



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

JUL 31 2023

MEMORANDUM FOR DEFENSE BUSINESS BOARD

SUBJECT: Terms of Reference — Creating a Digital Ecosystem

To “build a resilient Joint Force and defense ecosystem,” as outlined in the 2022 National Defense Strategy, the Department must continue to advance its commitment to modernization and innovation, and that includes modernizing its business systems. Creating a common digital ecosystem — one shared between industry and the Department of Defense (the Department) — has the potential to vastly improve how the Department does business. Specifically, a digital ecosystem designed to harness the power of accurate, real-time data can aid in faster and more efficient decision-making and risk analysis. There are already examples within the Department where digital ecosystems, which can enable more accessible simulation environments and advanced computing, are streamlining development activities. Furthermore, applications of the digital ecosystem for supply chain visualization, manufacturing, and other processes could also transform the Department’s business enterprise.

Given the opportunities digital ecosystems present, I direct the Defense Business Board (the Board), through its Business Transformation Advisory Subcommittee (the Subcommittee), to evaluate and provide recommendations on creating a digital ecosystem with industry partners. Specifically, the Board, through its Subcommittee, will:

- Evaluate the current state of the Department’s enterprise-wide digitalization as it affects engineering, development, acquisition, and lifecycle management.
- Examine the best-in-class business practices of private-sector engineering, manufacturing, maintenance, and lifecycle management companies as they relate to digitalization.
- Identify the benefits and challenges to implementing a digital ecosystem across the Department, including: cultural changes, implications to vendor management, security, contracting, technology, and budget requirements.
- Provide recommendations and case studies to support the Department’s adoption of a common digital ecosystem across all services to support more rapid, accurate, and affordable development, deployment, and sustainment of military-specific innovations for both hardware and software.
- Identify metrics to measure the success of adoption.
- Address related matters the Board determines relevant to this task.

I direct the Subcommittee to submit its independent recommendations to the full Board for its thorough consideration and deliberation at a properly noticed public meeting, unless it must be closed pursuant to one or more of the exceptions found in title 5, U.S. Code, section 552b(c). The Board will provide its findings and recommendations to me no later than February 29, 2024.



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In conducting its work, the Board and its Subcommittee have my full support to meet with Department leaders. The Board staff, on behalf of the Board and the Subcommittee, may request the Office of the Secretary of Defense and Department Component Heads to timely furnish any requested information, assistance, or access to personnel to the Board and the Subcommittee. All requests shall be consistent with applicable laws; applicable security classifications, DoD Instruction 5105.04, "Department of Defense Federal Advisory Committee Management Program," and these Terms of Reference. To support the effort, the United States Air Force will provide a full-time detailee to the Office of the Secretary of Defense/Office of the Director of Administration and Management (OSD/ODA&M) to support the Board's work on this study. The detailee shall be a professional from the Office of the Assistant Secretary of the Air Force for Science, Technology, and Engineering with knowledge of and experience in digital systems engineering. The detailee will remain until the study is approved.

Material provided to the Board becomes a permanent part of the Board's record. Components are reminded all data/information provided is subject to public inspection unless the originating Component office properly marks the data/information with the appropriate classification and Freedom of Information Act exemption categories before the data/information is released to the Board. The Board has physical storage and electronic storage and communications capability on both unclassified and classified networks to support receipt of material up to the Secret level. Each Component should remember that Board members, as special government employee members of a Department of Defense Federal Advisory Committee, will not be given any access to the Department network, to include the Department email systems.

The Board and the Subcommittee will operate in conformity with and pursuant to the Board's charter; title 5, U.S. Code, chapter 10 (commonly known as the "Federal Advisory Committee Act"); title 5, U.S. Code, section 552b (commonly known as the "Government in the Sunshine Act"); and other appropriate federal statutes, regulations, and policy. The Subcommittee and individual Board members do not have the authority to make decisions or provide recommendations on behalf of the Board nor report directly to any federal representative. The members of the Subcommittee and the Board are subject to certain Federal ethics laws, including title 18, U.S. Code, section 208, governing conflicts of interest, and the Standards of Ethical Conduct regulations in 5 C.F.R., part 2635.

Thank you in advance for your cooperation and support to this critical undertaking to inform subsequent decisions on how the Department addresses national security challenges in the coming decades.

A handwritten signature in black ink, appearing to read "Karl H. Hui". The signature is fluid and cursive, with the first name "Karl" being more prominent and the last name "Hui" following in a similar style.

cc:
Senior Pentagon Leadership
Directors of Defense Agencies
Directors of DoD Field Activities
Advisory Committee Management Officer, DA&M