry has an equal role to play in reforming the acquisition process. It must assist government efforts

conditions are typical of most IC contracts pursued today. These provisions require that a person be in a personnel position on a specific contract in order to have a security clearance and that only those individuals with security clearances can be “bid” by a company.

These processes:

- Favor large companies who have cleared personnel that are accustomed to working on classified contracts.
- Prohibit a company to use its entire employee base to fulfill a contract. This includes stifling the company’s ability to leverage commercial practices, as often experts in these practices do not have security clearances. Also, a company rarely wants to use a “billet” for what could ultimately be an advisory task.
- Keep small businesses out of contracts unless they are part of a larger team headed by the lead system integrator.
- In order for businesses, large or small, to “unseat” an incumbent they usually must create teams of subcontractors larger than what is needed in order to gather enough cleared personnel to bid on the contract.
- Limit access to creativity and innovation found today in many small and medium sized companies who don’t have access to cleared personnel or impending contract competitions.

- Reduce government access to some of the best and brightest talent emerging from universities, etc., who don’t currently have clearances
- Force companies to limit their bidding to cleared individuals, even if this requires these employees to work on multiple contracts. Often a company hopes that these individuals can be replaced by others who are awaiting clearances.
- Establish a “market” for cleared personnel, driving up the cost for salaries and bonuses, while also creating competition within industry to hire competitors’ employees. This ultimately creates instability in the contractor workforce.

Finally, in order for a contractor to bid on many contracts, they must have a “facility clearance” allowing them to conduct classified work at their property, regardless of whether the contract states that all work must be completed in government facilities. Compounding this problem is the absence of cross-agency Sensitive Compartmented Information Facility (SCIF) regulations, inconsistencies that ultimately require extensive records and security checks that drive up costs.

and maintain a well-trained, experienced workforce with an actively engaged managerial staff.

Generally, an acquisition reform effort should be approached as an IC-wide initiative. Although certain agency-specific concerns exist, these should be accounted for in a standardized acquisition process rather than allowing for sixteen independent approaches. With these observations in mind, the Task Force offers the following prioritized recommendations.

**Recommendation 1: Establish Priority Program for Hiring and Training Acquisition Personnel**

Expand and train the acquisition workforce. After 9/11, the President called for a dramatic fifty percent increase in HUMINT and analytic officers, which has been achieved within a seven year period. The DNI should consider placing similar priority on conducting a targeted hiring effort that would include attractive incentives to convince seasoned talent to join government.

Establish a “fast track” training program that could accommodate a rapid influx of personnel, should a dedicated hiring program commence. The Task Force understands that several excellent training programs currently exist, but are unattended due to a heavy acquisition workload.

**Recommendation 2: Set IC-Wide Communication Standards and Policies**

Set and enforce a community standard interpretation of the FAR. Engaging in communication is paramount for a successful acquisition. If communication is authorized before submitting the request for information (RFI) or RFP, government and industry will better understand what capabilities are needed, where to find technological expertise and how to ensure that expectations and mission requirements are met.

**Recommendation 3: Establish Joint Government/ Industry Training Programs**

Establish courses for both government and private sector senior managers that would serve to increase understanding of each others acquisition and procurement cultures, approaches, and processes. The Task Force notes that the Defense Acquisition University conducts some acquisition training of government and private sector personnel. Similar programs existed in the past at certain agencies (a CIA joint program management course is one example), but few remain today. These programs should be reinstated with updated curriculum, expanded enrollment, and made a required component of career training both in IC agencies and industry.

Host periodic sessions between government and industry leaders sponsored by the DNI to discuss the acquisition process as environments change over time and technological needs and capabilities evolve. These gatherings could also serve as an opportunity

**INDUSTRY SURVEY**

The Task Force survey used the eight issues described previously as the basis for inquiry. The survey was then sent to INSA member companies. They were asked to prioritize the issues, highlighting the top three that, in their view, proved most detrimental to conducting business with the IC. The survey also asked participants to list any other concerns that should be considered for reform.

The results of the survey revealed the following priorities: (Note: Numbers in parentheses denote Task Force ranking)

1. Acquisition Work Force (2)
2. Security Clearance Process (7)
3. Procurement Policies and Procedures (3)
4. Requirements and Requirements Discipline (1)
5. Funding Stability and Accountability (4)
6. Communication Between Government and Industry (5)

7. Senior-Level Acquisition Accountability (8)
8. IC Acquisition Authorities Between ODNI and Defense(6)

The survey results generally substantiate the Task Force’s own analysis of critical acquisition issues in need of reform. The one inconsistency involves Security Clearance Reform, which ranked significantly higher on the survey than on the Task Force’s list. Although this issue affects industry in general, small and mid-sized companies are particularly impacted. The rules, regulations, and policies for gaining security clearances prove to be formidable obstacles for engagement with the IC. As previously mentioned, this study deemphasized the security clearance issue because significant efforts are already being pursued. If Security Clearance Reform is removed from the survey results, the top three rankings are the same. No additional concerns were identified by the survey participants.

to encourage managers to prioritize acquisition as a strategically critical component of their responsibilities.

**Recommendation 4: Create Standards for Establishing Requirements**

Create IC-wide standards that firmly establish criteria and thresholds for requirements (including how they should be written and to what level of detail) and their explanation within an RFI or RFP. Past attempts at addressing the issue of requirements within the acquisition cycle have made very little improvement and in some cases have created additional bureaucracy to the detriment of efficiency goals. The Task Force does not advocate introducing additional layers of bureaucracy or review cycles.

Thoroughly review the existing processes for maintaining requirements discipline, with a goal of establishing a standardized IC-wide system with sufficient internal oversight to ensure that standards are upheld. Although there are various mechanisms for internal oversight of the requirements process, they appear to be ineffective or certainly unevenly executed across the IC.

**Recommendation 5: Create and Implement a Strategy to Stabilize Program Budgets**

Create and implement a joint government/industry strategy to address the acquisition process and required changes to help ensure success of reform efforts. A key component of this strategy should be to begin a dialogue with Congress on stabilizing budgets for programs, which would emphasize the need to fund a program through its lifecycle.

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**CONCLUSION**

By historical standards, the ODNI is still a very young organization and we are not surprised that progress toward reforming the acquisition process is early in its evolution. The ODNI's recent outreach efforts, however, are positive harbingers for future developments. The next stage must move beyond advocacy and instead focus on implementing sound policies aimed at addressing the various critical issues curtailing government-private sector collaboration.

The Task Force acknowledges that implementation of any recommendation is only a beginning and that careful nurturing of the progress and process is necessary for long-term success. The DNI has provided guidance on acquisition reform within his 100 and 500 day plans. His stated vision for acquisition now needs to be bolstered

by actions that express the immediacy of reform. And while the recommendations offered in this report have provided industry's perspective on possible solutions, INSA recognizes that long-term change will only arise when both government and the private sector engage each other to create a more transparent system that fosters efficiency and healthy competition.

Transformation of the acquisition process could have great impact on all facets of our nation's security, better enabling its officers to operate in today's fast-paced and borderless security environment that requires technological savvy and rewards innovation. INSA is eager to assist government and the private sector to achieve this goal through providing a forum that fosters dialogue and encourages change.

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**CONTRIBUTORS**

The Intelligence and National Security Alliance is a not-for-profit, non-partisan, professional association. Founded to provide a unique forum where intelligence professionals, private sector leaders and academic experts can come together to exchange knowledge and concerns, INSA is identifying the critical issues facing our nation's security for the decades to come. Through symposia, white papers and debate, INSA's members are laying the intellectual foundation to build the Intelligence Community of the 21st Century. And through education, advocacy, and programs, INSA is working to inform the broader public and inspire the workforce from which the leaders of the next generation will rise.

INSA's Acquisition Reform Task Force is comprised of senior-level business professionals with extensive knowledge of the IC acquisition process and its impact on small, medium and large industry-IC programs. Through this study, these members have worked with the ODNI and its partners to share their experience and concerns regarding current practices and possible solutions to better meet industry and government needs. The task force members joined this effort as individual volunteers and the views expressed in this report do not necessarily reflect those of their respective companies. This project was led by Mr. Lou Von Thayer, with dedicated support from Art Decker, Jose Jimenez, James Kohlhaas, Teresa Smetzer, Carol Staubach, and Garnett Stowe. INSA thanks them for their time and efforts and applauds them for their commitment to public service.



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