STATEMENT

OF

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PORTFOLIO ACQUISITION EXECUTIVE

PORTFOLIO ACQUISITION EXECUTIVE FIRES

BEFORE THE

SENATE ARMED SERVICES COMMITTEE

ON

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Introduction

Chairman Wicker, Ranking Member Reed, and distinguished Members of this Committee, thank you for your support of our Soldiers, Civilians, and their families. On behalf of Army Senior Leadership, thank you for your partnership in supporting and improving our Army. I am grateful for the opportunity to appear before you today to discuss how the Army is embracing and expanding the competition space for companies with non-traditional backgrounds.

I am pleased to be here as the Portfolio Acquisition Executive for Fires. As part of its Acquisition Reform efforts, the Army has worked to flatten its acquisition system. The most significant change is the Army's restructured Program Executive Offices (PEOs) under six Portfolio Acquisition Executives (PAEs) to ensure a greater focus on capability over specific programs. This shift makes a single leader accountable for all aspects of that capability area, including requirements, science and technology, contracting, acquisition, testing, programming, sustainment, and international sales. Less focus on individual programs, but an increased focus on capabilities. PAEs have embedded enablers such as contracting officials, testers, requirements generators, and acquisition professionals that help us make informed decisions quickly.

New Entrants in Army Acquisition

Our industry partners are critical national assets that provide our soldiers with the capabilities they need to deter our adversaries and when necessary, to fight and win our nation's wars. The interceptors, conventional artillery rounds, and long-range fires that they provide are the backbone of credible deterrence. The character of war and the shape of tomorrow's battlefields are evolving at such a rapid pace that we must utilize and develop capabilities outside the traditional defense industrial base. Smaller, new companies, who have never done business with the Army or with the Department of War before, are proving new capabilities at a time when our munitions stockpiles are at unstable levels and are providing the Department with potential new options in affordability and scalability.

Army leadership has made scouting, supporting, and testing these new technologies at speed a top priority. We are leveraging flexible acquisition authorities, including utilizing Other Transaction Agreements (OTAs) to move ahead of traditional procurement timelines. We recognize the challenges that these new entrants face such as complex contracting requirements

and uncertainty in scaling from demos or prototypes to production. Therefore, we are working hand in hand with these companies through these processes to ensure these new technologies are not stalled in the commonly referred to "Valley of Death," and are collecting their feedback throughout the process so we can improve Army acquisition in the future.

One example I would like to highlight is Castelion, a small, non-traditional, venture capital-backed company, currently on contract with the Army to deliver the Blackbeard Ground Launch system, a low-cost, high-speed, advanced weapon designed for long range precision from Army launchers. Castelion is currently constructing a production facility in New Mexico and has executed at least 25 test events over the past year using their own capital. Because we have been able to witness their level of commitment to the mission, and knowing some of the challenges ahead, we are:

- Working to provide greater demand signals in the form of performance-based payments
- Providing them with access to Army test infrastructure while assisting in securing range time and securing them government pricing
- Providing Government Furnished Equipment (GFE) including the HIMARs launchers the system will be tested and ultimately used with, so integration activities can be part of the development process as early as possible
- Supporting a dynamic hardware integration approach to ease long lead and critical supply chain timelines
- Continually seeking to integrate warfighter input to ensure we are providing a capability that fulfills their needs
- Supporting a tailored approach to non-traditional cost and accounting systems to provide for aggressive development from the vendor
- Working to promote exportability early on in the design and development phase of the system

Castelion is part of a growing list of non-traditional companies that the Army is pursuing as new entrants. Expanding the industrial base by including and encouraging these new entrants will allow the Army to reduce risk and cost, increase scalability and competition, and increase our munitions stockpiles. Many of these new entrants also have innovative approaches to

manufacturing and supply chain management that we believe will drive a significant amount of progress towards overcoming some of the traditional obstacles to scaling production. Concepts such as designing for scale in the thousands from the start, and relying on hardware-rich, rapid iteration cycles to increase the pace of learning are a couple of examples of what companies such as Castelion and others are embracing in order to tackle the challenges created by laborious development and manufacturing processes that have not evolved at the pace of need.

As events over the last several years have demonstrated, modern conflict consumes munitions at an exceptionally rapid pace in sustained operations. The mission of ensuring that our inventories are at necessary readiness levels and investing in the modernization of our capabilities is made possible by partnerships between Congress, the services, and industry. Again, thank you for the opportunity to speak with you on integrating new and innovative companies into Army acquisition.