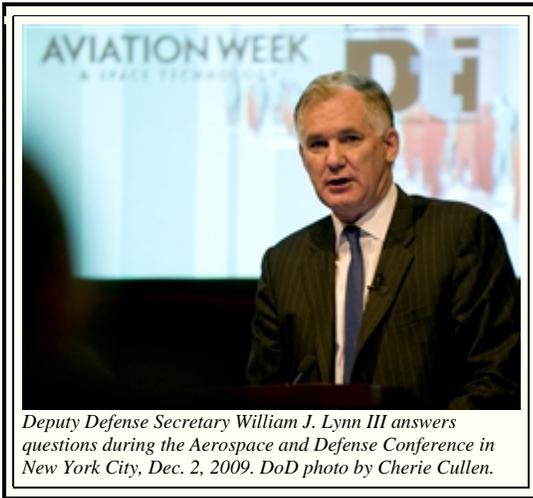


## Deputy Defense Secretary Outlines DoD In-sourcing Push

By Donna Miles  
American Forces Press Service

NEW YORK, Dec. 3, 2009 – The Defense Department is in the throes of a “major in-sourcing initiative” that Deputy Defense Secretary William J. Lynn III said will recapture some of the vital expertise the department had lost, particularly in the acquisition realm.



*Deputy Defense Secretary William J. Lynn III answers questions during the Aerospace and Defense Conference in New York City, Dec. 2, 2009. DoD photo by Cherie Cullen.*

Lynn told the Aerospace and Defense Conference here yesterday that he considers the rebalancing plan a vital piece of the department’s sweeping acquisition reform efforts.

There’s “clearly an important role” for private contractors within the Defense Department, Lynn said, noting important contributions they make both at the Pentagon and in the combat theater. But the “outsourcing metric needs to be more targeted,” he added, not only to ensure contractors are conducting the appropriate type of missions, but also to prevent overreliance on contractor support in fields such as acquisition.

When the department outsourced many of its acquisition functions during the 1990s, Lynn said, it “lost some of the capabilities that we need to be a good buyer.”

“We unbalanced the system,” he said. The result was a shortage of in-house expertise in cost estimating, systems engineering and program management capabilities that “allow us to be a very informed buyer,” he told the group.

“So we are trying to bring those functions back into government,” he said, noting a dramatic increase in the department’s acquisition work force.

The department’s federal acquisition work force is expected to grow by 20,000 over the next five years. This, Lynn explained, involves hiring 9,000 new employees and converting 11,000 positions now held by contractors to federal jobs. Ultimately, the effort will expand the acquisition work force from its current 127,000 federal employees and 52,000 contractors to 147,000 feds and about 42,000 contractors by fiscal 2015, Shay Assad, acting undersecretary of defense for acquisition and technology, told American Forces Press Service.

The additional acquisition employees will focus on awarding more competitive contracts and providing more contract oversight, he said. Others will be hired across the department to improve business management, logistics management, systems engineering and program management functions, jobs now conducted largely by contractors.

Lynn called beefing up and restructuring the acquisition work force a big step toward the Pentagon's broader acquisition reform efforts.

The overhaul also includes:

- Instilling more discipline into the front end of the process, as requirements are established, to better balance performance needs with schedule and cost limitations;
- Reducing the risk of cost overruns by relying more on independent cost estimates, as Congress and President Barack Obama have directed;
- Promoting more fixed-price contracts in which the contractors share more equal financial risks with the government; and
- Cancelling failing or misdirected programs that either aren't working or are no longer needed.

Lynn praised Defense Secretary Robert M. Gates' commitment to "making hard choices" to ensure defense acquisition programs align with genuine requirements and don't get bogged down with spiraling cost overruns and scheduling delays.

The fiscal 2010 budget reflects these priorities, he said, with the department retiring or reshaping the Army's future combat system, the transformational satellite program and the VH-71 presidential helicopter program.

"So we've made an important start on major reform," Lynn said. "And we are going to keep making tough decisions every budget, every year."