



THE ASSISTANT SECRETARY OF THE NAVY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
WASHINGTON, DC 20350-1000

APR 24 2018

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Middle Tier Acquisition and Acquisition Agility Guidance

Reference: (a) Fiscal Year 2016 National Defense Authorization Act (Public Law 114-92)  
(b) Fiscal Year 2017 National Defense Authorization Act (Public Law 114-328)  
(c) USD (AT&L) Memo- "Middle Tier of Acquisition (Rapid Prototyping/ Rapid Fielding) Interim Authority and Guidance"  
(d) ASN (RD&A) Memo, "Designation of the Deputy Assistant Secretary of the Navy for Research, Development, Test and Evaluation to Lead Implementation of Accelerated Acquisition", dtd Nov 8, 2017

I hereby direct that the Middle Tier Acquisition and Acquisition Agility authorities provided under references (a) through (d) will be implemented within the Department of the Navy (DON) consistent with the attached Middle Tier Acquisition Interim Guidance and Acquisition Agility Interim Guidance.

Reference (a) authorizes the Secretary of Defense and Service Secretaries to establish Middle Tier Acquisition pathways for Rapid Prototyping and Rapid Fielding. Reference (b) authorizes Acquisition Agility aimed at speeding the development and transition of advanced technology and high risk components through a separate and distinct path of "component acquisition" characterized by rapid prototyping.

The DON will follow an incremental approach to implementation. We will use these authorities to enable speed and agility, while maintaining appropriate accountability, oversight and transparency. We will continue to collaborate with the Offices of the Secretary of Defense (OSD) to better align policies and regulations and evolve the DON policy accordingly.

The DON implementation plan will include a series of pilot programs to exercise these authorities and inform policy development. These pilot programs will be executed utilizing the interim acquisition guidance attached. As we learn from these pilot programs, we will provide future guidance to support full implementation of these authorities into the DON Acquisition System. Program Executive Officers with pilot program candidates will work with their product Deputy Assistant Secretaries of the Navy (DASN) to be evaluated for acceleration as a pilot program.

**SUBJECT: Implementation of Middle Tier and Acquisition Agility Guidance**

In addition to this guidance, I am directing the Systems Commands and Program Executive Offices to assess their organizations' contracting, technical, legal, and financial processes to facilitate the acceleration of programs when appropriate.

Effective implementation of these authorities will require learning and changing the way we do acquisition. Until more formal training is available, points of contact from each of the DASNs, per reference (c), are available to support the acquisition workforce in implementation. The DASN for Research, Development, Test and Evaluation (RDT&E) will continue to provide a "War Room" to facilitate familiarization of the new authorities and implementation of this plan. For questions related to this implementation plan, please contact Mr. Peter Manternach, peter.manternach@navy.mil, (703) 413-0702 or Ms. Kristen Alvarez, kristen.alvaez@navy.mil, (703) 695-7949.

  
James F. Geurts

**Attachments:**

As stated

**cc:**

CNO

CMC

PMD ASN (RD&A)

PCD ASN (RD&A)

AGC ASN (RD&A)

DASNs

DC, CD&I

OPNAV N9

ONR

PEOs

NAVAIRSYSCOM

NAVSEASYSYSCOM

MARCORSYSYSCOM

SPAWARSYSYSCOM

NAVFACENGSYSYSCOM

NAVSUPSYSCOM

DACM ASN (RD&A)

## Middle Tier Acquisition Interim Guidance

**1. Description.** Section 804 of the Fiscal Year (FY) 2016 National Defense Authorization Act (NDAA), as amended in FY 17 NDAA (codified at 10 U.S.C. § 2302 note), authorizes a Middle Tier acquisition pathway, separate from the traditional acquisition system, for rapid prototyping projects and rapid fielding programs to acquire new or improved capabilities. Rapid prototyping projects and rapid fielding programs are excluded from the Major Defense Acquisition Program (MDAP) definition in 10 U.S.C. § 243 and, therefore, exempt from complying with the MDAP requirements set forth in 10 U.S.C. Chapter 144. Similarly, rapid prototyping projects and rapid fielding programs are not subject to the Joint Capabilities Integration Development System (JCIDS) or Department of Defense (DoD) Instruction 5000.02 policies and procedures. Program Managers (PMs) are encouraged to request additional waivers from statutory or regulatory requirements on a case-by-case basis, as appropriate, to accelerate a rapid prototyping project or rapid fielding program. The Middle Tier Acquisition statute authorizes the use of special transfer authorities and authorizes the creation of rapid prototyping funds for both the DoD and the DON to facilitate program initiation and acceleration within the budget year of execution. The DON will continue to work with Congress to appropriate funding to the DON Rapid Prototyping Fund in order to enable Middle Tier Acquisition. Until appropriated, the DON will maximize current budget authorities to accelerate program execution. This guidance establishes the DON’s policies and procedures for rapid prototyping projects and rapid fielding programs.

### 2. Implementation

**2.1. Rapid Prototyping Pathway.** The rapid prototyping pathway shall provide for the use of innovative technologies to rapidly develop fieldable prototypes to demonstrate new capabilities and meet emerging military needs. The objective of a rapid prototyping project under this pathway shall be to field a prototype that can be demonstrated in an operational environment and provide for a residual operational capability within five years of initiation. The PM should review the documentation in Table 2-1 and make recommendations to the Approval Authority to identify which documents best support project execution when utilizing the Rapid Prototyping pathway. When rapid prototyping projects have successfully demonstrated the warfighting need in an operationally relevant environment, they may enter the Middle Tier Acquisition under the Rapid Fielding pathway.

Table 2-1. Rapid Prototyping Documentation

Documentation	Elements to Address	Approval Authority
Acquisition Decision Memorandum		ASN (RD&A)
Prototyping Plan	<ul style="list-style-type: none"> <li>- Prototype Acquisition Strategy</li> <li>- Performance Goals</li> <li>- Knowledge Points</li> <li>- System Experimentation and Assessment Plan</li> <li>- Prototype Deployment Strategy</li> </ul>	ADA
Acquisition Plan	When required by the Federal Acquisition Regulation (FAR)	ADA

Capability Documentation (within 6 months of initiation)	- Top Level Requirements Document -or- - JEONS, JUONS, Service ONS -or- - CDD or CPD	Responsible DCNO -or- DC, CD&I
<b>ADA</b> – Acquisition Decision Authority	<b>DCNO</b> – Deputy Chief of Naval Operations <b>DC, CD&amp;I</b> – Deputy Commandant for Capability Development & Integration	

**2.2.Rapid Fielding Pathway.** The rapid fielding pathway shall provide for the use of proven technologies to deploy production quantities of new or upgraded systems where minimal development is required. The objective of an acquisition program under this pathway shall be to begin production within six (6) months and complete fielding within five (5) years of initiation. The PM should review the documentation in Table 2-2 and 2-3 and make recommendations to the Approval Authority to identify which documents will best support program execution when utilizing the Rapid Fielding pathway. In order to optimize production and fielding timelines, the PM may tailor timelines for developing program documents that are not required for program initialization. The documentation tailoring plan shall be included in Rapid Fielding plan. Rapid Fielding programs under oversight, as determined by the Director of Operational Test and Evaluation (DOT&E), may have additional compliance requirements. Program Managers should engage the Operational Test Community as early as possible.

Table 2-2. Rapid Fielding Documentation - Statutory

<b>Documentation</b>	<b>Elements to Address</b>	<b>Approval Authority</b>
Acquisition Strategy	- Address applicable elements: o Acquisition Approach o Benefit Analysis and Determination o Business Strategy o Contracting Strategy (including Contract Type) o Cooperative Opportunities o General Equipment Valuation o Industrial Base Capability Considerations - Not to exceed 20 pages in length	ADA
Acquisition Plan	When required by the Federal Acquisition Regulation (FAR). May be combined with Acquisition Strategy	ADA
Core Log Determination / Workload Estimate	May be summarized in acquisition strategy	ADA
Frequency Allocation	For all systems/equipment that use the electromagnetic spectrum while operating in the United States and its possessions.	DON CIO
Low-Rate Initial Production Quantity	Production Quantities will be addressed in Acquisition Decision Memorandum	ADA
Post Implementation Review	Fulfilled by disposition decision to sustain Rapid Fielding program or transition to Program of Record	ADA

Cyber Security Strategy	Statutory for only mission critical or mission essential IT systems	ADA
Clinger Cohen Act Compliance	Statutory for all programs that acquire IT systems	DON CIO
PESHE and NEPA/E.O. 12114 Compliance Schedule	Not required for software programs with no hardware components	PM
<b>ADA</b> – Acquisition Decision Authority <b>DON CIO</b> – Department of the Navy Chief Information Officer <b>PM</b> – Program Manager		

Table 2-3. Rapid Fielding Documentation - Regulatory

Documentation	Elements to Address	Approval Authority
Acquisition Decision Memorandum	<ul style="list-style-type: none"> <li>- Acquisition Decision</li> <li>- Program Cost Estimate</li> <li>- Rapid Fielding Quantities (fulfills Low-Rate Initial Production Quantity statute)</li> <li>- Schedule</li> </ul>	ASN(RD&A)
IT Deployment Strategy	Address applicable elements: <ul style="list-style-type: none"> <li>- IT &amp; NSS Interoperability Cert</li> <li>- Spectrum Supportability Risk Assessment</li> <li>- Bandwidth Requirement Review</li> <li>- Cyber Security Strategy (non- mission critical or mission essential IT systems)</li> <li>- Program Protection Plan</li> <li>- Waveform Assessment Application</li> </ul>	DON CIO  *Authority to Operate granted per DODI 8510.01
Capability Documentation (within 6 months of initiation)	<ul style="list-style-type: none"> <li>- Top Level Requirements Document -or-</li> <li>- JEONS, JUONS, Service ONS -or-</li> <li>- CDD or CPD</li> </ul>	Responsible DCNO -or- DC, CD&I
Concept of Operations (CONOPS)		Responsible DCNO <sup>1</sup> -or-DC, CD&I
Course of Action Analysis	Replaces and serves as AoA	ADA
Defense Intel Threat Library		DIA
Operational Test Plan		Service OTA
Operational Test Report		Service OTA
Systems Engineering Strategy		PM
Sustainment Strategy		PM
Training Systems Strategy		PM
<b>ADA</b> – Acquisition Decision Authority <b>DCNO</b> – Deputy Chief of Naval Operations <b>OTA</b> – Operational Test Authority <b>DC, CD&amp;I</b> – Deputy Commandant for Capability Development & Integration <b>PM</b> – Program Manager <b>DON CIO</b> – Department of the Navy Chief Information Officer <b>DIA</b> – Defense Intelligence Agency		

<sup>1</sup>In coordination with Naval Warfare Command and Warfighting Development Centers

**2.3. Transition to Acquisition Program.** Where production exceeds the five (5) year limit of Rapid Fielding, or the program would be more appropriately managed under a traditional

acquisition pathway, the Acquisition Decision Authority may transition the program to a traditional acquisition pathway at an appropriate Milestone. Under the DoDI 5000.02 and JCIDS, such programs shall be subject to, appropriately tailored where possible, the statutory and regulatory requirements for their respective Acquisition Category (ACAT) designation.

**3. Initiation.** The Middle Tier Acquisition pathways require rapid prototyping projects and rapid fielding programs to be completed within five (5) years of initiation. For rapid fielding, production must be scheduled to begin within six (6) months of initiation. Each pathway requires a distinct merit based assessment to ensure the transparency, accountability and alignment within the Navy and Marine Corps acquisition, requirements, and resourcing communities. ASN(RD&A) will initiate all Middle Tier Acquisition programs by an Acquisition Decision Memorandum and may designate Acquisition Decision Authority at that time. A Program Manager will be designated and report directly to Acquisition Decision Authority.

### **3.1. Rapid Prototyping**

**a. Merit Based Selections.** In order to initiate Rapid Prototyping projects under the Middle Tier Acquisition, each project shall be selected under a Merit Based Selection framework. The Merit Based selection will review the warfighting problem, the overall capability required, and a solution trade space within which to prototype. The DON will initiate Rapid Prototyping projects when the prototyping effort has:

- (1) Alignment with a high priority military capability need;
- (2) A defined and manageable capability, cost, schedule, feasibility of success, and technical risk;
- (3) Available and stable funding through the normal Planning, Programming, Budgeting and Execution (PPBE) process, Above and Below Threshold Reprogramming, and/or through the use of the Rapid Acquisition Special Transfer Authorities;
- (4) Opportunity to reduce total ownership costs to include reduction in development, production, and sustainment costs as compared to development through the Defense Acquisition System (DAS);

**b. Rapid Prototyping Initiation.** The rapid prototyping pathway can be initiated in support of one or more of the following categories:

- (1) Emergent Strategic Needs. Those needs that are emergent strategical Fleet/Forces needs not documented by a capability requirement through the normal Capability Based Assessment Process, nor sufficient funds programmed through the normal DoD PPBE process to execute in the year the need was identified. Emergent Strategic Needs initiation is consistent with the Secretary of the Navy Instruction (SECNAVINST) 5000.42, Department of the Navy Accelerated Acquisition for the Rapid Development, Demonstration and Fielding of Capability for initiating accelerated acquisition programs.

(2) Emergent Technologies. New warfighting capabilities that have been identified as an offsetting or disruptive warfighting needs through Future Naval Capability (FNC), Innovative Naval Prototype (INPs), Joint Capability Technology Demonstrations (JCTDs), Advance Naval Technology Exercise (ANTX), Warfighter Experiments, or similar information technology development advancements.

(3) Documented Needs. Projects that currently have a validated requirement documented via the Joint Requirements Oversight Council (JROC), Joint Rapid Acquisition Cell (JRAC), the Chief of Naval Operations or Commandant of the Marine Corps Operational Needs process requiring acceleration to meet a warfighting need.

Table 3.1 Initiation Decision

Category		Initiation Decision	Merit Based Assessment Elements	
Emergent Strategic Needs		Navy AA BoD USMC AA BoD  ( See SECNAVINST 5000.42)	<ul style="list-style-type: none"> <li>▪ Alignment with high priority need</li> <li>▪ Defined capability, cost schedule, feasibility, and technical risks</li> <li>▪ Available and stable funding</li> <li>▪ Total ownership cost savings</li> </ul>	
Emergent Technologies		N9 -or- CD&I & DASN (RDT&E)	<ul style="list-style-type: none"> <li>▪ Defined capability, cost schedule, feasibility, and technical risks</li> <li>▪ Available and stable funding</li> <li>▪ Total ownership cost savings</li> </ul>	
Documented Needs	Accelerating capabilities from CDD/CPD	N9, N8, N4, N2/N6, & DASN -or- CD&I		
	JEONs			
	JUONs			
	Service UONs			
	CDD/CPD	Resource & Sponsor	PEO	<ul style="list-style-type: none"> <li>▪ Available and stable funding</li> <li>▪ Total ownership cost savings</li> </ul>

### 3.2. Rapid Fielding Pathways.

**a. Merit Based Selection.** In order to initiate Rapid Fielding efforts under the Middle Tier Acquisition, each project shall be selected under a Merit Based Selection framework. The Merit Based selection will review the warfighting problem, the overall capability required, and a solution trade space within which to prototype. The DON will initiate Rapid Fielding efforts when the prototyping effort has:

(1) Continued alignment with a high priority military capability need;

(2) A defined and manageable capability, cost, schedule, concept of supportability, and technical risk for a designated number of fielded systems;

(3) Available and stable funding through the normal PPBE process, internal Above and Below Threshold Reprogramming, or through the use of the Rapid Acquisition Special Transfer Authorities;

(4) Opportunity to reduce total ownership costs to include reduction in development, production, and sustainment costs as compared to development through the Defense Acquisition System (DAS);

(5) A configuration of the solution that was demonstrated in an operationally and relevant environment

#### **4. Funding.**

**4.1. Rapid Prototyping Funding.** Rapid Prototyping projects and Rapid Fielding programs may be funded through one or more of the following paths:

**a. Program Appropriated Funding.** Programs with sufficient, and appropriate funding sources already appropriated through PPBE process. Rapid Fielding programs should utilize the PPBE process when time permits.

**b. Department of the Navy (DON) Rapid Prototyping Fund.** The DON is authorized to establish a flexible funding account that will contain appropriated funds to be distributed as warfighting needs arise. Once established, programs can be funded by the DON Rapid Prototyping Fund only when designated by their service Accelerated Acquisition Board of Directors (AA BoD). The DON Rapid Prototyping Fund can fund both rapid prototyping and rapid fielding pathways.

**c. Office of the Secretary of Defense (OSD) Rapid Prototyping Fund.** The statute authorized the Office of the Secretary of Defense (OSD) to establish a flexible funding account that will contain appropriated funds to be used to initiate projects within various DoD Components and Services focused on Emergent Technologies category of Rapid Prototyping. DASN (RDT&E) will coordinate with OSD for distribution and initiation of projects under this funding source. The OSD Rapid Prototyping Fund can only fund rapid prototyping pathway.

**d. Other Prototype Funding Sources.** Other sources may be used to initiate Rapid Prototyping efforts to include special transfer authorities under Rapid Acquisition Authorities of the Secretary of Defense, Below Threshold Reprogramming within the DON, and Above Threshold Reprogramming process with Congress.

**4.2. Reporting:** If projects or programs utilize Special Transfer Authorities under the Rapid Acquisition Authority. The Secretary of Defense shall notify the Congressional Committees within ten (10) days of the transfer.

**5. Capability Requirements.** All Middle Tier Acquisition projects shall have documented capability requirements, not more than six months from when the project was initiated, from the requirement community. At a minimum, a Top Level Requirements Documentation will outline



the minimum viable product that is acceptable to the operational force. For Rapid Fielding, the Top Level Requirements shall include the production quantity required to meet the warfighting need within the first five (5) years of service.

**6. Transition.** Successful Rapid Prototyping projects not transitioning into Rapid Fielding, shall transition into existing acquisition program, a new acquisition program, or the residual capability can be sustained in the field.

**6.1. Fielding of Rapid Prototypes.** If the Acquisition Decision Authority and the capability requirement community want to continue to operate the initial Rapid Prototypes in the field, the Program Manager (PM) is not required to enter Rapid Fielding under this guidance. The PM will develop the appropriate sustainment package to support the items in the field until they are dispositioned.

**6.2. Transition to Traditional Acquisition.** Programs determined by the Acquisition Decision Authority to transition to the traditional acquisition system shall follow the guidance under DoDI 5000.02 and JCIDS

## Acquisition Agility Interim Guidance

**1. Description.** Section 805 and 806 of the FY 2017 NDAA, collectively referred to as Department of Defense Acquisition Agility, amended Title 10, United States Code, Chapter 144, Major Defense Acquisition Programs (MDAPs). These amendments fundamentally alter the way MDAPs will be executed. Specifically, section 2446a of Chapter 144B now states that MDAPs that receive Milestone A or Milestone B approval after January 1, 2019 shall be designed and developed, to the maximum extent practicable, with a modular open system approach (MOSA) to enable incremental development and enhance competition, innovation, and interoperability. Additionally, section 2447a of Chapter 144B requires the Secretary of Defense to set forth in budget exhibits the amounts requested for advanced component development and prototype activities for the development, prototyping, and experimentation of weapon system components or other technologies, including those based on commercial items and technologies, separate from acquisition programs of record. When coupled with the MOSA requirements of section 2446a, this allows the Milestone Decision Authorities (MDA) for MDAPs to separate higher risk component and subsystem technology maturation efforts from the major system platform development effort. These authorities allow the MDAP platform to move faster through the traditional acquisition process as addressed in DoDI 5000.02 by maturing advanced technologies in a parallel path. The component and technology advancement can now assume more risk to push the state-of-the-art, and incrementally integrate into the platform when ready. These component and technology prototypes will be developed separately from, but aligned with, the MDAP. These prototyping efforts will not assume the ACAT designation of the platform and will not be subject to the requirements of DoDI 5000.02 or the Joint Capability Integration Development System (JCIDS). These prototyping efforts will follow an accelerated and agile pathway outlined in this DON guidance while ensuring transparency, oversight, and accountability.

## 2. Key Tenets

**2.1. Definitions.** As defined in 10 U.S.C. Chapter 144B, Section 2446a.

**a. Major System Platform.** The Major System Platform is the highest level structure of a major weapon system that is not physically mounted or installed into a higher level structure and on which a major system component can be physically mounted or installed.

### **b. Major System Component**

(1) A high level subsystem or assembly, including hardware, software, or an integrated assembly of both, that can be mounted or installed on a major system platform through well-defined major system interfaces; and

(2) Includes a subsystem or assembly that is likely to have additional capability requirements, is likely to change because of evolving technology or threat, is needed for interoperability, facilitates incremental deployment of capability, or is expected to be replaced by another major systems component.

### **c. Major System Interface**

(1) A shared boundary between a major system platform and a major system component, between major system components, or between major system platforms, defined by various physical, logical, and functional characteristics, such as electrical, mechanical, fluidic, optical, radio frequency, data, networking, or software elements; and

(2) Is characterized clearly in terms of form, function, and the content that flows across the interface in order to enable technological innovation, incremental improvements, integration, and interoperability.

**d. Modular Open System Approach (MOSA).** For an MDAP, a MOSA is an integrated business and technical strategy that—

(1) Employs a modular design that uses major system interfaces between a major system platform and a major system component, between major system components, or between major system platforms;

(2) Is subjected to verification to ensure major system interfaces comply with, if available and suitable, widely supported and consensus-based standards;

(3) Uses a system architecture that allows severable major system components at the appropriate level to be incrementally added, removed, or replaced throughout the life cycle of a major system platform to afford opportunities for enhanced competition and innovation while yielding—

(A) significant cost savings or avoidance;

(B) schedule reduction;

(C) opportunities for technical upgrades;

(D) increased interoperability, including system of systems interoperability and mission integration; or

(E) other benefits during the sustainment phase of a major weapon system; and

(4) Complies with the technical data rights requirements of 10 U.S.C. § 2320.

**2.2. Application of MOSA.** MOSA is an integrated business and technical strategy key to incrementally evolve the MDAP platform when technology becomes available. The most recent changes to 10 U.S.C. and the DoDI 5000.02 Chapter 144 strengthen the use of MOSA on MDAPs to the maximum extent practicable. This includes provisions for Program Capability Documents (ICD, CDD, CPD) to characterize the likely evolution of the system, key changes to the Analysis of Alternatives, requirements in Request for Proposals, Milestone B 2366b certification, and the requirement to be include in Selected Acquisition Reports (SAR). Program Managers shall develop MOSAs that comply with the definitions in this guidance. Program

Managers also shall follow the Naval Open Architecture Contract Guidebook for Program Managers, Version 20, dated 30 June 2010, This guidance will take precedence over the guidebook in the event of event of any conflict between them.

**2.3. Application of Data Rights.** In order to facilitate the maximum trade space for future technology development, it is critical that the platforms consider the appropriate Data Rights. Current Data Rights Strategy requirements shall address future Acquisition Agility increments and comply with 10 U.S.C. § 2320.

### 3. Implementation

**3.1. Component Prototyping.** Regulatory documentation required for initiation of a Component/Technology Prototype is located in Table 3-1. All required documentation and content is tailorable by the Approval Authority.

**a. Replacement Components.** Defined as components already established under the platform functional, allocated, and production baseline that are being replaced to increase the affordability of the MDAP or provide an incremental increase in capabilities. These capabilities should already be captured in the capability document of the platform.

**b. Additional Component.** Defined as components not already established under the platform functional, allocated, and product baseline that provide an additional functionality to the system and not be captured in current capability documentation.

Table 3-1 Acquisition Agility Prototyping Documentation

Documentation	Elements to Address	Approval Authority
Prototype Decision Memorandum		Milestone Decision Authority
Prototyping Plan	<ul style="list-style-type: none"> <li>- Prototyping Approach</li> <li>- Performance Goals</li> <li>- Knowledge Points</li> <li>- Demonstration /Experimentation Plan</li> <li>- Prototype Deployment Strategy</li> <li>- Acquisition Plan</li> </ul>	Acquisition Decision Authority
Transition Agreement	<ul style="list-style-type: none"> <li>- Technical data required at transition</li> <li>- Performance verification requirements</li> <li>- Interface information required for certifications</li> </ul>	Milestone Decision Authority
Capability Documentation	<ul style="list-style-type: none"> <li>- Top Level Component Requirement Document</li> </ul>	Portfolio Prototyping Board Chairman

**3.2. Transition to MDAP platform.** Regulatory documentation required at transition is located in Table 3-2.

Table 3-2 Acquisition Agility Prototype Transition Documentation

Documentation	Elements to Address	Approval Authority
Transition Plan	<ul style="list-style-type: none"> <li>- Transition Approach</li> <li>- Operational Test Approach</li> <li>- Unique supportability requirements</li> <li>- Acquisition Plan</li> </ul>	Milestone Decision Authority
Verification Report	<ul style="list-style-type: none"> <li>- Prototype Demonstration/Experimentation results</li> <li>- Prototype performance verification results</li> <li>- Completed certifications</li> <li>- Interface compliance</li> </ul>	Milestone Decision Authority

**4. Component/Technology Prototype Initiation.** Component /Technology Prototypes under the Acquisition Agility pathway must be less than \$10 Million, per prototyping effort, and take no longer than two (2) years. The Secretary of the Navy can approve up to \$50 Million, per prototyping effort and must provide notification to Congress. These pathway requirements only pertain to the component/technology prototyping effort. Program Managers may utilize Middle Tier Acquisition pathway for prototypes exceeding these limitations.

**4.1. Portfolio Prototyping Board.** When established, the portfolio oversight board(s) will make recommendation to ASN(RD&A) for projects to initiate under Acquisition Agility pathway. Until the Portfolio Prototyping Boards are established, DASN RDT&E will be responsible for the executing the responsibilities of the Portfolio Prototyping Board. The Portfolio Prototyping Board will be responsible for the following:

- a. Issue strategic plan every three (3) years that prioritizes capability and weapon systems.
- b. Make recommendations on annual funding levels for component prototyping efforts.
- c. Submit semiannual notifications to Congress.

**4.2. Merit Based Selection.**

**a. Component/Technology Prototype.** In order to initiate Component or Technology Prototyping efforts under the Acquisition Agility pathway, each project shall be selected under a Merit Based Selection framework. The Merit Based selection will define the warfighting problem, the capability required, and a solution type to meet and the needs. The DON will only initiate Component/Technology Prototyping efforts when prototyping effort has:

- (1) A high priority warfighter need.
- (2) Available and stable funding.
- (3) A component and technology that is operationally and technically relevant within two (2) years.
- (4) The ability to be successfully demonstrated in a relevant environment within two (2) years.
- (5) A cost-effective solution that will address the warfighter needs.

**5. Transition to Platform.** The Program Manager will implement the Component/Technology Prototype into the platform utilizing their existing configuration management procedures. Prior to transition, the Program Manager will seek approval through the MDAP Configuration Steering Board. The Program Manager will work with the DoD Oversight organization to ensure Operational Testing, and Supportability requirements are updated as required. Under the authorities of the Acquisition Agility, ASN (RD&A), or delegated Acquisition Decision Authority, may authorize award of a follow-on production contract or other transaction without the use of competitive procedures if there were competitive procedures used in the original project selection. Selection to integrate a successful prototype into the platform, at a minimum, will evaluate:

- (1) The component or technology remains a high priority warfighter need or will reduce the cost of the weapons system platform.
- (2) Available and stable funding.
- (3) The prototype was demonstrated in a relevant environment.

## **6. Funding.**

**6.1. Prototyping and Experimentation Funding.** Until flexible funding constructs are established, all Acquisition Agility projects will utilize program appropriated funding with the standard reprogramming authorities as required.

### **6.2. Platform Transition Funding**

**a. Special Transfer Authorities.** When available, the SECNAV may authorize transfer of procurement funds up to \$50 Million, over a two (2) year period to fund low-rate initial production of the Component/Technology Prototype.

**b. Platform Permanent Alterations.** Until flexible funding constructs are established, all Acquisition Agility projects will utilize program appropriated funding with the normal reprogramming authorities by the platform.

**c. Full Rate Production and Sustainment.** Full-rate production will be funded through the normal Planning, Programming, Budgeting, and Execution (PPBE) Process by the platform.

**7. Budget Displays.** Research, Development, Test and Evaluation (RDT&E) requested amounts for the acquisition program of record shall be separately displayed from the development, prototyping, and experiment of the weapon system components or technologies. Future budget display guidance will be distributed by DASN (M&B).

**8. Cost Accounting.** Until guidance is published by OSD, the MDAP will account for all cost changes as a result of Component/Technology Prototype transitioning to the platform. All component prototyping conducted outside of the MDAP will not be accounted for as a part of the MDAP Acquisition Program Baseline and reporting.

**9. Capability Documents.** In coordination with the appropriate OPNAV or CD&I requirements and resource sponsor, the Portfolio Prototyping Board Chairman shall approve a Component Requirement Document outlining component/technology performance goals, interoperability requirements, and transition timing requirements.

## **10. Reporting.**

**10.1. Component Prototyping Selection and Status.** The Portfolio Prototyping Board shall submit a semi-annual notification through DASN (RDT&E) for consolidation and submission to the congressional committees containing the following:

**a.** Projects initiated in the preceding six months, including an explanation of the project and its required funding.

**b.** The results achieved from Component/Technology Prototype and technology projects completed and tested during the preceding six (6) months.

**10.2. Component Prototyping Selection of greater than \$10 Million.** The Secretary of the Navy (SECNAV) is required to notify Congress if the Component/Technology Prototype exceeds \$10 Million. The Portfolio Prototyping Board shall submit to the SECNAV the following information within ten (10) days of initiation past this threshold:

**a.** The project and description

**b.** Expected funding for the project

**c.** A statement of the anticipated outcome of the project.

**10.3. Component Transition to Platform.** The Program Managers shall submit a notification to their associated DASN within ten (10) days of selection of a component or technology project follow-on production contract. It will include a brief description of the rapid

fielding project. The DASN will submit through ASN (RD&A) a notification to Congress of the transition within thirty (30) days.



## INFORMATION PAPER

March 27, 2018

SUBJECT: Middle Tier and Acquisition Agility Pilot Programs.

**1. Purpose.** The purpose of these pilot programs is to demonstrate alternate pathways to deliver timely and sufficient capabilities, gain Congressional Authorizer's trust that the Department of the Navy (DON) is agile enough to accelerated programs when required, and start the process of energizing our industrial base to accelerate deliver of needed technology. Conversely, these pilot programs will confirm the DON has adequate oversight, accountability of programs, sound strategies to support communication, synergy within the department, and transparency to Congressional Committees.

### **2. Middle Tier Acquisition Pilot Programs**

**2.1. Phase I.** Phase I will focus on rapid prototyping program initiation, establishment of capability requirements, and funding enablers and constraints of the Rapid Prototyping element of Middle Tier Acquisition. The DON will pilot 2-5 Rapid Prototyping effort in the following Rapid Prototyping Pathways.

- a. Emergent Strategic Needs
- b. Emergent Technology.
- c. Documented Needs

**2.2. Phase II.** Phase II will focus on Rapid Fielding program initiation, initiation of a Rapid Prototyping project from the Navy's Rapid Prototyping Fund

### **3. Acquisition Agility**

**3.1. Portfolio Prototyping Board.** The Assistant Secretary of the Navy for Research, Development and Acquisition (ASN(RD&A)) in coordination with Deputy Chief of Naval Operations for Warfare Systems (N9) and Deputy Commandant of the Marine Corps for Capabilities Development and Integration (DC, CD&I) will select 1-2 currently chartered oversight boards composed of both the requirements, acquisition, and technical community to pilot the procedures within this guidance to address the following items:

- a. Selection process and initiation of projects
- b. Funding constructs

**3.2. Component Prototypes.** ASN(RD&A) in coordination with N9 and DC, CD&I) will select 2-5 pilot projects to develop component prototypes for future integration under the procedures within this guidance and will address the following items:

- a. Regulatory documentation required to communicate within the DON and OSD partners
- b. Validation requirements of the component prototype prior to transition to the platform.

**3.3. MDAP Platform.** ASN(RD&A) in coordination with N9 and DC, CD&I will select 1-3 MDAPs to pilot the transition of a component prototype into the platform and address the following items:

- a. Data requirements from the component prototyping performer required for adequate transition into the platform.
- b. Operational testing strategies to adhere to the current oversight authorities.
- c. Inform ASN(RD&A) on the technical and business barriers of implementing Modular Systems Open Architecture.

**4. Lessons Learned.** The 804/806 Implementation Working Group will follow the pilot programs and consolidate the lessons learned and metric for future guidance distribution.

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DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
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NOV 8 2017

MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR  
RESEARCH, DEVELOPMENT, TEST AND EVALUATION

SUBJECT: Designation of the Deputy Assistant Secretary of the Navy for Research, Development, Test and Evaluation to Lead Implementation of Accelerated Acquisition

Reference: (a) Fiscal Year 2016 National Defense Authorization Act (NDAA) (Public Law 114-92), § 804 codified in 10 U.S.C. § 2302 note  
(b) Fiscal Year 2017 NDAA (Pub. Law 114-328), § 805 codified in 10 U.S.C. § 2446a - § 2446c  
(c) 2017 NDAA, § 806 (Pub. Law 114-328 codified in 10 U.S.C § 2447a  
(d) 2017 NDAA, § 806 (Pub. Law 114-328 codified in 10 U.S.C § 2447b  
(e) 2017 NDAA, § 806 (Pub. Law 114-328 codified in 10 U.S.C § 2447c  
(f) 2017 NDAA, § 806 (Pub. Law 114-328 codified in 10 U.S.C § 2447d  
(g) 2017 NDAA, § 897(Pub. Law 114-328 codified in 10 U.S.C § 2302 note

I am directing the Deputy Assistant Secretary of the Navy for Research, Development, Test, and Evaluation (DASN(RDT&E)) to lead a team from each of the ASN(RD&A) DASNs to analyze and develop an action plan for implementing the congressional Acquisition Agility and Mid-Tier Acquisition laws in references (a) and (b). The outcome will enable department wide deployment of the new accelerated acquisition authorities. All DASNs will nominate an acquisition subject matter expert representative to support in this effort to address the following topics:

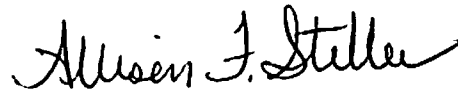
1. Mid-tier Acquisition (reference (a))
  - a. Implementation of SECDEF Procedures in accordance with guidance for a "middle tier" of acquisition programs intended to be completed in a period of two to five years;
  - b. Initiation of a project under middle tier prototyping or fielding pathways through special transfer authorities from the DoD Rapid Prototyping Fund;
  - c. Notification to defense committees;
2. Establishment and administration of Department of Navy Specific Rapid Prototyping Fund (reference (g))
3. Acquisition Agility (references (b) – (f))
  - a. Incremental development through Modular Open Systems Architecture (reference (b));

**SUBJECT: Designation of the Deputy Assistant Secretary of the Navy for Research, Development, Test and Evaluation to Lead Implementation of Accelerated Acquisition**

- b. Weapon system components or technology prototype project budget displays (reference (c));
- c. Oversight board for managing prototype projects for weapon system components and other technologies and subsystems (reference (d));
- d. Selection of prototype projects through a merit-based selection process (reference (e));
- e. Special funds transfer authority for low-rate initial production (reference (f));
- f. Selection of production following prototype project without the use of competitive procedures (reference (f))

The effort is considered complete when an action plan and implementation schedule is developed and briefed to me. It is expected that I will participate in interim reviews for further guidance and refinement as outlined below:

- 30 Days from Memorandum Signature: Form the DASN representative working group to provide recommendations on the topics outlined in this memorandum. Provide an interim review of the scope and understanding of the law. I will provide direction on the extent and timing of the implementation of guidance.
- 45 Days from Memorandum Signature: Review of draft guidance and implementation schedule.
- 60 Days from Memorandum Signature: Issue draft guidance for review with the Chief of Naval Operations, the Commandant of the Marine Corps, Systems Commands, and Program Executive Offices.
- 90 Days from Memorandum Signature: Implementation of communication and training plan.



Allison F. Stiller  
Acting

cc:  
CNO  
CMC  
PMD ASN(RD&A)  
ASN (RD&A)  
ASN AGC  
DASN (SHIPS, AIR, E&LM, UXS, M&B, IPO, C4I/SPACE, AP)  
DC, CD&I  
N9