

INSIDE DEFENSE**DAILY NEWS**

DOD crafting new prototyping strategy amid AT&L reorganization

June 27, 2017 | **Tony Bertuca**

The Defense Department is working on a new strategy to guide investments in prototyping and innovation initiatives as part of the congressionally mandated reorganization of the office of the under secretary of defense for acquisition, technology and logistics.

The Pentagon, in a written response to a draft Government Accountability Office report, said one of the outcomes of the ongoing AT&L reorganization, which will establish new under secretary posts for research and engineering as well as for acquisition and sustainment, will be a strategy for prototyping and innovation initiatives.

The department "is currently working this strategy to communicate strategic goals and priorities and delineate roles and responsibilities among DOD's prototyping and innovation initiatives," DOD states.

The Pentagon response was published alongside a **June 27 GAO report**, which states the department had reaped some benefits from prototyping and other innovation initiatives, but has yet to form a comprehensive strategy to guide its investments.

"DOD has not set strategic funding targets for its initiatives," GAO states. "Failing to do so could prevent them from gaining traction and puts their long-term success at risk."

The Pentagon also concurs with GAO's recommendation that it consider a "strategic buckets" approach to prototyping and innovation initiatives that would involve allocating resources to different types of projects based on an organization's strategy

"To implement a strategic buckets approach for innovation, an organization needs to develop innovation goals, reflect those goals in its innovation strategy, inventory current projects and funding allocations, and then adjust funding levels, if needed, to make sure they align with its goals and strategy," GAO states. "Decisions to change relative levels of investment in different buckets may be made over time in response to changing world events. For example, DOD's concern about losing its eroding warfighting edge in certain areas could cause it to place a higher priority on prototyping systems that could lead to disruptive innovations."

GAO also recommends the Pentagon focus on "budget activity 6.4," which funds prototyping efforts directly tied to acquisition programs, such as projects managed by the Strategic Capabilities Office.

However, "in fiscal year 2016, 6.4-funded initiatives that focus on prototyping and innovation represented less than 4 percent of budget activity 6.4 funds," GAO states. "Without an approach that covers relevant 6.4-funded activities, DOD may be missing out on opportunities to take a more strategic approach to prototyping and innovation across the department, including sharing information and identifying areas of potential under- or overinvestment related to prototyping and experimentation."

The Pentagon said in its response to GAO that it plans to "champion budget activity 6.4 funding requests and ensure those requests are consistent with the DOD-wide strategy."

Meanwhile, Congress is scheduled to receive a report from DOD by Aug. 1 on the planned reorganization of AT&L.

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