TRANSCRIPT

Online Event

“Pressing Challenges to U.S. Army Acquisition: A Conversation with Hon. Douglas R. Bush”

DATE
Friday, March 3, 2023, at 11:00 a.m. ET

FEATURING

Douglas Bush
Assistant Secretary of the Army for Acquisitions, Logistics, and Technology

CSIS EXPERTS

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Transcript By
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Good morning. And thank you for joining us. I am Dr. Cynthia Cook, the director of the Defense-Industrial Initiatives Group here at the Center for Strategic and International Studies.

And it is my very great pleasure to introduce the Honorable Douglas Bush, the assistant secretary of the Army for acquisition, logistics, and technology. In this role, Mr. Bush serves as the Army senior procurement executive, the science advisor to the secretary of the Army, and the Army senior research and development official. Mr. Bush leads the execution of the Army’s acquisition function and the acquisition management system.

His responsibilities include providing oversight for the life-cycle management and sustainment of Army weapon systems and equipment from research and development, through test, evaluation, acquisition, logistics, fielding and disposal. He is also responsible for appointing, managing, and evaluating program executive officers and managing the Army Acquisition Corps and Army acquisition workforce.

Now, with that, let me hand it over to Mr. Bush to offer him an opportunity to give him so – for him to give some opening remarks, before I start peppering him with questions.

Sure, thanks. And thanks for having me here. So, I wanted to really emphasize two areas today. And I think it would be good grounds for discussion. First of all, first of mind right now, of course, is the Army’s role in the overall U.S. government response to support Ukraine. And that, of course, has a critical link to our defense industrial base.

So that effort, it’s been a year now, has been – went from a slow start with lack of certainty about how things would go to really now a full on, fully engaged effort to use all authorities, generous funding from Congress, and every authority we have – working closely with our industry partners – to dramatically increase production rates across the board, while also providing Ukraine with equipment from our stocks, working with allies on their production and what they can provide, all to support the war effort.

So that has been a one-year-long, at this point, effort. And it’s continuing. And it’s just now at a really high gear. For the Army in particular, ramp ups of particular focus have included artillery and munition, but also precision weapons. So, things like Javelin, Stinger, GMLERS, and HIMARS launchers. So, across the board, all of that is underway. That consumes a lot of my day.

However, just as important – and, for the long term, more important for the Army – is my day job, which is equipping the Army for the future. Doing my part of an overall effort to transform the Army for 2030 that the secretary’s leading. So that role, and the budget will be coming out soon, I think broadly
speaking things remain well on track. So, a lot of great work was started before I took this position by my predecessors. Those efforts are ongoing.

There are some that are, of course, going to encounter some bumps in the road. Once you get out of initial prototyping and into real testing and trying to go to production, you do find challenges – especially with things that are all-new technology. And we're finding those. But we're working through them. And, again, circling back, the defense industry is critical here. That partnership is absolutely vital and has to be a strong one. And communications have to be very constant to make sure we stay on track.

So, while not – I'm not overconfident about where we are. There will be challenges. There always are. Right now, I'm feeling pretty good about broader Army modernization efforts and just how things are going overall.

Dr. Cook

Thanks. Those were a really great setup for my first question, which is the first topic you hit as well, which is munitions. Clearly, that is on everybody's mind. Russia’s invasion of Ukraine has created the largest land war in Europe since World War II. It’s a grinding war of attrition. It is an army-focused war. It’s primarily on the ground. And there are just so many observations and potential lessons learned from the fight. The early and obvious one is the importance of deep stockpiles of munitions.

So how is the Army more specifically responding to the need to increase orders in the near term for ammunition and munitions, and in the long term to build up the industrial base?

Sec. Bush:

Sure. So really starting early last summer, when the conflict really started to escalate and lengthen in time, we went through a deliberate effort to start planning for the production ramp-ups that are now underway. We had to do a lot of planning, working with industry. We then had to work with Congress closely to get the funding in the billions of dollars to support these ramp-ups. And we are now in execution mode. So, the effort started a while ago. We’re now past the get the money, get the contracts. We’re in the do-it mode.

So, what are we doing there? I think the – one thing that people have pointed out is that the production timelines to increase production, you know, are – have surprised some people in their duration. Didn’t really surprise the Army. These are significant and sophisticated manufacturing operations. These are not simple. So, the full end to tail for an artillery shell, for example, you have to have the fuse, the shell itself, the primer, and the ammunition charges that are – you know, that shoot it out of the cannon. All of those have their own detailed supply chains behind them. So, it's not just the prime contractors or the Army depots. It’s everything underneath that.
So, we’ve energized all of that across the board. I think in these ramp-ups, the reason we’re taking a really maximalist foot-on-the-floor, all-the-way-down approach is that we don’t know how long the conflict will last. We don’t know how low our stocks will be. We don’t know the full amount we will have to help us replenish and our allies replenish, including Ukraine, after the conflict.

So we are, in creating this production capacity, trying to create options for future decisions in terms of how much we’ll need. But if we don’t do the production ramp-ups, we won’t have those choices to make in the first place.

Dr. Cook:

So let me follow up on that. Around 30 years ago there was a revolution in manufacturing which took a lot of the slack out of the system. And when we think about one of the challenges in ramping up, the fact is that a lot of these factories are already very efficient and don’t have a lot of room to grow.

What are the Army’s long-term plans to address that, to make sure there’s sufficient slack so, if there was a larger conflict, the United States could truly be the arsenal of democracy?

Sec. Bush:

Well, we are the arsenal of democracy and always will be, as far as I’m concerned.

So, there are two parts to that. The first part is what we can do in the Army’s organic industrial base. So that’s more related to conventional munitions. But the Army’s long-term bet and investments in maintaining ammunition plants that we owned turns out to have been a well-placed bet, because without those plants, government-owned, contractor-operated, we would be far behind where we need to be.

That said, over the years they were not fully loaded or fully busy, but they had some – they still had the capacity for expansion there when we needed it. So, for those facilities, there’s two things going on. One, we’ve gone to just a maximum three shifts, you know, full-out approach, not – so you maximize what you have. That’s always the first step. And there’s been workforce challenges there to get people, you know, enough qualified workers to operate this stuff. But we’re there.

The second part is modernizing and improving what’s in those facilities. So again, Congress has been very supportive, more than a billion (dollars) already on contract to modernize all those things. We had a plan before the conflict started. General Daly at AMC worked for my predecessor on it, actually, Dr. Jette. We had a plan in place. We didn’t have quite as much money as we have now.
So, because of that good work on having a plan, we’re now executing that much faster than we thought we could to modernize those facilities. So that’ll – it’s a really generational modernization opportunities facility – these facilities. It’ll set them for the long term in a much better place in terms of being able to ramp up production and maintain it.

The second part is in the private sector. And this is a bit different. This is working directly with industry. So, for example, our precision munitions production is all in the private sector. So, there you’re working with prime contractors in terms of how to ramp up their production capacities. The big different thing that’s happened there is we have gone out on our own, gotten the money from Congress to subsidize their work to increase their production. Often you count on them to finance that themselves. In the interest of speed, we are working with them, our money, their money together, to get these production ramps to happen more quickly.

The long-term challenge will be how much of that capacity do we – can we sustain over time post-conflict? Those are really good questions. I don’t have all the answers. I do know that foreign military sales are up dramatically this year for all these items. I believe our requirements for stockpiles will be higher after these conflicts once we’ve done the analysis. I think there will be work to do. So that’s been – our two approach is really a public-sector approach and a private-sector approach.

Dr. Cook: So that’s good to hear. I’ll follow up on the organic industrial base by referring to the GAO report that came out in October saying that vendors, the plant management, four of the five Army ammunition plants said that they didn’t have the right incentives to make investments in the plant to modernize.

Are you able to address that in the short term, or is that a bigger-picture question that you have to bring Congress into?

Sec. Bush: Well, in classic GAO report form, they always find the holes. I don’t know what incentives you need more than winning a war and having billions of dollars available to modernize and produce. So, I think we’ve checked that box since maybe that report was drafted over last summer. I don’t see that problem right now. But it’s a fair point.

Dr. Cook: OK, good, good. I’m glad that that’s being addressed.

Let’s go back to – let’s go to another topic you mentioned, which is allies and partners. As recently as February 15th, NATO Secretary General Stoltenberg announced an alliance-wide effort to produce more heavy-caliber munitions after a survey of the alliance’s industrial base found that the waiting time for orders increased from 12 to 28 months, which is a long time if there’s a war.
How is the U.S. working with allies and partners on a joint basis to make sure that all these needs are met?

Sec. Bush: So, there’s, I’d say, two major lines of effort going on. One is with NATO and within NATO. So Dr. LaPlante, the undersecretary for acquisition, is really the OSD lead, working with his counterparts in NATO to do planning and coordination so that we’re not stepping on each other, we’re actually coordinating our efforts. And we, of course, are still leading the way. But I think the conflict has opened eyes, and people see the need for additional capacity in Europe in particular, and that’s a good thing. That’s good for the United States.

There’s also a lot of the really great bilateral work going on, so with specific allies on specific things. So, one I would mention is Australia. Great interest there in precision munitions production capacity in Australia. We are working with them to help make that happen. I think it’s a great thing to have in theater. Also, Poland, certainly has so far been a leader in wanting to establish more domestic production capacity overall, but also specifically munitions, such as Javelin.

So, I think the more production capacity we have with our allies, that is absolutely a good thing for the United States. There’s more – there’s lots of work to go around. It gives us redundancy. Where we’d have a problem at a factory here, we have another source. We’ve seen that, you know, rocket motors, there’s only so many people that make them in the world. Luckily, most of them, the ones who make good ones are all in the West. But you know, we have to have more than one source for these things. And an allied source that they sustain, but that we can draw on, that’s just a total win-win. So that’s all of the democracies working together to be a giant arsenal and not just us doing it.

Dr. Cook: That’s a great point.

So, let’s take a step back. We’ve talked more on munitions than on other topics for now. But really, the – Russia’s war in Ukraine is an opportunity for developing insights and lessons learned. How has it shaped your thinking about industrial mobilization for future conflicts beyond the munitions industrial base?

Sec. Bush: So, two big lessons. One is, we certainly have to constantly work in making sure that our requirements for pre-war war reserves are at the right level. So, the way you mitigate the production ramp-up time is having a bigger pile to start. So, I think that those efforts are underway far above me in the Pentagon. But there’s folks working with that and working on that issue. So, I think that’s one thing, is we really have to think about how big those stockpiles have to be.
Now, stockpiles are expensive. They're expensive to build, and also, with sophisticated weapons, maintain. You have to store them in certain conditions. You have to maintain an inspection regime. All this costs money. But I think how big our war reserves are is a really good policy question that's being asked and being worked. I know it's also of interest, you know, on the Hill.

The second thing is how we plan for mobilizations. So, the degree to which we need to think about having preposition stocks of raw materials bought far, far in advance – for example, just steel for artillery shells, maybe stockpiling that above what our routine need is, for example – so raw materials stockpiling, also working with industry on to some degree – and this is one you've got to be careful on. So having excess capacity is economically very inefficient. You know, having machinery in a factory that you're not using, but you're paying to maintain, there are risks to that, because for example, if you buy it today, you think it's the greatest thing ever. Ten years from now, it may not be.

So, there's – we have to be thoughtful about that. But I think we've seen within our ammo plants some cases where we did keep machinery around. We kept extra lines around. We are using them now. So, there's a careful balance to strike there. But we of course expect our defense companies to be efficient and provide their goods at good prices. If we want them to have excess capacity, we will have to partner with them and pay – work with them to pay for part of that excess capacity that's not being used. But again, that's a policy choice that could be made.

Dr. Cook: That's a great and very fascinating point.

Let's turn next to investments in future platforms. I know that munitions are on top of everybody's mind right now. But you know, you're also planning for the future. So why don't you brag to me a little bit about what the Army is doing to meet the warfighter needs by developing and deploying new technologies and new capabilities?

Sec. Bush: Sure. So the Army's like, as I mentioned, our job, number one, is still modernizing the Army for the future, and our specific current goal as the secretary has described it is transforming the Army for 2030. So, what's involved in that? So these efforts have been going on for a while now but a lot of them are finally starting to hit production – long-range fires, dramatically increasing the range of Army systems from long-range hypersonic weapons, to ground-launched cruise missiles, to longer-range artillery and artillery munitions, to just get at a range gap that was identified by lots of smart folks in the Army, that we're working on.
Number two is really rebuilding and recreating air defense from top to bottom. So, we’ve had Patriot, which has been great – a great system. But we’re rebuilding and reestablishing all of Army air and missile defense below that. Those efforts have been dramatic and, again, are now hitting the point where we’re getting to real prototypes and, in some cases, into actual production.

Next generation combat vehicles. We’ve got multiple new vehicle programs underway. Mobile protected fire power is in low reproduction. Armored multipurpose vehicle. Replacing – trying to replace our M113s from – they are decades old. First unit equipped finally happened. That’s about to go to full rate. So, and the OMFV, optionally manned fighting vehicle program, is also coming up on a major decision point, where we’re going to down select to three vendors to produce real prototypes on our way to production.

So, all those efforts still on track, still going well. Some, of course, will run into challenges. Especially when you’re doing advanced new technology, you’re going to run into problems in testing. But I think that’s OK. And here’s the good thing. We are not compromising on testing. So sometimes testing gets you results you don’t like, but it’s the responsible thing to do. And we have to do it at the right level early so we know before we buy. And, you know, as you can imagine, when get back test results in the Pentagon there is much angst. And that’s OK. But if you don’t do the test – you know, it’s irresponsible to not do the test.

So, we’re going to do the testing. We’re going to find the problems. And we’re going to fix them. That’s kind of been the overall approach. And I think for the Pacific also, specifically, the secretary certainly that’s a big focus of hers, new major priorities coming are areas and investments in long-range surveillance and intelligence and contested logistics. So those will complement our ongoing work across our modernization efforts.

Dr. Cook: Can you talk more about the contested logistics issue? The war in – if there is a war in the Pacific, it is not going to be a ground war. But the Army’s contributions to the fight are so much broader. Can you – if you could go a little bit deeper into what you see the acquisition priorities to support a future fight are?

Sec. Bush: Sure. So, first, there will be land fighting. People live on land.

Dr. Cook: That is true. That is true.

Sec. Bush: I guarantee you, there will be fighting on land. So, we, of course, are focused on making sure we’re ready for that, and our allies are as well. That said, you’re right, the Pacific in particular, you know, is one of the most difficult logistical challenges in the world. If you could come up with one, it’s that one,
for sustaining large-scale combat operations. And nobody’s better at that than the United States. And, in my view, nobody’s better at it than the U.S. Army.

In terms of setting the priorities, you know, acquisition will follow some really good, current analysis being done by Army Materiel Command, you know, currently led by General Daly, as directed by the secretary, to do a lot of really good studies and thinking about, OK, what systems are most important? How many of them will we need? And then how do we network it all together? I think a critical thing that General Daly has spoken to me about, for example, has been not just, you know, building the machinery to move stuff around, but the data network behind it, so we can do it in a sophisticated way. And then, of course, making sure that data network’s secure against a sophisticated enemy.

So, it is a – definitely a daunting challenge. But between – across the joint force – and it's not just the Army. The Navy has a huge role in logistics over these areas as well. I think there’s a lot of good work going that direction. But it’s not easy.

Dr. Cook: So, getting back to the joint force, which is – which is a great point. No service in the United States operates alone. How do you – how are you working to ensure interoperability across platforms from an acquisition perspective? And how are you working on joint logistics concepts from a support perspective?

Sec. Bush: So, in the first case, I think the Army – so, we've got a lot of freedom to maneuver now on programs that, you know, some of my predecessors didn’t enjoy, because of the new authorities Congress provided for us to start programs faster, do a faster requirements process, and get moving. So, one critical part of doing that responsibly is making sure we are still joint. So, we certainly always talk to the Marines. We always coordinate with them to make sure we’re not working on the same thing, for example, that are completely different. It’s a constant struggle. I mean, they do have specific needs. But when I think jointness, the first thing I always think about is the Marine Corps, to make sure we are as close to them as possible. We could probably do better there, but that’s ongoing work.

On logistics, again, that really starts at the theater level. U.S. Army Pacific goes through AMC, and then that’s where the joint part really comes into play.

Dr. Cook: So of course, the pacing threat is China, and that’s very different from a fight in the Ukraine. Does that bring up any new industrial-base concerns that you’re working to address now, ahead of the fight?
Sec. Bush: So I think the broad – you know, I’m just the Army acquisition executive, but I think the broader, joint view of that is that, of course, a fight with China will be very much a precision-munition fight. So, yes, we will need, of course, conventional munitions, but high-end precision munitions for air to air, you know, air to sea, you know, surface combat. That industrial base, as I mentioned, is in the private sector.

So, I think that precision-munition industrial base, increasing stockpiles – this is something I know Dr. LaPlante’s very focused on – and how big do those stockpiles need to be, and having positioned ourselves to ramp quickly. It’s kind of the same challenges, but it’s just – it’s even harder with precision weapons. These are very complicated systems.

Dr. Cook: Yeah.

Sec. Bush: As hard as it is to make an artillery shell that’s really good that works, it is even harder, you know, to make an AMRAAM that works every time and is going to work. So, recognizing that, I think that is an even more daunting challenge.

Dr. Cook: OK. So, I see a question from online that I’d like to raise now. We’ll have more time for questions later –

Sec. Bush: Sure.

Dr. Cook: – but this one seems pertinent to what we’re talking about here, which is really – so this is from Meredith Roaten of Janes.

Sec. Bush: OK.

Dr. Cook: Can you talk more about testing and specifically how some of the – how some of the Army’s modernization technologies – you know, what are the ones that have hit the bumps in test? And more specifically, how are you working with industry to overcome these hurdles?

Sec. Bush: Sure. So, one that a lot of people are aware of is our early versions of the IVAS – Integrated Visual Augmentation System – soldier-worn augmented reality. Initial testing did not go as well as we hoped. So that’s an example of it’s good that we did really the hardest test anyone could come up with on that system, light infantry in very dark conditions in heavily wooded terrain. So, we found all the problems. So, as tough as that is for the Army and as disappointing as it was in some ways, it’s really good that we found that, especially with a new technology.

So, I think – this is a critical one. I think the new authorities from Congress we’re using – so in that case, rapid prototyping and rapid fielding – allowed
us to adjust the requirements, do a(n) innovative contracting approach to get immediately on contract for an improved system, and then adjust our quantities we procured of the original system, you know, not by as many as we had planned to. We were able to do all of that without triggering a lot of the normal painful process of restructuring our program, and I think it’s a good thing. I think it’s an example of – even though it’s an example where we ran into challenges, the fact that we were able to adapt to those challenges much faster than the old, traditional system, I think that’s a good thing.

So that one, I think, is back on track. We're going to get a much better 1.2 version of the system, hopefully in testing this fall, and we're going to see what we get.

Dr. Cook: Well, that’s the foundation of science, is to test and explore technologies and hypotheses, and to – every test is successful because you always learn something, even if it’s not what you want to know.

Sec. Bush: That’s right.

Dr. Cook: You’ve talked about the broadening of acquisition authorities, the Adaptive Acquisition Framework. There is – there is a lot of work under the – we can call it acquisition reform, but it’s really more of an acquisition transformation. It’s great to hear that you’re using these new authorities. How is industry responding? Do you think they see a difference in working with the Army?

Se. Bush: Well, I hope so. And I should put it in context. So, the Army has, on a given day, about 500 acquisition programs – a lot of them very small, but all important for something; that’s why we’re doing them. We are only doing middle-tier acquisition, for example, on 30 of those, some of the really important ones that we want to get at faster. So, first of all, I want to put that in context. You know, the traditional system often quietly works just fine. And we are using the middle-tier authority in a targeted way.

I think industry, if they’ve noticed a difference, it’s probably in the speed we can get started with programs. So those – that authority has definitely shaved years off getting started. That doesn’t mean it makes it any easier to develop a new technology. So, the time might come back later. But getting started is a big deal. Getting to real prototypes you can get in the field and let soldiers try out versus PowerPoint is important and very useful. It tells you – you can learn earlier what you have, or you don’t have. So, I think it’s been a critical tool in that sense.

You know, industry often – the interactions are about just how we’re just doing the contracting. And there there’s been some changes. We’re using OTAs a bit more in some places, other transaction authorities, other
transaction agreements, which, again, there’s a speed aspect to that. But the foundations of good contracting, you know, haven’t changed that much. It’s just with Ukraine, for example, we’ve just been doing them much faster than the traditional timelines.

Dr. Cook: Are there any additional authorities that would be helpful? What would you tell – what would you tell Congress about what would really help you be that much more or even just a little bit more effective in working with industry?

Sec. Bush: There’s two parts of it. So, first of all, Congress has already been very helpful. So, I mentioned those reforms. Those were done years ago, and they just took – the previous administration did great work turning them into real policy we can use. So, we’re using them.

The second part is Congress also, with regard to Ukraine, provided some very targeted but very important contracting streamlining authorities in the ’23 NDAA. They’re dramatically reducing contracting timelines for Ukraine specifically. They’re not forever authorities. They’re limited to Ukraine, limited by time. But we worked with them on that once they asked the question, what more could we do?

I think there’s a little bit of the age-old challenge there of, you know, the Department of Defense always says more flexible funding. And what that means is funding that is not as specified as it normally is in an appropriations act. So, sure, I’ll say that again. Yeah, that’d be good. But there’s a balance to be struck between giving the department flexibility and ensuring oversight and protecting the taxpayers’ dollars.

So, it’s always a conversation. It’s totally fine. And when something’s really important, though, we’ve always gotten what we needed. We have to make the case. And that’s on us, because Congress ultimately has responsibility for those funds and takes, of course, their oversight responsibilities very seriously, as do I. So, I think that’s a running conversation. But it’s not a simple thing, and it’s a lot of money. There do need – there does need to be boundaries on it.

Dr. Cook: Yeah, that is – that is a fantastic answer. Thank you. And it also leads into another question about the acquisition workforce and how it can – how it can develop and have the skills that are needed for these new authorities. They may require new approaches to acquisition, commercial-oriented skills. One thing that I’ve heard in research is that if you’re going to try a new acquisition approach, you’ll need a hundred people to say yes. And if one person says no, then it stops it in the track.
So how do you really change the culture so that people are willing to take risks and embrace new and more flexible approaches?

Sec. Bush: So first – the first step is always putting the right leadership in place. So –

Dr. Cook: Well, that's your – that's you. (Laughs.)

Sec. Bush: Well, I'm just – well, I'm probably the least important part of that. It's the level below me with our program executive offices and my deputy assistant secretaries. The actual machinery of the department in acquisition runs there. The actual tactical work on acquisition all happens out at the PEOs and the contracting centers that support them. That's where the money, you know, really hits the road.

So, first of all, getting the right leadership there that believes in these authorities and wants to use them, number one; number two, staying close with the OSD. So ultimately, of course, in acquisition, Dr. LaPlante is the ultimate milestone authority. We have to stay inside him and his team's guidance to make sure we're not going out of bounds. But I make that point because they have been extremely supportive, since I arrived, of using these authorities responsibly. So, I've hit no bumps there at all. And that's great. So, you've got to check that.

The other part is you do have to educate, so educate, train and support; you know, reward reasonable, thoughtful risk-taking. So, two parts of that. One is there's an upscaling aspect that has to happen. So, for example, on intellectual property, there was some great work done before I arrived on building a cadre of experts, increasing our knowledge of how to negotiate IP with industry. It's hugely important. We've been building our own team to help our PEOs do that better, while also working to educate them on how to do the negotiating intellectual property.

Recently – I'll mention one – is software, so broad upskilling of software knowledge and skills about how to procure it, how does the industry develop it. My deputy, Young Bang, is leading amazing work to try to – and he's transforming how the Army's going to buy software. Much needed. Most of our programs are really software programs, when you look under the hood on where the money's going. Even if it's a tank or something, the software is absolutely critical. So that's been another major effort.

In terms of taking risks, so I've seen a lot of that. So, the one that was already happening when I got there was COVID. That was the Army. The Army did almost all of the contracting and acquisition in support of the Department of Defense's COVID response, you know, supporting the administration. A lot of risk taking, for all the right reasons.
For example, they found a way to use a(n) OTA and rapid prototyping authority to buy a vaccine. So, I don’t think that was thought of when people were writing that legislation, but it turned out to be absolutely essential in going faster. I’ve seen that same thing now happening with Ukraine. Once we kicked into really a wartime mode, we are seeing that.

And leadership wise, the biggest thing there I provide people is top cover. So, we are taking every step we can to go faster with regard to Ukraine. Some of that does involve, you know, undefinitized contracts, for example, doing that initially to go faster. There’s some risk there. But I’m underwriting that risk, because I’m ultimately responsible, and I will take the blame when something goes wrong. And people have to know that. You can’t just give orders and assume others will take the fall. It’s you. You’re the leader. So, I think me saying that my subordinates saying that I think it energizes the system to accept a lot of risk certainly when it really matters, like on Ukraine right now.

Dr. Cook: OK. That’s great.

And I am going to ask you one more question before we turn to the audience and to the online questions. For those watching online, there is a question form on the website, so you can share what you’re thinking and what you’d like Mr. Bush to answer.

But before we turn to questions, my close is, this is your opportunity to brag about your acquisition workforce, tell us what they’re doing well, and just reflect on the workforce from a big picture perspective. Are you seeing a generational change as the seniors retire? How are you taking steps to retain and inspire your professional workforce?

Sec. Bush: So, thanks for asking. There are 40,000 of them. So, and acquisitions is interesting in that it’s a mix of military and civilian, even at senior management levels. It’s a bit different from other parts of the department.

So, I’m overall just humbled to be in – leading those folks every day, because they all know way more about acquisition than I do. And that’s okay. It’s really a good thing. And they are doing the hard work. I’m very proud of them.

The service aspect of the job, this is where that comes in. So, what inspires you, I mean, it’s the mission. It’s different than the private sector. You know, government service can be hard. The pay’s not always great. Hours for long. But you know, the mission, and in particular times like now with a war, and like we had before with the pandemic, you know, if those missions don’t inspire you, I don’t know what will. And then our baseline mission of just
providing good things for the world’s greatest soldiers, I mean, that’s every day what we do.

And you know, I just went and spoke at a social gathering down in Huntsville with my PEO of Missiles and Space. That was the main message I gave to them, was that, you know, we all have tough days at work, but the mission is what should inspire you. It’s a – there’s a moral obligation to do this job well. So, I think that’s number one.

Number two is just trying to be a good flexible organization. I think we’ve learned with COVID, for example, that hybrid work rules, giving people more flexibility in their lives, is a big incentive for government employees. And that’s good. And what I’ve seen so far is that with all our hybrid flexibilities and authorities on, you know, some remote work, some telework, we’re still getting the mission done. So, I think that’s been a good thing, and I think we need to maintain that.

So yeah, I think morale, hopefully, overall is good. I could certainly tell you they are producing at a very high level. And yeah, I’m just thankful I have them to do all this work.

Dr. Cook: That’s great.

OK, I’m going to turn to questions now. And first, if there is a question in the room, please state your name and what organization you represent, and then fire away. Yes, please.

Q: OK. I’m in the corner here, so I guess – (off mic).

Dr. Cook: No – (off mic).

Q: (Comes on mic.) There’s been a lot written that China and Russia have an advantage over the U.S. in hypersonic technology. How does the U.S. stack up, and the Army stack up, against these adversaries? Are you catching up? What kind of comparison would you make?

And about the specific system itself, you know, CRS and others have written that the Army’s plan is to field about 66 of these weapons. And that’s raised the question whether there’ll be a sufficient volume of them to be effective, particularly in the Pacific. And with a range of 1,700 miles, it doesn’t seem to have utility in a China scenario, unless you have basing rights that you actually don’t have at this point in time to get this system in place before a conflict. So how does the Army plan to deal with these two limiting factors – the volume and basing – because otherwise you have a system which may have some capabilities but limited utility against China.
OK. Well, thanks for those 15 questions. (Laughter.) But I can cover those. So, first of all, as far as the system itself goes, I think there’s some major test events coming that’ll tell us where we are. But, yes, our goal – and we are still on track, and we have all the funding and authorities we need to get that first battery operational by the end of this fiscal year. So that is on track. As far as the system itself, one thing to keep in mind is that the Army will be just part of the joint force on this. So, the Air Force is working on hypersonic weapons. The Army system, actually, is the same system that the Navy’s going to use.

So, it’s really a joint program in that way. We’re not – we’re not just developing our own one-off weapon system that we’re only going to buy 66 of. It’s really a ground-launched version of a Navy missile. That’s one reason we’ve been able to go so quickly. So, I think between the Army, the Air Force, and the Navy, in terms of hypersonics, I think there’s a lot of good planning that’s gone on to make sure we have the volume of fires we will need for that particular capability. I mean, a hypersonic weapon is not the only way to destroy some of these targets. The United States has lots of other capabilities across the joint force. Hypersonics are just part of the puzzle. So, counting missiles is not the only way to look at how the overall challenge gets solved.

On basing rights, of course, I don’t do that. That’s my colleagues in the State Department, as well as the Department of Defense. I can just say there’s a lot of good work going on there to make sure the system at the ranges it can be effective will have places to be launched from.

So, you mention that this is a joint effort. Of course, joint programs do require working with other services. And that has been challenging in the past. Are there any particular issues you’d like to flag that you’re working on with regard to, you know, managing requirements or understanding the full life cycle of these as you work with your sister services?

Sure. So, I’ll really kind of start where the other question left off. So, the Army and the Navy are deeply integrated on the Army’s first new coming along long-range fire systems. I mentioned our LRHW system is a Navy program, a Navy missile. We are doing, though – we are partnering with them. We, for example, are doing the contracting on the glide body. So, it’s a joint effort. We are also working with the Navy on our mid-range capability. That will be ground-launched versions of Navy missiles. So, again, the Navy had a good system. We’re using that. So, we’ll get synergy there on their production lines for those missiles.

And then across the board, we also, of course, are working closely with the Navy on, for example, A-9X. So that’s going to be our ground-launched interceptor for one of our new air defense systems. The Navy manages
production of that. We’ll gain synergy from using their force. And then we also are working with the Air Force on a number of projects involving some radars that have to do with future defense – air defense work. So, I think we’ve got a number of programs where we’re working together. And then, of course, we have the formal joint programs, like JLTV. It’s in the title. So, I mean, the Marine Corps is our partner there.

And so, as I said, I think could probably do a little better jointness with working with our Marine Corps compatriots. But overall, everywhere we find it, you know, the Army – Army has the – not the biggest procurement budget, so partnering with our sister services when they’ve got a good system makes a lot of sense. Saves us money.

Dr. Cook: And that’s through the lifecycle, not just for procurement, because of course these systems need to be maintained and sustained.

Sec. Bush: And that’s where the synergy can really be, you know, helpful.

One thing the Army does, for example, for ground systems, we do have a large industrial base to do long-term sustainment work. But also, yes, we can share the Navy, for example, on all those missile systems. They’re the experts at doing sustainment of those. We’re going to work with them closely on that.

Dr. Cook: Good.

So, there’s another question in the room and then I’m going to turn to a question online.

Sec. Bush: OK.

Q: Hi, sir. Kim Brandow with Google Public Sector. First, I just want to say thank you so much for the incredible focus on this once-in-a-lifetime opportunity to modernize the OIB.

You had mentioned earlier about the criticality of the network connection between the depots. And I wanted to find out from your perspective: In order to enable sharing in a secure way, what are your thoughts of leveraging commercial or private cloud to consolidate, analyze, and appropriately share this massive amount of data that we’ll now have through modernization?

Sec. Bush: Sure. So, I think, broadly speaking on our networking efforts, we’re counting on the private sector. I mean, that’s where the R&D is. That’s where the innovation is. We just have to leverage the amazing work that’s going on there. It has to be secure. Sometimes we have our own versions of it we
need. But we’re counting on the private sector to get that one figured out that we can leverage.

Cloud specifically, a lot of good work there. I think, you know, previous Army CIO Dr. Raj Iyer did a – did a really good job getting that initiative really started. Whoever follows him in that role will have the job of really moving that further down the field. But I think everyone recognizes that, you now, the cloud has to be completely tied into our overall data networks. It’s just how the world does data now. So we just have to be as good at it as the private sector, or at least as good as we can be.

Dr. Cook: So, I would – I would follow up with that by noting that the Army’s Project Convergence, it has a clear focus on experimentation and on working with allies and partners as you move forward. Do you have any reflections on that?

Sec. Bush: Sure. So, it’s a – one of the – the best thing about Project Convergence is, I mean, it’s a true experiment. So, again, they are – it’s not a(n) operational test, which frees them to try really just new things, completely untested, off the shelf from industry, with our partners to see what works together.

So the most recent one they did a lot of great work, for example, on finding a way to better integrate just tracking – sharing tracks for just a shared air picture and targeting picture, both inside the joint force but then also with our allies. So, getting some real-world knowledge of what worked and what didn’t work is going to affect our path ahead on that question. It’s better than anything you can do in a simulation. There’s no substitute for actually going out and actually trying to connect these things together in a real environment.

Dr. Cook: Thanks.

So, a question online from Sam Skove of Defense One: You mentioned issues with acquiring raw material such as steel for artillery production. Are you able to quantify these issues in any way? What other raw materials are there shortages of?

Sec. Bush: Well, there’s not a shortage. So just to make that clear, we have – the steel deliveries we are getting for artillery production are more than keeping up with what we need. The issue is really stockpiling. How much do you – if you choose to, how much do you stockpile in advance?

So, we already do that in some cases. So, for example, in the precursor chemicals that go into our energetics and explosives, we already do a great deal of stockpiling to make sure that we have enough of that on hand to meet projected demand and above that.
So, I think it’s really a question of how much of that can you afford to do. So, you know, stockpiling of raw materials is really the question, and how much.

So, I think the hard point in these production ramp-ups has not been raw materials so far; it’s been just getting the machines – the no-kidding machine tools and the equipment in the factories to be able to expand capacity. These machines, some of them are the size of buildings. You don’t just go buy it from a parking lot somewhere. You have to order it. It takes time to build. You know, there’s another factory building the machine that you’re going to use to build machines.

That machine-tool industry, it’s still, some of it, in the United States. A lot of it’s overseas. The timelines on those are often the long pole in the tent on getting capacity increased. Having those in advance and not using them, again, that’s that hard point about how much of – how much cold, mothballed capacity do you – can you afford to keep? And is it smart to keep it? But I think that’s where our challenges have been primarily found, not in raw materials, at least not yet.

Dr. Cook: Thank you.

Another question from the room?

Q: Thank you, Secretary Bush and CSIS for this very insightful discussion. My name is Hirgar, and I’m a student in Georgetown’s Security Studies Program. And my question is, given that these changes are occurring in how acquisitions have taken place, what is the role of nontraditional defense contractors such as tech startups and Silicon Valley in acquisitions, in Army acquisitions in specific, given, I mean, the growing push to get the leaders in dual-use technologies in the U.S. military? Thank you.

Sec. Bush: Sure. So, I think, you know, America’s tech industry, and specifically, you know, our Silicon Valley and the broader innovation ecosystem that exists out there, is enormously valuable to the Department of Defense. You know, our ability to stay ahead of the Soviets technology-wise, not just stay ahead but get so far ahead by the end that they couldn’t keep up, I mean, that kind of technology advantage, of course, has huge military implications in a good way.

So, what are we doing? I think, you know, we count on our defense primes for a lot of the large-scale production of things. But when you go further down the supply chain, that is where, when we can find them, the innovative companies with new technologies – for example, just a way to make a radar work better or a way to do networking smarter and more securely;
unmanned aircraft. There’s so much innovation in that space in the private sector; robotics.

I think it’s incumbent upon us to do the research there, the market research, not just with the usual suspects who answer a SAM.gov, you know, posting, but go out of our way to go find what’s there. We always find more than we expect.

The next step is getting them into working with the government, which is – you know, can be a challenge. Working with the government has hoops you have to jump through from a business standpoint that, you know, is different from the commercial sector; a lot of great work underway across the department to try to get those barriers reduced, to get more innovative tech companies in. And we are already also using a lot of those tech companies to help us.

We get no credit for it, but I can assure you, in the classified world there’s a lot of that going on. And American stuff is really good. And that doesn’t just happen. So, it relies on a lot of nontraditional companies to give us things that we’re not going to get otherwise just because they’re on the very cutting edge of some of these technologies.

Dr. Cook: So, it sounds like you have a solid approach for spinning on commercial technologies.

Sec. Bush: It can always be better. So, it is always a challenge. I don’t – I would never declare victory there. I think it’s a constant effort to find ways to keep up with some of the technology pace in the private sector, which is a good problem to have. But, you know, it’s a lot of work.

Dr. Cook: It’s a campaign for learning.

We have another question in the room.

Q: Hello. I’m Dr. Alexis Ross and senior fellow – nonresident senior fellow here at CSIS.

And Secretary Bush, thank you very much for coming out of the Pentagon this morning, speaking with us. It’s such an important thing, external communications, for the Army. So, I applaud you for your work on that.

I’d like to go back to munitions production, and specifically multiyear procurement authorities. As you know, multiyear contracts can be such a useful demand signal for industry, not just the primes but the supplier base that they work with. And last year you worked with Congress to get some additional authorities in that area.
So, I wanted to see, now that you have the multiyear procurement authority, how that’s going in execution. Do you see any impediments to fully utilizing it? And secondly, how has the support been from Congress? Are you getting the full support to exercise that, including funding?

Sec. Bush: Yeah, great question. And, by the way, I mentioned work in the previous administration on intellectual property. That was Dr. Ross. And it was amazing. And we’re taking advantage of it now.

So, yes, great question. So, yes, we got – from the authorizing side of Congress, we got what I would call more flexible, easier-to-use multiyear authority specific to Ukraine and China-focused, high-demand munitions. We are already on a path to use those.

So, in fiscal year ’23, the Army is working on a series of contracts around a couple ammunition capabilities. I can't say what they are yet. We’re still working on them. We’re going to execute those this year, in cycle. One thing with that authority – you know, other laws still require – if it’s above 500 million (dollars) we have to have matching approval language from the Appropriations Committee to enter a multiyear contract. So, we are going to request several of those for fiscal year ’24. And if the Appropriations Committee support those approaches, based on us demonstrating cost savings and industry stability benefits of a multiyear, we’re pursuing those.

So, the short answer is, yes. We are moving out. I think the value of using multiyear contracts for munitions, I think, has long been there but not talked about and not pursued. I believe the Department of Defense, across the board, is going to push as far as we can on doing that. There are many benefits. You do save money, so you can do kind of buying in bulk over years. That's one, of course, good thing. But the second thing, and in some ways more important, is the industry stability. They know they have three to five years, for example, of guaranteed production. They've got the ability to take that certainty, work with their suppliers who now also have certainty.

Now, just having those orders to book far in advance, they can leverage private-sector capital, resources, to make sure their production lines work well, get ahead of some of these supply-chain challenges, you know, buy in advance in bulk – I mean, all the goodness that comes with a long-term contract. So, I think, yes, Congress certainly got us moving in that direction. And I think I can say across the department, people should expect to see – I can’t say which ones – but the ’24 budget, there will be multiple requests for multiyear contracts for munitions, based on that authority.

Dr. Cook: Yeah. Good, good. All right, so as we’re running out of time, I have a question, there’s a question online, and there’s somebody in the room. So, I will mention that the one online is from Greg Sanders at CSIS. He would like you
to reflect on the Army’s use of modular open systems. My question is, what is your guidance, or ideas, or thoughts for the analytic community? What research can we do that might best inform the Army? I will let the person standing at the mic ask a question. And then you can just pick what you’d like to answer and then move into your closing remarks.

Sec. Bush: OK. Sure.

Q: Thank you for the opportunity. My name is Patrosh Petroski. I’m the research fellow at the Polish Institute of International Affairs, a think tank based in Warsaw, Poland. Thank you for mentioning the role of Poland in reference to Ukraine.

I am an ammunition nerd, so I have a specific question regarding that. Are there any discussions within the administration regarding the use of the different production lines to prioritize some aspects of – or, some weapons and munitions production for assistance to Ukraine? Thank you.

Sec. Bush: Great questions. So, on DPA, the short answer is not only are there discussions, there are hundreds of millions of dollars moving. So very quietly Congress actually included very large amounts of additional DPA authority in last year’s supplementals. Enormously helpful. And the White House recently announced approval of delegating some of that authority to the department so we can go even faster. So, yes, across the board. There are efforts underway with regard to rare earths. There are efforts underway using DPA to get at second and third-tier suppliers, who normally, you know, are kind of behind a prime contractor. DPA allows us to go straight at those critical second, third, fourth tier suppliers, work with them on investments to make them more resilient and more efficient.

And for us, for example, we are also using it in the munitions space to develop second and additional sources for some of those chemicals I mentioned – precursor chemicals, explosives materials – to make sure we don’t have single points of failure. So, I think we are seeing right now the most expansive use of DPA Title 3 authority that I’m familiar with since I’ve been working in Washington since 2000. And it’s great to see. But it all relies on Congress providing us the funds, which they have. And that’ll be a running conversation. But I think we got a lot of results coming to show why that’s worth it.

I mean, one specific example. We used Defense Production Act funding to help one of our rocket motor producers get back into production for GMLRS rockets motors, which we need to ramp up. Our Ukraine ramp-up relies on that. So that’s a great example of working with industries and DPA authority.
I wasn’t expecting a MOSA question. That’s kind of a deep cut, but sure. Modular Open Systems Architecture, been talked about a long time. And actually, to GAO’s credit, actually some of the work they did on that inspired some congressional work that was done to encourage the department to do more on MOSA while I was a staffer. Majority of staff worked on that when I was in the minority. I now have to do it. (Laughs.) So, we are – we are doing it.

So, two big programs really are leaders on that. Our first of them is FLRAA, our new lift helicopter. That program, MOSA is at the core of those requirements for keeping – trying to keep that affordable to sustain and maintain over tie. And the Optionally Manned Fighting Vehicle also. MOSA, if you look at what’s in – what we put out for requirements, is, again, central. So those are our two biggest programs where we are really trying to put this to work. We’re still learning.

Industry, you know, it’s a different business model, allowing the government – MOSA allows the government to really sort of plug and play, theoretically, major subsystems over the life of a program on its own, not just rely on the prime to do that for us. So, it’s a bit of a different business model. But we also think it’ll save a lot of money and provide flexibility that we don’t now have necessarily. So, a work in progress. I wouldn’t declare victory yet, but those two – those are two of our biggest modernization programs, and MOSA is at the very heart of them.

Dr. Cook: All right. Well, any thoughts for analysts or you can just move straight to your closing remarks.

Sec. Bush: Oh, no, well, yeah. I think the industrial base questions you asked in terms of also defense planning, how big do these stockpiles need to be, what’s possible. We need to learn lessons from this production ramp-up and bank those. So, I mean, studying – there’s nothing better, from a policy standpoint, than studying real things. So, we have right now really a public policy experiment underway. And can defense ramp up in these areas? Where are the hard points? We all need to work together to capture those, so we are just better at this next time.

That’s a big one. Another one would be, I think, thinking through that tradeoff between the different techniques – stockpiling, maintaining mothballed or excess capacity, building allied capacity. What mix of those makes the most sense? They all have their pros and cons. And, so broadly speaking, I think those are very ripe for analysis and thought.

Dr. Cook: OK. Thank you very much. This was really a terrific discussion.

Sec. Bush: Happy to be here.
Dr. Cook: I learned a lot, and I’m very grateful for you taking the time. So, thank you.

Sec. Bush: I’m happy to do it.

(END)