

Strategic Planning and Digital Transformation with John Whitley

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[00:00:37] **Eric Lofgren:** I'm speaking with John Whitley, former acting secretary of the army, army comptroller, director of CAPE (cost assessment, program evaluation), and several other positions all the way back to his time, on the operational side, as an army ranger. So quite a unique set of experiences, John. Thanks for joining me on acquisition talk.

[00:00:54] **John Whitley:** Thank you, Eric. It's great to be here.

[00:00:56] **Eric Lofgren:** Great. So let's just jump right into it. You actually had a recent piece in breaking defense on a digital transformation I always jump back to this one idea of like right after world war II, the munitions board tried to digitally transform itself with IBM punch card.

[00:01:09] So it knew where all the machine tools were. And then by the time Korea comes around, none of it worked and they had to just do it by hand. Anyway. So what's different about today in terms of the digital transformation or is this just like another step on, along the S curves of change?

[00:01:22] **John Whitley:** I think what's going on right now is progress is forward progress.

[00:01:26] I share your skepticism, right? It's very hard to get D O D to radically transform the way a lot of us who, who think about some of the things going on out in the world would like to see but I think we are making very serious progress in this space. Perhaps because a lot of this is being driven in the private sector and this is DOD adopting things that are going on.

[00:01:45] I'm army. So I like to use helicopters as an example. And I think you've got a really good story. When you look at black Hawk, then you look at ch 53 K and then you look at future vertical lift in the flower of the future long

range assault aircraft that's being developed right now, black Hawk, a historic aircraft, a legendary historic aircraft, but a historic aircraft built on an old analog process.

[00:02:08] But still in the fleet and gonna be in the fleet for some time to come. And so what do you have going on there? You have retrospective going back and now the army is trying to build a digital twin for the black Hawk that will help in things like upgrades and things like maintenance, things like operational availability getting parts, producing parts, et cetera, then you shift.

[00:02:29] So there, you've got a legacy platform in the fleet built on analog processes, but yet we're still bringing in some of these digital ideas to the black hawk. Then you go to ch 53 K a new helicopter, new heavy lift helicopters from Marine Corps helicopter, but I'll include it in my set of examples, cuz it tells the story, what you have in ch 53.

[00:02:47] K was you had specific portions of digital transformation brought in at specific points in the process. A well known challenge that was out there was the you're trying to do something very unique here in, in integrating these three engines to build a very big, very heavy lift helicopter.

[00:03:04] And they had this problem with the gas re ingestion. So the traditional process would've been okay. I mock it up. I test it, I put sensors around it. I measure the gas and I come up with some solutions and I build mockups of those solutions. And then I test those solutions and see if they solved the problem.

[00:03:18] They probably haven't. So then I build, and you're talking about a process that takes years, what they did what's Sikorsky was able to do here, was bring this into the digital space do digital engineering, simulate the problem come up with a set of solutions and then take it into the digital world.

[00:03:33] Test these solutions, refine these solutions and able to solve a problem that in a traditional analog process, would've taken years was able to solve it in months. And then you look at the production side, ch 53 K the example that, that, that was relayed to me, that I've been relaying to folks now is there's 11,800 parts that have to be toed fasteners that have to be torqued on ch 53 K traditional process, right?

[00:03:55] Is you have a manual somewhere. Maybe it's a digital manual, but it's still a manual. And each time you go up to one of these fasteners, you look it up in the manual, you get the the torque specifications, you torque depart, they

digitized all that. You now have these digital work instructions linked to a digital torque wrench.

[00:04:12] So you go up. The wrench knows what the torch specifications are, specifies it. You go all the way through the aircraft and not only are you getting more accurate and more timely production. Now you have a digital audit trail, the entire aircraft, and with every part. Torque to the appropriate specifications, et cetera.

[00:04:28] So ch 53 K is bringing some of these innovations in, but it's still sporadic. And then you go to future vertical lift, which is actually being born in the digital space. The selection is being done on a digital representation of the aircraft. And when it goes into production, you'll now have this unbroken digital thread from the entire development design process, all the way through to production.

[00:04:50] And then it'll be delivered with digital threads, digital twins to help the operating force, manage and upkeep and maintain these aircraft. So I think that is progress, you and I could sit here and say, is it the stairstep progress we'd like to see? You and I would probably say no, but it is real progress.

[00:05:06] It is real change occurring in the department of defense.

[00:05:08] **Eric Lofgren:** Yeah. And how much of this is actually on the D O D infrastructure build side. And how much is it just like creating policies and incentives? Whether that's through contracts or otherwise to make industry who's actually gonna be building all this stuff, actually manage those digital threads.

[00:05:22] **John Whitley:** There's a little bit of everything in there, right? The bulk of the actual doing will be industry. There will be some doing in our organic industrial base. But the bulk of the doing will be on the industry side, but the bulk of the policy and incentives belongs with do OD and D OD has to incentivize these things.

[00:05:38] So D OD is, and future vertical lift. The army is evaluating the alternatives based on digital representations of the alternatives. So they are starting to say, all right, I'm going to run a selection process how complete it is, how perfect it is. We can talk about that, but they're at least bringing digital, information into the selection process.

[00:05:56] They have to be able to incentivize and make selections based on the ability to do digital advanced manufacturing when you get to the production phase, even though DOD is not the doer in a lot of this DOD is in the driver's seat with how they write RFPs, how they engage with industry, what they incentivize and what they don't incentivize.

[00:06:13] So

[00:06:14] **Eric Lofgren:** in the article, you also talked about a couple of other subjects um, in terms of digital transformation. And I would like you to draw the correlation between them all. So we've already talked about, digital engineering, but then you also talk about asset service purchasing and then the planning, programming, budgeting reform commission.

[00:06:30] So can you bring all these together? What's the vision and what's the larger set of goals and ambitions that you're drawing

[00:06:35] **John Whitley:** here. Yep. No, that's a great point, Eric, because the way I introduce it, as you point out in the article, What is the big problem we're trying to solve?

[00:06:43] The problem we're trying to solve is accelerating modernization, right? We all know the side story here. After 20 years of focus on the terrorism threat, we are now retooling to what has been an emerging near peer competitor threat. Our adversaries, our potential adversaries weren't resting while we were fighting the terrorist threat, they were modernizing.

[00:07:01] We're now playing catch up. So the whole name of the game here is accelerating modernization to maintain our overmatch against near peer competitors. So how do you do that? Everybody's been talking about this problem trying to solve this problem. We started with acquisition reform and we did significant acquisition reform shifting a lot of the responsibility, pushing it down to lower levels of the organization, increasing flexibility by advocating greater use and expanding the use of OTAs under transaction authorities, et cetera.

[00:07:26] So significant push in acquisition reform. Great. We now have the P PB, the planning program, budget execution system commission directed in the last NDA. Great. If we can make the resource allocation process more agile, more responsive. Great. Part of the point of my article though, was changing processes is.

[00:07:45] An important thing to do a necessary thing to do, but it is not a sufficient thing to do. You also have to change your business practices within these processes. So that's why I bring in as a service purchasing and digital transformation is two of the key examples of how you have to change your business practices in these transformed processes.

[00:08:04] Changing the process is great. Changing the processes by itself. Doesn't solve your problem. You actually have to do things differently within the new processes. Now, as a service purchasing, you're taking advantage of innovation. That's occurring out in the private sector instead of the traditional process of D O D design own build, operate and saying, all right, I need a new satellite system that does X.

[00:08:25] So I'm gonna spend 10 years designing it. I'm gonna spend 10 years developing it. I'm gonna spend 10 years deploying it and then I'm gonna use it and own it for 10 years. Oh, by the way, it's already outta date. Everybody's throwing up satellites right now. Everybody is innovating in what satellites can see, what satellites can do.

[00:08:42] Let's piggyback on that. We don't have to design build own and operate everything. Some things we do need to, but a lot of things we don't, why don't we take advantage of what's going on in the private sector, rent space lease space purchase capability as a service, not appropriate everywhere, but certainly appropriate in some areas.

[00:08:58] And then that gets you to digital transformation. We're trying to accelerate modernization. When you do things in the traditional analog way, you design, you build a model, you change the design, you build a new model, some of that's inevitable. And we, and you have to do that even in digital, in a digitally transformed product development life cycle, but you can shorten it.

[00:09:17] We're trying to take cycles that take years, sometimes even decades and bring it down into a smaller number of years get some problem solved within months.

[00:09:25] **Eric Lofgren:** Yeah. And for the asset service, it's abstracting a lot of hardware, things that you would own. And then now you can just use it as a service.

[00:09:33] And we've seen that in, in terms of, as you said, satellite launch. So they moved even a right. They moved them onto like an asset service kind of model. So what are the challenges there? Because one of 'em is like the

government needs to predict exactly the level of resource usage it will have rather than paying for things in arrears.

[00:09:49] How many of these asset service things are actually, like cloud where it's like dynamic consumption and how many are gonna be like well, I need, this many transportation, like I could do transportation asset service and it's okay, air mobility command. Like you can now outsource this to a degree.

[00:10:04] Is that kind of how you're thinking about it?

[00:10:05] **John Whitley:** So I don't know where the line is. You're raising the great point, right? Which is which capabilities lend themselves as a service purchasing and what portion of those capabilities lend themselves to have a service purchasing, and which do not.

[00:10:15] And so there are lines and those lines I think, are gonna vary within the capability. You bring up transportation, one of the ironic examples as a place I would think would be one of the last places you could go would be tanker tanker aircraft. But yet we're actually the Navy's actually doing that with a company that is providing tanker aircraft in CONUS for training missions as a service.

[00:10:37] So I don't know where the lines are. The lines are gonna be different in different capability areas, and there's gonna be some things that is, it's absolutely essential that we own and operate. But the line can be pretty far out there in surprisingly far out there in some areas.

[00:10:50] **Eric Lofgren:** So what specifically do you think the PBB reform commission needs to do to enable asset service?

[00:10:56] Or is that kind of like a separate issue? In terms of there's no legislative authority, they need to change.

[00:11:02] **John Whitley:** What the P P B commission can do is try to increase flexibility where that's possible in the resource allocation process. I don't see these as conflicting or as the P B process needs to enable as a service purchasing.

[00:11:18] I actually almost see it the other way. Right? Part of the challenge that the PPP commission was stood up to address is agility and acquisition, and the ability to move money back and forth to where it's needed based on rapidly

changing technologies, et cetera. One of the reasons that's a challenge is because that money is in procurement and RDT E research development.

[00:11:39] Test and evaluation accounts, which are very narrow accounts, very specific accounts to the individual programs. Congress like that. Congress wants to understand what these programs are, which programs are being funded and have a say, and which programs are being funded. When you move the, as a service purchasing, you're actually moving from.

[00:11:55] Procurement and RDT and E to O and M funding. Om, funding is much more flexible and much more able to move around in year of execution. So I see these things as complimentary. It's not so much that we need the P B commission to develop a new P process to enable as a service purchasing. It's the P B commission.

[00:12:12] My recommendation to them is that they embrace as a service purchasing as part of their reforms. And part of the way that they're going to increase agility in the way is in which DOD acquires capability.

[00:12:23] **Eric Lofgren:** Yeah. That's a really good point. You know, One of my fears with the budget activity eight for software pilots was that they're actually taking, money from O and M and they're pulling it into a narrow program element and potentially restricting some of those trade offs where if you have more asset service, you're saying that price is gonna build into it, the margins for all the research and development and stuff that the company's gonna do.

[00:12:42] And so there's gonna be a lot more O and M money relative to the whole department, in that kind of future. Yeah. As

[00:12:47] **John Whitley:** a general rule. There could be exceptions as a general rule. You're moving things into O and M you're moving things into allowing operators to make tradeoffs. So when you think about ISR, you think about satellite communications.

[00:12:58] You think about all the things operators need in the field. You're now giving them a broader trade space to operate in, to conduct operations in by putting the money in on and M as opposed to a fixed asset that you is either available or is not available. And is the technology that when DOD did its design build and develop process two decades ago, is that technology.

[00:13:20] **Eric Lofgren:** It seems almost like, a hack around the valley of death program of record issue. You just go straight you just go straight to the operators, but then yeah, it seems like those accounts have, and to a degree, been getting a little bit of short trip, we've been seeing RDT E get exploded with new accounts in budget activities.

[00:13:35] Six four for prototyping is huge

[00:13:37] **John Whitley:** now. This goes back to your earlier point about where is it appropriate and where is it not appropriate? To your point. You're exactly you're giving the operator's flexibility to demand what services they need in the field to conduct their operations.

[00:13:47] That's a good thing. But what you're also doing is you're shifting from this D O D being this monopoly buyer of a unique capability and building it in a unique way and then owning an operating it, you're taking, you know, ISR, for example, everybody is imaging the earth right now electro optical imaging, synthetic ature, radar imaging, radio, frequency, imaging, whatever it is, everybody's doing that.

[00:14:08] We're no longer unique in doing that. So why would we fund the entire R and D bill for a new. Electro optical, say again, whatever, imaging capability when everybody else is doing it why don't we leverage their investments only pay the incremental investment that we need for unique military needs.

[00:14:26] And then take advantage of the assets and the infrastructure that have been built out in space by all these companies to get that service when we need it. There's I don't wanna say that this is the answer to everything. We certainly have to say. If we have operators on the ground under fire, we certainly need a way to make sure we get priority access to the queuing, to the scheduling, to the aiming of the assets.

[00:14:48] And can that be done? Contractually, maybe there's places where that can't be done contractually and we are gonna have to design build on and operate a system to get around that. So there will certainly be still rolls for that, but as much as possible, we should be taking advantage in leveraging the R and D investments and everything else that the private sector's making right now and get the best capability and get an automatically and regularly refreshed capability that, and only pay our share of the bill of that as opposed to the entire bill for that.

[00:15:13] **Eric Lofgren:** you know, I never thought about it, If we are in the future and we have a lot of asset service capabilities, a lot of Coco contractor own contractor operate type systems, one the assets on the financial statement for the department will go down.

[00:15:25] But the, I think the bigger issue is what does the defense production act? Usually it's like we can force you to build it because we're gonna take ownership of it. What is the future of a defense production act in terms of the infrastructures out there, but now I need access to data priority on targeting or all these other types of things in terms that aren't like, you gotta produce this thing and I'm gonna rate the order, but it's like a different kind of defense production act.

[00:15:49] **John Whitley:** So I, I don't know what legal requirements are out there, but I think a lot of this gets into the contract negotiation. This is where, we have periods of time . Where we need it when it's available. And if it's not gonna be available for four or six hours, that's fine. If it's not gonna be available for 24 hours, that's fine.

[00:16:04] There are other situations where we need it immediately and we have to jump in front of everybody else in the queue. In the private sector, that's a contract negotiation question. We have to pay a premium for that, right? If you want the ability to bump everybody else and move to the front of the queue and get the satellite aimed where you want it aimed and get it imaging, what you want imaged and to push everybody else back, you're gonna have to pay a premium for that.

[00:16:24] How much is the premium worth it? These are all questions that can be resolved. By contracting.

[00:16:29] **Eric Lofgren:** Yeah. I'd like to get your cost of pricing data on queuing ,

[00:16:33] **John Whitley:** But I would say these aren't new problems. A somewhat modern question is, queuing bandwidth the private sectors had to deal with how you queue bandwidth and who gets priority.

[00:16:41] Particularly as you go back 10 years, 15 years, 20 years when bandwidth was a much more scarce commodity. The private sectors had to deal with queuing bandwidth and then go back. Even for the private sectors, had to deal with queuing trucks, who gets the trucks does Walmart get the truck or does, best buy get the truck?

[00:16:57] These aren't new problems, how to allocate scarce resources is not a new problem.

[00:17:01] **Eric Lofgren:** . So let's bring it up to that level. And I'd like to get a little bit more of your experience that kind of bridges the services as well as the kind of OSD office of secretary of defense space.

[00:17:10] People will say where you stand depends on where you sit and you've sat in a lot of seats. So can you reflect on how the viewpoints between like the service and OSD kind of differ you? We always hear, oh, the services they're too parochial. They do this, that and the other or OSD. Wow.

[00:17:25] You guys are just, coming out with, instruction after instruction and you're just like bearing down on us. What's your view of the, that

[00:17:31] **John Whitley:** relationship? So I've seen all of that. I've seen services behave. parochially in a way that was not helpful. I've seen OSD micromanage in ways that aren't helpful.

[00:17:39] So both of those are true concerns. Let's start at the beginning with first principles both organizations. The office, secretary of defense, the policy and oversight role that it plays is a vital and important function. The services to organize, train, and equip, to conduct operations, to maintain the forces vital operations vital set of steps.

[00:17:56] And I've seen it work well in certain places I was blessed to be Cape director when Esper and Norquist were the secretary and the deputy secretary. They understood these things. They had firm views of what OSD should be doing, firm views of what the services should be doing, and tried to run the department in that way.

[00:18:12] And that made my job at Cape tremendously, much more easy than it otherwise would've been, but I've also seen places where it doesn't work at all. One of my favorite examples is -- the national defense strategy comes out in 2018, refocus on near peer competitors, China and Russia.

[00:18:28] There's a lot we have to do in the Pacific to be prepared for that, to try and ensure that Taiwan remains free to try to ensure that the Korean peninsula does not erupt in the war, et cetera. We haven't made as much progress as I think many of us would like. That's what a lot of this conversation is about on the modernization front. There's other areas where we haven't made as much progress as we'd like. I'd say one area where we've seen challenges.

And I saw this very vividly when I, in my last job, as the acting secretary of the army is the national defense strategy came out in 2018 directed our refocus after two decades of counter-terrorism counter surgery, directed to refocus on near peer competitors.

[00:19:06] We have a lot of work to do in the Pacific to help ensure that Taiwan remains free, that the Korean peninsula doesn't interrupt in the war. So we got a lot to do. Coming back to the P B process, a lot of the things that OSD should be doing, we we're part of the planning phase of the P B process and I've written elsewhere that, that process isn't working as well as it needs to right now.

[00:19:26] So here's something where OS D should be heavily engaged, setting out a direction for things like posture, operations, training deployments relationships that we need to have in the Pacific to be positioned, to deter hostile action. And if hostile action occurs to be prepared to, to fight that conflict, And we haven't gotten a lot of innovation and direction out of OSD.

[00:19:48] So when I went to the army and was the acting secretary of the army, what I was amazed to see was just how much was going on what the army was doing across the Pacific, particularly in trying to set the conditions and build the relationships that would be needed. If We end up having to engage in conflict in that theater.

[00:20:05] They were working with Indonesia on a national training center. We have ground vehicles and ground vehicle training in Thailand. We've been all over the Philippines as part of the global war on terrorism. And in trying to build the relationships, we just had an election in the Philippines. We, as we see how the leadership turns if the Philippines changes at the strategic level what kind of relationships we had there. When I was there, we had warehousing and Vietnam first humanitarian assistance.

[00:20:27] So it was a. Stairstep process of building relationships, getting strategic partners and allies engaged. And what I found in the army is we were doing that unilaterally, right? We were just going out and doing it. We weren't getting the direction we needed. We weren't getting the strategic direction we needed from OSD.

[00:20:44] So there was a case where, the process was not working and where OSD was not setting the strategic direction. And it was actually the services. I think the Navy and the air force were doing much of the same things that the army was doing. Going out, beating the drums on the ground, building the relationships to be ready.

[00:20:59] If something bad happens over there.

[00:21:02] **Eric Lofgren**, I've never actually seen this document, but I've heard from several folks that like the defense planning guidance, which would come out of your old office in Cape, it's supposed to set a lot of the tempo for this stuff. And integrate some of those strategic guidances.

[00:21:13] But I haven't heard it be like all that impactful to the POM build. What is the defense planning guidance and is that characterization right or wrong?

[00:21:21] **John Whitley**: So I think you're exactly right. I'll adjust it a little bit on the technical front. So the DPG is technically drafted by policy, but it's really done in a tri led process with policy, the joint staff and Cape it's usually signed out by the deputy secretary.

[00:21:36] But what you're getting to is the DPG has not been the type of document it needs to be and has not been the forum that it needs to be. To solve a lot of these problems. So your question is very timely, cuz we were just talking about these challenges with the NDS. The NDS comes out in 2018 realign to near peer competitors, China and Russia, Pacific Europe that has enormous implications for the forces.

[00:22:00] We need enormous implications for posture and where we should be positioned enormous implications for modernization requirements. And how do we, what new technologies do we need to prioritize and field to be ready to maintain deterrence and if necessary go to war in the Pacific or in Europe, the way that you're supposed to do that, the way the process lays out is where you solve those problems.

[00:22:20] As a planning phase, the planning phase of the P B E process, right? So we've got enduring strategy, the national defense strategy, a multi-year document comes out enduring strategy. You now have to translate that into kind of the annual prioritization of resources that would go into. Program prioritization programming the programming phase of the PPE process, and then budget formulation, the budgeting phase of the the P P process.

[00:22:43] So planning is that transitional step where you're taking big enduring, visionary multi-year documents and translating them into annual guidance for programming and budgeting. As you point out the defense planning guidance is a document that does that. That's one of the biggest weaknesses in my view, in the department of defense today, particularly in the

strategic space and why we have not made the progress against the NDS that, that you think we would've four years after its issue.

[00:23:08] The history many of your listeners will know the history 10, 12 years ago. We blew up the process that existed at the time. There were good reasons for that. It had become very intensive, very slow, very bureaucratic. And the view at the time was it's not responsive enough to the needs of senior leaders to guide decision making.

[00:23:27] So blew it up. Okay. The problem, the failure was we never replaced it with anything. So I wrestled with this as Cape director, not having the analytic tools in place, not having a process to the Marshall, these analytic tools to help inform a DPG that actually starts to inform priorities over posture priorities, over forces, priorities, over modernization.

[00:23:47] I think we actually made more progress on modernization that was due in part to the force of personality. Mike Griffin and others were a, were willing to, and able to articulate what their modernization priorities were. So you see the work we're making in the progress we're making in hypersonics and directed energy in these other areas.

[00:24:03] But in other areas where we have not made the progress that we need to make posture forces it's because that process isn't working and this has been, I've written elsewhere that this should be a priority of the P P commission.

[00:24:14] **Eric Lofgren:** The national security commission on AI. I think they recommended having a new group that would inform like this front end processes to more inject S and T.

[00:24:22] And I think there was actually another recent group in policy that would stood up to do the same thing. Okay we've had these processes for many, for at least 50 to 60 years, and they're not really driving the change where like you expect, like the system would drive that change.

[00:24:37] It should be responsive to the leaders because that's where it's ultimately driving through. But then it seems like the actual modernization priority trade off guidance actually came on the back end through like these night court type things rather than, through the front end guidance.

[00:24:53] So what was night court in your experience there and is how would you react to that characterization that , if the DPG wasn't setting these priorities, it was like on the back end review through the Palm going. Where they actually

had to be fixed. And then how did that relate back to strategic guidance besides, the secretary of the army itself, just being like I am the one making these decisions.

[00:25:13] **John Whitley:** So I agree with your characterization, right? Your characterization, I think is exactly correct because we have this empty space. This function not occurring. This translation of the NDS into programmatic and budgeting priorities. You're having others fill that void. Again, I was blessed to work in the army when secretary ESPER was a secretary of the army and then became the secretary of defense and the sport him at Cape.

[00:25:37] And then we had Ryan McCarthy take over the army. To your characterization. That's exactly what the army did. The army said, I'm not getting the guidance that would direct this at a strategic level. So I'm gonna do it myself. The night court process was about realigning the Army's budget to the NDS, to the national defense strategy.

[00:25:54] It was also about making the army budget more efficient by which I mean, taking out low priority programs to free up resources for high priority programs. So the night board process was the quintessential line by line review of the budget with in this case, the secretary of the army sitting at the head of the table.

[00:26:13] So that's something that very seldom happens, right? It. Delegated down to much lower levels of the organization. In this case, you had the secretary of the army sitting at the head of the table going line by line through the Army's budget. And the realignments, I think the first Palm cycle I it's been a while since I've looked at these numbers.

[00:26:30] I think the first Palm cycle was about a 25 billion realignment probably 12 or 13 plus billion in the second cycle it's gone down. You're starting to get to diminishing marginal returns, of course. But it was a massive realignment of the budget to the NDS. And, one of the points the secretary S per made in, it was none of the things that were being cut were bad.

[00:26:50] This was not a criticism of any program manager, any company they, the issue was. Resources are scarce. You have to prioritize them. So it was about what's lower priority. Let's stop those things or scale them back and move the money to higher priority programs. And, when secretary of the army Asper became secretary of defense Asper, he took that up to OSD and did the defense wide review, which was a very similar process to the night court process and did a very similar thing for the force estate.

[00:27:18] People don't realize sometimes that the fourth estate's a hundred billion. So you know, overhead in the department of defense is a non-trivial amount of money. And again, the things that all of those defense agencies and field activities are doing are all valuable things. There's nobody there wasting money.

[00:27:34] The question ESPER was asking is in light of the NDS in light of this imperative, to maintain overmatch against near peer competitors are those things that are being done the most important things or not.

[00:27:46] **Eric Lofgren:** Yeah, it's interesting, like all of these decisions and authorities have to rest at that level.

[00:27:51] And, you could imagine that the program managers and program executive officers, if they had the flexibility, would they be able to make some of these trade offs like ahead of time and a more timely manner, and they're the ones executing.

[00:28:02] So they know where the trade offs might occur. But everyone just says they're not incentivized to do that. They're just I'm gonna get on cost and on schedule to this requirement, don't bother me with other things. So it seems like, we have a process where the secretary of the army or someone of that level, like a chief of staff level, they can really pivot it if they, really put their dedication into it.

[00:28:23] But is that where it should be? Or like should some of that, cuz there has been a lot of delegation right of acquisition authorities down to the program executive or at least the service level. Could we delegate some of that, those trade offs further? Or is that actually like a fool's error in like they're actually two inward looking?

[00:28:39] **John Whitley:** So that's a great question. I don't think there's an easy answer to it, right? You, we can talk about what do we think the process should be? What, from a first principle's perspective, from an analytic perspective, what should it be? I tend to be when I, when we get in the processes, I tend to be much more of a pragmatist.

[00:28:55] And what I've seen in my experience in government is, tone at the top matters. And so can you delegate it down, in the army you had S lead the first round of night courts and take a pretty active role in the second round. By the third round, you'd created a mindset and you're now two years into a process.

[00:29:15] You've got people who have now seen something and you've got. Mid-level leaders who two years ago, would've said, I can't touch that. I can't touch this. I can't touch this. I'm not gonna bother trying now. See, there are no sacred cows everything's on the table. What matters is your argument for this program and why it should be higher priority than other things?

[00:29:33] So I think in the army, we created an environment. Secretary Asper created an environment where by doing it the first year, by having a heavy hand, the second year by the third and fourth years, you could delegate it down. I don't think you could have come in his first year and delegated it down because they would not have known how much top cover I have.

[00:29:52] How aggressive can I be? How much trade space do I have are there sacred cows or not? Once you dispelled all of that and set the parameters that everything's on the table, that's about shifting the army in a new direction. You could delegate it down. I think you could then delegate down and it could last for a few years.

[00:30:10] If you lose. Pressure from the top, that's gonna dissipate right over time. So it's a situationally dependent culturally dependent answer to the question.

[00:30:21] **Eric Lofgren:** By the time that you need the reassertion of the central authorities, it's gonna be a different person, with a different set of priorities.

[00:30:27] Does that turn over impact your analysis of this?

[00:30:30] **John Whitley:** I would add to that there's also different periods of time, right? So you can chase the strategic environment of the department back to. Let's go back to the end of the cold war. know, The early nineties, we have the end of the cold war.

[00:30:42] Then we struggle for a while trying to figure out what is our strategic direction. And we talk about regional wars and, one or two regional wars, maybe at the same time, maybe offset. And so you have a strategic direction that you're trying to move the department in. Then nine 11 happens and you move into the global war on terrorism.

[00:30:58] And it's all about terrorism for a decade and a half, almost two decades at that point. And then you have a new NDS comes out that says, we're gonna re pivot. Now we're gonna pivot now to near peer adversary something

we really hadn't thought about to all the way back in the cold war. There can be periods of time when you're in the middle of the global war on terrorism, you probably don't need big realignments and big shifts of the budget.

[00:31:20] What you need is incremental improvements of the budget on that mission. But when that mission starts to wind down and you pivot to a new mission, you need these big transformations. The army was very fortunate to have leaders at the time and Esper and McCarthy who saw that and were able to lead through that.

[00:31:36] **Eric Lofgren:** . As we're talking here about strategic guidance and vision, you were on a really great panel at the heritage Institute where you were talking about planning, programming, budgeting reform. And, I was struck at the time where, you know, Fred Bartels who led the thing, he was just like, can you guys give me your perspectives on P B, B and where we need change?

[00:31:55] And you started with we need to go with the strategic vision and planning. We need to improve that bill Greenwalt was like the whole programming thing is screwed up. I don't even think we need programs of record. And then Charles Cook goes towards, Hey we need to improve execution and get the data and then, make sure that process works so we can inform the decision making in the planning stage.

[00:32:13] So it was like everyone was touching a different piece of the P B E elephant. So what's your perspective there? Are, is this kind of a conflict and maybe all these differing perspectives will also show up on the commission or is there like a common thread that you felt during that event that everyone shared.

[00:32:28] **John Whitley:** So I'm more in the latter camp, right? I thought that panel did a great job of really characterizing what I viewed as actually the three biggest problems with P the three biggest challenge is which I've written elsewhere, that I think the commission should be focused on. And that is what we've already talked about.

[00:32:43] You and I have already talked about at length is the challenges with the planning process and the lack of rigor and the lack of the ability to have a strategic forum to debate these tough, directional questions that come out of the NDS. So lack of a planning process, then number two, we need to be in the programming and budgeting.

[00:33:00] And really this is also in large part execution. And that's where you get into digital transformation, where you get into, as a service purchasing, we need to become more agile in our allocation of resources. I think the two flow from each other and then third, we need to. Make greater use of realized performance data is something I've long advocated for.

[00:33:19] So I was a hundred percent in lockstep with Charlie cook on that. And I gave examples at the panel that I won't pour your folks with, but places where we jumped straight to modeling and simulation where we've just done this thing already. And we should just look at the data from when we did it last time.

[00:33:34] **Eric Lofgren:** Yeah, I had. David Depto on the podcast a while ago. And what he said always struck me. we're talking about the J stars recap. And he was like what we need is a ground moving target indicator. And we currently have the J stars to do that. And then we went into an analysis of alternatives and it was the J stars recap.

[00:33:53] And so it's like this analysis and where we're coming from with the strategic guidance, like one of my fears is okay, we have all this great execution data, but then we need that kind of execution data to make. Informed decisions about the future, which means my informed decision can't really stray too far from the legacy types of practices that we have been doing.

[00:34:14] And so we get into like this kind of loop of, let's just do the recap. Let's just do the follow on as opposed to, what's a different way that we could just get at this whole thing, which I think. Your point on the whole matter, we need the strategic vision to make those pivots.

[00:34:28] But then I also fear, if we're too good on the process, then we become inward looking. What's your reaction to that?

[00:34:33] **John Whitley:** I think you've framed a challenge very well. When I say looking at historic data, I don't mean to it any way, be bound or wed to historic data.

[00:34:42] What I mean is take actual realized results on the ground into account. When we think about what the future might look like. And I think we have a long history of ignoring the past sometimes when we make decisions. I see exactly what you're saying and that's not what, I am not advocating that we use historic data to bind us through the past.

[00:35:01] We need to use historic data to inform our forward looking processes so that we don't make obvious repeated mistakes in the forward looking processes. So I've spoken in the past about an example of what you're talking about, right? Which is in the digital transformation space Cape Cape has multiple parts not everybody's familiar with all the different parts of Cape. One part of Cape is a cost estimating part of Cape.

[00:35:21] The good about that part of Cape is they're very invested and have a deep understanding of how to use historic data. I'd almost criticize them for being too wet to historic data. Sometimes when you think about digital transformation and you think about what it could do to, product development, life cycles, how it could shorten them, what it could do to cost in a product development lifestyle, how it could reduce cost If you only look at historic data then you could fall into the trap of until you've done it, it won't show up in my data and I won't take it into account.

[00:35:48] And so I won't take it into account in my schedule, estimates of my cost estimate. So I think you have to balance in the Cape cost estimating function. And I think you have to balance a healthy grounding and realize data so that you don't fall for the latest snake oil salesman that says the world's gonna be different.

[00:36:06] But at the same time, you do take into account where things are actually changing, where you've got data on the ground, where you can look at a ch 53 K and say, how did you actually shorten the development life cycle? Or how did you actually reduce product development costs? Or you look at a flora and say, how did you actually change things?

[00:36:23] So you have to bring data in. But the other side. So that's example of the concern you raised. If you become too we to historic data and you don't take forward looking challenges and into account or forward looking opportunities into account you can constrain yourself to the past, but the opposite side is what if you think only about the future and you don't look at the past at all.

[00:36:44] Let me give a, let me give a very parochial and very biased example here. So I was the acting secretary of the army. I have an affinity for the army here. What's one of the dominant assumptions, guiding budget formulation and strategic planning in the department today. It's that a war fight in the Pacific will primarily be in the Naval and Air domains.

[00:37:03] We fought three wars in the Pacific, in the last a hundred years, all three were predominantly ground campaigns. I think historic data could inform forward looking decision making in this space.

[00:37:13] **Eric Lofgren:** yeah, that's a good point there. I guess it seems to me like, we need that balance, right?

[00:37:18] You need analysis, you need synthesis, you need empirical, evidence, you need theory and like vision and drive, but it seems like this whole thing of digital transformation is you have to do that iteratively and quickly, like within, quick cycle times. What is the cycle time, I guess for planning, programming, budgeting execution for the department of defense, it's okay, we look at historical data.

[00:37:40] We Pally cost. The next program, we give it a cost schedule estimate. And then, of course we'll update a little bit with actuals along the way, but that's the estimate. And then the next program, we do the we'll take those actuals and then build it back in as opposed to like, how do we get that cycle time?

[00:37:56] Very much faster. I was just watching a documentary on Corona, which was like the CIA's first, satellite that had reconnaissance footage. And they did within a couple years they had 14 launches and a lot of failures, but they've just done the most amazing, value in terms of success that came out of it.

[00:38:13] And president Johnson said, we spent like 30 billion on the entire space program, but just this one program, I would've spent 10 X on that. It was worth it. And so I guess, how do you think about the, these, is there a cycle time mismatch, like. Does the P B B E kind of and general defense management processes, do they work on a fast enough cycle time where you can get this analysis and synthesis use the data to inform, incremental decisions, as opposed to like these big, huge program decisions.

[00:38:42] This is what the next 30 years will be, or is that part of where asset service comes in here?

[00:38:47] **John Whitley:** So I think you're hitting the nail on the head in terms of the core question for the PPE commission. And this was the core motivating factor probably for establishing the PPP commission.

[00:38:56] So I think it's, you're asking exactly the right question. I'm probably in a slightly different place than some of the stronger advocates for radical reform in the acquisition community. Although I think strong reform is needed. So first I would say, what are we trying to do with digital transformation?

[00:39:11] We're trying to take product development, life cycles and shorten them. I don't think that is inconsistent or I think there are useful changes we can make to the P process, but I don't think that's fundamentally related. If we take a development phase and shrink it from eight years to four years, that would be a huge benefit, P B can handle an eight year development cycle, a four year development cycle.

[00:39:33] Fine. There's I don't think there's any fundamental structural changes that are required for the P B process to do that, where I think the nexus between shortening development times And P B reform come in, in challenges where we're trying to leverage technology from outside the department.

[00:39:54] Right? Let's let me take a step back. If DOD is doing the science and technology, then DODs doing the development, leading it. The primary funder, it's basically a monopoly exercise, right? They're doing the S and T they're doing the development. They're doing the production, they're doing the fielding.

[00:40:08] There's very little challenge. That's a sequential process. Being forced to lay out your funding is a good thing. Where I think the new challenge that department's facing and where I think the PPB commission could try to look at and try to understand better is a lot of this now is being shifted to the private sector.

[00:40:26] Take autonomy, for example, right? The bulk of R and D investment and autonomy is in the private sector right now, we do OD have a huge need for autonomy. But we are not the only player in the market. So how are we going to take advantage of innovations that are occurring in the private sector? And how are we gonna have the money in the right place when those innovations become available for us to capitalize on.

[00:40:54] There might be changes to account structure. That'd be great. There might be changes to the programming structure. That'd be great. There might be changes to the budgeting structure. That'd be great. All of those can contribute to this. What that primarily though is having the human capital within the department defense that understands what's going on in the private sector that is talking every day to the private sector.

[00:41:13] And that knows where the private sector is going and when they're gonna land somewhere so that they have the ability to pick it up and run with it when it becomes available. That is primarily a communication challenge to me again. I think we need to reform the P B process to better facilitate and better enable these things.

[00:41:32] But I don't view the P cross as the primary obstacle to be blunt. The primary obstacle is probably the lawyers in the department of defense that have the acquisition community too scared to go out and talk to the private sector and talk about and learn what's out there and be ready to be there with a catcher's mitt when things mature in the private sector.

[00:41:48] Yeah. It

[00:41:49] **Eric Lofgren:** feels that's a good perspective. I guess I'll just say My issue is where's the catchers MI. Sometimes it takes years to line up a catcher's MIT and we have all these like innovation funds, okay, so you can get money to survive for some time.

[00:42:03] Do you think that, just having these budget 6.4 accounts or like innovation funds, do you think that's good enough? And, people will be able to work out the catcher Smid on the other side, or is there something fundamental in terms of there was a good story from a J PCA where he was just like, look, by the time the air force set its budget for FY 23, we were 12 people.

[00:42:23] And by the time Congress is now looking at it, we are 60 people. We see significantly de-risks our technology and we got a hundred million in private investment and it's just We can operate on these like time, these multi-year timelines in terms of what we need to do. So how would you react to

[00:42:39] **John Whitley:** that?

[00:42:39] So I am not opposed to reforms. And if the PB commission come up with can come up with broader accounts that are acceptable to Congress and acceptable to the oversight authorities and their desire to know where money is going. I think that's a great thing, but I also, I wanna continue to dig deeper into the problems and try to understand root causes.

[00:43:00] I think people aren't saying this, but not. So I'm exaggerating here for effect to make it clear. But people are saying private sector might come up with a new technology and we have three months to decide if we're going to adopt it

or not. And so I need the ability to move the money in three months to the right account to fund that new technology.

[00:43:16] That's not a PPB, no public servant is going to be able, prepared, knowledgeable enough and willing to invest hundreds of millions of taxpayer resources in something new that they've heard about for the first time, three months ago. There's no way to do due diligence in that process. So that is not the objective.

[00:43:35] Right? And if people think that's objective, I think they got the wrong objective, right? That private sector process was going on for years, that startup, that had venture funding that was trying to prove out this new form of AI or this new form of directed energy or this new form of whatever, pick your example that company's been out there for years.

[00:43:52] The failure was D O D wasn't talking to them for years. Now maybe they didn't know they needed to come talk to DOD or maybe they knew they needed to come talk to DOD and DOD wasn't returning the calls because DOD was afraid to go out and engage with industry because they thought it might jeopardize or prejudice a future competition.

[00:44:08] For whatever reason, they weren't talking to each other. The idea that DOD could learn about a new technology that's just broken through and just been proved proven out in a venture funded startup. And in three months wants to be able to let a contract for that new technology. And the reason we're not doing it is because the resource allocation process doesn't allow you to move that money in three months.

[00:44:30] I, I think that's not the root cause of the problem. I would not trust any public servant that says I can invest a hundred billion, a hundred million of taxpayer resources on something I saw for the first time three months ago. I just, there's such a thing as due diligence. There's such a thing as learning, there's such a thing as being a steward of taxpayer resources, the PPP, You can change the budget in December, the budget submission, the budget will be enacted sometime September, October, November timeframe.

[00:44:55] Typically that's about your window. If you're gonna shrink that window, you could even make changes in January. I've been in, in DOD, been in DHS where we made change significant changes in January. So you got, let's just say you got January to November. That's your window where it's outta your hands and it's in Congress' hands.

[00:45:13] If you wanna shorten that window. You're talking about the congressional process, but that's the window we face. I don't know of anything that could happen where DOD could discover something new. And one to now spend hundreds of millions of taxpayer money different in that window. The issue is not being surprised in the first place and not being surprised in the first place means being out there, talking, learning, and knowing what's going on.

[00:45:39] **Eric Lofgren:** Oh I think that's a really good response there. And I gotta sympathize with that view. I guess the bill green Walt view, I guess, is we don't need to go to a hundred million. But there's a gap missing. Like you get a million dollar SI you get 3 million from the R. But there's no five to \$20 million range,

[00:45:55] **John Whitley:** And I love bill Greenwald and I, I learned a lot from him in that panel that I participate on that you mentioned earlier. I'm. I accept that completely.

[00:46:01] **Eric Lofgren:** I, I think that's gonna be one of the challenges for PBB commission. It is like, where does the flexibility come in, but where do you close that down and make sure that you have all the kind of planning and logistics and longer range, full funding, things that Congress needs.

[00:46:13] I wanna, circle back to, so you're actually wearing a shirt university of Chicago right now. So you got your PhD in economics from there. How did that shape your views on defense acquisition and the defense industry in general? Because, when I looked at him like, okay I'm learning all this stuff about markets, but department of defense is a non-market, resource allocation system.

[00:46:34] It looks almost like a giant firm or the Soviet state, right? Like it's a different kind of problem. So I was always struggling to be like how do I apply these principles to defense? How do, how did you think about that?

[00:46:44] **John Whitley:** Yeah, so that's another very good question. I I'm not an acquisition professional and I'm not an acquisition expert I learn things new in acquisition every day.

[00:46:52] And so I don't want to be naively criticizing acquisition but I would have to say when I put my Chicago hat on. I am surprised at how DOD thinks about the defense industrial base and defense acquisition. What, to me, it reminds me of is I, I go back to the 1970s and I think about regulated industries.

[00:47:08] I think about telecommunications, I think about surface transportation. I think about electricity generation, the power sector. And I think about how those were regulated monopolies. There was the government confers, a monopoly, right? Then the government turns around and then micromanages the company.

[00:47:25] You would have government regulators that sit in the company's offices, monitoring the company's books and saying, do, are you making too much profit? Are you making not enough profit? I'm going to adjust your fees and your rate structure to tell you how much fee you're able to earn.

[00:47:40] That was the world we lived in people who are younger than us. Don't remember or haven't studied. That was the world that we lived in the seven. We quickly realized that world didn't make much sense, that the incentives that created onto companies were highly perverse, that the incentives that created in the regulating agencies became highly perverse and that we ended up with with high cost, low quality, low choice, et cetera that led to the deregulation era started under Carter and continued under Reagan.

[00:48:08] So as a young. PhD economists from university of Chicago. And I entered the DOD space. I'd been in the army before, but not at the headquarters level. I enter in into the Pentagon. And I see that the acquisition community, and I just had these shivers of these nightmares, recalling back to what I'd studied about the 1970s.

[00:48:27] We issue companies fees. We give them fee that's our word for profit. We regulate that fee. We tell 'em how much fee they're allowed to earn. We embed government employees in their accounting shops with access to their accounting systems to monitor 'em, to make sure that they come in at the targeted fee.

[00:48:42] And then we adjust things if they're not at the targeted level of fees. So I don't know what the right answer is. I haven't been involved enough and I haven't focused enough to know what the answer is, but I certainly when I put my Chicago hat on.

[00:48:54] I certainly see a mindset and a culture in D O D that thinks of the defense industrial base as regulated industries. That should be micromanaged by by the department of defense. And I don't think that's a good model.

[00:49:08] **Eric Lofgren:** It reminds me, John Kenneth Galbrath, who's not a Chicago economist, but like in the sixties he kept going O over to Congress and he was just.

[00:49:16] Look, the biggest companies, they got all the technology, they're just gonna keep getting bigger. Eventually they're gonna merge with the state and there's gonna be like this kind of continuous bureaucratic thing. And I'm just like thank God. There's this thing called startups and we get this dynamic churn in the market, but certainly we, we just haven't really seen that on the defense side.

[00:49:36] And it seems like, the government forced the defense industry to look a certain way. And now the government's just oh, we don't like you anymore. Can we bring in non-traditional but we don't know how to do business with non-traditionals

[00:49:46] **John Whitley:** I, I think that's exactly what I'm seeing.

[00:49:48] I've been out for a year now and people like you and Ellen Lord and all the people I work with in the sector who you know, have known all these things for years. I'm playing catch up to you guys. But that's exactly what I've seen.

[00:49:58] I've seen this huge dynamic startup space. Doing incredibly innovative things. And I don't have anything at the I've worked with some of the primes that I they're incredibly innovative too. So I, I think it's in all the above. I don't think it's an either or answer to the problem, but I see all these startups and I see all this venture capital and PE money flowing into two, the startup space.

[00:50:19] And I see 'em doing great things. And then I talk to 'em and they're all struggling to say, how do I transition from these small SBIRs and my venture funding to an actual program? And the department is struggling to translate these things and turn 'em into actual capabilities. That'll be fielded at scale.

[00:50:40] I don't know what, again, I don't know what the right answers are. But that seems to me, one of the biggest challenges in the department of defense today. Great. So

[00:50:47] **Eric Lofgren:** I wanna. You know, Maybe end on there's all sorts of pendulums of change that go on in the Pentagon where it just goes one side to the other side.

[00:50:54] And one of, one of the overarching kind of meta ones is this like back and forth between readiness and modernization and perhaps, operational tempo as well. But I think, 2018, we had an readiness crisis, and fighter aircraft readiness was really low and Madison was like, we're gonna raise that.

[00:51:10] And so resources went there and then 2018 NDS shift to modernization, those accounts grew at the expense of O and M. And now it seems like we're back, I've been hearing a number of ranking officials when they go to Congress. They're like, we can't, give up on sustainment.

[00:51:25] So now it seems like we're moving back, what's going on in this, like these trade offs is the pendulum of emphasis. Good. And where are we

[00:51:32] **John Whitley:** on that? So I would describe it not so much as a pendulum. I, I was there for part of. History that you just relayed. So I think there's some good and I think there's some bad going on right now.

[00:51:45] So I think the good is the evolution you described when we came outta sequester, sequester had a devastating impact on the department of defense particularly on both readiness and modernization, but the most acute impact was depleted readiness at the time. So I think what you had over that period of time was you had first, you had a prioritization and occurring first was let's rebuild readiness while we're working the NDS.

[00:52:11] And while we're figuring out these implications of retooling to a near peer competi, That was a couple of year process. Then the NDS hits the street 2018 and now it's all right. We've rebuilt readiness. Now let's figure out what level it needs to be sustained at and now turn into the modernization.

[00:52:27] So I think that was actually that was actually a pretty structured progression that was consistent with the strategic environment and the budget environment. Where I think the problem is now. And it's one we've already talked about at length before is. **What's the right balance to maintain moving forward between modernization and readiness within readiness.**

[00:52:46] **What's the prioritization. What are the priority forces? How do we realign for structure? Where do we need the forces? What's our posture. And then within modernization, what are the priorities? And I trace this back to, again, that failure of the planning phase of the P B process.** You know, There are two schools of thought and we were wrestling with this.

[00:53:03] When I was in there. There's a school of thought, which is that if China's gonna take Taiwan, they're gonna try to do it very quickly in the next three to five years under that school of thought, because they see the window, they see that as the us has withdrawn as reduced its level of effort on the terrorism threat and is now retooling that the us is gonna start rapidly accelerating and close the window by which China could move under that school of thought.

[00:53:29] The priority right now is readiness, posture forces, right? Because Platforms being fielded in 20, 30, don't matter as much. So under that school of thought, you should be putting every ship you can in the water, even if that consumes resources that would go towards modernization, you should be putting troops on the ground across the Pacific as quickly as you can.

[00:53:48] All right. There's another school of thought. The other school of thought is China's playing the long game. China's got this 20, 49 view the 50 year view. They're gonna wait and they're gonna take the time to do it when they think they've shaped the political environment sufficiently, when they've shaped the strategic environment sufficiently, when they've gotten their modernization of where they think it needs to be.

[00:54:09] And so we're looking at 20 30, 20, 35, 20 40. And so the highest priority is the platforms we need for our 20, 30 to 2040 timeframe. Those are both legitimate points of view, the intelligence community. I love the intelligence community, but if you talk to one person, you'll get the first point of view.

[00:54:26] If you talk to another person, you'll get the second point of view. The planning phase is where you should be fighting that out. The planning phase should be this decision making forum, this analytically informed decision making forum, where you're wrestling with these things, and you're trying to resolve these tensions.

[00:54:39] And then translating that to your priorities for programming and budgeting, et cetera, that's not happening. That's not happening to the level and to the level of rigor that it needs to happen. That was a long winded answer to your point was I think the progression, what we saw in 16, 17, 18, and then in 18, 19 20, I think that fit the strategic environment.

[00:54:58] I think that was the right thing to do. Moving forward. What's the right balance between them. That's an analytic question. That analysis is not

being done to the level it needs to be done. And that's why the P B commission I think, should focus on as one of their priorities rebuilding the planning process.

[00:55:12] **Eric Lofgren:** Maybe I could add one potential other, aspect there is. How about just like maxing out production lines of every current system, right? Because it's Edward Luke VA kind makes this point that, you don't want like a super high ready force to go fight a war, especially if it's gonna be against someone like China.

[00:55:29] You actually want an unready force where you have like tons of equipment that are available to be brought out and to be used, but they're not constantly being used because that would be too expensive on the sustainment front. So what's, is that a third kind of view of this and how does that relate to industrial mobilization?

[00:55:45] What's your final thoughts on that?

[00:55:47] **John Whitley:** I think that I don't think it's a third. I think it fits back into that template because that was what we were wrestling with. Secretary Asper, when he was secretary of defense was getting this. He was getting the, there were different schools of thought.

[00:56:01] The one school of thought was if they do something it's gonna be in the next three to five years. So to your point, maximizing production lines. Great. The other point that was bait and that was taking ships have been mothballed and there was a strong push to say let's push ships into the water.

[00:56:15] It doesn't matter if they're the old generation of technology. What we need is force and capability today to deter China over the next three years. And you're not building the next generation care you're in the next three years. I think that part, that view is part of the it's a near term problem.

[00:56:31] The other view is that it's a longer term problem and it's a, that we need the next generation of systems to deal with the challenge. The tension between the two is the dollars, right? The dollars is the tension between the two, every production line. We max out today every mothballed ship we put in the water today, consumes resources, that's resources.

[00:56:48] That's not available for modernization. I don't know what the right answer is. And the right answer it in here is in many cases is gonna be some somewhere in the middle, but is it the middle more towards the near term in the

middle, more towards the long term, somewhere in that space is where the right answer is.

[00:57:06] **Eric Lofgren:** Yeah, it is concerning though that a lot of these modernization programs. The end G the, like for the next generation air dominance, the optionally man fighting vehicle, like flora, they're all gonna be like 20, 30 or beyond. And even like the Wedgetail, which is supposed to be gap fill won't be, won't be until around that time.

[00:57:24] So it's there, it does feel like they're taking a lot of risk in terms of that, that middle, no,

[00:57:28] **John Whitley:** I fair point, but I have to put my parochial hat back on now. I try very hard to be the broad minded defense analyst here, but I have to put my parochial hat back on and say, I think this is not, I don't think this is recognized in DC.

[00:57:41] The service that I think is at the forefront right now of fielding these things quickly is the army. And I think you take hypersonic weapons. You take directed energy. Fielding directed energy this year in an operationally meaningful and productive way. That's that's something we've been trying to do for two or three decades more than two or three decades.

[00:57:57] FFL future vertical lift is 2030. That's a fair point, but I'd also say future vertical lift is revolutionizing helicopter aviation, and is the biggest game in, in the world today, revolutionizing. So I think that one it is gonna take a little bit longer, but that one I think is worth it.

[00:58:14] But I don't remember what the Army's latest numbers were. Is it 24, 25 that they think of the 30. 31 plus four that they will have in the hands, not fully fielded, but they will have in the hands, at least in a test environment of operators by next year. It's amazing. How fast and how focused the army has been.

[00:58:32] **Eric Lofgren:** I actually agree with that, cuz I've been looking at the army as well, like at least in OSD, like the army, they're like we call all of the services something, but the army is dumb. And I didn't really see that. In some respects you could see it, but like I thought that they did a really good job.

[00:58:46] And you were there in the leadership at the time in terms of being able to turn that on. And I think it is yeah, the 20, 25 programs by 25 of that 34. So they're. Accelerating a lot of stuff and even the hypersonic weapons. And I

bet you, that's also happening in the air force. Definitely. The Marine Corps is focused like that, but their mantra is 2030, but still, yeah, I think yeah, I think you might be right.

[00:59:08] yeah. What,

[00:59:08] **John Whitley:** and I'm not trying to take anything away. What the air force is doing within yet what the DA's doing the Navy's, a partner with the army on hypersonics and it has a very similar directed energy need for ship for ship protection to the armies what the army is putting on the, I sure.

[00:59:22] Ed D. So I think, so I'm not trying to take away from the other services, but but the historic view that if you want high tech, you go to the Navy and the air force. That's not true today. All the services are investing in tech. The army is at the forefront of fielding new technology,

[00:59:37] **Eric Lofgren:** fast.

[00:59:38] And do you think that was related back to the night court issue? Because it's, it feels like in the Navy. They came out and said we're not gonna have a program of record for any unmanned surface or underwater vessel in the fit up. , it's just like, wow. But the army was pushing this stuff pretty early in terms of at least getting it into the budget pretty more like more formally was that you think that was a big part

[00:59:58] **John Whitley:** of it, there's a lot of reasons. And I'll probably sound biased when I articulate , what I think some of the important reasons are, but don't underestimate the importance of strong leadership and consistency in strong leadership, Soper McCarthy general Millie was originally chief of staff, then general McConville chief of staff, Joe Martin, general Martin as the retiring any week, any day now vice chief of staff, those four or five people.

[01:00:25] We're in place for an extended period of time. We're visionary leaders and we're aggressive leaders. So there are lots of reasons. There's lots of good people across the army that have made it happen. There's lots of good people across the industry have made it happen. Lots of good people in OSD, the Navy and the air force that have helped the army make it happen.

[01:00:42] So I'm not I'm not trying to say it's only that, but What singles the army out from everybody else was the vision duration and aggressiveness of the leadership. So when you have a four or five year period with a very consistent vision and a very aggressive leadership that's the result.

[01:01:01] **Eric Lofgren:** I think that's a good lesson, but is there any last things that you'd like to leave our audience

[01:01:05] **John Whitley:** with? No I think this has been a great conversation. I appreciate you, you having me on I'll go back to where we started at the very beginning. We've done acquisition reform. We're in the process of doing P B reform.

[01:01:16] I think both of those are essential. The PPP commission has vitally important mandate. And I hope it will really produce innovative ideas there.

[01:01:25] But at the end of the day changing processes in and of itself, doesn't accelerate modernization, doesn't field new technology in the hands of war fighters in a more rapid way. You have to change the processes or I'm sorry, you have to change the business practices that you use within those processes.

[01:01:42] So the department needs to be encouraging digital transformation. The department needs to be embracing as a service purchasing where it's appropriate and where it where it can be used effectively and any other number of things to be living up, to be meeting this challenge posed by the NDS

[01:01:59] **Eric Lofgren:** John Whitley.

[01:02:00] Thanks for joining me on acquisition talk.

[01:02:02] **John Whitley:** Thank you.

[01:02:02] This concludes another episode of acquisition. Talk, if you have comments, interview recommendations, or just want to chat, please contact us@acquisitiontalk.com. Thanks again. And until next time.