

Enhancing the Effectiveness of Independent Research and Development

White Paper

Office of the Under Secretary of Defense
Acquisition, Technology and Logistics
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The Independent Research and Development (IR&D) initiative outlined in Better Buying Power 3.0 is intended to improve the effectiveness of IR&D investments by the defense industrial base that are reimbursed as allowable costs. To achieve this goal, both the Department and the Industrial Base need to work together to ensure the department has visibility into the opportunity created by government-reimbursed IR&D efforts performed by defense contractors.

By law and DoD policy, contractor IR&D investments are not-directed by the government – they are identified by individual companies and are intended to advance a particular company's ability to develop and deliver superior and more competitive products to the warfighter. These efforts can have the best payoff, both for the DoD and for individual performing companies, when the government is well informed of the investments that companies are making, and when companies are well informed about related investments being made elsewhere in the government's Research and Development portfolios and about government plans for potential future acquisitions where this IR&D may be relevant.

To ensure that a two way dialogue occurs between the Department and IR&D performing organizations and to provide for some minimum oversight of IR&D, the department believes that proposed new IR&D efforts should be communicated to appropriate DoD personnel prior to the initiation of these investments and that results from these investments should also be shared with appropriate DoD personnel. The intent of such engagement is not to reduce the independence of IR&D investment selection, nor to establish a bureaucratic requirement for government approval prior to initiating an IR&D project. Instead, the objective of this engagement is to ensure that both IR&D performers and their potential DoD customers have sufficient awareness of each other's efforts and to provide industry with some feedback on the relevance of proposed and completed IR&D work.

Dialogue about proposed IR&D projects may take place at focused opportunities for DoD/Industry engagement such as the Technology Interchange Meetings (TIMs) currently hosted by the Air Force Research Laboratory; or it may take place through the current practice of industry personnel meeting with DoD technical or operational personnel on an individual basis to exchange information about proposed IR&D efforts. These interchanges provide all parties with the opportunity to discuss military technological needs, opportunities, and gaps, including mid- and long-term needs or opportunities, and to discuss proposed IR&D projects being pursued to address these needs. These interchanges on industry IR&D investments are an opportunity to inform and align DOD and Industry direction. These interchanges should always be structured to ensure that DOD protects the proprietary information and competitive sensitivities of the parties to these discussions.

The intent is that by FY 2017, every new IR&D project will be preceded by an engagement with appropriate DOD technical or operational staff to ensure that the department is aware of the goals and plans for the effort and that Industry is informed of related ongoing efforts and future potential opportunities from the Department. To document that this interchange is occurring, beginning in FY 2017, DoD will require contractors to record the name of the government party with whom, and date when, a technical interchange took place prior to IR&D project initiation and to provide this information as part of the required IR&D submissions

made to the Defense Technology information Center IR&D electronic portal (which is accessed through the Defense Innovation Marketplace (www.defenseinnovationmarketplace.mil)). Defense Contracts Management Agency and Defense Contracting Auditing Agency will use these DTIC inputs when making allowability determinations for IR&D costs. In order to effect this procedural change, I intend to direct the Defense Acquisition Regulations Council to draft an amendment to the Defense Federal Acquisition Regulation Supplement and begin the public rulemaking process.

To ensure adequate interchange opportunities are provided by the Services, I intend to direct each Military Department to provide me with a plan for supporting robust opportunities for regular IR&D engagements between Service technical, program, and operational communities and industry, beginning no later than 1 July 2016. I also will encourage the Military Departments to continue to make full use of current interchanges with industry, including fully utilizing the services provided by the Defense Innovation Marketplace, in highlighting opportunities for discussions between the Department's workforce and industry. IR&D has been an effective tool in building technological superiority for our warfighters. This renewed emphasis on engagement between government and industry will strengthen this capability even more.