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Exhibit R-2, RDT&E Budget Item Justification: PB 2021 Office of the Secretary Of Defense **Date:** February 2020

Appropriation/Budget Activity					R-1 Program Element (Number/Name)							
0400: <i>Research, Development, Test & Evaluation, Defense-Wide I BA 3: Advanced Technology Development (ATD)</i>					PE 0603289D8Z I <i>Advanced Innovative Analysis and Concepts</i>							
COST (\$ in Millions)	Prior Years	FY 2019	FY 2020	FY 2021 Base	FY 2021 OCO	FY 2021 Total	FY 2022	FY 2023	FY 2024	FY 2025	Cost To Complete	Total Cost
Total Program Element	190.075	36.344	37.645	36.524	-	36.524	37.788	37.712	38.677	39.497	Continuing	Continuing
329: <i>Advanced Innovative Analysis and Concepts</i>	190.075	36.344	37.645	36.524	-	36.524	37.788	37.712	38.677	39.497	Continuing	Continuing

A. Mission Description and Budget Item Justification

The Strategic Capabilities Office (SCO) supports the National Defense Strategy by accelerating the development, demonstration, and transition of capabilities that increase the lethality of the Joint Force in contested environments. In a partnership endeavor across the Office of the Secretary of Defense (OSD), Joint Staff, Combatant Commands (CCMDs), the Services, the Intelligence Community (IC), and other U.S. Government agencies, SCO combines capability innovation with new concepts for warfighting that leverage new technology areas, including autonomy, artificial intelligence, and machine learning. SCO conducts projects on accelerated timelines, in all warfighting domains, at any classification or access level.

The Advanced Innovative Analysis and Concepts Program Element supports development, studies, analysis, and demonstration of integrated concepts and prototypes, analysis in support of ongoing efforts to shape and counter emerging threats, cross-Service and cross-Defense/Intelligence concepts, and red-teaming. Projects focus on proving component and subsystem maturity prior to integration in major systems, and may involve risk reduction initiatives. Due to the nature of these projects, specific applications and detailed plans are available at a higher classification level.

B. Program Change Summary (\$ in Millions)	FY 2019	FY 2020	FY 2021 Base	FY 2021 OCO	FY 2021 Total
Previous President's Budget	37.178	37.645	38.478	-	38.478
Current President's Budget	36.344	37.645	36.524	-	36.524
Total Adjustments	-0.834	0.000	-1.954	-	-1.954
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-0.006	-			
• SBIR/STTR Transfer	-0.828	-			
• Defense-Wide Review Adjustment (Studies)	-	-	-1.602	-	-1.602
• Economic Assumption Reduction	-	-	-0.037	-	-0.037
• Fiscal Guidance Reduction	-	-	-0.315	-	-0.315

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Exhibit R-2A, RDT&E Project Justification: PB 2021 Office of the Secretary Of Defense **Date:** February 2020

Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603289D8Z / <i>Advanced Innovative Analysis and Concepts</i>	Project (Number/Name) 329 / <i>Advanced Innovative Analysis and Concepts</i>
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COST (\$ in Millions)	Prior Years	FY 2019	FY 2020	FY 2021 Base	FY 2021 OCO	FY 2021 Total	FY 2022	FY 2023	FY 2024	FY 2025	Cost To Complete	Total Cost
329: <i>Advanced Innovative Analysis and Concepts</i>	190.075	36.344	37.645	36.524	-	36.524	37.788	37.712	38.677	39.497	Continuing	Continuing

A. Mission Description and Budget Item Justification

The Strategic Capabilities Office (SCO) conducts analysis in support of ongoing efforts to shape and counter emerging threats, with special emphasis on: innovative and architecture-level concepts, cross-Service and cross-Defense/Intelligence concepts, red-teaming, and on a case-by-case basis, research and development projects to demonstrate concept. SCO identifies, analyzes, and accelerates the development, demonstration, and transition of selected capabilities to shape and counter emerging threats, and to improve U.S. security posture. In a partnership endeavor across the Office of the Secretary of Defense (OSD), Joint Staff, Combatant Commands (CCMDs), the Services, the Intelligence Community (IC), and other U.S. Government agencies, SCO combines capability innovation with concepts of operation and information management to develop novel, high-leverage approaches to address pressing national security challenges. SCO conducts projects on accelerated timelines, at any classification or access level.

The Advanced Innovative Analysis and Concepts Program Element supports development, studies, analysis, and demonstration of integrated concepts and prototypes, analysis in support of ongoing efforts to shape and counter emerging threats, cross-Service and cross-Defense/Intelligence concepts, and red-teaming. Projects focus on proving component and subsystem maturity prior to integration in major systems, and may involve risk reduction initiatives. Due to the nature of these projects, specific applications and detailed plans are available at a higher classification level.

B. Accomplishments/Planned Programs (\$ in Millions)

	FY 2019	FY 2020	FY 2021
<p>Title: High-Fidelity Analysis and Concept Generation</p> <p>Description: The Strategic Capabilities Office (SCO) conducts analysis to identify and accelerate the development, demonstration, and transition of potentially game-changing capabilities to shape and counter emerging threats and improve U.S. security posture. All innovative concepts developed within SCO must first undergo a phase of thorough analysis before moving forward to become a project. Due to the nature of these projects, specific applications and detailed plans are available at a higher classification level.</p> <p>FY 2020 Plans: Continue to innovate in partnership with Services Program Offices and CCMDs to identify game-changing uses of existing systems and technologies.</p> <p>FY 2021 Plans: Continue to innovate in partnership with Services Program Offices and CCMDs to identify game-changing uses of existing systems and technologies.</p> <p>FY 2020 to FY 2021 Increase/Decrease Statement:</p>	21.719	21.465	20.301

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B. Accomplishments/Planned Programs (\$ in Millions)	FY 2019	FY 2020	FY 2021
FY 2020 to FY 2021 decrease is due to Defense-Wide Review decisions that reduced studies.			
Title: Quick Win Projects	14.625	16.180	16.223
Description: The Strategic Capabilities Office (SCO) pursues rapid research and development projects and prototyping to deliver new capabilities to the warfighter swiftly (2 years or less), called a "Quick Win." For "Quick Wins," SCO identifies, analyzes, and accelerates the development, demonstration, and transition of selected capabilities to shape and counter emerging threats, and to improve U.S. security posture. Projects focus on proving component and subsystem maturity prior to integration in major systems, and may involve risk reduction initiatives. Due to the nature of these projects, specific applications and detailed plans are available at a higher classification level.			
FY 2020 Plans: Complete FY 2019 Quick Win projects, start FY 2020 Quick Win projects.			
FY 2021 Plans: Complete FY 2020 Quick Win projects, start FY 2021 Quick Win projects.			
FY 2020 to FY 2021 Increase/Decrease Statement: FY 2020 to FY 2021 increase is the result of minor rate adjustments.			
Accomplishments/Planned Programs Subtotals	36.344	37.645	36.524

C. Other Program Funding Summary (\$ in Millions)

N/A

Remarks

D. Acquisition Strategy

N/A