



STATEMENT OF

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BEFORE THE

**U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON HOMELAND SECURITY**

Subcommittee on Oversight and Management Efficiency

“Making DHS More Efficient: Industry Recommendations to Improve Homeland Security”

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311 Cannon House Office Building

Chairman Perry, Ranking Member Watson Coleman, and distinguished Members of the Oversight Subcommittee, I am Marc Pearl, and serve as the President and CEO of the Homeland Security & Defense Business Council (Council), a non-partisan, non-profit industry organization, comprised of the leading large, mid-tier, and small companies who provide the homeland security and homeland defense technology, product, and service solutions to the Department of Homeland Security (DHS) and other government and commercial markets. Our members make up a huge portion of the Homeland Security Industrial Base, and I thank you on their behalf for giving us the opportunity to appear before you today to provide our organization's collective perspectives on the issue of creating greater efficiencies at DHS.

The private sector has provided our government and commercial market with homeland security and homeland defense specialized services, technological innovation, and strategic thinking for decades – long before the tragic events of September 11, 2001. However, in the wake of what occurred just 14 years ago last Friday, it became poignantly obvious to the administration and Congress that we needed to establish better processes and an effective organization to anticipate, prevent, respond to and/or mitigate any terrorist act or nature's potential for destruction. And since the formal creation of DHS in 2003, industry has worked to support the Department in tackling the many diverse threats facing our homeland.

Shortly after the formation of DHS, the Council was established for the purpose of building strong relationships between government and industry so that we could work together on the many process issues and acquisition reform questions through open dialogues between the senior executives in industry and their counterparts at the Department. Additionally, we have sought to establish forums to engage in 'safe' conversations and roundtables between subject matter experts in both the public and private sectors to address the challenges and obstacles that get in the way of efficiencies and mission success. Our programs and initiatives foster those relationships and facilitate an exchange of information that inform both sectors on how policy and process might be better implemented and communicated, as well as help address mission challenges, and improve the management and organization of DHS. Our mission is to bring both sides together in informal conversation to gain a greater understanding of one another's perspectives and processes to identify ways to improve the way we do business together.

It is generally recognized that DHS needs more consistent Department-wide processes and procedures to improve internal operations and become a more efficiently run organization. DHS also needs measures that support industry-government dialogues that help ensure the government can effectively procure mission critical product and service solutions.

For that reason, the Council is encouraged by Secretary Johnson's 2014 *Strengthening Departmental Unity of Effort* that reestablished the Joint Requirement Council (JRC), established a set of regional Joint Task Forces, and created the Secretary's Leadership Council and Deputy's Management Action Group. These, along with other initiatives, aim (and I quote the Deputy Under Secretary of Management) "to better integrate the Department's people, organizational structures, and operational capability" that will in turn, create more efficiencies and enable mission success. Supporting the unity efforts, Secretary Johnson announced earlier this month, a new measure to unify the Department's

research and development, creating Integrated Product Teams (IPTs) that will be charged with coordinating and prioritizing research and development across the Department in a number of areas, such as aviation security, biological threats, counterterrorism, border security, cybersecurity and disaster resilience.

The Council and its members are invested in the Department's success and its ability to create a more efficient and unified organization. Our overall mission is to work with you in the Congress and the Department's leaders to encourage ongoing discussions and work towards the implementation of programs and processes that will bridge the gap between policy aspirations and program operations. We must all work together to ensure that the Secretary's *Unity of Effort* becomes more than the logo of his tenure, only to be replaced by the logo of the next Secretary. We want it to become a foundational legacy of real change, real consistencies, real reform and real efficiencies.

While the aspirational policies of the Secretary's *Unity of Effort* are critical steps in the right direction, we believe internal and external challenges still exist that significantly impact the goal of achieving a more efficient and unified Department. Much progress has been made, but there is still a lot of work to do.

The Council's testimony today will focus on a few key challenges that we believe, if continued to be addressed, will help the Department move closer to a unified vision. Allow me to provide a few observations on some of these critical internal and external areas that impact the efficiencies at DHS.

The Need to Reduce Duplication of Common Mission Services

While progress has been made, there is still a significant need to reduce duplication among the components' common mission services and align financial management systems, for example. DHS' multiple financial management systems make it difficult to look across individual budgets to see the larger picture on where dollars are being spent and produces an inability to capture where cost savings could be made.

Additionally, little has been done to consolidate and provide common mission services across the enterprise, though the JRC, we are told, is looking into this area. CBP, ICE, and USCIS, for example, experience challenges around the collection, coordination and use of immigration data. There isn't one centralized system that provides an individual's complete immigration history. An operator at one component must query multiple systems, and, as a result, we have a process that is time consuming, costly, and frustrating to the on-ground official, from both an IT architecture and business process point of view.

In contrast, DHS's Office of Biometric Identify Management (OBIM) exemplifies that the Department can, in fact, create a mission-oriented service for the entire enterprise. OBIM processes approximately 320,000 biometric identification transactions per day, providing services and information to federal, state, and local governments. They provide the technology for collecting and storing biometric data, analyze, update the watch list, and ensure the integrity of the data for and with numerous agencies, including CBP, DOJ, DOS, FEMA, ICE, TSA, USCG, and USCIS.

We suggest that DHS look more vigorously at other opportunities for consolidating systems that could service enterprise-wide mission areas, which could create cost savings and reduce duplicative efforts.

Lack of Security Reciprocity

The entry on duty clearance process at DHS has been problematic, duplicative, expensive, time consuming, and frustrating. DHS components do not recognize a background investigation performed by another component. This has created a barrier to entry for many contractors and is particularly unnerving for those who do business with other national security, critical infrastructure, law enforcement and financial services agencies, where they don't have to jump through as many multiple internal agency security clearance hoops as at DHS. When DHS is hiring a contractor to work on a project, this process causes unnecessary and critical delays as to when a contractor can begin work, thereby moving schedules, significantly delaying the start of a project, and wasting taxpayer money.

It is our understanding that almost 75% of the vetting requirements are already shared across components regardless of the program; so establishing a common vetting security clearance program is an area where the Department and the private sector could find the mutual benefits of streamlining.

The Need to Invest in the DHS Workforce

While we all recognize the importance of and ongoing focus on all things related to cyber and IT, the underlying critical component of any technology and/or product is a well-trained and highly motivated workforce that embodies the core capabilities necessary to accomplish the mission. Quality training is always a good investment whether in the public or the private sector; for it will inevitably lead to a more successful outcome.

The DHS workforce is responsible for executing multiple missions including cyber analysis, responding to disasters, and safeguarding our ports of entry. With the variety of mission responsibility and skills needed to perform, the Department must continue to invest in its workforce by examining incentives for greater accountability and creating robust training programs.

After working with and getting to know numerous government employees over my three-plus decades in DC, I would proffer that many – particularly those who have and continue to work at DHS over the past dozen years – tend to join the civil service for altruistic reasons and are motivated to serve the public and protect our nation. At the very least, leadership can continue to remind their colleagues how important and critical their mission services are to our nation, and, as a result, they will feel more job satisfaction and pride in their work. The communicating of appreciation is something that is regularly done at the most successful corporations, even amidst the frustration of one's daily tasks.

DHS should also look at finding innovative incentives that support career progression. One suggestion – something that is also done in the private sector – would be to create

special teams. Industry puts their best and brightest on important projects – cross-department – and government could do the same. DHS could consider a pilot program with a major acquisition filling a special team based on merit. Being part of the special team becomes a reward and an incentive to want to be a part of the agency’s top projects.

Other incentives include career progression and proper workforce training. Employees want to feel like they have an opportunity for growth within their current job and the continued ability to refine their skill-set and grow as a professional. And as part of this, DHS should continue to adopt more robust and multi-disciplinary workforce-training programs to help employees master the skills they need. On the program management and acquisition side, this must include training on how to work with industry.

A quality employee understands all aspects of the business and is encouraged, at various points in his/her career, to acquire a better understanding and knowledge of such things as the budget process, mission needs and planning, as well as how those things are addressed in other divisions.

Though it took many years even after the passage of Goldwater-Nichols, DoD found the CO-COMMS approach – requiring flag officers to take on cross and joint commands – to be a tremendous incentive for morale and successful leadership. Perhaps DHS should be encouraged to look at joint environment requirements for those moving up the ladder. This would not only be a huge culture change, but also could break down cultural silos and help to operationalize the Secretary’s *Unity of Effort*.

We were encouraged by and wish to point out that DHS’ *FY2014–2018 Strategic Plan* outlined a goal to find support systems for training, exercising, and evaluating capabilities that cross-components to ensure the readiness of frontline operators and first responders. They also describe their goal to strengthen the cyber ecosystem which includes implementing human capital strategies that will help develop a skilled cybersecurity professional. To achieve this, they plan to develop a Department-wide human capital strategy, including enhanced federal training programs. The Council supports these efforts and believes DHS should continue to find critical skill-sets needed across the Department and find areas where cross-component training can be utilized.

The Need for Better Connections Between the Program & Contracting Offices

The Secretary’s *Unity of Effort* approach aims to improve coordination between HQ and its components and directorates, but challenges still exist within components. There needs to be a better set of processes that encourage consistent and ongoing connections between the component program and contracting offices. Our members have observed that the contracting offices have assumed the dominant role in some cases, but both must be in sync and engaged together to ensure that the right procurement strategy is in place so that the government can ensure they are receiving the best proposals from their industry partners. A consistent, unified decision-making process across the Department is reliant on strong connections within the components and across components.

Some of the components, we have been told by many of our members, have taken the proper steps towards communication and coordination of effort. For example, USCIS has

worked hard to coordinate its CIO's vision throughout the programs and contracting shops, thereby leading to consistent messaging to industry from both of the offices, and creating more levels of certainty for the contractors.

Additionally, ICE's Homeland Security Investigations division has demonstrated excellent integration and collaboration between the contracting officers and the mission owners, thereby leading to successful mission requirements in a timely manner and within budget.

Improving Engagement with Industry

Beyond the challenges within DHS, the Council believes improvements can still be made in how the Department engages with industry. Effective engagement with industry has been and continues to be a priority area of interest for the Council and our members. In 2014, at the urging of the Under Secretary of Management, we developed a "*Framework for Government-Industry Engagement Through the Planning and Execution of the Acquisition Process.*" Through this effort, our member companies have worked closely with the DHS directorates and components to identify critical points of communication, information sharing, engagement, and/or dialogue, as well as the challenges and barriers to communication, that can and should occur throughout the different stages of the acquisition lifecycle and process.

It is critical that government and industry work together to establish and maintain open and transparent two-way forums for communication in advance of and throughout the acquisition process. Early, frequent, and constructive communication between the government and industry is the foundation to the planning and execution of a successful acquisition. Acquisitions begin at the point when agency needs are established. Early engagement with industry is a critical aspect of strategic planning, describing agency needs, developing an overall acquisition strategy, and identifying the terms, conditions, and practices appropriate for what is being acquired. It improves market research, which results in a greater understanding of the possible products, services, and technologies that exist to support the government's needs, as well as the costs, benefits, and limitations of different procurement approaches. It allows the government to define their requirements clearly within the market environment, and develop realistic expectations regarding risk, cost, schedule, and performance management. When requirements are well defined, industry can write quality proposals and deliver solutions that address gaps in a timely and cost effective manner.

For industry, the substance, frequency, and timing of communication with government is vital to determining how to allocate limited resources and make informed, risk-based investment decisions. Because the costs associated with getting to know a prospective government client, understanding their requirements, developing a technical solution, selecting a team, and preparing a proposal are so high, industry makes decisions on which opportunities to pursue long before a solicitation is released. Bid decisions are often made based upon the nature, detail, and specificity of information that is available in advance of the opportunity. The more time and information that is provided, the more that industry is likely to invest in and think through different ways to meet the government's needs.

When communication is absent, vague, infrequent, or untimely, it increases the risk that industry will choose not to participate in a solicitation or that it will not understand the government's requirements. Communication problems that occur early in the process (e.g. not having well defined requirements) increase the likelihood of contract delays, cost overruns, duplication of effort, and outcomes that fail to meet the government's expectations and mission needs.

Industry relies on information from the government on their future needs so that they have time to align their financial and personnel resources towards meeting those needs. This allows early R&D and ensures that needed solutions can be provided in a timely manner. The more specific the Department's directorates and components can be, the more industry will engage, which will produce better solutions and overall mission success.

It is important to point out that throughout the last few years the Department has taken many steps to improve industry engagement and better, more transparent and open communication. Plans similar to TSA's *Transportation Security Strategic Capability Investment Plan* are helpful and we hope to see more documents published from other components that communicate the agency's vision and plans for potential investments.

In addition to the small group discussions we have held with DHS arising out of the *Framework*, industry has enjoyed the opportunity to participate in a variety of forums such as mock debriefing exercises with industry and government representatives. And all of the industry groups are currently working in coordination with DHS' Office of the Chief Procurement Officer to plan a *Reverse Industry Day* later this fall, which is part of its *Acquisition Innovations in Motion (AIiM)* series of industry engagement and acquisition initiatives. This will be the first DHS-wide event held from the viewpoint of the contractors informing government program and contracting officials about the process industry goes through to respond to a government solicitation. The Council looks forward to the event and believes that creating a better understanding between the two parties will help create greater efficiencies in the acquisition process.

Mr. Chairman, and Members of this Subcommittee, in closing I cannot attempt to briefly outline the need to address the efficiencies of DHS without addressing the **Role and Responsibility of Congress** in that equation.

I'm quite sure you are aware that the duplication in congressional jurisdiction over DHS across numerous committees and subcommittees creates its own inefficiencies. I point this out, not because this Oversight Subcommittee will be able to change that equation, but simply to provide an additional observation to outside factors impacting agency efficiencies.

Additionally, while DHS still has much work to do to improve its processes and procedures that will and must lead to a more efficient organization, an unpredictable budget cycle has significantly impacted its ability to achieve efficiencies in many areas. A stable, predictable budget environment is critical to any government or any company's ability to achieve its mission, and this is particularly true to an agency as vital, large, and

complex as the Department of Homeland Security. Its mission areas require long term planning, as well as substantial and timely investments in specialized technologies, products, and services. And industry cannot, likewise, strategize, invest, research and develop solutions when the needed programs spit-and-start or experience delays simply because long-range planning is impossible to do.

The execution of DHS operations results from a continuous cycle of planning, programming, and budgeting activities. When you do not know your budget, you cannot plan for the future, start new programs, or hire and train staff. Budget uncertainties make strategic planning, long term investment planning, and acquisition planning extremely difficult. Industry relies on these activities to determine how to invest its resources and R&D dollars so that it can develop the specialized capabilities that DHS needs. Delays in the acquisition process create inefficient business practices, waste taxpayer money, and prevent DHS from effectively procuring and delivering critical supplies and services to employees in the field.

We understand hard decisions surrounding the budget must be made in today's fiscal environment. Regardless of the amount of funding the Department receives, it needs a stabilized budget planning cycle, and the Council encourages Congress to recognize that delayed funding harms the very efficiencies you are trying to encourage.

Thank you for providing the Homeland Security & Defense Business Council with the opportunity to present some observations on this vital topic. We look forward to continuing our close working relationship as a trusted advisor to you and your staff, as well working with the Department and its officials on the common areas of mutual concern.