

The Hard Yards

Government Innovation - Independent Study Project

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Decisions / Staff Actions

Purpose: Obtain Commander USSOCOM charter to pursue the establishment of a dedicated, best-in-class, non-profit, innovation accelerator.

Staff Actions:

- Publish charter document
- Conduct detailed planning and coordination
- Notify Congress



QDR and SOCOM demand innovation

2014 Quadrennial Defense Review

Across the three pillars of the defense strategy, the Department is committed to finding creative, effective, and efficient ways to achieve our goals and in making hard strategic choices. Innovation – within our own Department and in our interagency and international partnerships – is a central line of effort. Infusing a culture of innovation and adaptability that yields tangible results into an organization as large as the Department of Defense is by necessity a long-term, incremental undertaking. We will actively seek innovative approaches to how we fight, how we posture our force, and how we leverage our asymmetric strengths and technological advantages. ***Innovation is paramount given the increasingly complex warfighting environment we expect to encounter.***

2013 ADM McRaven – SOCOM Innovation Conference

“An innovative culture, when wholly embraced and encouraged, will enhance and improve the entire SOCOM enterprise, improve the knowledge and capabilities of our workforce and continue to ***make us the most agile and effective warfighting organization in the world.***”

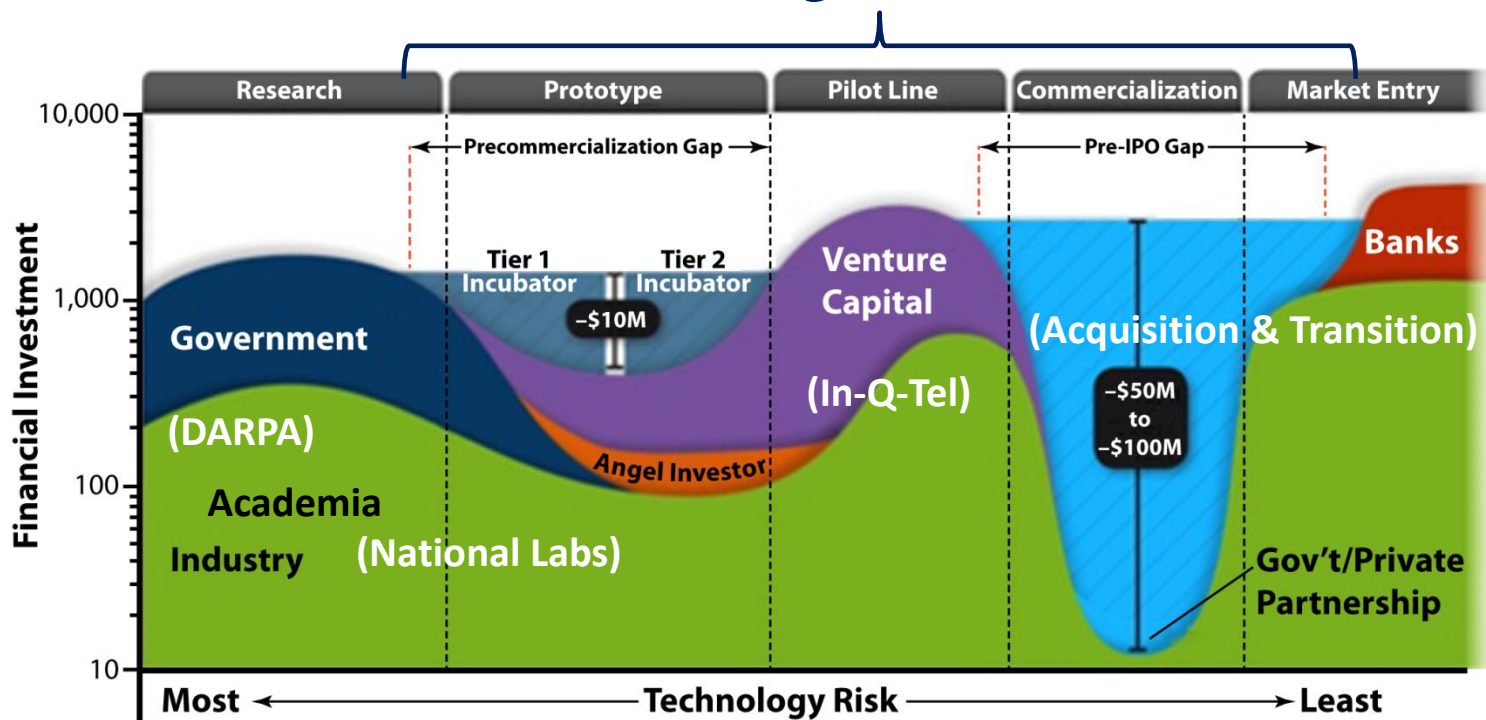


Why Hard Yards?

Rapidly changing technology, asymmetric threats, and resource constraints present opportunities to bridge the “valley of death” between creation and transition of capability to the operator.

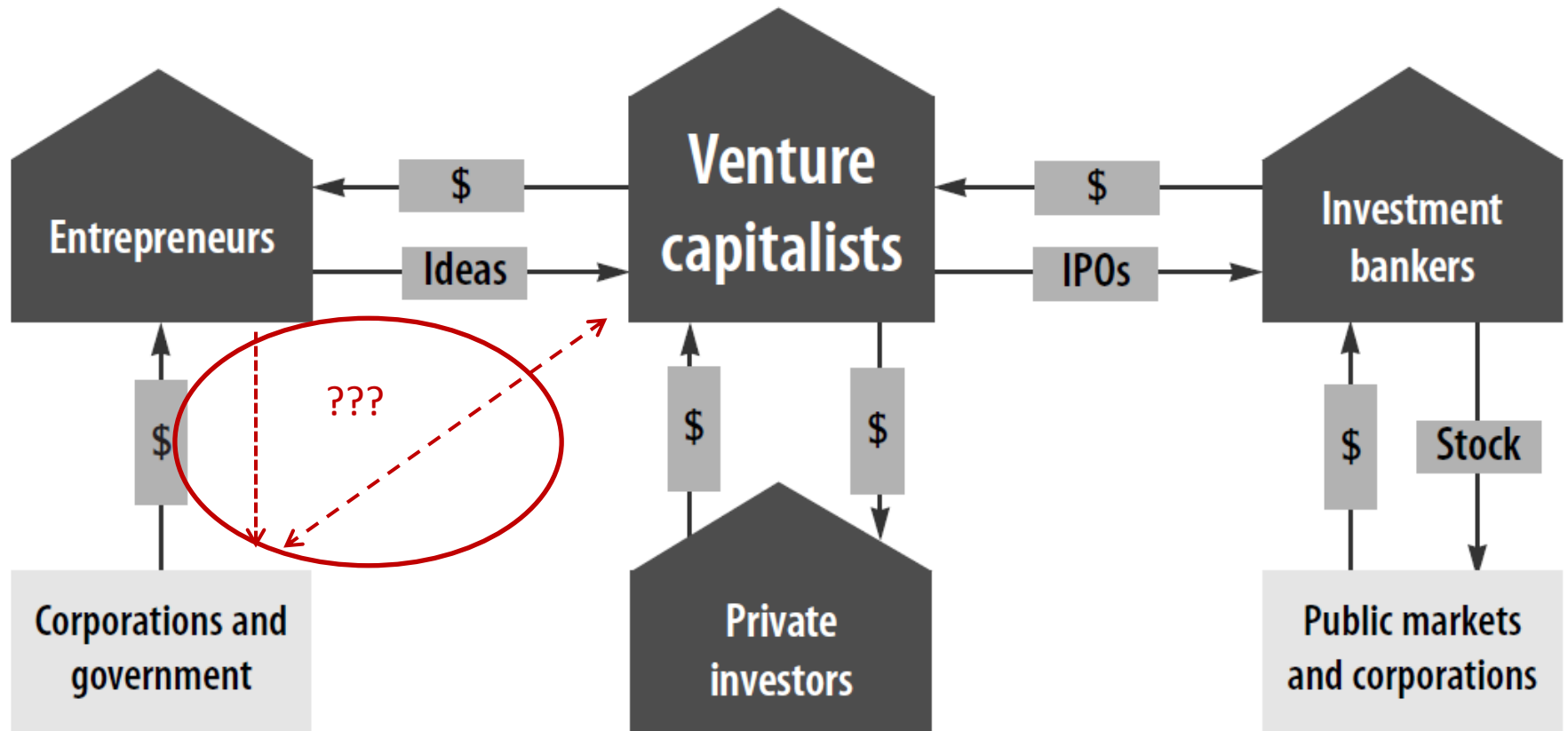
The Hard Yards will accelerate SOCOM innovation by clarifying requirements, collaborating with disparate entities, and funding new ventures that directly support SOCOM’s mission.

The Hard Yards



HOW THE VENTURE CAPITAL INDUSTRY WORKS

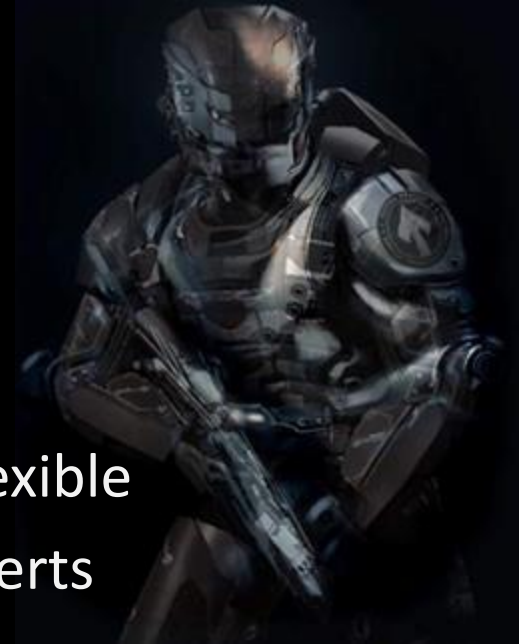
The venture capital industry has four main players: entrepreneurs who need funding; investors who want high returns; investment bankers who need companies to sell; and the venture capitalists who make money for themselves by making a market for the other three.





TALOS - Example

"Iron Man Initiative"



Human Capital Constraints

- Government hiring processes are not fast or flexible
- Need the right people integrated with SOF experts
- Must incent top talent

Organizational Challenges

- Limited government collaboration / duplication of effort
- Government acquisition process built to reduce risk
- Limited insight into small commercial companies

Funding

- Difficult to leverage commercial partnerships
- No conduit for venture capital funding



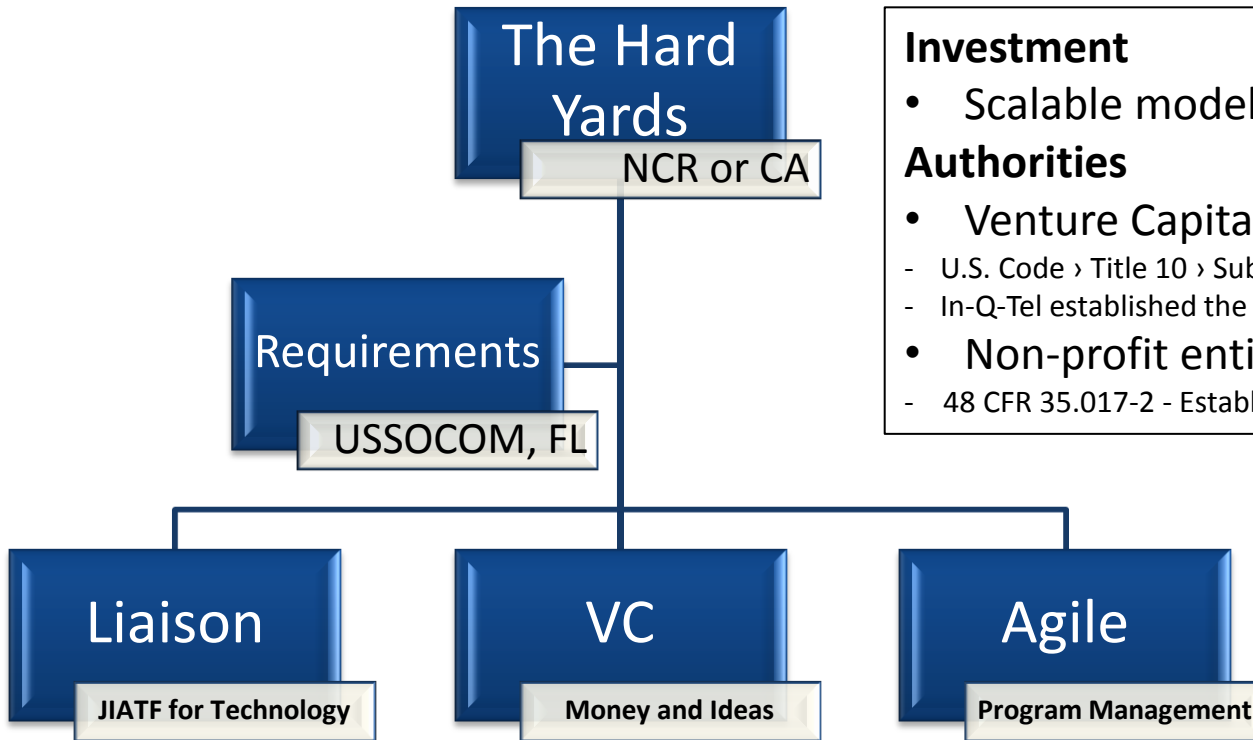
Courses of Action

- **COA 1: Dedicated Innovation Accelerator - *JHM***
 - Pros: Control, integrated functionality, and scalability
 - Cons: Requires enterprise integration
- COA 2: Contract Private Venture Capital entity
 - Pros: Established network & performance history
 - Cons: Limited functionality and control, potential conflicts between fielding capability and financial performance
- COA 3: Establish a SOCOM business unit at In-Q-Tel
 - Pros: Established government entity with best practices
 - Cons: Limited control and competing interests



The Hard Yards

Meshes with existing structures



Investment

- Scalable model

Authorities

- Venture Capital through OTA
 - U.S. Code › Title 10 › Subtitle A › Part IV › Chapter 139 › § 2371
 - In-Q-Tel established the precedent and uses the Title 10 authority
- Non-profit entity (FFRDC construct)
 - 48 CFR 35.017-2 - Establishing or changing an FFRDC

- Science and Understanding
- Tools and Technology
- Missions and Users*

"If you want something new, you have to stop doing something old."

- Peter F. Drucker



Non-Economic and Economic Logic

Non-Economic

- Expands commercial tech relationships and insight
- Illuminates collaborative opportunities in government
- Accelerates delivery of capability to the operator
- Leverage private capital/management expertise, dramatically lowering delivery costs.

Economic

- Provides a financial and technical analysis capability
- Facilitates syndicate investing and partnerships
- Enables return on investment

Provides complementary alternatives to help transition capability



Barriers to Change

- Bureaucracy
- Competitor response
- Congressional support
- Philosophic disagreement
 - Challenges traditional public/private roles
- Budgetary constraints



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Guidance

“All organizations are perfectly designed to get the results they are currently getting.”