

DEFENSE BUSINESS BOARD



Defense Business Board Meeting

3 November 2021

Meeting Agenda

ADMINISTRATIVE WORK

8:30 – 8:55 AM New Member Oath of Office

CLOSED MEETING

8:55 – 9:10 AM Opening of the Meeting

9:10 – 9:30 AM Welcome by the HON Deborah James

9:30 – 10:00 AM Welcome

HON Lloyd Austin, Secretary of Defense

HON Dr. Kathleen Hicks, Deputy Secretary of Defense

10:00 – 10:30 AM Board Member Individual Introductions

ADMINISTRATIVE WORK

10:35 – 11:25 AM Administrative Item (Move to Badging Office - Room 1F1084)

CLOSED MEETING

11:30 AM – 12:30 PM (S) Working Lunch – Audit/PPBE Presentation

HON Michael McCord, Under Secretary of Defense (Comptroller)/Chief Financial Officer

12:30 – 1:30 PM (TS) DoD Data Strategy

Mr. Dave Spirk, Chief Data Officer, DoD Office of the Chief Information Officer

1:30 – 2:45 PM (S) DoD Business Operations by Service Under Secretaries

Mr. Robin Swan, Director of the Office of Business Transformation, USA

Ms. Robin Tomlin, Deputy Chief Management Officer, USN

Mr. Richard Lombardi, Deputy Chief Management Officer, USAF

2:45 – 3:30 PM (TS) DoD Military Operations

General Mark A. Milley, Chairman of the Joint Chiefs of Staff

3:30 – 4:00 PM (S) Information Management / Information Technology

Dr. Kelly Fletcher, Performing The Duties Of DoD Chief Information Officer

4:00 – 4:45 PM (S) Acquisition Strategies / Contract Reform / Supply Chain and Sustainment / Energy Resilience

Mr. Greg Kausner, Performing The Duties Of Under Secretary of Defense for Acquisition and Sustainment

4:45 – 4:55 PM (S) The Business of the DBB

HON Deborah James



DEFENSE BUSINESS BOARD



Welcome & Closed Meeting

CAPT Jeff Plaisance

Alternate Designated Federal Officer

DEFENSE BUSINESS BOARD



Hon. Deborah James

Chair, Defense Business Board

DEFENSE BUSINESS BOARD



Hon. Lloyd Austin
Secretary of Defense

DEFENSE BUSINESS BOARD



Hon. Dr. Kathleen Hicks

Deputy Secretary of Defense

DEFENSE BUSINESS BOARD



Audit/Planning, Programming, Budget, & Execution (PPBE) Presentation

Hon. Michael McCord

Under Secretary of Defense (Comptroller)/Chief Financial Officer

DEFENSE BUSINESS BOARD



DoD Data Strategy

Mr. Dave Spirk

Chief Data Officer of the Department of Defense
Office of the Chief Information Officer

DEFENSE BUSINESS BOARD



DoD Business Operations

Mr. Robin Swan

Director, Office of Business Transformation
Office of the Secretary of the Army

Ms. Robin Tomlin

Director, Office of the Chief Management Officer
Office of the Secretary of the Navy

Mr. Richard Lombardi

Deputy Under Secretary of the Air Force,
Management and Deputy Chief Management Officer

DEFENSE BUSINESS BOARD



DoD Military Operations

General Mark A. Milley
Chairman of the Joint Chiefs of Staff

DEFENSE BUSINESS BOARD



Information Management / Information Technology

Dr. Kelly Fletcher

Performing the Duties of the Chief Information Officer of the
Department of Defense

DEFENSE BUSINESS BOARD



**Acquisition Strategies / Contract
Reform / Supply Chain & Sustainment /
Energy Resilience**

Mr. Greg Kausner

Performing the Duties of the Under Secretary of Defense for Acquisition
and Sustainment

DEFENSE BUSINESS BOARD



The Business of the DBB

Hon. Deborah James

Chair, Defense Business Board

DEFENSE BUSINESS BOARD



DEFENSE BUSINESS BOARD



Defense Business Board Meeting

4 November 2021

Meeting Agenda

CLOSED MEETING

- 8:20 – 8:30AM Chair's Welcome
HON Deborah James
- 8:30 – 9:30AM (S) Executive Analytics / ADVANA
Mr. Gregory Little, Deputy Comptroller for Enterprise Data and Business Performance (EDBP),
Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer)
- 9:30 – 10:30AM (S) Upskill/Reskill Workforce / Deputy's Workforce Council
HON Gilbert R. Cisneros, Jr., Under Secretary of Defense for Personnel and Readiness

OPEN MEETING

- 10:50 – 11:40 AM Small Business / Mentor Protégé Program
Mr. Farooq Mitha, Director of DoD Office of Small Business Programs

ADMINISTRATIVE WORK

- 11:45 AM – 12:45 PM Working Lunch
Ethics Brief by Ms. Karen Dalheim

SUBCOMMITTEE WORK

- 12:45 – 2:00 PM Subcommittee Committee Breakout Sessions

CLOSED MEETING

- 2:00 – 3:15 PM (S) Board Member Roundtable Discussion
- 3:15 - 3:30 PM Group Picture w/ HON Kathleen Hicks
- 3:30 - 3:45 PM (S) Final Remarks - HON Dr. Kathleen Hicks
- 3:45 – 4:00 PM (S) Chair's Closing Remarks - HON Deborah James



DEFENSE BUSINESS BOARD



Closed Meeting

CAPT Jeff Plaisance

Alternate Designated Federal Officer

DEFENSE BUSINESS BOARD



Hon. Deborah James

Chair, Defense Business Board

DEFENSE BUSINESS BOARD



Executive Analytics / ADVANA

Mr. Gregory Little

Deputy Comptroller for Enterprise Data and Business Performance (EDBP)
Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer

DEFENSE BUSINESS BOARD



Upskill/Reskill Workforce / Deputy's Workforce Council

HON Gilbert R. Cisneros, Jr.

Under Secretary of Defense for Personnel and Readiness

DEFENSE BUSINESS BOARD



Small Business / Mentor Protégé Program

Mr. Farooq Mitha

Director of DoD Office of Small Business Programs



Defense Business Board Briefing on Small Business and Mentor

November 4, 2021



Small Businesses are Diverse, Agile, Resilient, and Innovative



- The Small Business Defense Industrial Base contributes to efforts that will **revitalize and rebuild** domestic manufacturing capacity, maintain America's **competitive edge** in R&D, **create jobs, promote prosperity, and encourage economic growth** in underserved communities.
 - Aligns with recent EOs on competition, racial equity, and supply chain resilience.
- Small businesses deliver rapid operational concepts, prototypes, and demonstrators.
- The White House Build Back Better plan calls for increasing small business participation in federal procurement, including for underserved communities a top priority
- Small businesses cite barriers to doing business with the DoD, which require further examination.
- The decline of small businesses in the DIB is a risk to our warfighting capabilities and requires the Department to shift its approach to small businesses.

The DoD has lost 40% of the small businesses in the DIB over the past decade



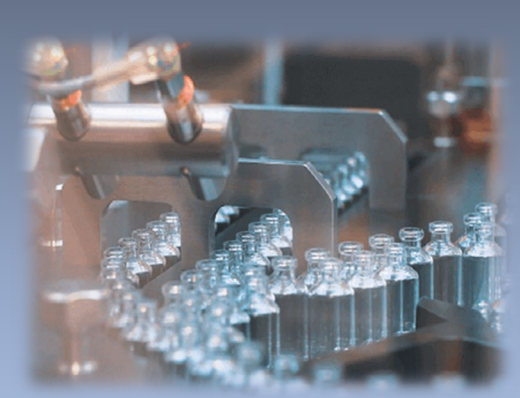
Small Businesses Programs Help Solve National and Mission Challenges



Moderna, Inc.
mRNA Therapeutics Development
Coronavirus Vaccine.



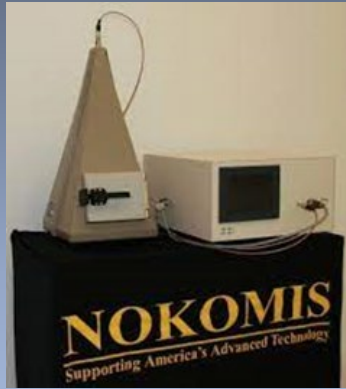
NAVAIR and Raytheon collaborated with Protégé firm, EEI, to replace a problem supplier for the chassis build for P-8a Poseidon AN/APY 10 radar.



Grand River Aseptic Manufacturing Inc./ Ology Bioservices Inc.
Fill and Finish Manufacturing for Vaccines.



DIU worked with 5 commercial companies to develop approved Small UAS Platforms.



Navy developed technology through the Rapid Innovation Fund to detect counterfeit parts.



Lockheed Martin integrated a optical measurement technology from an SBIR firm that support the testing and manufacturing of the F-35.

It's not about the goal. Small businesses are a resource for accomplishing our mission and meeting our challenges.

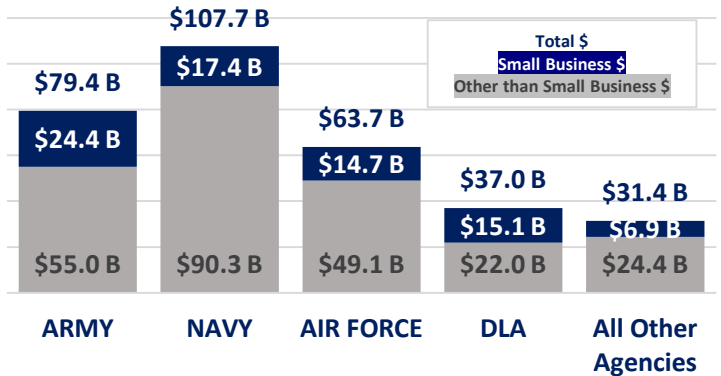


Defense Small Business Industrial Base Profile

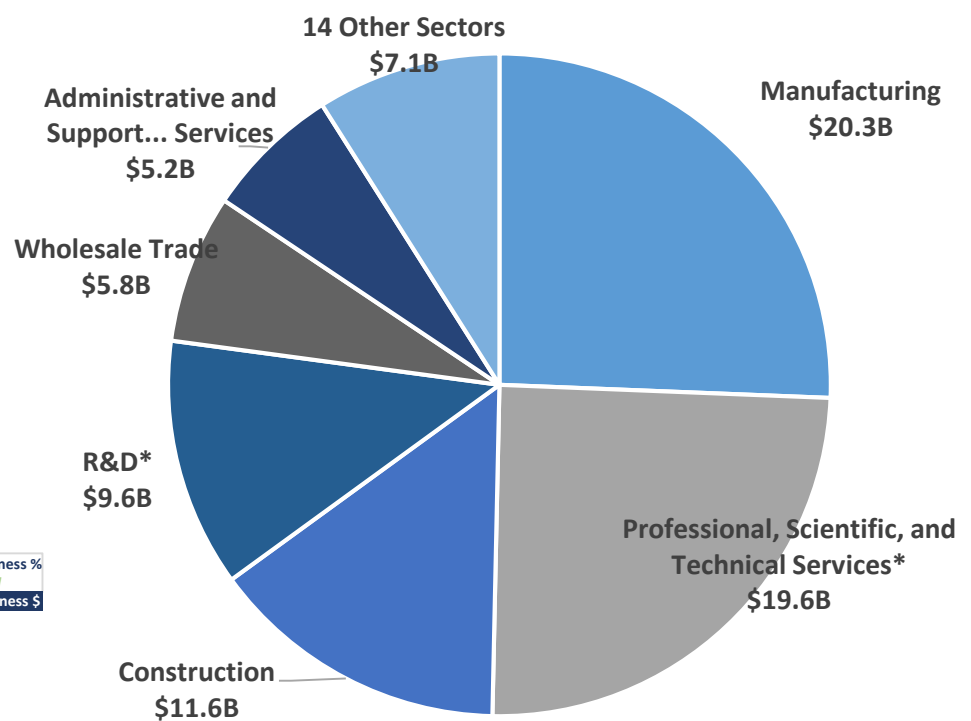


Small Business	Small Disadvantaged Business	Woman Owned Small Business	Service Disabled Veteran Owned Small Business	Historically Underutilized Business Zone
\$80.3 B	\$30.4 B	\$13.3 B	\$10.6 B	\$7.2 B

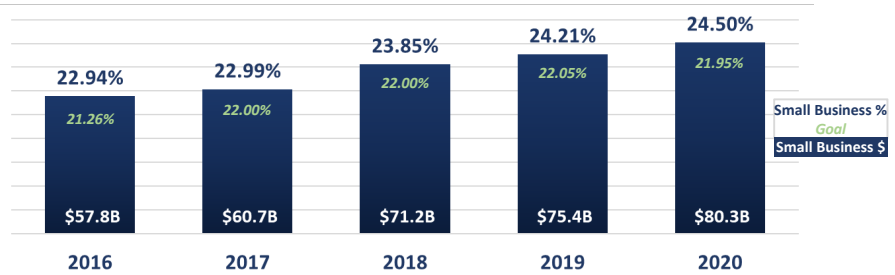
FY 2020 DoD by Component



Small Business Industrial Base by Sector



DoD 5 Year Small Business Spend



* The R&D is a Sub-Sector of Professional, Scientific, and Technical Services and is separated in this chart

Over 45% of DoD Small Business Awards went to Disadvantaged or Woman Owned Businesses



Some Positive Small Business Data but Major Challenges Remain



There is some positive small business data...

- **Small Business Goals Met**
 - 7yrs meeting prime contracting goal!
 - SDB/SDVOSB goal achievement.
- **SBIR Commercialization**
 - ~ \$7B annually in commercialization.
 - 57% of RIF awards transitioned for military use.
- **More Engagement with New Entrants**
 - 43% of DIU projects transition a commercial solution. 77% small business.
 - More tools for more contract types and faster contracting timelines.
 - Manufacturing Innovation Institutes investing in advanced manufacturing technology innovation

...But significant challenges exist

- **Barriers to Entry**
 - Fragmented DoD small business programs
 - Highly complex acquisition process
- **Declining Small Business Industrial Base**
 - 40% decrease since 2011
 - Similar decrease for Women Owned and HubZone
- **Increase in Enterprise-wide Buying**
 - Fewer contracts and suppliers
- **De-industrialization of America**
 - Reliance on sole-source or foreign suppliers
 - Pacing challenges from near-peer competitors
- **Valley of Death**
 - Unfunded commercialization programs (RIF)
- **Supply Chains**
 - Lack of visibility into supply chains, cyber threats, lack of domestic sources and adversaries acquiring sub-tier suppliers.
 - Technology not easily integrated into defense programs.

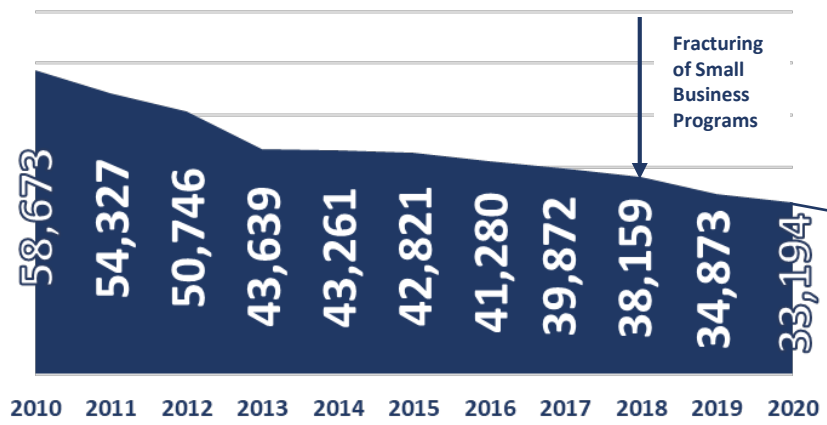
Despite achieving small business goals and improving commercialization, several major challenges remain.



Across dimensions, the U.S. industrial base is declining to do business with DoD

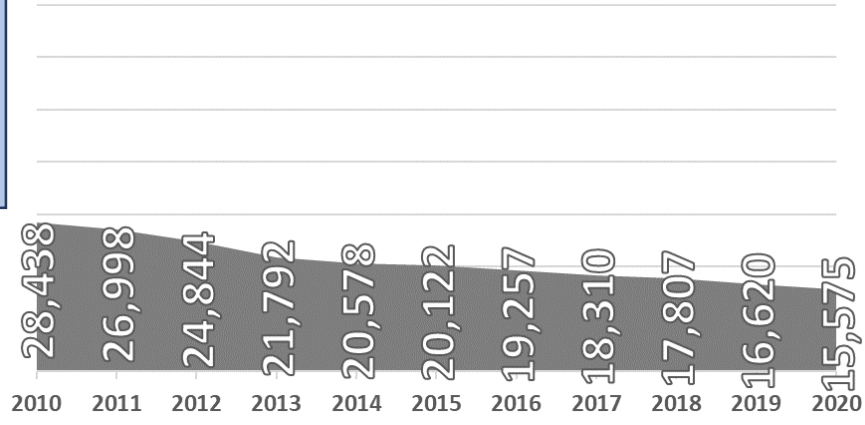


of Small Businesses

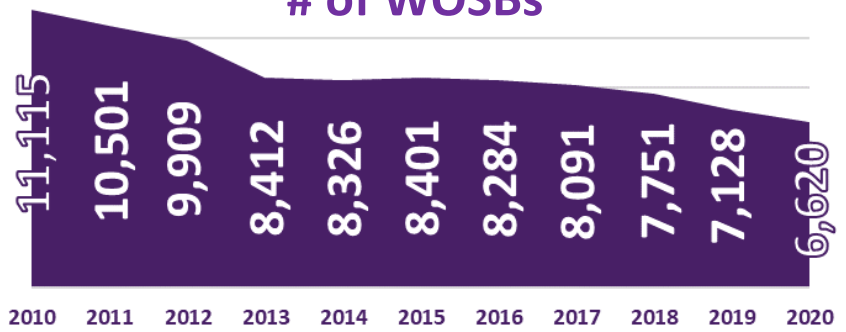


If the trend continues the SB DIB could decrease by an additional 15K over the next 10 years

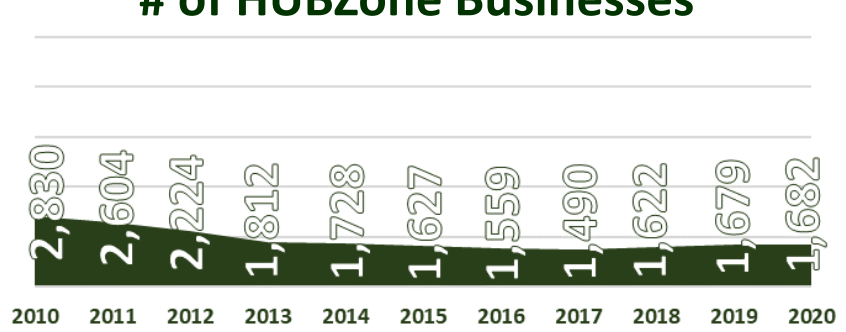
of OTSBs



of WOSBs



of HUBZone Businesses



The small business decline could lead to a readiness problem in the future.



Small Business Programs are Effective but Lack Long-Term Planning



- **Mentor Protégé Program:**
 - **Impact:** Protégé small businesses contribute annually between \$3-\$4 billion in defense work through prime and subcontracting and have created over 10,000 jobs.
 - **Risk:** Zeroed out in the FY20 Defense-wide review. As of FY22 back in the PBR.
- **National Security Innovation Network:**
 - **Impact:** Engages entrepreneurs, startups and academia through hackathons and pitch events in connection with the user community.
 - **Risk:** No long-term funding, relies on annual Congressional adds.
- **Procurement Technical Assistance Centers:**
 - **Impact:** Provide counseling and training services to over 55,000 small businesses annually to help them do business with DoD and other federal agencies.
 - **Risk:** Under DLA, disconnected from acquisition workforce and small business programs.
- **Small Business Innovation Research/Tech Transfer:**
 - **Impact:** 22:1 ROI on DoD investment, Over 1.5 million jobs created between 1995-2018, \$347 billion in economic impact over the same period.
 - **Risk:** No long-term authorization (ends FY22), inconsistent implementation of Congressional requirements to improve award timelines, industry frustration with program administration.
- **Rapid Innovation Fund:**
 - **Impact:** Supports bridging the valley of death, 57% commercialization rate of SBIR technologies.
 - **Risk:** 2011-2019 funded by congressional adds, but has not been funded since FY2019.

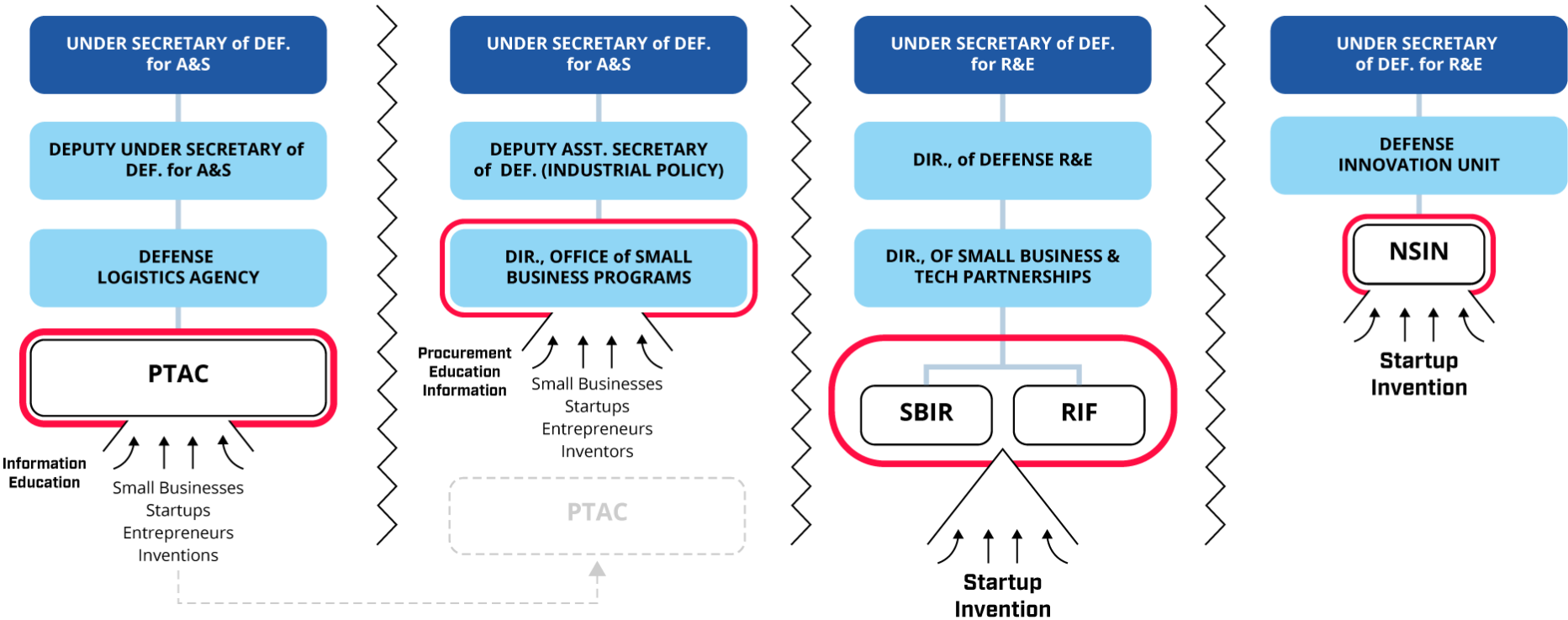
Small businesses can do more with more, but small business programs do not have long-term stability.



Current Small Business Programs Structure



Fractured Small Business Programs = Barriers to entry



- Current structure is fractured and does not consider how small businesses can mature across programs to become DIB ready, does not leverage economies of scale and is confusing for industry and the acquisition workforce.
- Result is inconsistent communication with industry, confusing entry points and poor long-term planning.
- Current structure does not comply with statute or DoD policy.



Mentor Protégé Program

Purpose:

The Mentor Protégé Program (MPP) is a small business program that supports eligible small businesses expand their footprint in the defense industrial base through technical assistance provided by a mentor firm. The program improves the capabilities and readiness of protégé firms by to perform as prime and subcontractor suppliers under DoD, other Federal agency, and commercial contracts. The program establishes long-term business relationships which benefit DoD and the Defense Industrial Base (DIB).

Participants:

- Over 1200 protégés have participated in the program since its inception.
- Current Component/Agency participants include: Air Force, Army, Navy, MDA, DCMA, DIA, NGA, DTRA

Priorities:

- Expand program to additional defense agencies: USSOCOM, DTRA, DCSA.
- OSD-wide MP Program for cross-cutting and Secretary level requirements.
- Implement new metrics as per FY2020 NDAA: Increase participation of protégé firms in DoD science and technology/innovation programs (e.g., AFWerx, Sofwerx, NavalX, SBIR, RIF, ManTech, NSIN), improve cyber hygiene and readiness, transition technology into DoD Programs, prepare small businesses to compete in the Category Management contracts, job creation of Protégé firms by sector from the date of MPA execution until 5-years after MPA completion.
- Further integration of MPP with other small business programs and national defense strategy.
- Modernize program with development of MPP portal for proposal submission and review.

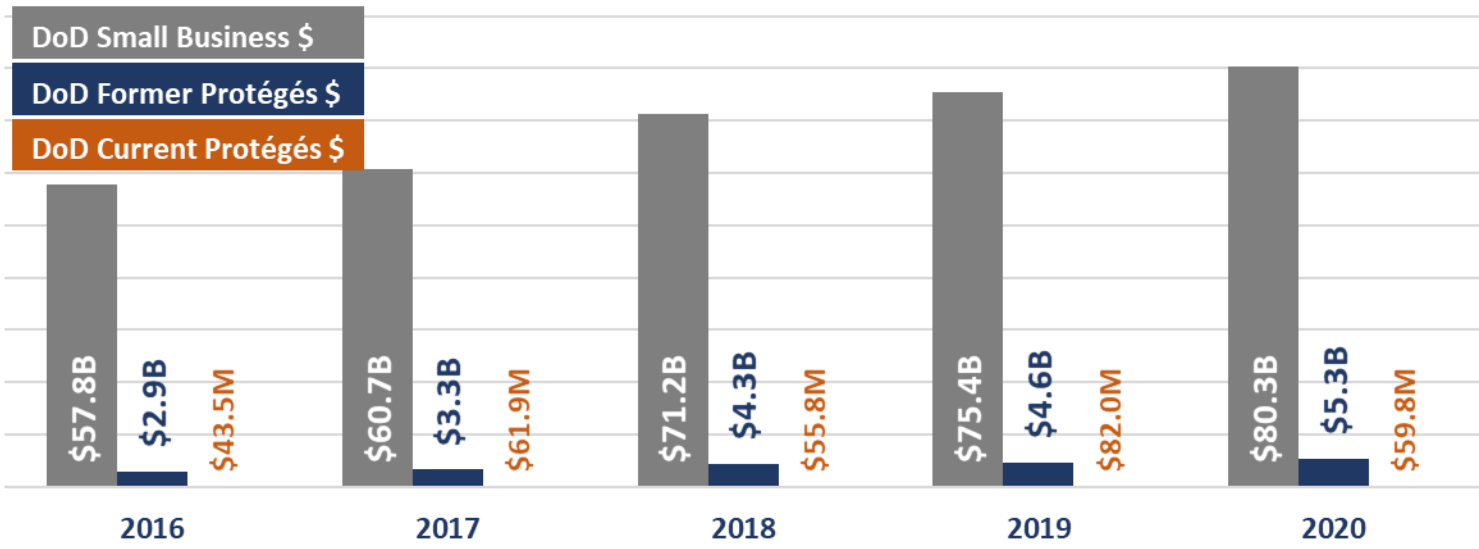
Mentor Protégé Program Budget:

APPN	FY22	FY23	FY24	FY25	FY26	FYDP
Procurement	30M	35M	40M	40M	45M	190M



Mentor Protégé Program Impact

MPP Contribution to DOD



	2016	2017	2018	2019	2020
Total DoD \$	\$252.0B	\$264.1B	\$298.4B	\$312.2B	\$328.0B
DoD Small Business \$	\$57.8B	\$60.7B	\$71.2B	\$75.4B	\$80.3B
Former DoD Protégés \$	\$2.9B	\$3.3B	\$4.3B	\$4.6B	\$5.3B
Current DoD Protégés \$	\$43.5M	\$61.9M	\$55.8M	\$82.0M	\$59.8M

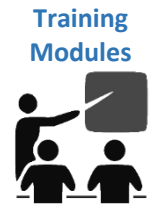
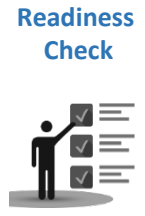
Data Source: 2016 – 2019 FPDS official reports, 2020 – beta.sam, includes approx. \$3.7 billion in double credit for awards in Disaster Areas and Local Area Set-Asides



P R O J E C T S P E C T R U M



- **www.Projectspectrum.io** is a web portal supporting supply chain risk management and enhances awareness of cybersecurity threats for small businesses within the manufacturing, research and development, as well as knowledge-based services sectors of the industrial base.
- Project Spectrum leverages strategic partnerships within and outside of the DoD to accelerate the overall cybersecurity compliance of the DIB.
- To date outcomes: 5,500 registered users, 9,000+ training video views, 1,600 completed NIST 800-171 assessments to help companies meet the new DFARS interim rule (252.204-7019)
 - Saves registrants ~\$2,000 to \$3,000 on training courses, and ~\$15,000 on access to cybersecurity analysts and customized training plans.



Project Spectrum protects the supply chain with future plans for monitoring and mitigation.



Back Up Slides



Leverage Domestic Small Business Capacity to Support Resiliency



Technology Priorities



Artificial Intelligence



Robotics



Cybersecurity



Bio Technology



Quantum



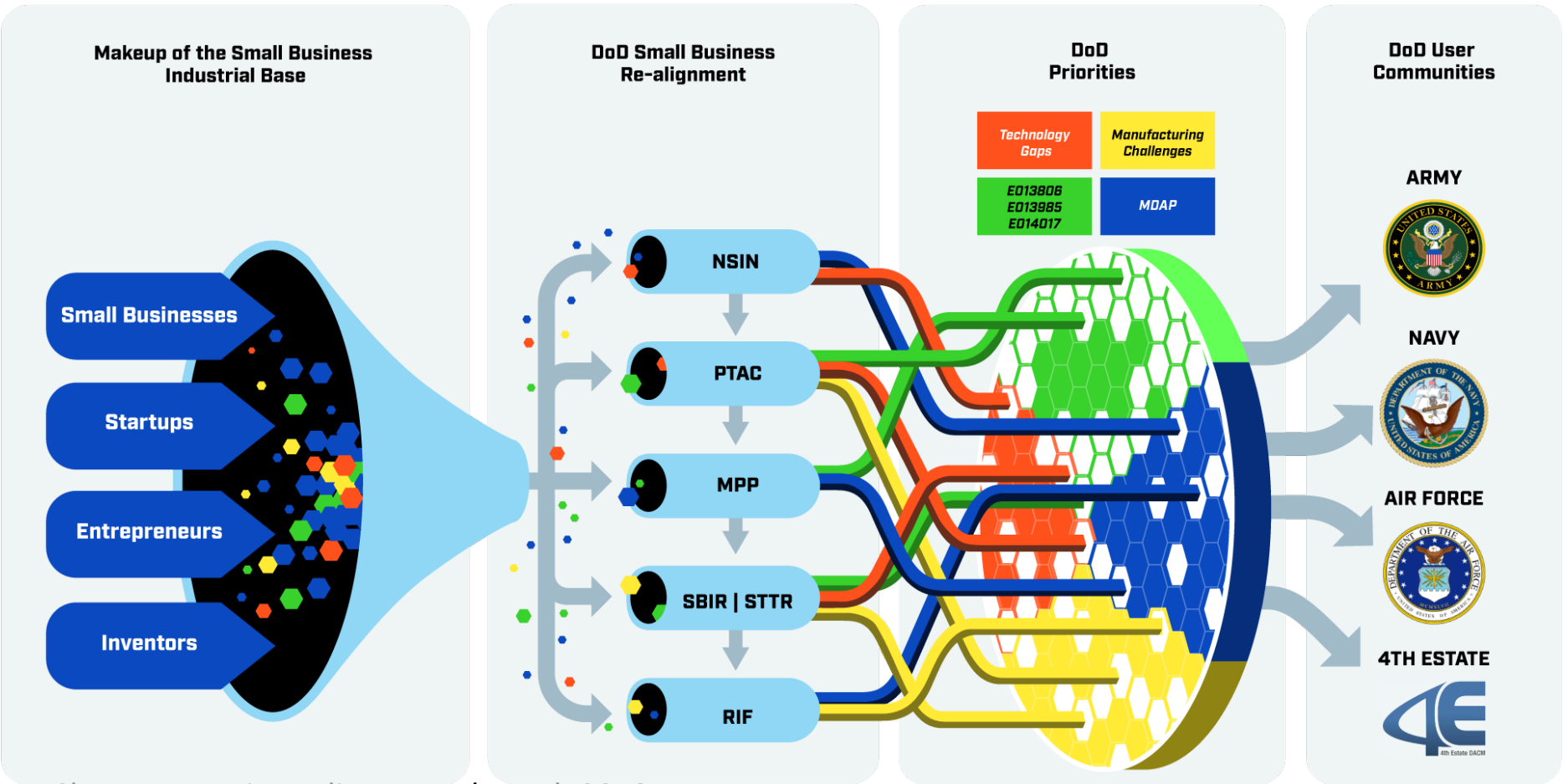
Industrial Base Challenges: Autonomy/UAS | Additive Manufacturing | Machine Tools | Software Engineering | Materials

Sector	Small Business		SDB		WOSB		SDVOSB		HUBZone	
	Gov-Wide	DoD	Gov-Wide	DoD	Gov-Wide	DoD	Gov-Wide	DoD	Gov-Wide	DoD
Professional, Scientific, and Technical Services	12,836	5,356	5,486	2,478	3,371	1,331	1,651	955	726	380
R&D	3,915	2,860	1,133	828	546	348	181	165	53	38
Manufacturing	22,811	14,654	5,448	3,373	3,715	2,549	1,488	930	714	510
Construction	8,301	3,822	4,281	2,198	1,627	887	1,172	539	996	654

Small businesses are a strategic enabler to meeting our challenges and improving DIB resiliency.



Conceptual Small Business Programs Alignment



- Closer to previous alignment through 2018.
- Coordinated government investments from early concept assessment to operational prototyping to commercialization/product integration that increases small business resiliency and maturation.
- Provides an integrated and consistent message to entrepreneurs, startups, new entrants, and other members of the small business community.
- Coordinated contractual capacity to respond to rapid, high priority, challenges.



Mentor Protégé Program Metrics

DoD MPP Metrics:

- An increase in the dollar value of contract and subcontract awards, and revenue to protégé firms (under DoD contracts, contracts awarded by other Federal/Non-Federal agencies and commercial contracts) from the date of DOD Mentor-Protégé Agreement (MPA) execution until 2-years *after* conclusion of the MPA.
- An increase in the number and dollar value of sub-contracts awarded to Protégé firms (and former Protégé firms) by the Mentor firm.
- An increase in the employment levels of Protégé firms from the date of MPA execution until 2-years after MPA completion

DoD MPP New Metrics:

- Increase participation of protégé firms in DoD science and technology programs (e.g., AFWerx, Sofwerx, NavalX, SBIR, RIF, ManTech, NSIN, etc.).
- Improve cyber hygiene and readiness of the Defense industrial base by providing resources, information, training, and risk assessments.
- The number of technologies transitioned into DoD Programs of Record.
- Increase the numbers of Small Businesses that are prepared to compete in the Category Management (Best-In-Class) contracts.
- Job creation of Protégé firms by sector from the date of MPA execution until 5-years after MPA completion.



Mentor Protégé Portal

- A web-based portal facilitating the collaboration of Industry and the Government providing an automated platform for all Mentor Protégé Program processes.
- Standardized platform for the Mentor Application and Agreement process.
- Provides a repository for all Agency agreements, data, contracts, PERs, and PMRs.
- Supports efficient and effective response to the submittal and processing of Mentor applications and agreements.
- Supports easy access to data and performance metrics facilitating insight and communication of MPP successes and value.
- Promotes a standardization within the Mentor-Protégé processes
- Facilitates easy reporting and tracking of Measures of Performance and Effectiveness (MOE/MOP) across the DoD OSPB MPP Program.





MPP Protégé Eligibility and Agreement Types



A Qualifying Protégé must be one of the following:

- A “nontraditional defense contractor”
- A qualified HUBZone small business concern
- A Woman-Owned Small Business (WOSB)
- A Service-Disabled Veteran-Owned Small Business (SDVOSB)
- Socio-economically disadvantaged small business
- A qualified organization employing the severely disabled
- An entity currently providing goods or services in the private sector critical to enhancing the capabilities of the defense supplier base and key to fulfilling key DoD needs
- Eligible for award of Federal contracts
- No more than the SBA size of standard corresponding to primary North American Industry Classification System (NAICS) code.

DoD Mentor-Protégé Agreements (MPAs) Types:

- Direct Reimbursement of costs to the Mentor firm
 - The total amount reimbursed to a DoD Mentor for costs of assistance furnished to a DoD Protégé in a fiscal year may not exceed \$1M
- Subcontracting credit agreements to the Mentor firm
- Hybrid MPAs (Credit MPA + Reimbursement MPA)

DEFENSE BUSINESS BOARD



Ethics Brief

Ms. Karen Dalheim

Senior Attorney

Standards of Conduct Office

Office of the General Counsel

DEFENSE BUSINESS BOARD



**Subcommittee Committee
Breakout Sessions**

DEFENSE BUSINESS BOARD



Roundtable Discussion

Hon. Deborah James
DBB Chair

DEFENSE BUSINESS BOARD



Final Remarks

Hon. Kathleen Hicks

Deputy Secretary of Defense

DEFENSE BUSINESS BOARD



Closing Remarks

Hon. Deborah James

Chair, Defense Business Board

DEFENSE BUSINESS BOARD

