



***Discussion on Hegseth memo:  
“Transforming the Warfighting  
Acquisition System to Accelerate  
Fielding of Capabilities”***

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# Disclaimer

- The content of this briefing is derived from or directly quoted from the Department of War Memorandum with the Subject “Transforming the Warfighting Acquisition System to Accelerate Fielding of Capabilities”
- The original thought provided by the author are the questions posed on what industry can do to improve the probability of success for this transformation



# Memorandum Overview - backdrop

- Audience for Memorandum
  - Senior Pentagon Leadership
  - Commanders of Combatant Commands
  - Defense Agency and DoW Field Activity Directors
- Builds on (1) military requirements transformation and (2) Executive Order 14265 “Modernizing Defense Acquisition and Spurring Innovation in the Defense Industrial Base”
- Key points
  - Today’s unacceptably slow fielding times stem from three challenges
    - Fragmented accountability where no single leader can make trades between speed, performance and cost
    - Broken incentives that reward completely satisfying every specification at significant cost to on-time delivery
    - Procurement patterns that disincentive industry investment and lead to constrained industrial capacity
  - Core principals of solution – details in implementation framework
    - Place accountable decision makers as close as possible to program execution
    - Eliminate non-value-added layers of bureaucracy
    - Prioritize flexible trades and timely delivery at the speed of relevance
  - USW(A&S) and Military Departments – Immediately begin executing the transformation
    - USW(A&S) – implementing guidance within 45 days
    - Military Departments – provide implementation plans to USW(A&S) within 60 days

**“Speed to capability delivery is now our organizing principle”**



# Implementations Framework

Outlines actions from the following government entities:

- Undersecretary of War for Acquisition and Sustainment (USW(A&S))
- Undersecretary of War for Personnel and Readiness (USW(P&R))
- Military Department
- Undersecretary of War for Research and Engineering (USW (R&E))
- Undersecretary of War (Comptroller) and Director, CAPE, working with USW(A&S) and Military Departments

**Discussion: “What can industry do or suggest to help make these initiatives successful?”**



# Implementations Framework – USW (A&S)

- Reorganize existing PEOs into Portfolio Acquisition Executives (PAEs) based on mission synergies, technological domains, or operational integration needs
- Acquisition chain of authority: PM to PAE to Service Acquisition Executive (SAE); NO intermediate offices or approvals
- The PAE will be the single accountable official for portfolio outcomes\* with delegated authority to:

- **Make prudent cost, schedule, and performance trades that prioritize time to field**
- **Enact MOSA by identifying critical interfaces and supporting documentation**
- **Assert Unlimited or Government Purpose Right to these interface specifications in machine-readable format**
- Align contracting officer accountability directly to the portfolio chain of command, and ensure they are accountable for mission outcomes rather than compliance metrics.
- Execute portfolio-level reprogramming within defined and authorized boundaries
- **Structure programs as schedule-driven capability increments to the maximum extent practicable, with fixed delivery cycles that prioritize learning through iterative development.**
  - **Increments should target initial fielding date accompanied by goals for unit-cost ceiling and minimum standard for mission effectiveness**
  - **All other attributes should remain tradeable throughout development to permit incremental enhancements and rapid delivery of subsequent increments**
- Establish lean technical advisory process

**What can industry recommend to the government to help achieve the desired capability outcomes across complicated and integrated architectures?**

\*where appropriate and legally permissible



# Implementations Framework – USW (A&S)

- The PAE will be the single accountable official for portfolio outcomes\* with delegated authority to (Cont):
    - **Minimize the cycle time between identification of need, solicitation release, and contract or agreement award**
    - Maximize responsiveness to the operational problems and schedule needs that material solutions are intended to address
- **Evaluate alternative proposals or solutions that differ from stated requirements but demonstrably achieve operational objectives with evaluation criteria focused on mission effectiveness rather than specification compliance**
  - **Integrate operational users throughout development, conducting formal stakeholder reviews at least annually and maintaining continuous touchpoints to validate that capabilities meet operational needs and adjust development priorities accordingly**
- Coordinate cross-portfolio dependencies through direct PAE-to-PAE engagement, with SAE or DAE resolving conflicts only when PAEs cannot reach agreement
  - Establish and track metrics for time-to-ramp to specified production volume to enable wartime surge
  - Establish portfolio scorecards and performance measures
    - Primary measures: time from validated need to initial and full operational capability
    - Secondary measures: % of commercial content; number of dual-sources components and production lines; successful third-party module integrations completed without original developer support; operational availability or mission capability rates

**How can we best leverage stakeholder engagement to improve outcomes?**

\*where appropriate and legally permissible



# Implementations Framework – USW (A&S)

- Implement competition, modularity, and multi-source practices: Issue guidance for PAEs to implement the following practices:

- **Two to production standard: maintain at least two qualified sources for critical program contact at the appropriate system decomposition level through initial production unless waived by the SAE**
- **Module-level competition via MOSA:**
  - **Establish and maintain accessible repositories of interface specifications and supporting documentation in machine-readable formant that enable third-party integration without prime contractor or original developer coordination**
  - **Success measured by the ability of qualified vendors to independently develop, test, and integrate replacement modules at the component level throughout the system life cycle, and reported in portfolio scorecard**
- **Scalable production strategies: Evaluate multi-track acquisition strategies that decouple design from production to permit through party surge manufacturing capacity. Establish guidelines for rapid scaling to wartime consumption rates through manufacturing and supply chain partnerships and alternative sources.**
- **Adaptable test approach:**

- **Establish persistent test environments an accredited pipelines that enable rapid certification and qualification of modified systems**
- **Where safety permits, implement common certification and qualification standards across families of similar components to reduce redundant testing**
- **Design for exportability: Build capabilities with features that permit provision to Allies and Parnters wherever feasible**

**What infrastructure or standards will assist to successfully implement MOSA, adaptable test, and exportability?**



## Implementations Framework – USW (A&S)

- Implement commercial-first and alternative proposal policy: Use following whenever feasible and appropriate
  - Non-FAR based instruments, including Other Transactions, as preferred agreement with industry
  - Use of time-indexed incentives for contract or agreements that reward early delivery and penalize delay proportionally
  - Commercial products and offerings, in whole or in part, as the default acquisition approach
    - Preferred usage of streamlined solicitation approaches including commercial solutions openings (CSOs) across all acquisition tiers to the extent legally permissible
    - Apply existing authorities that designate CSO-procured items as commercial to reduce documentation burden and accelerate fielding
    - Enhance the presumption of commerciality with streamlined criteria and accelerated determinations
  - A method to **evaluate and accept alternative proposals that achieve operational objectives** through technical approaches other than those specified



# Implementations Framework – USW (A&S)

- Modernize contracting with clear incentives to industry
  - Clear incentives for timely delivery, increased production capacity, and investable demand signals for private capital
  - Director of the Economic Defense Unit (EDU) will develop a playbook of modern commercial contract and agreement structures and define performance benchmarks for industry partners

- **EDU will deploy capital in various forms: grants, loans, options, purchase commitments, investments – tied to pre-agreed performance metrics**
- **DOW will structure deals to unlock private capital through advance market commitments, risk-sharing mechanisms, and commercial-like incentive structures**

## How will industry communicate opportunities related to their internal investments?

- Streamline regulation and guidance to enable speed
  - Update 5000-series DOW instructions and other relevant documents to codify directions contained in this memo
  - Provide recommendations to SecDoW to
    - Delegate decision authority for acquisition programs to the military departments and PAEs\*

- **Reduce documentation to statutory minimums and delegate responsibility for required reviews, analysis and documentation to the services\***

- Eliminate redundant reviews and, when feasible, combine milestones.

## What minimum documentation will enable your capabilities to integrate with industry partners?

\*where appropriate and legally permissible



# Implementations Framework - People

- Undersecretary of War for Personnel and Readiness (USW(P&R))
  - Transform PAE and Program manager (PM) roles and management
    - **Extend PAE and PM tenure to match delivery systems (4 year minimum)**
    - Tie PAE and PM incentive compensation to capability delivery time, competition and mission outcomes
    - **Enable blended government-industry career path**
    - Immediate removal mechanism for poor performance
    - **Mobilize commercial and specialized operational and technical talent that provide supporting expertise or diligence**
- Military Department
  - **Expand Acquisition Education With Industry:** provides **direct exposure to commercial industry practices, manufacturing and operational expertise**, and real-world problem solving
- Modernize and transform Defense Acquisition University into the Warfighting Acquisition University to educate and prepare future acquisition leaders
  - Cease compliance-focused training operations and transform into a competency-based education institution
  - Establish cohort-based programs combining experiential and project-based learning on **real portfolio challenges, industry-government exchanges, and case-method instruction** - develop critical thinking, rapid decision-making
  - Align curricula to PAE portfolios, focus: commercial practices, venture-style portfolio management, systems thinking
  - PAEs nominate candidates for accelerated development tracks - **industry rotations** and academic partnerships

**What can industry do to make the USG an excellent partner in system development?**



# Implementations Framework – Test and Evaluation

- Undersecretary of War for Research and Engineering
  - **Streamline test and evaluation requirements**
    - **Provide accredited test pipelines that enable continuous updates to fielded systems,**
    - **Validate module interfaces to establish boundaries to permit component substitutions without full system requalification (where safety permits)**
    - **Define certification boundaries and qualification standards that allow PAEs to modify systems within established parameters without complete recertification**
- Undersecretary of War (Comptroller) and Director, CAPE, working with USW(A&S) and Military Departments
  - Improve budget flexibility
    - Prioritize efforts the PPBE Reform Task Force on obtaining budget line and reprogramming reform within PAE portfolios for execution flexibility within portfolios
    - Revise guidance to ensure PAEs have the delegated authority to direct execution of below-threshold realignments of resources
    - Revise Program Elements and any other budget structures to the minimum number needed to ensure proper alignment and budget formulation flexibility within portfolios

**What government infrastructure would enable industry to support the desired outcome for test and evaluation?**



# Discussion Summary

- What can industry do or suggest to help make these initiatives successful?
  - What can industry recommend to the government to help achieve the desired capability outcomes across complicated and integrated architectures?
  - How can we best leverage stakeholder engagement to improve outcomes?
  - What infrastructure or standards will assist to successfully implement MOSA, adaptable test, and exportability?
  - How will industry communicate opportunities related to their internal investments?
  - What minimum documentation will enable your capabilities to integrate with other industry products?
  - What can industry do to make the USG an excellent partner in system development?
  - What government infrastructure would enable industry to support the desired outcome for test and evaluation?



***Thank you***

