



**Atlantic Council**

SCOWCROFT CENTER  
FOR STRATEGY AND SECURITY

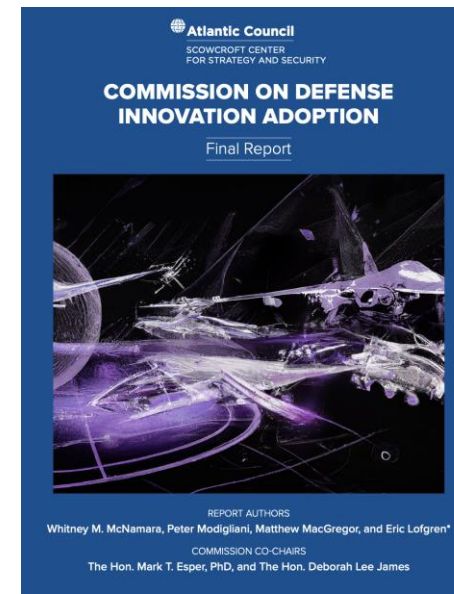
# Commission on Defense Innovation Adoption

Atlantic Council – Scowcroft Center for Strategy and Security

Update  
October 2024

[Atlantic Council Commission Website](#)

[Final Report](#)



# Commission for Defense Innovation Adoption



**Hon. Mark Esper**  
Commission Co-Chair

## Commissioners

- Amb. Barbara Barrett
- Gen James Cartwright (ret)
- Frank A. Finelli
- Hon. Michèle Flournoy
- Scott Frederick
- Hon. James “Hondo” Geurts
- Peter Levine
- Hon. Ellen Lord
- MajGen Arnold L. Punaro, USMC (ret.)
- Nick Sinai
- Josh Wolfe
- Hon. Robert Work



**Hon. Deborah Lee James**  
Commission Co-Chair

## Authors

- Whitney McNamara
- Peter Modigliani
- Eric Lofgren
- Matt MacGregor



**Stephen Rodriguez**  
Commission Exec Director

## Industry Commissioners

- Steven Escaravage
- Wendy Anderson
- Prashant Bhuyan
- Colin Carroll
- Sean Gourley
- Adam Hammer
- Chris Lynch
- Mara Motherway
- Michael Niggel
- Doug Philipponne

# Mission

Accelerate the DoD's ability to adopt cutting-edge technology from commercial and defense sectors and deliver high-impact operational solutions to the Warfighters.



# Enterprise Challenges in Defense Innovation Adoption

<b>Outdated R&amp;D Model</b>	Unable to effectively exploit commercial tech.
<b>Long Timelines and Inflexible Execution</b>	Takes over a decade to deliver major systems.
<b>Fewer Companies Providing Defense Solutions</b>	Industrial base shrunk 40% over last decade.
<b>Valleys of Death</b>	Small % of research transitions to fielded capabilities.
<b>Hamstrung Workforce</b>	Subject to bureaucratic culture, compliance, oversight.
<b>Program-Centric Acquisition</b>	Requirements, acquisition, budgets for programs.
<b>Cumbersome Reporting from DoD to Congress</b>	30,000 pages of budget docs – lack current details.
<b>Limited Understanding of Emerging Tech</b>	Struggle to adapt, leverage, defend against key tech.

# Recommendations

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- 1. Introduce a New Capability Portfolio Model**
- 2. Consolidate Program Elements**
- 3. Reset Reprogramming Authorities**
- 4. Modernize DoD to Align with the 21st Century Industrial Base**
- 5. Strengthen Alignment of Capital Markets to Defense Outcomes**
- 6. Incentivize Tech Companies to Do Business with DoD**
- 7. Modernize Budget Documents**
- 8. Establish Bridge Fund for Successfully Demonstrated Technologies**
- 9. Scale the Space Development Agency Model**
- 10. Modernize DoD's Requirements System**

# **Progress and Way Ahead**

# Implementation of Technology Recommendations

- **Modernize DoD to Align with 21<sup>st</sup> Century Industrial Base**
  - SECDEF elevated DIU to be a direct report
  - HAC-D bill includes \$1B hedge portfolio fund run by DIU
  - NDAA includes 3 new CSOs and reducing barriers to commercial solutions
- **Strengthen Alignment of Capital Markets to Defense Outcomes**
  - DARPA, Army, Navy, and AF allowed majority VC owned companies in SBIR/STTR
  - NDAA directed DoD brief on impact to expand STRATFI program to Army, Navy
  - ~~Senate NDAA extends SBIR/STTR to transfer to production Not in final bill~~
  - ~~SASC NDAA \$20M Advanced Capability Pilot Program Not in final bill~~
- **Bridge Fund for Successfully Demonstrated Technologies**
  - HAC-D bill includes \$220M for DIU to field capabilities with CCMDs

# Implementation of Acquisition Recommendations

- **New Capability Portfolio Model**
  - ASN/RDA selected PEO IWS to explore new portfolio management practices
  - HASC NDAA directs USD(A&S) to brief on implementing capability portfolio model
- **Increase Incentives / Reduce Barriers for NDCs to do Biz w/DoD**
  - SASC NDAA directs USD(A&S) to ensure KOs aware of NDC statutes and practices
  - A&S established Competitive Advantage Pathfinders to identify better practices
  - A&S has a Software Prime working group to engage industry on working w/DoD
- **Scale the SDA/AF RCO/SOF AT&L Model**
  - HAC-D hedge portfolio fund
- **Modernize JCIDS/DoD Requirements**
  - NDAA Sec 811 includes modernizing JCIDS/DoD requirements section
  - HASC directed GAO to study DoD requirements process; recommendations



# Implementation of Budget Recommendations

- **Consolidate Program Elements**

- Recommended by PPBE Commission Interim Report
- SAC-D bill supports intent, yet requires prior coordination ahead of FY25 PBR

- **Reset Reprogramming Authorities**

- Recommended by PPBE Commission Interim Report

- **Modernize Budget Documents**

- Recommended by PPBE Commission Interim Report

# New Commission: Software Defined Warfare

- Goal: Digitally transform the armed forces for success in future wars.
- Co-Chairs
  - Hon. Mark Esper, former SECDEF
  - Hon. Christine Fox, Former Acting DEPSECDEF
  - Dr. Mung Chang, President Purdue University
- Large Commission of former defense and industry executives/experts.

[Commission Website](#)