



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON, DC 20310-0103

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SEP 25 2018

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology) Middle-Tier Acquisition Policy

1. References.

a. Section 804 of the National Defense Authorization Act for Fiscal Year 2016, Public Law 114-92, as amended, 10 United States Code (U.S.C.) 2302, note.

b. Memorandum, Under Secretary of Defense (Acquisition and Sustainment), 16 April 2018, subject: Middle Tier of Acquisition (Rapid Prototyping/Rapid Fielding) Interim Authority and Guidance.

c. Memorandum, Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology (ASA(ALT))), 15 December 2017, subject: Implementing Acquisition Streamlining and Cultural Change.

d. Charter, Army Rapid Capabilities Office, 13 December 2016.

2. Purpose. This memorandum provides Army Program Executive Officers and Program Managers with the authority and guidance to implement Section 804 during the interim period specified in reference 1.b. It provides a construct for determining when a middle-tier acquisition (MTA) strategy should be pursued and how the MTA authority can be applied to Army acquisition efforts. First and foremost, the intent of an MTA is to prototype and/or field required capability on an accelerated schedule at a reduced cost. MTAs are aligned with a high priority military capability need and are characterized by execution against a statutory schedule: rapid prototyping efforts must be complete within five years of an approved requirement, rapid fielding efforts shall begin production within six months and complete fielding within five years of an approved requirement. Note that there are no dollar thresholds or Acquisition Category (ACAT) thresholds associated with the MTA authority.

3. Background. Reference 1.a., provides authority to the Department of Defense (DoD) to rapidly prototype and/or rapidly field capabilities under a new MTA pathway, distinct from the traditional acquisition system. Approved MTA efforts are not classified as Major Defense Acquisition Programs (MDAPs) regardless of dollar value and are not subject to the Joint Capabilities Integration Development System (JCIDS) manual and

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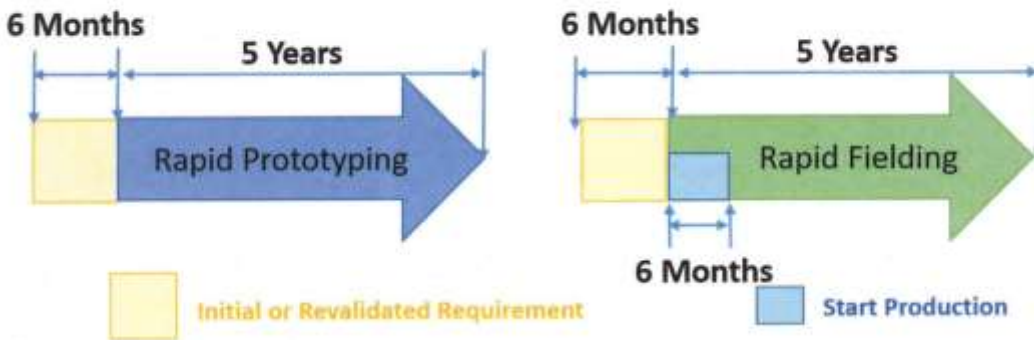
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DoD Directive 5000.01, "The Defense Acquisition System," or DoD Instruction 5000.02, "Operation of the Defense Acquisition System," except to the extent specifically provided in the implementing guidance. MTA applies to two distinct pathways:

a. Rapid Prototyping: shall provide for the use of innovative technologies to rapidly develop prototypes to demonstrate or evaluate new capabilities, operational concepts or meet emerging military needs. The objective of acquisition efforts under the rapid prototyping pathway is to field a prototype that can support these purposes in a real or simulated operational environment and provide for a residual operational capability within five years of the development of an approved requirement.

b. Rapid Fielding: shall provide for the use of proven technologies, to include through Rapid Prototyping, to field production quantities of new or upgraded systems with minimal development required. The objective of acquisition efforts under the rapid fielding pathway is to begin production within six months and complete fielding of an Army Requirements Oversight Council (AROC) defined capability increment within five years of the development of an approved requirement. See figure 1 below.

Figure 1. Timelines



4. Guidance that applies to both Rapid Prototyping and Rapid Fielding:

a. Initiation.

(1) The responsible Program Executive Office (PEO)/Program Manager (PM) will submit requests to use MTA authority through the Deputy for Acquisition and Systems Management (DASM) to the Army Acquisition Executive (ME) for approval. When appropriate, PEOs/PMs should also request that they be designated the Decision Authority (DA)..

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(2) PMs must provide a program strategy through the PEO to the AAE, that includes threat; operational gap addressed by the MTA effort; why and how an MTA is appropriate; estimated lifecycle costs; risk management; and cost, schedule and performance metrics. Additionally the program strategy:

(a) Identifies the supporting requirements document or process by which a requirement will be approved within six months. The requirement may be revised and revalidated at key knowledge points during the prototyping/fielding phases of the program. This requirement could come in the form of a Directed Requirement or via another Army approval process.

(b) Explains why the particular effort meets the criteria, both Statutory and Army policy, for execution under MTA's rapid prototyping or rapid fielding pathways.

(c) Describes a full plan, from initiation to completion, and proposes required documentation, decision points and metrics, as well as timing, scope and level of decision reviews, and cost, schedule, and performance objectives.

(d) Discusses risks and risk mitigation approaches. Risks will be well defined and mitigation plans will be tied to knowledge points. Plans shall document risk reduction throughout the execution of prototyping and fielding efforts.

(e) Discusses the proposed funding plan. Documentation will be streamlined but include a sufficient level of detail to support AAE decision-making.

(f) Show where the MTA effort fits within the Army Modernization Priorities and/or supports the National Defense Strategy, if appropriate.

(3) Requests will reflect coordination with appropriate requirements, test, and budget officials and, where applicable, the responsible Cross Functional Team (CFT) lead. PMs will propose an Acquisition Decision Memorandum (ADM) that will provide authority to proceed with the program. The **DASM** may arrange for the PEO/PM to provide an initial Shaping Briefing to the AAE and other invited participants to include representatives from the Offices of the Assistant Secretary of the Army (Financial Management and Comptroller), Deputy Chief of Staff G-3, G-4, and G-8, ATEC, General Counsel, and, where applicable, the responsible Cross Functional Team lead. Army Rapid Capabilities Office (RCO) may proceed with a Rapid Prototyping or Rapid Fielding Effort at the direction of the RCO Board of Directors and may request to initiate a project directly with the AAE.

(4) Changes to the approved program strategy require prior DA approval.

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b. Funding.

(1) Funding for MTA efforts will be managed using the normal Planning, Programming, Budgeting and Execution process.

(2) PEOs/PMs shall use current available funding and have a funding plan to execute their program. PEOs/PMs will keep the Deputy Assistant Secretary of the Army (Plans, Programs, and Resources) (DASA(PP&R)) informed of additional schedule acceleration that is achievable should additional funding be provided. DASA(PP&R) will provide this information to the Assistant Secretary of the Army (Financial Management and Comptroller) for potential inclusion on the Unfunded Requirements (UFR) List or in future Reprogramming Requests.

(3) In the future, a dedicated fund may be established to support MTA efforts.

c. Responsibilities.

(1) The AAE will:

(a) Provide, oversight, guidance and reporting requirements for MTA efforts.

(b) Approve each initial decision to utilize MTA.

(c) Unless otherwise noted in the ADM, be the DA for MTA efforts that meet the funding criteria for ACAT I as defined in DoD Instruction (DoDI) 5000.02. For efforts meeting the criteria of ACAT 11, III and IV programs-as defined in DoDI 5000.02-DA is delegated to the PEO, with further delegation allowed consistent with current policy once the AAE has approved the initial decision to utilize MTA. Application of ACAT criteria for DA determination does not establish the mid-tier acquisition effort as program of record and does not impose the requirements of an ACAT program.

(d) Annually evaluate the performance of Program Executive Officers (PEO) and any direct-reporting PMs on assigned MTA efforts. Ensure PEOs annually evaluate the performance of their PMs on these efforts.

(2) DAs. The DA is the designated individual with overall responsibility for an effort conducted under MTA. The DA for each approved Rapid Prototyping/Rapid Fielding initiative will:

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(a) Approve major decisions concerning progress of the effort at pre-established decision points.

(b) Be accountable for reporting cost, schedule and performance data to the Under Secretary of Defense (Acquisition and Sustainment) (USD(A&S)) in accordance with (IAW) reference 1.b and any Cost Assessment and Program Evaluation requirements.

(c) Authorize PMs to utilize tailored, streamlined procedures that support effective project completion.

(d) In coordination with functional stakeholders, ensure that PEOs/PMs structure all individual MTA efforts to adhere to the operating principles outlined in this document under the specific type of MTA.

(e) Develop and track measureable, quantifiable metrics that assess technical performance parameters, cost and schedule.

(3) PM. The PM is the designated individual with responsibility for and authority to accomplish the objectives of the MTA effort. The PM shall be accountable to the DA for credible cost, schedule and performance. The PM for each approved Rapid Prototyping/Rapid Fielding initiative will:

(a) Execute the initiative in accordance with the AAE's initial decision memorandum and subsequent direction from the designated DA. The PM must return to the DA for approval to deviate from the initial ADM.

(b) Report to the designated MTA DA.

(c) In coordination with the users of the equipment and the test community, make trade-offs among life-cycle costs, requirements and schedules to meet the goals of the effort.

(d) Ensure that experimentation focuses on outcomes, affords the maximum ability for quantifiable measurement and centers military value in an operational environment. Coordinate with stakeholders for appropriate concurrence at key decision points. Additionally, include in decision points the requirement for stakeholders to adjust program documentation, including the validated requirement.

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(e) Submit to the PEO any requests for technical staff, including experts in business management, contracting, auditing, engineering, testing and logistics, to enable effective program execution:

(f) Shall document metrics to measure the program's cost, schedule, performance and risks. Metrics should inform decision makers that the MTA is accomplishing what it intended, when it was intended.

(g) Provide data to include, but not be limited to: name of effort, capability gap or problem, capability gap metrics, definitive source for the capability gap or problem, capability characteristic or solution, date funds approved for initiation, funding source, result (transition or termination), date of transition or termination, reason for transition or termination, budget, and vendor(s) name.

(h) Report effort in the Army Acquisition Program Master List.

(i) Where appropriate:

(a) Provide justification on waiver requests for requirements deemed to be of little value.

(b) Propose tailored reviews, processes, and assessments that are necessary for achieving cost, schedule, and performance goals and statutory compliance.

(c) Propose tailored documentation. With respect to acquisition strategies, consult reference 1.c, which authorizes use of the simplified acquisition management plan (SAMP) in appropriate circumstances.

(d) Propose tailored metrics to track progress.

U) Execute MTA efforts using flexible procurement and non-procurement instruments. These include, but are not limited to: Indefinite Delivery, Indefinite Quantity (IDIQ) contracts, cooperative agreements (when authorized by statute), other transactions for prototype projects (10 USC 2371b), experimental authority (10 USC 2373), and Federal Acquisition Regulation (FAR) Part 12 procedures or standard FAR contracts (where appropriate). PMs will work closely with contracting officers to select the most appropriate instruments when building the program strategy.

(k) Ensure prospective DA approval, documented in an ADM, of all cost and schedule changes that exceed previously approved parameters.

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(l) In addition to any other DA-directed status reports, provide the DA with an annual assessment of the program's status with respect to cost, schedule and performance objectives.

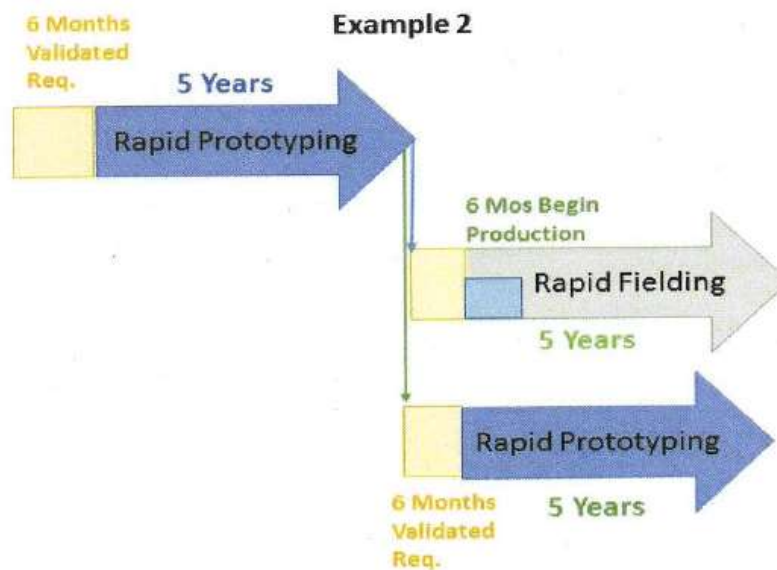
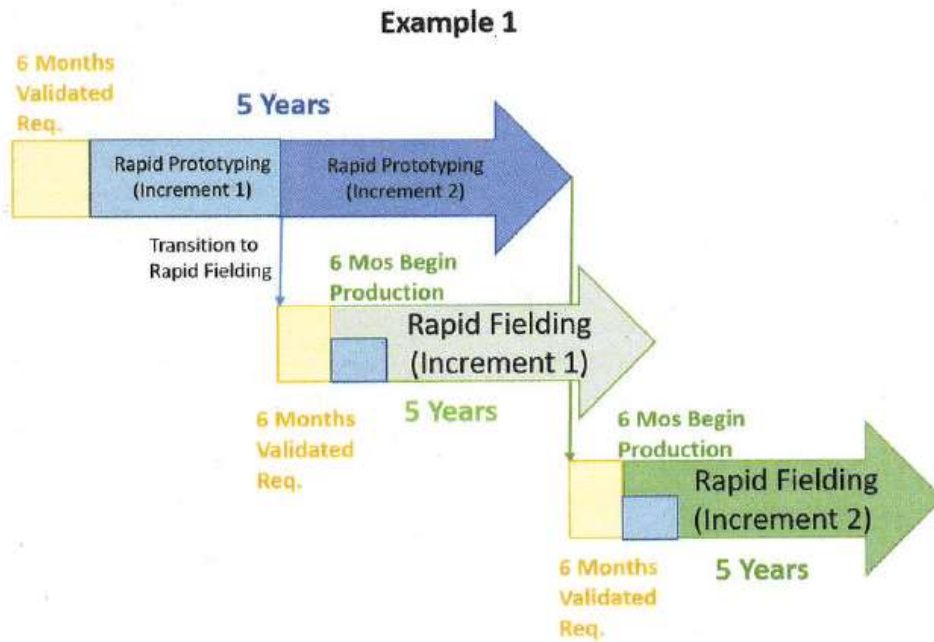
d. Rights in Technical Data and Computer Software. Since follow-on production and fielding of prototypes is likely, the acquisition of data and data rights is critical and should be included in contracts or other agreements. PMs must address intellectual property (IP) in their program strategy; and, should consider the following: 1) What IP was developed by the contractor independent of the MTA effort. What would be the cost to purchase or license that IP; 2) What IP will be developed during the MTA; and, 3) what rights to the data will the government have and need. As an initial position, programs should seek to obtain IP rights consistent with the ASA(ALT) policy on intellectual property.

e. Transition. Upon successful operational demonstrations addressing validated requirements, rapid prototyping efforts should transition into procurement and fielding via rapid fielding authorities, incorporation in a current acquisition program or modification of a fielded system. As shown in Figure 2, transition to fielding can occur in multiple ways. Example 1 shows that during rapid prototyping there can be an off ramp to allow for fielding an increment prior to the end of the five-year timeline. When transitioning to rapid fielding, the requirement will need to be revalidated, production will need to start within six months and fielding must be finished (as defined by the AROC) within five years. Additionally, the original prototyping effort may lead to a follow-on development that would lead to a separate fielding. Example 2 shows a prototyping effort leading to both an initial fielding and the development of another rapid prototyping effort. In this example, rapid fielding of the original MTA must be completed within five years. If the MTA developed technology leads to another rapid prototyping effort, this will reset the five-year timeline. In example 3, the production off ramp leads to fielding the mature prototype through the traditional fielding method via a program of record. In this example, the fielded capability is not bound by the five-year limit that is associated with rapid fielding. This list of examples is not all inclusive.

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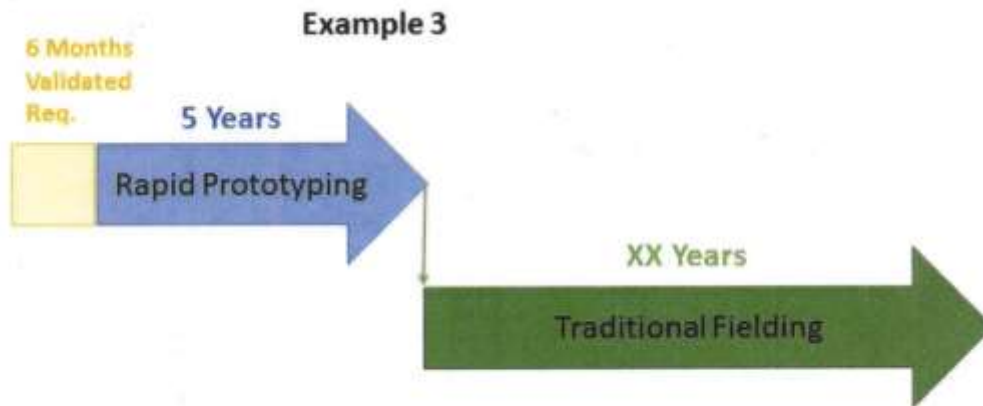
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Figure 2. Examples of Transitions



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(1) The DASM is the ASA(ALT) lead for capturing and reporting to Office of the USD(A&S) data on use of MTA in accordance with reference 1b, section 5, and will establish information-reporting protocols.

(2) PEOs and PMs will identify education and training needs and required changes to existing policy in accordance with reference 1.b, sections 6 and 7. They will report this information to the DASM, who is responsible for coordination with the AAE and OSD.

(3) The AAE may tailor this guidance to facilitate execution of individual rapid prototyping or rapid fielding efforts. Refer to Table 1 for Statutory Language.

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Table 1. Summary of NDAA 2016, Section 804 Statutory Language.

	Rapid Prototyping	Rapid Fielding
Purpose	Provide for the use of innovative technologies to rapidly develop fieldable prototypes to demonstrate new capabilities and meet emerging military needs	Provide for the use of proven technologies to field production quantities of new or upgraded systems with minimal development required.
Objective	Field a prototype that can be demonstrated in an operational environment and provide for a residual operational capability within five years of the development of an approved requirement.	Begin production within six months and complete fielding within five years of the development of an approved requirement.
Starts with	A merit-based process for the consideration of innovative technologies and new capabilities to meet needs communicated by the Joint Chiefs of Staff and the combatant commanders.	A merit-based process for the consideration of existing products and proven technologies to meet needs communicated by the Joint Chiefs of Staff and the combatant commanders
Includes	<ul style="list-style-type: none"> ■ Developing and implementing acquisition and funding strategies ■ Process for demonstrating and evaluating the performance of fieldable prototypes developed pursuant to the program in an operational environment ■ Transitioning successful prototypes to new or existing acquisition programs for production and fielding under the rapid fielding pathway or the traditional acquisition system 	<ul style="list-style-type: none"> ■ Demonstrating performance and evaluating for current operational purposes the proposed products and technologies ■ Developing and implementing acquisition and funding strategies for the program ■ Considering lifecycle costs and addressing issues of logistics support and system interoperability ■ Opportunities to reduce total ownership costs
Not subject to the Joint Capabilities Integration and Development System Manual and Department of Defense Directive 5000.01, except to the extent specifically provided in guidance		
Term "major defense acquisition program" does not include an acquisition program or project that is carried out using the rapid fielding or rapid prototyping acquisition pathway (FYI 8 NOAA Sec 831, IO USC 2430)		

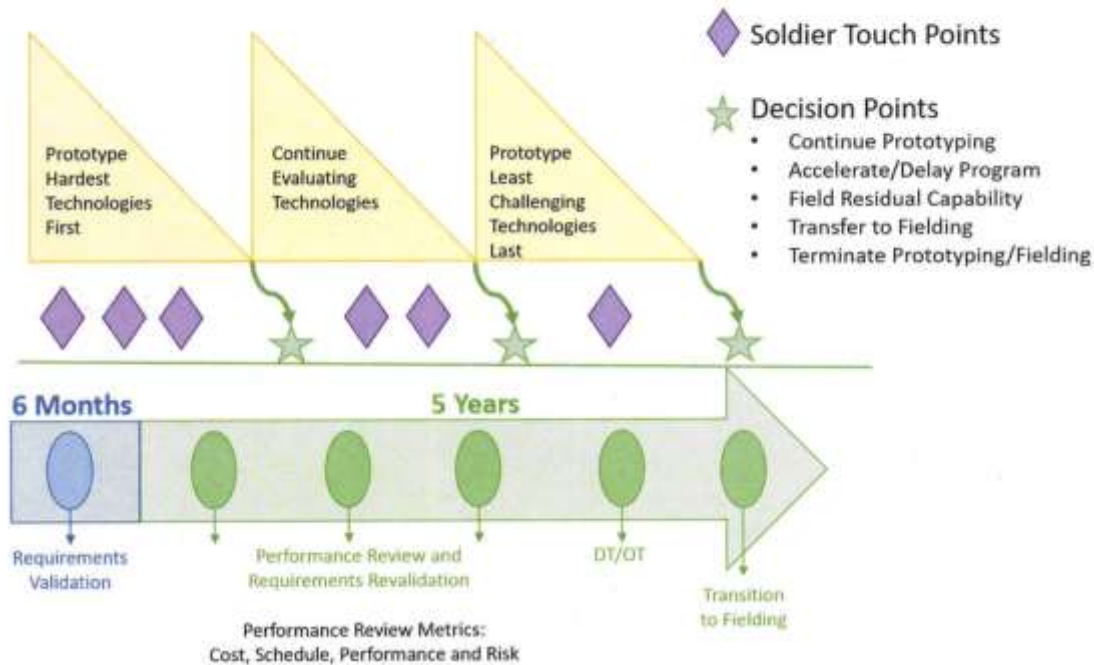
5. Guidance that applies only to Rapid Prototyping:

a. Implementation. Figure 3 on the following page depicts a notional phased approach to the Army MTA prototyping process.

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Figure 3. MTA Notional Prototyping Timeline



b. For Rapid Prototyping, the effort might precede a validated requirement and, in fact, may inform the requirement. Although the MTA authority is not subject to JCIDS, the acquisition team must have an approved requirement within 6 months from the time that the MTA process is initiated. The PEO/PM will collaborate with HODA to assist with rapidly staffing the requirement across the enterprise to reduce risk and facilitate information sharing prior to approval. As prototyping matures, a re-validation of the requirement may be justified and documented.

c. The prototyping effort should begin with the most difficult requirements first. This allows for early confirmation that the prototype project is achievable, directs the effort toward a different technology, or informs program termination. Prototyping should have well defined outputs that can be assessed with Soldier Touch Points and/or experimentation. This will be used to inform, in as quantifiable manner as possible, a recommendation made by the PM, with CFT input where applicable. The recommendation should inform the DA, who then decides to proceed, adjust or terminate the prototyping effort. DAs/PEOs/PMs shall ensure Rapid Prototyping efforts include the following.

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b. DA/PM responsibilities for Rapid Prototyping:

(1) Use merit-based processes for the consideration of innovative technologies and new capabilities to meet user needs.

(2) Develop and implement disciplined acquisition and funding strategies.

(3) Demonstrate and evaluate the performance of field able prototypes developed pursuant to the effort in an operational environment.

(4) Develop specific plans to transition successful prototypes to new or existing acquisition programs for production and fielding under the rapid fielding pathway or the Defense Acquisition System.

6. Guidance that applies only to Rapid Fielding:

a. Implementation.

(1) Rapid Fielding production will start within six months of the validation of the requirement and finish fielding an AROC approved capability increment within five years.

(2) In order to initiate Rapid Fielding efforts under the MTA, each project shall be selected under a merit-based selection framework. The merit-based selection will review the operational gap, the capability available, and trade space within which to produce and field. The program will initiate Rapid Fielding efforts when it has:

(a) Continued alignment with a high priority military capability need.

(b) A defined and manageable capability, cost, schedule, concept of supportability and technical risk for a designated number of AROC approved fielded systems.

(c) Available and stable funding.

(d) A configuration that was successfully demonstrated in an operationally and relevant environment.

b. DA/PM responsibilities for Rapid Fielding will:

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(1) Use merit-based processes for the consideration of existing products and proven technologies to meet user needs.

(2) Demonstrate the performance of proposed products and technologies for current operational purposes.

(3) Develop and implement disciplined acquisition and funding strategies.

(4) Ensure consideration of lifecycle costs and address issues of logistics support and system interoperability.

7. This policy shall be reviewed and updated IAW reference 1.b. The point of contact is Mrs. Maureen Cross, 703-545-3077, DSN 865-3077 or maureen.w.cross.civ@mail.mil.



Bruce D. Jette

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