

CLIENT ALERT

Prepare to “Deliver Uncompromised”

August 20, 2018

The next big thing in defense contracting may be procurement *security*.

On June 21, the Principal Deputy Undersecretary of Defense for Intelligence, Kari Bingen, testified before the House Armed Services Committee (HASC) on “Military Technology Transfer: Threats, Impacts, and Solutions for the Department of Defense.” In Ms. Bingen’s [prepared testimony](#), she informed HASC that the Department of Defense (DoD) had established a “deliver uncompromised” initiative “to elevate the private sector’s focus on security.” That initiative “aims to establish security as a fourth pillar in acquisition, on par with cost, schedule, and performance, and to create incentives for industry to embrace security, not as a ‘cost center,’ but as a key differentiator.” The DoD had asked the [MITRE Corporation](#) to study the issue further, and it recently published its 37-page report on the matter, [“Deliver Uncompromised – A Strategy for Supply Chain Security and Resilience in Response to the Changing Character of War.”](#)

So, what do you need to know about “Deliver Uncompromised”?

The proposal is principally one of acquisition reform. Of the 15 proposed courses of action, the very first is to “Elevate Security as a Primary Metric in DoD Acquisition and Sustainment.” The report recommends that DoD “define requirements to incorporate new security measures, reward superior security measures in the source selection process, include contract terms that impose security obligations, and use contractual oversight to monitor contractor accomplishments.” This would have obvious ramifications for defense contractors, from how they write proposals to how their performance is evaluated.

Security as the “fourth pillar.” MITRE makes specific recommendations on how to “Elevate Security as a Primary Metric in DoD Acquisition and Sustainment.” The first of these is to revise [DoD Instruction 5000.02](#) to make security the fourth “pillar” of acquisition management, along with cost, schedule, and performance.

You will be evaluated. MITRE proposes three possible ways to evaluate and assign you a “Security Integrity Score” (SIS):

- (1) measured by the government on currently performing contractors as a future performance indicator;
- (2) measured by an independent not-for-profit or federally funded research and development center (FFRDC) much like a “Moody’s” score and made publicly available; or
- (3) measured privately by the contractor via the private sector to monitor their operational risk.

MITRE has received a “positive response” to the second option from DoD and the defense industrial base. These SIS scores “could be used in bidder qualification and in the selection and award of contracts,” which would open a whole new vector of bid protests if security really were elevated on par with cost, schedule, and performance.

DoD knows this will cost money in the short term. MITRE is candid about the fact that DoD will have to “incorporate funds sufficient for higher levels of security.” At the same time, the long-run upside is apparent: cheaper, compromised procurements end up costing more in the end than do secure procurements with a higher price tag up front. The central aim of the proposal is to “remove today’s security disincentive” and turn security from a cost center into a profit center. MITRE acknowledges that this will take an investment.

These reforms may be here sooner than you think. MITRE recommends that DoD “consider use of interim rules to effectuate *Deliver Uncompromised* in near-term procurements.” Such rules would go into effect immediately. Nevertheless, with regard to SIS scoring at least, MITRE recommends phasing in these reforms over time, beginning with Major Defense Acquisition Programs (MDAPs).

We will monitor further developments. The “Deliver Uncompromised” proposal will no doubt be reviewed by DoD and members of Congress. We can expect, and will monitor closely, further developments on this front.

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