

TESTIMONY OF

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BEFORE

House Committee on Homeland Security,
Subcommittee on Border and Maritime Security

ON

“The Arizona Border Surveillance Technology Plan and its Impact on
Border Security”

March 12, 2014
Washington, DC

Chairwoman Miller, Ranking Member Jackson Lee, and distinguished Members of the Subcommittee, it is a pleasure to appear before you today to discuss the status of U.S. Customs and Border Protection's (CBP) border security technology programs in Arizona, and to reflect on the most recent Government Accountability Office (GAO) report about the management of those programs.

I appreciate the partnership and support we have received from Congress, this Subcommittee, and your staff, whose commitment to the security of the American people has enabled the continued deployment of key border security technologies, even in the face of significant challenges. I am confident that our collective efforts will continue to result in a better managed and more secure border.

This Subcommittee is familiar with the outcome of CBP's *SBI*net program, an earlier component of the Department of Homeland Security's (DHS) Secure Border Initiative (SBI) that was designed as a comprehensive and integrated technology program to provide persistent surveillance across the northern and southern land borders of the United States, starting with the border of Mexico. The program experienced significant schedule delays and cost overruns because it did not allow necessary flexibility to adapt to differing needs in the various regions of the border. *SBI*net eventually delivered systems to two Areas of Responsibility in Arizona that continue to operate successfully. Nevertheless, DHS cancelled SBI on January 14, 2011, because it was too costly and the idea of one, all-encompassing program was unnecessarily complex for border technology.

Since 2011, we have learned from the issues identified in from the *SBI*net approach and moved away from an all-encompassing *SBI*net concept. Instead, DHS and CBP have approached our border technology requirements in more manageable pieces tailored to specific regions on the border. Working closely with the Border Patrol to develop requirements, we created a menu of different, sophisticated technology systems, ranging from small to large, simple to complex. For Arizona, we selected systems from the menu and tailored those technology solutions based on realistic capabilities of current technologies and the operational needs of particular areas. We then created detailed acquisition plans for each of the technologies on the menu and have been in the process of buying and deploying them for the last few years. We refer to this approach as the Arizona Technology Plan (ATP).

ATP or "the Plan" is not a program as traditionally defined within the acquisition business. Instead, it is a set of programs that, taken together, will provide what we believe is the optimal set of systems for our current operational needs. One key point is that the Plan is not a so-called "system of systems." In fact, our acquisition strategy moved intentionally away from the "system of systems" concept because we had learned from our *SBI*net experience that this approach was unnecessarily complex and costly.

Another change in CBP's ATP acquisition strategy based on lessons learned from *SBI*net, is a shift from pursuing what is known as "system development" toward a concept of leveraging "non-developmental items." Put simply, system development involves the creation of a system that does not currently exist. System development is a

very disciplined and exhaustive process that requires engineering design, analysis to compare the design to requirements, comprehensive testing, and eventually deployment and operation. System development is an appropriate acquisition approach when (1) the requirements are understood with high confidence, (2) there is limited flexibility to relax the requirements, and (3) no existing system meets the requirements. However, system development is costly, challenging, and often risky — more so when the conditions that would support system development do not exist. In the case of *SBI_{net}*, we did not have a highly confident understanding of the requirements, or a solid justification for why our requirements were inflexible. Therefore, it was unclear whether existing systems would be adequate for our needs. Based on lessons learned from *SBI_{net}*, we explicitly and intentionally rejected system development as our approach for the programs within the Plan.

For the programs under the ATP, we embarked on a non-developmental item (NDI) approach because after conducting extensive market research, we had high confidence that technology systems already existed that could provide most, if not all, of the capabilities we felt were required. CBP's Office of Technology Innovation and Acquisition (OTIA), which I oversee, worked collaboratively with the Border Patrol to develop the technical requirements. We also created the flexibility to trade those requirements against cost. Under this NDI strategy, we created an opportunity to do things like buy a system that met 90 percent of our interests at 50 percent of the cost, as compared to a system that might have met 100 percent of our interests but at twice the cost.

Status of Arizona Technology Plan Programs

While acquisition of the programs within the Plan is admittedly behind schedule I believe our actions have been prudent and have actually resulted in some very positive outcomes. In short, we elected to trade schedule for higher likelihood of success in the ultimate deployments of the NDI technologies and to take advantage of opportunities to reduce costs.

Using the NDI approach, most of the programs within the Plan are on contract and many have already been deployed, including: Agent Portable Surveillance Systems (APSS); Thermal Imaging Devices; Underground Sensors (UGS); and some Mobile Video Surveillance Systems (MSC). Although it is too early to declare complete success, the early indications of the ATP acquisition strategy are quite positive and, in some cases, far exceed our expectations.

For example, the most complex and costly program within the Plan is the Integrated Fixed Tower (IFT) program. This program, ostensibly, looks something like the old *SBI_{net}* program. As such, it is often treated as if it were *SBI_{net}* renamed. However, IFT is not *SBI_{net}*. It is an NDI program, and it is a narrowly tailored solution to select parts of the border.

Early external assessments of the program questioned whether NDI systems for IFT existed and whether CBP's program cost estimates were too low. While the specific numbers are still sensitive, I can report that we received far more proposals from industry for the IFT contract than we anticipated and, for that matter, more than I have ever seen for this type of procurement during my roughly 30 years in this business. The proposals were quite credible, and the sheer number rebuts any doubts about NDI availability. Also, almost every program in the Plan has been contracted at less than our initial estimates—often much less. The IFT contract, for example, came in at a savings approaching 75 percent of our initial estimate. Although we will likely have routine changes in the contract over time that will add slightly to the final cost, a 75 percent cost savings leaves a lot of room for those routine changes. It is also important to note that, because these are NDI systems, we have been able to use firm fixed price contracting, which reduces the risk to the government of substantial and uncontrolled cost growth, compared to cost reimbursable contracts for system developments like *SBI_{net}*.

We attribute these positive indications to our acquisition strategy, our thorough market research, our staff's hard work, our willingness to trade schedule for risk reduction, and our ongoing dialogue with industry. DHS and CBP acknowledged that we needed to do things differently if we wanted a better result from past acquisition failures. In a sense, our approach to the Plan was an experiment. While not without risk, we believe the plan represents the most viable option for a successful acquisition process, one that might prove to be a useful model going forward. As I indicated, we are quite encouraged by what we have seen so far.

The cost savings alone have already had a major impact for us. We have harvested those savings to do many of the things that this Subcommittee has advocated. For instance, we have worked closely with the Department of Defense (DoD) to receive or borrow their technologies. We currently have three DoD aerostats flying over the Border Patrol's Rio Grande Valley Sector as part of an extended Field Deployment Evaluation. While undergoing evaluation, the systems concurrently support real-world operations and boost technological capabilities in a high priority area of the border. We are able to fund this exercise, as well as a number of other notable efforts, because of the cost-savings incurred as a result of our Arizona Technology Plan strategy.

GAO Recommendations

CBP's border security efforts are critically important, and we appreciate GAO's engagement with CBP's technology acquisition activities from the *SBI_{net}* days through the present. GAO has been consistently objective and has always been very open to our thoughts and opinions. It is important to consider the latest GAO report in the context of our history to date. While the recent March 2014 report, "Arizona Border Surveillance Technology Plan: Additional Actions Needed to Strengthen Management and Assess Effectiveness," continues to identify some areas of potential weakness and risk, I believe it also demonstrates a continuing improvement trend. Piece by piece, we are building the program management infrastructure that did not exist in the early days of *SBI_{net}*. The

GAO has helped us prioritize our efforts over the years and deserves great credit for helping to point the way to better performance.

In the latest report, we concur with many of the GAO recommendations because they represent well-established best practices for any acquisition program — including the non-developmental programs that comprise the Plan. In most of these cases, we are aware of the shortcomings highlighted by the GAO. However, we also recognize that, we had to prioritize the activities that offered the least risk to our success by conducting a cost-benefit analysis. For example, although we did not complete formal independent cost estimates for our programs, we had substantial data and market research to give us high confidence in the conservatism of our life cycle cost estimates. Similarly, while it is true that not all required acquisition documentation was formally approved at set times, the documents were virtually final, well-understood, and complete enough to enable key decisions with little risk. Going forward, we will strive to perform better in these areas.

We have non-concurred with two of the GAO recommendations, mainly because they contradict the foundation of the acquisition strategy we implemented for the Plan. Each program in the Plan has an Integrated Master Schedule (IMS), as required by our policy and practice. However, the GAO recommends CBP create an IMS for the Plan, as if the Plan itself is a program or “system of systems.” As discussed above, CBP intentionally designed the Plan not to be a system of systems. It has been the separation of the old *SBI_{net}* program into nearly independent and dis-aggregated elements that has, in my view, enabled the positive trends we have seen to date. We maintain an appropriate level of integration and schedule connection among the programs in the Plan; however, the GAO recommendation runs counter to the lessons learned from *SBI_{net}* and risks returning us to an acquisition strategy we already know to be high risk.

Similarly, the GAO calls for formal Operational Test and Evaluation (OT&E), as if the Plan were a system development. As noted above, CBP structured the Plan with NDI programs as a result of lessons learned from *SBI_{net}*. Since we are familiar with the technologies, we are willing to trade requirements and performance for cost and other benefits. We have committed to purchasing, at firm-fixed price, a system that will perform to the specifications asserted by the contractor. Formal OT&E would create unnecessary bureaucracy, threaten the NDI nature of the program by creating a set of requirements that may demand system development activities, and compromise the nature of the Plan that has already suggested very positive results.

For example, we will manage IFT as we have done for several of the other programs in the Plan. We have worked with the Border Patrol to define the kind of operational experience and analysis Border Patrol agents believe they need to understand and assess the system performance. We have documented this agreement in the Test and Evaluation Master Plan. This meets much of the intent of formal OT&E, does it without unnecessary bureaucracy, and provides the Border Patrol with oversight, control, and data to influence decisions about future deployments and potential system upgrades.

Conclusion

In short, we concur with the GAO where the recommendations represent best practices and risk reduction for acquisitions like the Arizona Technology Plan. We do not concur where those recommendations are inconsistent with the intentional design of the programs in the Plan and where implementation of those recommendations would compromise the foundation of the Plan.

Some have characterized our acquisition approach to the Plan as innovative — especially with regard to how it leverages NDI opportunities and offers an opportunity to trade-off requirements. Innovation in acquisition means we will apply lessons learned, experiment with new things, and break new ground. We have a solid understanding of where we need to break new ground, and we look forward to working with the GAO as we continue our efforts to develop what could become a new set of best practices.

Chairwoman Miller, Ranking Member Jackson Lee, thank you for the opportunity to testify today. I look forward to your questions.