International Acquisition & Exportability (IA&E) Update and Best Practices

DAU/DSMC - International Center
February 2018
Overview

- Policy & Guidance Update
- IA&E Elements
- Working with Industry
- IA&E Best Practices
- Summary
“[Program Management is responsible for integrating [IA&E] considerations into the program’s Acquisition Strategy at each major milestone or decision point. [PM] will consider the potential demand and likelihood of cooperative development or production, Direct Commercial Sales, or Foreign Military Sales early in the acquisition planning process; and consider U.S. export control laws, regulations, and DoD policy for international transfers when formulating and implementing the acquisition strategy”

First Mention of Foreign Sales in DoD Acquisition Policy

Provisions reflected in 2016 NDAA for major programs

DoDI 5000.02 (Enclosure 2, paragraph 7.a.)
“Program protection also supports international partnership building and cooperative opportunities objectives by enabling the export of capabilities without compromising underlying U.S. technology advantages.”

Program managers will describe in their PPP the program’s critical program information and mission-critical functions and components … [including] planning for exportability and potential foreign involvement.

Countermeasures should include anti-tamper, exportability features, security … and other mitigations …” (emphasis added)
Anti-Tamper (AT) Guidance

• Program Manager AT Architecture Responsibilities
  − Development programs containing Critical Program Information (CPI) will develop and implement an AT architecture to protect the system if it is ever exported (default expectation)
  − DoD Anti-Tamper Executive Agent’s (ATEA’s) direction is to design with exportability as the goal
• AT&L published a comprehensive DAG update in Feb 2017
  − Calls for greater integration of international considerations
  − Provides more comprehensive guidance on IA&E activities
• Program Management (Chapter 1)
  − International Acquisition and Exportability Considerations
    ([DAG Chapter 1 (paragraph 4.2.8)](DAG Chapter 1 (paragraph 4.2.8))
  − Substantial [IA&E Supplement](IA&E Supplement) provides detailed guidance
New DAU IA&E Job Aids

- DAG contains links to new DAU-developed Job Support Tools (JSTs)
  - International Acquisition & Exportability (IA&E) Assessment
  - Acquisition Strategy - International Considerations
  - Defense Exportability Integration (*under construction*)
  - International Cooperative Programs (ICPs)
  - Foreign Military Sales (FMS) Systems Acquisition
  - International Business Planning

- JSTs contain information on relevant policies, best practice procedures, and key areas for analysis and evaluation
  - DAU.mil tools site in International Acquisition topic area
  - DAU International Acquisition Management Community of Practice (ICoP)
IA&E Elements

Planning and Analysis

International Cooperative Programs

Sales & Transfers

Technology Security & Foreign Disclosure

Defense Exportability Integration

International Contracting

International Acquisition & Exportability (IA&E)
IA&E Environment

- Recent laws and policy requires greater consideration of international cooperation, sales & exportability in acquisition strategies
- U.S. industry becoming more reliant on international sales in an increasingly competitive global market
- Complex U.S. Technology Security/Foreign Disclosure (TSFD) policies and processes cause many challenges
- Pilot Program for designing in exportability ongoing
- OSD initiatives encourage greater awareness of global Science & Technology (S&T) sources/products

Int’l acquisition programs are a part of Security Cooperation
Planning & Analysis
IA&E Assessment

Interoperability Requirements
Program Protection
Cooperative Opportunities
International Markets

Assessment

Inform Acquisition Strategy
Inform MDA Decisions

Foreign Solutions
Coalition Interoperability
ICP Participation
Foreign Sales
Design for Exportability
Acquisition Strategy IA&E Factors

IA&E Assessment

Law & Policy

Key IA&E Decisions

Foreign Industry Participation

International Cooperation Potential

Foreign Sales Potential

Business Strategy Considerations
International Business Planning

Tool to enhance a program’s domestic and international acquisition outcomes
International Cooperative Programs
Int’l Armaments Cooperation (IAC)

• Cooperative research, development, and acquisition projects and programs
• Enabling Programs
  – Personnel exchange (ESEP & APEP)
  – RDT&E Information Exchange Program (IEP)
  – International Cooperative R&D (ICR&D) program
  – Coalition Warfare Program (CWP)
  – Foreign Comparative Testing Program (FCT)
• International Cooperative Programs (ICPs)
Int’l Cooperative Programs (ICPs)

Scope
- DoD concludes about 30-40 international agreements/year for ICPs
- Most agreements are for S&T or early R&D projects
- Some agreements for cooperation on a piece of a program
- Limited number of fully cooperative major system development/production programs

Major System Examples
- F-35 Joint Strike Fighter (JSF)
- NATO Alliance Ground Surveillance (AGS)
- Rolling Airframe Missile (RAM)
- Evolved SeaSparrow Missile (ESSM)
- Multifunctional Information Distribution System (MIDS)
- Guided Multiple Launch Rocket System (GMLRS)
- Wideband Global SATCOM (WGS)
## Int’l Coop Program (ICP) Process

**OUSD(A&S) International Agreements (IA) Process**

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity Identification &amp; Assessment</td>
<td>Identifying a potential cooperative opportunity, conducting exploratory or technical discussions, and assessing viability of the effort</td>
</tr>
<tr>
<td>Request Authority to Develop (RAD)</td>
<td>Staffing of the Summary Statement of Intent (SSOI) “business case” within Component and OSD to obtain approval to negotiate</td>
</tr>
<tr>
<td>IA Negotiation</td>
<td>Negotiating the International Agreement (IA) with partner nation(s) after obtaining authority through RAD approval</td>
</tr>
<tr>
<td>Request Final Approval (RFA)</td>
<td>Obtaining approval to sign the IA based on Component and OSD staffing of the IA text and an updated SSOI</td>
</tr>
<tr>
<td>IA Signature</td>
<td>Obtaining U.S. and partner nation(s) signature of the IA</td>
</tr>
<tr>
<td>ICP Execution</td>
<td>Executing the cooperative project/program in accordance with the signed IA</td>
</tr>
</tbody>
</table>
Technology Security &
Foreign Disclosure
USG/DoD TSFD Processes

DoD Component Processes

- MILDEP-Specific (well-defined)
- Other DoD Components (less defined)

Other DoD Processes

- DoD Lead: Various
- Organization specific -- various
- Few documented processes

TSFD policy development normally starts here

TSFD policy development normally starts here

and then ends up in the “Pipes”... but which ones and how?

Interagency process

<table>
<thead>
<tr>
<th>TSFD Policy Development</th>
<th>DoD Lead: Various</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Disclosure Policy (NDP)</td>
<td>Various</td>
</tr>
<tr>
<td>Military Intel Disclosure Policy (MIDP)</td>
<td>Various</td>
</tr>
<tr>
<td>Low-Observable/Counter-LO (LO/CLO)</td>
<td>Various</td>
</tr>
<tr>
<td>Anti-Tamper (AT)</td>
<td>Various</td>
</tr>
<tr>
<td>Communications Security (COMSEC)</td>
<td>Various</td>
</tr>
<tr>
<td>Special Access Programs (SAP)</td>
<td>Various</td>
</tr>
<tr>
<td>Defensive Systems Committee (DSC)</td>
<td>Various</td>
</tr>
<tr>
<td>Missile Technology Control Regime (MTCR)</td>
<td>Various</td>
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<tr>
<td>Night Vision Devices (NVD)</td>
<td>Various</td>
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<tr>
<td>Intel</td>
<td>Various</td>
</tr>
<tr>
<td>Waveforms (Data Links/WF)</td>
<td>Various</td>
</tr>
<tr>
<td>Positioning Navigation &amp; Timing/GPS (PNT/GPS)</td>
<td>Various</td>
</tr>
<tr>
<td>Geospatial Intelligence (GEOINT)</td>
<td>Various</td>
</tr>
<tr>
<td>Electronic Warfare (EW)</td>
<td>Various</td>
</tr>
</tbody>
</table>

DoD Lead: Various

- Policy
- USD(I)
- AT&L
- AT&L
- NSA & DoD CIO
- SAPCO
- AT&L + Policy
- DTSA
- DTSA
- USD(I)
- DoD CIO
- DoD CIO
- NSA
- AT&L/NSA

Specialized

Primary

Interagency process
Sales & Transfers

• Foreign Military Sales (FMS)
• Building Partner Capacity (BPC)
• Direct Commercial Sales (DCS)
# Int’l Acquisition Mechanism Overview

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Foreign Military Sales (FMS)</th>
<th>Building Partner Capacity (BPC)</th>
<th>Direct Commercial Sales (DCS)</th>
<th>International Cooperative Programs (ICPs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirement</td>
<td>Foreign Customer</td>
<td>DoD Determined</td>
<td>Foreign Customer</td>
<td>Mutually Determined</td>
</tr>
<tr>
<td>Relationship</td>
<td>Buyer-Seller</td>
<td>Provider-Receiver</td>
<td>Buyer-Seller</td>
<td>Partner</td>
</tr>
<tr>
<td>Form of agreement</td>
<td>Foreign Military Sales (FMS) Letter of Offer and Acceptance (LOA)</td>
<td>Psuedo-LOA</td>
<td>Export License and Industry Contract(s)</td>
<td>ICP International Agreement (MOU, MOA, PA, etc)</td>
</tr>
<tr>
<td>Funding</td>
<td>Foreign Customer</td>
<td>DoD</td>
<td>Foreign Customer</td>
<td>Equitably Shared</td>
</tr>
<tr>
<td>Program Management</td>
<td>DoD Implementing Agency (IA)</td>
<td>DoD IA</td>
<td>Foreign Customer</td>
<td>Joint</td>
</tr>
<tr>
<td>Contract Privity</td>
<td>DoD IA and Industry</td>
<td>DoD IA and Industry</td>
<td>Foreign Purchaser and US Industry</td>
<td>Partner Nations and Industry</td>
</tr>
</tbody>
</table>
# FMS Systems Acquisition Process

<table>
<thead>
<tr>
<th>Phase</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-LOR</td>
<td>Assisting the customer in developing a defined Letter of Request (LOR)</td>
</tr>
<tr>
<td>LOR</td>
<td>Receipt and analysis of the LOR</td>
</tr>
<tr>
<td>LOA</td>
<td>Preparation of a Letter of Offer and Acceptance (LOA)</td>
</tr>
<tr>
<td>RFP</td>
<td>Preparing the Request for Proposal (RFP)</td>
</tr>
<tr>
<td>Contract</td>
<td>Negotiating and awarding contracts</td>
</tr>
<tr>
<td>Execution</td>
<td>Managing contract and program execution</td>
</tr>
<tr>
<td>Delivery</td>
<td>Preparing for and delivering a “total package”</td>
</tr>
</tbody>
</table>

See FMS Systems Acquisition JST for best practices in each phase of the cycle that the acquisition community should use to improve acquisition outcomes for the FMS customer?
Defense Exportability
Integration
Defense Exportability

**Past**
- No consideration during system design
- Launch customer paid for expensive modifications
- No authority to use appropriated funds for exportability design

**Present**
- 2011 Defense Exportability Features (DEF) pilot program
- Incorporate technology protection features in system design
- Funds for exportability feasibility studies - industry shares cost

**Why**
- Enhance protection of Critical Program Information (CPI) and mission critical functions on exportable systems
- Reduce overall domestic/exportable program protection costs
- Make our systems/equipment available earlier to allies and friends
Defense Exportability Integration (DEI)

- Materiel Solution Analysis
- Technology Maturation & Risk Reduction
- Engineering & Manufacturing Development
- Production & Deployment
- Operations & Support

Old Approach

New Approach

- System Attributes
- Exportability Assessment
- Feasibility Studies
- Exportable Designs
- Production

TSFD & Exportability Modifications
## DEI Building Blocks

<table>
<thead>
<tr>
<th>Program Protection Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Information Security</td>
</tr>
<tr>
<td>• Critical Program Information (CPI) Protection</td>
</tr>
<tr>
<td>• Trusted Systems and Networks (TSN) Critical Components Protection</td>
</tr>
</tbody>
</table>

**Applies to domestic and foreign configuration**

<table>
<thead>
<tr>
<th>Technology Security &amp; Foreign Disclosure (TSFD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• TSFD Processes</td>
</tr>
<tr>
<td>• Differential Capability Modifications</td>
</tr>
<tr>
<td>• Unique Anti-Tamper Requirements (if any)</td>
</tr>
<tr>
<td>• Expanded Information and TSN Protection</td>
</tr>
</tbody>
</table>

**Applies only to foreign configuration**
International Contracting
Can foreign industry participate in the program at prime, major subcontractor, or supplier level?

- **Competition Benefits**
- **National Security Considerations**
- **Buy America Act ***
- **Domestic Preference Legislation**

*Waived for countries which have established Reciprocal Defense Procurement (RDP) international agreements with DoD*

**Variety of factors effect the extent of allowable foreign industry participation**
Working with Industry
PMO and U.S. Industry Cooperation

- International Market Analysis
- Product Marketing Material Availability
- TSFD & Export Control
- Cooperative Program Formulation
- FMS Program Planning & Execution
- DCS Program Support
- Foreign Competitions
- Designing for Exportability
IA&E Mutual Dependency

U.S. Government Objectives
- Security Cooperation objectives
- Affordable programs
- Strong industrial base

Shared Undertakings
- Market Analysis
- TSFD/EC approvals
- Advocacy
- International program development & execution

U.S. Industry Objectives
- Profitability
- Revenue
- Foreign investment
- Foreign technology

USG/Industry Cooperation Enables Achievement of Common Interests
IA&E Best Practices
International Program Benefits

- Improved Interoperability
  - Production
  - Operations & Support
- Economies of Scale
  - Maintain hot production base
  - Share sustaining engineering costs
  - Share production line shutdown costs
  - Share RDT&E costs
  - Gain access to foreign technology
  - Share production non-recurring costs
Program Leadership

• Facts of Life
  – PMOs should lead the way in planning and implementing their programs’ current and future IA&E activities
  – Most stakeholders don’t appreciate how their IA&E “demands” impact acquisition programs

• Best Practice
  – PMOs should use an IBP to align stakeholders’ interests and integrate domestic and international acquisition activities to promote synergy and minimize disruptions
Internal & External Stakeholders

PMOs should analyze stakeholders to influence program outcomes.
Pol-Mil Influences on IA&E

**Political**
- Foreign Policy Relationships
- Alliance Considerations
- Regional Balance Impacts
- Personal Relationships

**Military**
- Mil-to-Mil Relationships
- Coalition Operations
- Operational Planning & Burden Sharing
- Personal Relationships

Administration, Congress, Interagency & DoD Components may have views
Domestic and IA&E program planning and implementation is a “team sport”
IA&E Time & Resource Demands

**Time**

- Why do ICP MOUs take so long to negotiate?
- Why does the FMS LOR –to-LOA process take so long?
- Why am I always waiting for the [fill in the blank] TSFD process to make a decision?
- Where is the USG export approval we need?

**Resources**

- Where can we find funding to pursue this ICP opportunity?
- Why isn’t there any FMS Admin funding available to support our program’s FMS initiatives?
- We have money to fund PMO work hours but we’re not allowed to hire more people – why?
- We need people with specialized IA&E skills right away – where can we find them?

IA&E efforts require “time, talent & treasure” to be successful
Efficient & effective PMOs generate substantial IA&E benefits
Summary

• Recent acquisition policies require more integration of defense sales considerations in planning programs
• More robust guidance and tools developed
• USG/industry cooperation helps enables achievement of common interests
• PMOs should lead the way in planning and implementing their programs’ current and future IA&E activities
• IA&E Job Support Tools (JSTs) available on-line
Background & Reference
Charts
DAU & Workforce Development
Int’l Acquisition Career Path (IACP)

• Created by AT&L in 2007 to ensure more knowledge of international acquisition processes and program implications

• Requires identifying and coding positions supporting international acquisition programs and projects
  - Initially only Program Management Career Field positions required identification/coding
  - Expanded in Sep 2014 to allow coding of positions in any functional area

• Creates mandatory training requirement for personnel in coded positions

It is a Career Path not a Career Field
Workforce Development Programs

**USD(A&S)**
International Acquisition Career Path

**DSCA**
International Affairs Certification Program

**DSCA**
Security Cooperation Workforce Development Program

Required by 2017 NDAA
DAU is with you throughout your career

Gain fundamental acquisition knowledge and skills

Find acquisition resources to help you on the job

Receive assistance tailored to your organization’s specific needs

Acquisition Learning Model (ALM)
Foundational Learning

Level 1

ACQ 101
Fundamentals of Sys Acq Mgt

ACQ 120
Fundamentals of Int’l Acquisition

ACQ 130
Fundamentals of Tech Sec/Transfer

Level 2

ACQ 202
Intermediate Sys Acquisition

ACQ 230
Int’l Acquisition Integration

Level 3

ACQ 340
Adv Int’l Mgt Workshop

ACQ 350
Adv Tech Sec/Control Workshop

ACQ 380
Int’l Acquisition Management

= Functional Training Prerequisite Courses

= Int’l Acq Level 1, 2, and 3 and Required Courses

= Int’l Acq Duty Specific Courses

International Acquisition Training Standards & Core Plus Development Guide
IA&E Workflow Learning

International Acquisition Management (IAM) Community of Practice (ICOP)

- IAM Functional Gateway
- International Acquisition Tools
- ICOP Team Sites (Password Protected)
- International Acquisition Videos
IA&E Performance Learning support is available

- Tailored Workshops
- Team Training
- Consulting

Please contact us if we can be of any assistance!
Acquisition Strategy
Examples
<table>
<thead>
<tr>
<th>Type of Cooperation</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Cooperative Program M982 Excalibur</td>
<td>M982 Excalibur</td>
</tr>
<tr>
<td>Full Cooperative Program F-35 Joint Strike Fighter (JSF)</td>
<td>F-35 Joint Strike Fighter (JSF)</td>
</tr>
<tr>
<td>Production &amp; Operations Wideband Global SATCOM (WGS)</td>
<td>Production &amp; Operations Wideband Global SATCOM (WGS)</td>
</tr>
<tr>
<td>Development, Production &amp; Sustainment P-8 Maritime Patrol Aircraft</td>
<td>Development, Production &amp; Sustainment P-8 Maritime Patrol Aircraft</td>
</tr>
<tr>
<td>Program Description</td>
<td>Program Structure</td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>• Precision guided, extended range 155mm cannon artillery ammunition</td>
<td>• Steering Committee oversight</td>
</tr>
<tr>
<td>• Provides precision standoff engagement capability</td>
<td>• PEO Ammo &amp; FMV established Joint Program Office (JPO)</td>
</tr>
<tr>
<td>• U.S. Army &amp; Sweden cooperative program</td>
<td>• Army awards contracts for JPO</td>
</tr>
<tr>
<td></td>
<td>• Raytheon prime contractor and BOFORS Defense subcontractor</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>International Cooperative Program</th>
<th>Foreign Military Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Follow-on to DEA info exchanges</td>
<td>• Australia</td>
</tr>
<tr>
<td>• 2002 System Development and Demonstration MOU</td>
<td>• Canada</td>
</tr>
<tr>
<td>• 2009 Cooperative Production and Deployment MOU</td>
<td>• Germany</td>
</tr>
<tr>
<td>• Cost shares based on production quantities</td>
<td>• Spain</td>
</tr>
<tr>
<td></td>
<td>• United Kingdom</td>
</tr>
<tr>
<td></td>
<td>• Netherlands</td>
</tr>
<tr>
<td></td>
<td>• Jordan</td>
</tr>
</tbody>
</table>

50
<table>
<thead>
<tr>
<th>Phase</th>
<th>JAST MOU</th>
<th>CDP MOU</th>
<th>SDD MOU</th>
<th>PSFD MOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Affordable</td>
<td>UK</td>
<td>Canada, Italy, Denmark, Netherlands,</td>
<td>Australia, Canada, Denmark, Italy,</td>
<td>Australia, Canada, Denmark, Italy,</td>
</tr>
<tr>
<td>Strike Technology</td>
<td>(STOVL tech)</td>
<td>Norway, UK</td>
<td>Netherlands, Norway, Turkey, UK</td>
<td>Netherlands, Norway, Turkey, UK</td>
</tr>
<tr>
<td>(JAST) (1994-1996)</td>
<td></td>
<td>(3 levels of investment)</td>
<td>(3 levels of investment)</td>
<td>(45 year MOU)</td>
</tr>
<tr>
<td>Concept Development</td>
<td></td>
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<tr>
<td>Phase (CDP)</td>
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<tr>
<td>(1997-2001)</td>
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<tr>
<td>System Demonstration</td>
<td></td>
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<tr>
<td>&amp; Development (SDD)</td>
<td></td>
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<tr>
<td>(2001-2016)</td>
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</tr>
<tr>
<td>Production, Sustainment &amp; Follow-On Development (PSFD) (2006 – 2051)</td>
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</tbody>
</table>

Participation in JAST and CDP MOUs helped sell program and avoid later competition.
# Wideband Global SATCOM (WGS)

## Program Description
- Ten satellite constellation providing worldwide coverage
- U.S. funded system development
- Constellation expanded by two satellites through international partnering

## International Cooperative Program
- AU funded production and launch of WGS 6 under 2007 MOU
- CA, DE, LU, NE, and NZ funded production of WGS 9 under 2012 multilateral MOU
- Partners receive proportional share of constellation services

## Benefits
- Foreign investment of $1.3B allowed U.S. to expand constellation by two satellites
- Partners receive assured access to global SATCOM resources
P-8 Maritime Patrol Aircraft

Program Description

- Navy establishes a requirement to replace the P-3
- Australia, Germany, Italy, & UK interested in replacing MPA assets
- Australia decides on combination of P-8 and Navy MQ-4C Triton

International Cooperative Program

- EMD MOU (U.S. and Australia)
- Production, Sustainment, and Follow-On Development (PSFD) MOU (U.S. and Australia)
- PSFD MOU cost shares based on projected U.S. and Australia P-8 buys

DCS and FMS

- Current DCS Customer: India
- Current FMS Customers: UK and Norway

Combined Activities

- Sustainment (logistics)
  - Australia will be treated as “13th Squadron” by Navy
- US, UK, and Norway trilateral P-8 coalition being established
### Program Description
- UK retires Nimrod R1; wants to retain SIGINT capability
- UK decides to “buy into” U.S. RJ program
- USAF provides three KC-135Rs as EDA

### Foreign Military Sales
- FMS Case UK-D-SA0
- KC-135s converted to RC-135s
- Ground support equipment, spares, and training

### International Cooperative Program
- Sustainment & Follow-on Development (SFD) MOU (2011)
  - Common logistics support
  - Cooperative follow-on development
  - Cost shares based on fleet size (17 U.S./3 UK)

### Combined Operations
- Co-Manning MOU
  - USAF to train UK cadre under FMS
- Cooperative Operations MOU
  - Framework for cooperative operations
International Program Trends

Foreign Military Sales (FMS)
- Sale of DoD Configuration with Exportability Mods
- Integration of Buyer Furnished Equipment (BFE)
- Development and Integration of New Equipment

Direct Commercial Sales
- Sale of DoD Configuration with Exportability Mods
- DCS/FMS Hybrid Programs
- Sale of New or Highly Modified Systems

International Cooperative Programs (ICPs)
- Cooperative Development of New Systems
- Incorporating Foreign Participation in DoD Program
- Cooperation Throughout Programs’ Life-Cycles

Past → Present