



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

September 14, 2010

MEMORANDUM FOR: Director, Defense Research and Engineering

SUBJECT: Implementation Directive for Better Buying Power – Restoring Affordability and Productivity in Defense Spending

As detailed in my September 14, 2010 memorandum for acquisition professionals, I am seeking to restore affordability and productivity through initiatives in the following five areas: (1) Targeting Affordability and Controlling Cost Growth; (2) Incentivizing Productivity and Innovation in Industry; (3) Promoting Real Competition; (4) Improving Tradecraft in Services Acquisition, and; (5) Reducing Non-Productive Processes and Bureaucracy.

These initiatives include steps that can be taken immediately and steps that will require more development and staffing before they are implemented. This memorandum provides actions that I expect you to execute either immediately or in the time frame specified. Additional actions in support of these five initiatives will be developed over the next few weeks and months.

The Department does not have the information it needs to understand how the Independent Research and Development (IRAD) program is functioning. You will engage with the largest of the performers of IRAD to collect data on how they have used these funds for the last 10 years, the resulting benefits to industry and government, and how these companies obtain insight into technical areas of potential interest to the government. In support of this task, you will work with the Defense Contract Audit Agency to obtain IRAD financial data from all firms with allowable IRAD costs.

By November 15, 2010, you will provide me with a plan for a pilot program to apply to as much as a third of the IRAD allocation, that will reflect the insights gained from the review directed above.

As noted in my September 14, 2010 memorandum, the Technology Readiness Level (TRL) review and certification process has grown well beyond the original intent and should be reoriented to an assessment of technology maturity and risk as opposed to engineering or integration risk. You are directed to review and to make recommendations to refocus the TRL certification process to be consistent with its original intent. You are also tasked to propose an efficient mechanism to provide independent assessments of engineering and integration risk, as well as technology risk, at major investment decision points. These actions are to be complete by November 1, 2010.

A handwritten signature in cursive script, reading "Ashton B. Carter".

Ashton B. Carter