

DCGS Industry Advisory Group
Business Model Team Kick-off Meeting
September 28, 2009

Attendees:

- Gordon Hannah
- MaryAnn Keifer
- Betsy Lauer
- Bob Mosier
- Tim Pavlick
- Rich Romaine
- Judy L. Smith

Meeting Summary:

- We discussed the objective of the group:
 - "The DCGS IAG business model working group will briefly examine and document today's business models, describe a future vision for business models, and discuss the metrics that could be used to measure successful adaptation. Additionally, the group will describe similarities and differences between the current and future business model environments. As applicable, we will use scenarios for clarification. Finally, the group will make recommendations for the best path forward with respect to evolving to new business model (to include policy and incentive discussions) and ecosystem paradigms."
 - Comments included:
 - Good but ambitious
 - We will march forward with it and adjust it as needed
- Scope of the objective
 - What is In?
 - Comparing the difference between DoD and the Intelligence Community
 - Military Departments will be the focus versus all of DoD
 - Answering the questions: Given the existing regulations, Are we impeding ourselves in how we interpret/read the regulations
 - What can we take from commercial models?
 - How do we accommodate DoD/IC for a certain tool?
 - For example: DCGS fielded a SOA application widget in 2 places (designed for 2 places); another organization fields 10 of these; If the organization's business case was set up for 2 fieldings and has to set up for 10 instead, would the government's cost be prohibitive?
 - What is Out?
 - Rewriting the FAR
 - Changing the budget process, e.g., how funds are allocated

- Other discussions included:
 - Can the government accurately predict demand?
 - Can usage metrics be developed and implemented?
 - Because of the current license perceptions, is this a viable option for a new business model?
 - A healthy discussion occurred with no actual conclusion drawn; we plan to revisit these questions in future meetings.
 - Trends in licensing
 - Government can pay a fraction of the cost
 - Company can amortize cost across other consumers
 - Develop and implement a micro license
 - Government timelines are currently longer than those that may be required in a new business model.
- Discussion of scenario 1 –
 - Scenario 1 - Mission services**
 - R&D Cost shifted from the Government to the contractors (no dollars for R&D by government)
 - Sufficient lead time for completion
 - architecture artifacts publically available
 - guarantee minimum xx dollars for y years
 - Government providing a SOA back plane
 - What kind of demand would be needed to motivate contractors?
 - What will be a minimum guarantee?
 - Seed money needed? Actual usage required?
 - We began the **scenario 1** discussion from a government perspective
 - Not a lot of green field development which would require R&D funds
 - The first bullet above assumes new development (JCIDS process) versus what may be more accurate- configuration around existing needs
 - Contracting officers do not have an full appreciation for the terms and conditions as relates to pricing demands; We maybe able to help in this area by laying our here is what you are giving up with this set of T&Cs
 - If we try to shift the R&D cost to the government, we will have to specify: Here is what you give up and Here is what you will get.
 - We agreed that any discussion we have about money should stay away from the “color of money” i.e., use terms like “seed money” versus R&D or continuous money versus O&M; a neutral term like business terms should be used and make more specific and relevant depending on the audience that is being addressed
 - When trying to identify requirements and/or demands, you can develop program by program
 - Government will have to provide industry with sufficient lead time
 - Allows non-traditional contractors to build business cases

- LSI will jockey for big “R” (JCIDS) changes so that non-traditional contractors will not be able to compete
 - Changes that fit within the current JCIDS requirements are easier and more compelling for non-traditional contractors; This will help create more of marketplace
 - Making architectural artifact publically available evoked discussion that had many opinions
 - Must define the SOA backplane (environment) for the services (infrastructure to deploy service into it)
 - Having different version of COTS products in the environment will affect an contractor’s ability to use an existing environment
 - We had consensus that the architectural artifacts should be exposed and accessible; also written with a broad audience in mind
 - Issues that contractors may have with this – Contractor may not want to give insight into their architectural designs; this will have to be addressed via “cultural changes”
 - We talked about potential inhibitors for a new model
 - Information Assurance
 - Will have to shift their paradigm so that they can get to “yes” more often. No the tendency is to say “no” to any new changes or thoughts
 - We will have to change how we accredit systems in this new model
 - Every aspect of the life cycle must be in sync with any new business model changes (must be enterprise wide)
 - We will have to ensure that we stay in sync with the SOA implementation group
 - Next we discussed Minimum guarantees:
 - May have to “seed the market” to provide a minimum supply
 - At a minimum the business model will have to ensure that the contractors can cover their cost and the government will not loose money
 - We can not spend more than the dollars that are appropriated
 - May use a scenario like this one
 - Contractor will make “x” dollars
 - Pricing per unit goes down with more usage
 - There is not one size to fit all situations
 - A major point was that if we consider using commercial models to obtain lessons learned, we will have to ensure that we put those items in the context of the government environment (e.g., remember NMCI)
 - Our model will have to look at all dimensions – programmatic, policy, financial, technical, etc.
- Discussion of **scenario 2** –
Scenario 2 – SOA backplane

- Build a back plane (government pays cost, could be negotiable)
 1. Contractor owns
 2. Partial ownership with government
 3. Government owns
 4. Buy back option
 - If mission deploys on your back plane do you get paid? If so, how?
 - Would the government also have to guarantee minimums
- If the contractor wanted to buy it back from the government, who would they pay? Treasury?
- Why would the government sell it back to a contractor?
- Rich gave an update on the enterprise service factory:
 - Suggested by USD(I)
 - The idea is to try to get a common set of services (Tier0/1) which is about 17 services
 - Similar to DISA's communications node
- Meeting logistics:
 - Agreed to meet every 2 weeks from 3:30 to 5PM
 - Next meeting scheduled for the week of October 12th.