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MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE
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UNDER SECRETARIES OF DEFENSE
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DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: The Defense Innovation Initiative

I am establishing a broad, Department-wide initiative to pursue innovative ways to sustain and advance our military superiority for the 21st Century and improve business operations throughout the Department. We are entering an era where American dominance in key warfighting domains is eroding, and we must find new and creative ways to sustain, and in some areas expand, our advantages even as we deal with more limited resources. This will require a focus on new capabilities and becoming more efficient in their development and fielding.

At a time of constrained and uncertain budgets, the demand for innovation must be Department-wide and come from the top. Accordingly, I am directing Deputy Secretary of Defense Bob Work to oversee this effort. He will report back to me quarterly on progress we have made, and I will remain actively involved in overseeing all aspects of this effort.

We have always lived in an inherently competitive security environment and the past decade has proven no different. While we have been engaged in two large land mass wars over the last thirteen years, potential adversaries have been modernizing their militaries, developing and proliferating disruptive capabilities across the spectrum of conflict. This represents a clear and growing challenge to our military power.

I see no evidence that this trend will change. At the same time, downward fiscal pressure will constrain the way we have traditionally addressed threats to our military superiority and demand a more innovative and agile defense enterprise. We must take the initiative to ensure that we do not lose the military-technological superiority that we have long taken for granted.



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History is instructive on this 21st Century challenge. The U.S. changed the security landscape in the 1970s and 1980s with networked precision strike, stealth, and surveillance for conventional forces. We will identify a third offset strategy that puts the competitive advantage firmly in the hands of American power projection over the coming decades.

We must accelerate innovation throughout the Department in several linked areas:

- The 21st Century requires us to integrate leadership development practices with emerging opportunities to re-think how we develop managers and leaders.
- A new long-range research and development planning program will identify, develop, and field breakthrough technologies and systems that sustain and advance the capability of U.S. military power.
- A reinvigorated wargaming effort will develop and test alternative ways of achieving our strategic objectives and help us think more clearly about the future security environment.
- New operational concepts will explore how to employ resources to greater strategic effect and deal with emerging threats in more innovative ways.
- This effort will include many DoD components, particularly Policy; Acquisition, Technology and Logistics; Intelligence; the Joint Chiefs of Staff; and the Military Departments.
- Finally, we need to continue to further examine our business practices and find ways to be more efficient and effective through external benchmarking and focused internal reviews.

All these areas will be overseen, integrated, and managed by an active and engaged governance structure led by Deputy Secretary Work which will include the Department's senior leaders. Their focus will be to ensure these combined initiatives achieve maximum traction in our system, that institutional barriers are overcome, and that our Department rapidly integrates real concepts and capabilities to improve its effectiveness.

America's continued strategic dominance will rely on innovation and adaptability across our defense enterprise. This will build the foundation for American leadership well into the 21st Century. I consider this a catalyzing effort that will spread and grow throughout the entire Department.

Thank you.

