

Analysis of Section 302: Modification to Acquisition Strategy of the Forged Act

Key Points

Section 302 of the Forged Act introduces significant modifications to Section 4211 of Title 10, United States Code, which governs the acquisition strategy for major defense acquisition programs and major systems¹. The amendments emphasize a shift from a focus on individual end-items to a portfolio-based approach for capability development and procurement¹. The legislation alters the designated decision authority for acquisition strategies, expands the considerations required within these strategies, and removes specific references to major automated information systems¹. These changes aim to promote a more integrated, collaborative, and adaptable approach to defense acquisition, focusing on enduring requirements and continuous capability improvement¹.

History of the Recommendation

The evolution of defense acquisition strategy within the Department of Defense (DoD) has been a subject of ongoing refinement and adaptation over several decades². The restructuring of Title 10, U.S.C., enacted in 2022, aimed to improve the readability and organization of defense acquisition provisions, establishing a new section numbering system without making substantive changes at that time⁴. However, the underlying principles of acquisition strategy have been consistently evolving to address emerging threats and technological advancements². The emphasis on evolutionary acquisition and spiral development, gaining prominence in the early 2000s, reflected a desire to deliver capabilities to the warfighter more rapidly and adapt to changing needs through incremental improvements⁶. This approach contrasted with the earlier "single step to full capability" method, which often resulted in lengthy development times⁷.

The current modifications introduced by Section 302 of the Forged Act build upon this trend by advocating for a portfolio-centric view¹. This shift recognizes the increasing complexity of modern warfare and the need for integrated suites of capabilities rather than isolated systems⁵. The focus on "enduring requirements" and developing, procuring, and fielding a "portfolio of capabilities" suggests a move towards a more holistic and strategic approach to acquisition¹. This evolution also reflects a growing understanding of the importance of continuous competition, collaboration with the science and technology community (including nontraditional contractors and small businesses), and the integration of logistics and sustainment considerations from the outset¹. The change in decision authority to include the "portfolio acquisition

executive" signifies the increasing importance of managing acquisitions at a higher, more integrated level ¹. While specific legislative history for this particular modification within Senate Bill 5618 is not explicitly detailed in the provided snippets, the changes align with broader trends in defense acquisition reform aimed at enhancing responsiveness, flexibility, and innovation ⁵.

Desired Effect of the Recommendation

The modifications introduced by Section 302 are intended to achieve several positive effects within the DoD's acquisition processes.

- **Desired Effect 1: Enhanced Strategic Alignment and Portfolio Management:** By emphasizing a portfolio-based approach, the provision aims to ensure that acquisition strategies are aligned with broader capability needs and enduring requirements ¹. This encourages the DoD to consider how individual programs fit into a larger ecosystem of capabilities, promoting better resource allocation and reducing redundancy ⁵. The explicit requirement to describe how a portfolio of capabilities will be developed, procured, and fielded should lead to more integrated planning and a more coherent overall defense posture ¹.
- **Desired Effect 2: Increased Flexibility and Adaptability:** The focus on incremental delivery of capabilities based on mature technology and continuous competition fosters greater flexibility in acquisition ¹. This approach allows the DoD to incorporate technological advancements more readily and adapt to evolving threats without being locked into rigid, long-term development cycles for single end-items ⁶. The recognition of the need for future capability improvements and transitions to alternative end-items promotes a more agile and responsive acquisition system ¹.
- **Desired Effect 3: Improved Collaboration and Innovation:** The provision explicitly calls for a process of collaborative interaction and market research with a wide range of stakeholders, including the science and technology community, academia, small businesses, and nontraditional defense contractors ¹. This emphasis on external engagement is intended to foster innovation, bring new ideas and technologies into the acquisition process, and leverage the expertise of a diverse industrial base ¹.
- **Desired Effect 4: Strengthened Focus on Sustainment and Lifecycle Management:** The amended section mandates that acquisition strategies consider requirements related to logistics, maintenance, and sustainment, along with the acquisition of technical data and computer software data to enable these requirements ¹. This early integration of lifecycle considerations aims to improve the long-term affordability and effectiveness of acquired capabilities by ensuring

that supportability is addressed from the outset of a program ¹⁰.

- **Desired Effect 5: Enhanced Enterprise Integration and Interoperability:** The requirement to identify enterprise-wide designs and standards in support of an architecture that provides for an integrated suite of capabilities underscores the importance of interoperability and system integration ¹. This focus on architectural coherence aims to ensure that new acquisitions can seamlessly integrate with existing systems and contribute to a more unified and effective fighting force ⁵.

Potential Negative Impacts of the Recommendations

Despite the intended benefits, the modifications introduced by Section 302 could potentially lead to several unintended negative outcomes.

- **Potential Negative Impact 1: Increased Complexity and Bureaucracy:** The shift towards a portfolio-based approach and the expanded list of considerations for acquisition strategies could increase the complexity of the acquisition process ¹⁰. Defining and managing portfolios of capabilities, along with the increased emphasis on collaboration and stakeholder engagement, might lead to more bureaucratic hurdles and longer decision-making timelines ¹⁰.
- **Potential Negative Impact 2: Challenges in Defining and Measuring Portfolio Success:** Measuring the success and effectiveness of a portfolio of capabilities can be more challenging than evaluating individual end-items ⁵. Defining clear metrics and establishing accountability for the overall performance of a portfolio, which may involve multiple programs and stakeholders, could prove difficult ⁵.
- **Potential Negative Impact 3: Risk of Diluted Focus on Specific End-Item Performance:** While the portfolio approach emphasizes broader capability needs, there is a potential risk that the focus on specific performance requirements for individual end-items could be diluted ¹. Ensuring that individual systems within a portfolio still meet critical performance thresholds while prioritizing portfolio-level integration will require careful management.
- **Potential Negative Impact 4: Impact on Traditional Defense Contractors:** The emphasis on engaging with nontraditional defense contractors and fostering long-term partnerships with multiple companies could disrupt established relationships with traditional defense contractors ¹. These companies might perceive a threat to their market share or established business models if the DoD increasingly adopts a portfolio-wide contracting strategy that encourages broader participation.
- **Potential Negative Impact 5: Difficulty in Resource Allocation and Prioritization Across Portfolios:** Managing resources and prioritizing investments across a portfolio of diverse capabilities could present significant

challenges ¹¹. Balancing the needs of different portfolios, addressing competing priorities, and making difficult trade-offs in resource allocation will require robust governance mechanisms and strategic oversight.

Mitigations the Organization Will Take to Diminish the Negative Impacts

To mitigate the potential negative impacts of Section 302, the DoD should consider the following measures:

- **Mitigation of Negative Impact 1: Develop Clear Guidance and Frameworks:** The DoD should develop clear and comprehensive guidance, policies, and frameworks for implementing the portfolio-based acquisition strategy ¹⁰. This should include standardized processes, templates, and best practices to help acquisition professionals navigate the increased complexity and ensure efficient execution.
- **Mitigation of Negative Impact 2: Establish Robust Portfolio Performance Metrics:** The DoD needs to define clear, measurable, and achievable metrics for evaluating the success and effectiveness of capability portfolios ⁵. These metrics should go beyond individual system performance and focus on the overall contribution of the portfolio to mission outcomes.
- **Mitigation of Negative Impact 3: Maintain Rigorous Requirements Management:** While adopting a portfolio view, the DoD must maintain rigorous processes for defining and managing performance requirements for individual systems within the portfolio ¹². Clear accountability for meeting these requirements should be established to ensure that critical capabilities are not compromised.
- **Mitigation of Negative Impact 4: Foster Transparent Communication and Engagement with Industry:** The DoD should proactively engage with both traditional and nontraditional defense contractors to clearly communicate the rationale behind the portfolio-based approach and its implications for industry partnerships ¹. Transparent communication and collaboration can help manage expectations and foster a more inclusive and competitive industrial base.
- **Mitigation of Negative Impact 5: Implement Strong Portfolio Governance and Oversight:** Establishing robust governance mechanisms and oversight bodies at the portfolio level is crucial for effective resource allocation and prioritization ¹¹. These bodies should have the authority to make strategic decisions, resolve conflicts, and ensure alignment across different capability portfolios.

DoD Personnel Most Affected

Several categories of DoD personnel will be significantly affected by the implementation of Section 302.

- **Portfolio Acquisition Executives:** The newly defined role of "portfolio acquisition executive" will be central to implementing the changes ¹. These individuals will bear increased responsibility for overseeing the development, procurement, and fielding of capabilities across multiple programs within a portfolio. They will need to develop expertise in strategic planning, cross-program coordination, and stakeholder management.
- **Program Managers:** Program Managers (PMs) will need to adapt their approach to developing and managing individual programs within the context of a broader portfolio ¹⁰. They will need to collaborate more closely with other PMs within the portfolio, understand the overarching capability objectives, and ensure their programs contribute effectively to the overall portfolio goals. Their acquisition strategies will need to align with the portfolio-level strategy.
- **Contracting Officers:** Contracting Officers will be impacted by the emphasis on long-term partnerships with multiple companies and the potential for portfolio-wide contracting strategies ¹. They will need to develop expertise in innovative contracting mechanisms that facilitate collaboration and competition across a portfolio of capabilities.
- **Requirements Managers:** Personnel responsible for defining and managing requirements will need to shift their focus from individual end-item specifications to more enduring, capability-based requirements that can be addressed by a portfolio of systems ⁷. They will need to work closely with portfolio acquisition executives and PMs to ensure requirements are aligned with strategic objectives.
- **Science and Technology (S&T) Personnel:** The increased emphasis on collaboration with the S&T community, including government labs, academia, and industry, will directly impact S&T personnel ¹. They will play a crucial role in identifying and transitioning mature technologies into acquisition programs within the portfolio framework.

Stakeholders Opposed and Rationale for Opposition

Several stakeholders, both within and outside the DoD, might oppose the changes introduced by Section 302.

- **Traditional Defense Contractors:** As mentioned earlier, traditional prime contractors who have historically dominated large defense acquisition programs might oppose the shift towards a portfolio approach that encourages greater participation from nontraditional contractors and smaller businesses ¹. They may perceive this as a threat to their market share and established relationships with

the DoD. Their rationale for opposition could include concerns about increased competition, potential loss of revenue, and the challenges of adapting to new contracting models.

- **Program Managers with Established Programs:** Some Program Managers overseeing well-established programs focused on specific end-items might resist the integration of their programs into a broader portfolio framework ¹⁰. They may be concerned about potential changes to their program's scope, funding, or decision authority, and might prefer the autonomy of managing their individual programs.
- **Advocates for Specific Weapon Systems:** Groups or individuals who strongly advocate for specific weapon systems or platforms might oppose the portfolio approach if they believe it could lead to reduced investment or prioritization of their preferred systems in favor of a broader capability mix.
- **Oversight Bodies Concerned with Accountability:** While the portfolio approach aims for better integration, some oversight bodies might express concerns about maintaining clear lines of accountability when multiple programs are managed under a portfolio executive ¹¹. They might worry that the complexity of portfolio management could make it harder to track individual program performance and ensure responsible use of taxpayer funds.

Additional Resources

Successful implementation of Section 302 will likely require the DoD to invest in several additional resources.

- **Funding for Portfolio Management Offices:** Establishing and staffing portfolio management offices with the necessary expertise and resources will require dedicated funding ⁵. These offices will be responsible for strategic planning, coordination, and oversight at the portfolio level.
- **Training Programs for Acquisition Workforce:** The acquisition workforce, including portfolio executives, program managers, and contracting officers, will need specialized training to effectively implement the portfolio-based approach ¹³. This training should cover topics such as portfolio management principles, collaborative contracting strategies, and cross-program coordination.
- **Personnel with Expertise in Systems Integration and Architecture:** The emphasis on enterprise-wide designs and standards will require personnel with expertise in systems integration, architecture, and interoperability ¹. The DoD may need to recruit or develop talent in these areas to ensure successful implementation of the integrated capability portfolios.
- **Enhanced Data Analytics and Information Sharing Capabilities:** Managing

and overseeing portfolios of capabilities will require robust data analytics and information sharing capabilities ². The DoD will need to invest in systems and tools that can provide a comprehensive view of portfolio performance, identify dependencies, and facilitate informed decision-making.

- **Resources for Increased Collaboration and Market Research:** The directive to engage more extensively with the science and technology community and conduct thorough market research will necessitate additional resources, including funding for outreach activities, personnel to manage collaborations, and tools for effective market analysis.

Measures of Success

The success and effectiveness of the recommendation in Section 302 can be measured through several key indicators:

- **Improved Capability Integration:** Measure the extent to which systems within a portfolio demonstrate enhanced interoperability and contribute to integrated mission outcomes ⁵. Metrics could include the number of successful joint exercises or operational deployments leveraging integrated portfolio capabilities.
- **Reduced Acquisition Cycle Times:** Track the time taken to deliver new capabilities to the warfighter under the portfolio-based approach compared to previous methods ⁶. A reduction in cycle times would indicate increased efficiency and responsiveness.
- **Increased Innovation and Technology Insertion:** Monitor the number of nontraditional defense contractors and small businesses successfully participating in portfolio-based acquisitions and the rate at which new technologies are integrated into fielded capabilities ¹.
- **Enhanced Lifecycle Affordability and Sustainment:** Assess the long-term cost of ownership and the effectiveness of sustainment efforts for capabilities acquired through the portfolio approach ¹. Metrics could include reductions in maintenance costs or improvements in system availability.
- **Improved Stakeholder Satisfaction:** Gather feedback from warfighters, program managers, and other stakeholders on their satisfaction with the portfolio-based acquisition process and the resulting capabilities ¹⁰.
- **Effective Resource Allocation and Prioritization:** Evaluate the DoD's ability to strategically allocate resources and prioritize investments across different capability portfolios to meet evolving threats and mission needs ¹¹.

Alternative Approaches

While Section 302 mandates specific changes to acquisition strategy, alternative

approaches could potentially achieve similar outcomes more effectively or efficiently.

- **Enhanced Use of Modular Open Systems Approach (MOSA):** Instead of a broad portfolio mandate, the DoD could further emphasize and incentivize the use of MOSA principles in individual program acquisitions ¹. MOSA promotes interoperability, reduces vendor lock-in, and facilitates technology insertion, potentially achieving similar benefits to a portfolio approach but with more flexibility at the program level.
- **Increased Emphasis on Agile Acquisition Methodologies:** Expanding the adoption of agile acquisition methodologies, particularly for software-intensive systems, could lead to faster delivery of capabilities and more responsiveness to changing requirements ⁶. This approach could complement or serve as an alternative to a top-down portfolio mandate.
- **Strengthening the Role of Mission Engineering:** Focusing on mission engineering to define capability needs from a mission perspective, rather than solely through individual system requirements, could naturally lead to a more integrated view of acquisition ⁵. This approach could help identify critical capability gaps and inform investment decisions without necessarily requiring a formal portfolio structure.
- **Targeted Portfolio Management for Specific Capability Areas:** Instead of a department-wide mandate, the DoD could pilot portfolio management approaches in specific high-priority capability areas where integration and collaboration are particularly critical ⁵. Lessons learned from these pilots could then inform broader implementation strategies.

Section Specific Question 1:

What are the specific modifications to the required content, review process, or approval level for the Acquisition Strategy document mandated by Section 302?

Section 302 mandates several specific modifications to the Acquisition Strategy document:

- **Content:** The strategy must now clearly describe the proposed top-level business and capability management approach for the program or system. Critically, it must, to the maximum extent practicable, describe how a portfolio of capabilities within an enduring set of requirements will be developed, procured, and fielded, rather than detailing a specific end-item ¹. The strategy must also consider an expanded list of elements, including incremental delivery, logistics and sustainment, collaboration with the S&T community, enterprise-wide designs and standards, overarching roadmaps integrating legacy and new capabilities, a

portfolio-focused contracting strategy with long-term partnerships, assignment of roles within the portfolio acquisition executive, stakeholder dependencies, and a process for continuous testing and experimentation¹. The specific mention of including "each major automated information system" in the strategy's description is removed¹. The requirement for the strategy to explain how it is designed to be implemented "with available resources" is changed to "within a general set of resources"¹.

- **Review Process and Approval Level:** The review and approval authority for the acquisition strategy is changed from "the Under Secretary of Defense for Acquisition and Sustainment, or the milestone decision authority, when the milestone decision authority is the service acquisition executive" to "the portfolio acquisition executive, or the decision authority, when the decision authority is the service acquisition executive of the military department or the Under Secretary of Defense for Acquisition and Sustainment"¹. The decision authority is defined as the official with overall responsibility and authority for acquisition decisions, including approving entry into the next acquisition phase¹. The decision authority must review and approve the strategy prior to the acquisition decision memorandum and ensure it is updated regularly¹.

Section Specific Question 2:

How should Program Managers and Contracting Officers adapt their development and maintenance of the Acquisition Strategy throughout the program lifecycle based on these changes?

Program Managers and Contracting Officers will need to significantly adapt their approach to developing and maintaining the Acquisition Strategy due to the changes in Section 302.

- **Program Managers:** PMs must now think beyond the individual program and consider how their program contributes to a broader portfolio of capabilities¹⁰. Their acquisition strategies must articulate this connection and align with the portfolio-level objectives. They will need to collaborate more extensively with other PMs within the portfolio, as well as with the portfolio acquisition executive, to ensure a cohesive and integrated approach⁵. The strategy should emphasize enduring requirements and how the program will contribute to the development, procurement, and fielding of a portfolio of solutions over time, rather than solely focusing on a specific end-item¹. PMs will also need to incorporate the expanded list of considerations in their strategies, including detailed plans for incremental delivery, logistics and sustainment across the lifecycle, collaboration with the S&T

community, and alignment with enterprise-wide standards¹. They should also establish processes for continuous testing and user feedback throughout the program lifecycle¹.

- **Contracting Officers:** Contracting Officers will need to develop contracting strategies that support the portfolio-based approach and foster long-term partnerships with multiple companies¹. This may involve moving away from traditional single-award, large system contracts towards more collaborative and distributed contracting models that encourage broader industry participation¹. They will need to work closely with PMs to develop contracting approaches that facilitate continuous competition and incentivize innovation across the portfolio¹. Their strategies must also address the acquisition of technical data and computer software data necessary for logistics and sustainment¹. The focus on decomposing large systems into smaller projects across time and technical components will require innovative contracting mechanisms and a shift towards managing a portfolio of contracts rather than isolated agreements¹.

Summary

Section 302 of the Forged Act represents a significant shift in the DoD's approach to acquisition strategy, moving towards a portfolio-based framework focused on enduring capabilities and integrated solutions. This change necessitates a fundamental adaptation in how acquisition strategies are developed, reviewed, and implemented. While promising potential benefits such as enhanced strategic alignment, flexibility, and innovation, the implementation also presents challenges related to complexity, measurement, and stakeholder management. Careful planning, investment in resources, and proactive mitigation strategies will be crucial for the DoD to successfully realize the intended positive outcomes of these modifications to acquisition strategy.

SEC. 302. MODIFICATION TO ACQUISITION STRATEGY.

Section 4211 of title 10, United States Code, is amended— (1) in...source managing the program,"" and...source is managing the program,""...source program or major...source process."".

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