



STATEMENT OF

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COMMITTEE ON HOMELAND SECURITY

SUBCOMMITTEE ON TRANSPORTATION SECURITY

Hearing on:

“Stakeholder Perspectives on TSA Acquisition Reform”

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311 Cannon House Office Building**

Chairman Hudson, Ranking Member Richmond, and distinguished Members of the Subcommittee, I am Marc Pearl, President and CEO of the Homeland Security & Defense Business Council (Council), a non-partisan, non-profit organization that is made up of the leading large, mid-tier, and small companies that provide homeland security and homeland defense technology, product, and service solutions to our nation, and more specifically, as it relates to today's hearing, to TSA. We thank you for giving us the opportunity to appear before you today to discuss industry perspectives on TSA acquisition reform.

The Council sponsors and promotes programs and initiatives that encourage a collaborative dialogue between industry and government that focuses on identifying ways we can better work together to address our nation's critical homeland security/homeland defense issues. Over the past few years, we have, for example, worked closely with the DHS Management and S&T Directorates on improving the acquisition process and the process for developing and finding advanced technologies.

As the members of this subcommittee already know, TSA acquisition programs represent billions of taxpayer dollars in life cycle costs and support a wide range of aviation security missions and investments. Technology needs make up a significant part of TSA's annual budget and play a critical role in its ability to accomplish its mission. However, as Government Accountability Office (GAO) reports continue to point out, many of DHS and TSA's major acquisition programs often cost more than expected, take longer to deploy than planned, or deliver less capability than promised.

Industry and government are striving for the same goal – for TSA (and the entire homeland security enterprise) to acquire the capabilities needed for mission success through processes that are timely, cost effective, accountable, and that encourage competition, innovation, and investment in the homeland security marketplace. No one can afford to have time, money, and resources wasted.

Members of the Council firmly believe that open, transparent, and substantive communication, along with strong, ongoing collaborations between the government and industry **long before and throughout** the acquisition process is a critical aspect to achieving this goal and addressing the GAO's concerns.

I do want to state unequivocally that DHS and TSA have truly begun to recognize this need, and are working hard to find creative and substantive ways to engage with industry – and not just with us in the role of contractor. We applaud their efforts and many of the recent changes that have occurred. In my testimony today, I would like to highlight some of the success stories and also suggest constructive ways that DHS, TSA, and Congress can continue the progress into the future.

The Council believes the following actions will assist the process of acquisition reform and ensure that TSA has the ability to acquire innovative technologies in a cost effective and efficient manner:

- **The development of a long term strategic technology investment plan and multi-year budget plans; and**

- **Continued use and development of open and transparent communication forums that allow for early and ongoing two-way communication between government and industry.**

In particular, we believe that communication between government and its industry partners can be improved through:

- Forums that allow for discussions surrounding general needs and conceptual frameworks sufficiently in advance of an upcoming program or contract;
- Smaller and more focused industry days;
- Less reliance on Requests for Information (RFIs);
- Increased use of draft Requests for Proposal (RFPs);
- Creation of an Acquisition Timeline Model and Acquisition Status Dashboard; and
- Education of the TSA workforce on acceptable types of government/industry engagement.

I. DEVELOPMENT OF A MID TO LONG TERM STRATEGIC TECHNOLOGY INVESTMENT PLAN AND MULTI-YEAR BUDGET PLANS

The communication of the government’s future technology needs, vision, and intended direction is of critical importance to industry. It should also be of equal importance to legislators that are conscious of using tax dollars in an effective and efficient manner. Industry does not have limitless resources to devote to the development and testing of homeland security solutions. Particularly in the current economic environment, no one wants to waste time and money building speculative technologies or solutions that ‘should’ or ‘could’ be incorporated into – in this case – our nation’s transportation security efforts. In order to provide the solutions that TSA needs to operationalize its mission, industry must have advance notice of the need and an ability to provide long-range solutions to meet those needs.

DHS and TSA have made substantial progress in trying to communicate future priorities, direction, and thinking to industry through the use of such vehicles as industry days, FedBizOps, and strategic planning documents. We applaud the development of the *2012–2016 DHS Strategic Plan* and the *2013–2016 TSA Office of Security Capabilities Strategic Plan*. We are particularly appreciative of TSA’s willingness to have industry participate as a stakeholder in the planning process.

While these documents are an important part of the planning process, they do not address technologies in depth. We strongly believe that DHS must take the planning process a few steps further and develop a **mid to long term strategic technology investment plan**.

We point to the *2012 Strategic Space Technology Investment Plan*¹ that NASA issued as a good example. The NASA plan was created after the agency developed a series of technology roadmaps that defined its future needs based upon the results of a gap analysis. The plan is effective because it narrows the focus of the technology field and gives guidance on technology investment over the next four years, and within the context of a 20-year horizon.

For purposes of demonstrating what we believe is a potentially useful template, and to assist the subcommittee in its deliberations, we have summarized below the component parts and type of information provided in NASA's plan:

- The technology roadmap specifies 14 plans for developing technologies in 14 areas over the next 20 years.
- It prioritizes and divides its investment approach into three levels of concentration.
 - Core Technologies (70%): These are the most pressing near term technology investments necessary to accomplish its mission.
 - Adjacent Technologies (20%): These are additional high priority investments that would be needed over the next four years. These are technologies that will take more time to development.
 - Complementary (10%): These are the remaining needs from the technology roadmap. They have limited immediate relevance but they have the potential to bear relevance over the next 20 years. These technologies may require some investment now so that the capability will exist later.
- The core, adjacent, and complementary technologies support goals in a four pillar framework. Each pillar includes three components: (1) a strategic investment goal; (2) associated capability objectives; and (3) technical challenge areas underpinning those objectives.
- The framework specifies the principles that will guide the investment strategy and portfolio execution.
- It includes a governance approach with frequent oversight and allows for the updating of the plan on a biennial basis.

A strategic technology investment plan is **not** a list of what the government is going to buy in the future. Instead, it is a flexible document that provides industry with a blueprint for the government's future needs and thinking. It also gives both the agency and industry the time to plan appropriately by aligning financial and personnel resources towards addressing the highest priority needs. Any assistance that Congress can provide in guiding the development of a long term strategic technology investment plan would go a long way in providing the foundation and framework for all stakeholders to achieve mission success.

While it is no doubt difficult to develop, particularly under the current budget approval process, Congress and DHS could work together more effectively to develop multi-year budget plans, or at least a credible forecast of future investment activities at the time of an annual budget justification. This would provide industry with a more

¹ See <http://www.nasa.gov/offices/oct/home/sstip.html>

predictable homeland security acquisition environment, and a greater level of certainty, which is needed to make multi-million dollar technology investments and hiring decisions.

II. CONTINUED USE AND DEVELOPMENT OF OPEN AND TRANSPARENT COMMUNICATION METHODS AND FORUMS THAT ALLOW FOR EARLY AND ONGOING INFORMATION EXCHANGE BETWEEN GOVERNMENT AND INDUSTRY

The Council has long stressed the need for the government to engage with industry **prior** to starting the procurement process. Early engagement (long before the issuance of a RFP) is needed so that DHS can conduct the appropriate market research, explore creative ways of understanding existing and emerging technologies, learn industry terminology, identify all of the potential companies that can provide the technology, and determine the correct scope of the requirements that best fit the existing vendor base.

Clearly defined needs and concise requirements, particularly those that contain metrics and differentiators, are critical factors in industry's ability to provide the government with the technological capabilities it needs in a timely and cost effective manner. If the technical performance and testing requirements for technologies are not measureable or clearly communicated to industry, it raises the potential for an increased or lost cost of development, duplication of effort, and a resulting product or technology that fails to meet the government's expectations. Industry input is essential to help define and calibrate requirements to match objectives and achieve goals. The more complex the procurement, the more critical the need for an open information exchange.

DHS and TSA are working hard to conduct outreach to and collect intelligent data from industry. Currently, there are a number of methods used to gather and exchange information with industry, including Industry Days, RFIs, Broad Agency Announcements (BAAs), monthly webinars, FedBizOpps, DHS website announcements, one-on-one vendor sessions, and outreach through industry associations, like the Council.

It is important that DHS continue to use multiple forums for communication. The government needs to ensure it has forums that allow for both one-on-one and group engagement. The government also needs to have the flexibility to balance group interactions so that it can have productive communications with a manageable amount of people, as well as the ability to reach out, request, and share information with a broader audience, particularly those who do not reside in Washington, D.C. The latter is an important aspect to ensuring the government is viewed as open and transparent.

In this regard, the Council recommends six (6) ways to expand and improve current communication efforts before and during the acquisition process:

1. DEVELOP FORUMS THAT ALLOW FOR DISCUSSIONS SURROUNDING GENERAL NEEDS AND CONCEPTUAL FRAMEWORKS SUFFICIENTLY IN ADVANCE OF AN UPCOMING PROGRAM OR CONTRACT

This type of interaction in advance of a specific procurement will enable the government to gather the information needed to help shape the desired outcome, better define and understand what is actually needed, and determine what is

economically reasonable and technologically feasible. Here is a simple analogy to drive this point: Without a conceptual discussion about what the government needs technology to do for them, they may prematurely define the need as a mop or broom when what they really need is a Swiffer.

2. CONDUCT SMALLER AND MORE FOCUSED INDUSTRY DAYS

Industry encourages the use of smaller and more focused industry days that include breakout sessions that allow for interactive roundtable discussions with the government. These types of sessions are a more valuable use of industry's time and manpower. By narrowing the focus of an industry day, the government can reduce the amount of people in physical attendance and allow for more productive and interactive engagement with the attendees. These sessions could be video-taped and live streamed over the internet to ensure government transparency. Many of the component parts of DHS, including TSA, have started to incorporate breakout sessions into their industry days, and industry reports they result in a better exchange of information.

3. LESS RELIANCE ON REQUESTS FOR INFORMATION (RFIs)

Recently, there has been a substantial increase in the use of RFIs to seek advice and information from the private sector before a RFP is issued. While RFIs are a valuable tool for communication when used in the appropriate circumstance, they also have limitations. Government should not rely too heavily on RFIs because industry is finding that they do not have the time, money, and manpower to devote to them. Simply put, it sometimes costs too much to provide a formal response, and it is industry's experience that many of the responses to RFIs often "sit on the shelf" and are not put to use.

4. INCREASE THE USE OF DRAFT REQUESTS FOR PROPOSAL (RFPs)

Industry believes the government would improve the outcome of contracts if it increased the use of draft RFPs in advance of the final version. By issuing a draft RFP, industry has an opportunity to comment and raise issues that the government should consider, particularly those that relate to the design of the contract, the interpretation and specificity of the requirements, the impact to industry, and potential problems with the RFP that might impact cost, competition, or delivery.

5. CREATE AN ACQUISITION TIMELINE MODEL AND ACQUISITION STATUS DASHBOARD

The current procurement process takes too long, resulting in increased costs and delays as well as causing detrimental impacts to the homeland security mission. Currently, it can take a year to a year and a half – often longer – from the time mission requirements are published until contracts are in place to begin addressing those requirements. We recommend that DHS establish an acquisition timeline model and set of best practice benchmarks or service level agreements, depending upon the appropriate terminology, by which it will execute acquisitions. DHS

leadership would need to manage to those timelines and address and report any exceptions to those benchmarks.

Another way of improving the communication process would be to develop a “dashboard” that shows industry the status of where the government is in the acquisition process in relation to defined activities and milestones. This would save time and cut down on the amount of questions between industry and government about where things stand in the process.

6. EDUCATE THE WORKFORCE ON ACCEPTABLE GOVERNMENT/INDUSTRY COMMUNICATION

While there are numerous examples of government employees that are diligently working to reach out to industry, this is not consistent across DHS or TSA. There have been a number of situations where certain employees will not meet with or communicate with industry due to fear that they are violating the Federal Acquisition Regulation (FAR) or other ethics rules. It would be highly beneficial for Congress to show its support and encouragement for continued and responsible engagement between industry and government. We believe that more efforts to educate the DHS and TSA workforce on the timing and manner in which they can engage with industry would help address this problem.

III. RECENT SUCCESS STORIES OF GOVERNMENT/INDUSTRY ENGAGEMENT

It is important to point out to the subcommittee that there has been tremendous progress with regards to DHS and TSA’s willingness to engage with industry and treat us as a valuable stakeholder in the overall process and mission. We have seen numerous examples of the government engaging with industry outside of the acquisition process to vet ideas and concepts, challenge and support government thinking, and provide valuable thought leadership. This interaction helps build and strengthen the partnership and will improve DHS’ ability to accomplish its mission.

Please allow me to share some of the most recent examples of how government and industry have worked together to educate each other, share best practices and lessons learned, and change behaviors that occur during the acquisition process:

- 1. ACQUISITION RISK MANAGEMENT SEMINAR** – This past March, the Council worked with the Management Directorate to host a three-hour seminar before more than 50 DHS contracting officers, acquisition specialists, and program managers that focused on explaining how industry assesses and mitigates risk in the acquisition process. The seminar was an opportunity for government to gain a better understanding of industry’s perspectives, as well as to understand how risk mitigation decisions impact the bidding process and resulting outcome (in regards to cost, delivery, quality, competitiveness, effectiveness and efficiency). TSA contracting officers took part in this seminar.
- 2. MOCK POST AWARD DEBRIEFING EXERCISES** – The Management Directorate has worked through a number of industry organizations to create Mock Post Award

Debriefing Exercises for DHS contracting officers. Subject matter experts from industry serve as role players and engage with government under a variety of scenarios that might occur when the government debriefs and furnishes the basis for selection decisions and contract awards. The overarching goal of the exercises is to help the government learn to communicate the right information with industry during the debriefing process. TSA officials have taken part in these exercises.

3. **INPUT ON COST ESTIMATION AND SCHEDULE MANAGEMENT POLICIES** – Last Spring, the Council worked with the Program Accountability and Risk Management (PARM) program within the DHS Management Directorate to set up a small practitioner work group made up of SMEs from government and industry to review and provide input on draft standards for cost estimation and schedule management. The workgroup met twice to review the language and suggest ways to strengthen the policy to achieve intended objectives. The workgroup had valuable discussions about the interpretation and impact of certain sections of the guidance and to identify additional provisions that would be needed to ensure compliance. Industry representatives were able to offer examples, suggested language, and lessons learned based on their experience with similar policies at other federal agencies.
4. **INPUT ON THE TECHNOLOGY FORAGING PROCESS** – Through a series of small group sessions, SMEs from a number of Council member companies met with representatives from the S&T Directorate to provide input on the technology foraging process. The goal was to share industry’s experiences and suggest different ways that the government could identify and evaluate existing or developing technologies that could support DHS mission needs.
5. **GOVERNMENT / INDUSTRY FOCUS GROUPS** – TSA has developed a set of focus groups with industry through the Washington Homeland Security Roundtable. These sessions have focused on identifying methods and processes by which TSA can effectively engage with industry on matters related to acquisition.

Conclusion

We strongly believe that open, transparent, and substantive communication, along with continuous engagement between the government and industry **before and throughout** the acquisition process is the key to reforming the acquisition process. DHS and TSA recognize the need and are succeeding in finding creative and unique ways of engaging with industry. While much progress has been made, we have identified a number of steps to continue the progress of acquisition reform into the future.

We respectfully ask for your support in facilitating the following actions:

- **Urge DHS overall and TSA in particular to develop a long term strategic technology investment plan and multi-year budget plans; and**
- **Encourage them to continue to use and develop open and transparent communication forums that allow for early and ongoing two-way communication between government and industry.**

If these measures are built into the overall acquisition process, the Council and its members believe that TSA (and the entire homeland security enterprise) will acquire the capabilities needed for mission success in a manner that is timely, cost effective, accountable, and that encourages competition, innovation, and investment in the homeland security marketplace.

On behalf of the Homeland Security & Defense Business Council, I appreciate the opportunity to provide the collective perspectives of industry on TSA acquisition reform. The Council stands ready to answer any additional questions you may have on these important issues.