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Exhibit R-2, RDT&E Budget Item Justification: PB 2025 Office of the Secretary Of Defense **Date:** March 2024

Appropriation/Budget Activity 0400: <i>Research, Development, Test & Evaluation, Defense-Wide I BA 3: Advanced Technology Development (ATD)</i>	R-1 Program Element (Number/Name) PE 0603289D8Z / <i>Advanced Innovative Analysis and Concepts</i>
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COST (\$ in Millions)	Prior Years	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
Total Program Element	336.278	51.696	55.626	56.390	-	56.390	57.628	58.829	60.066	61.268	Continuing	Continuing
329: <i>Advanced Innovative Analysis and Concepts</i>	336.278	51.696	55.626	56.390	-	56.390	57.628	58.829	60.066	61.268	Continuing	Continuing

Note

New Start (Y/N): No

A. Mission Description and Budget Item Justification

This program supports the Department's initiatives to Deter Aggression and Prevail in Conflict, Defend the Homeland, Build Sustainable and Long-Term Advantage, and Build a Resilient Joint Force and Defense Ecosystem.

The Strategic Capabilities Office (SCO) conducts analysis to identify and accelerate the development, demonstration, and transition of operationally impactful capabilities to shape and counter emerging threats and 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, the 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 supports development, study, and analysis 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. This program also supports the development of concept proposals for assessment by the Technical and Transition Cross Functional Teams established in accordance with the National Defense Authorization Act (NDAA) for FY 2020 for development under the Advanced Innovative Technologies Program Element. Due to the nature of these projects, specific applications and detailed plans are available at a higher classification level.

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B. Program Change Summary (\$ in Millions)	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total
Previous President's Budget	53.176	55.626	56.844	-	56.844
Current President's Budget	51.696	55.626	56.390	-	56.390
Total Adjustments	-1.480	0.000	-0.454	-	-0.454
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-0.005	-			
• SBIR/STTR Transfer	-1.475	-			
• Program adjustment	-	-	-0.454	-	-0.454

Change Summary Explanation

FY 2023 was reduced for SBIR/STTR transfers to the executing program, and reduced for cancelled accounts.
 FY 2025 was reduced to meet DoD overall funding reductions, which were spread to mitigate impact.

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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>			
COST (\$ in Millions)	Prior Years	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total	FY 2026	FY 2027	FY 2028	FY 2029	Cost To Complete	Total Cost
329: <i>Advanced Innovative Analysis and Concepts</i>	336.278	51.696	55.626	56.390	-	56.390	57.628	58.829	60.066	61.268	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

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 new concepts. 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 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 supports development, study, and analysis 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 2023	FY 2024	FY 2025
Title: Innovative Analysis and Concept Generation	29.864	30.081	30.603
Description: The Strategic Capabilities Office conducts analysis, studies, demonstrations of integrated concepts and prototypes, component and subsystem maturation, and risk-reduction demonstrations in support of ongoing efforts to shape and counter emerging threats, and develops project proposals for prototyping under the Advanced Innovative Technologies program. Due to the nature of these projects, specific applications and detailed plans are available at a higher classification level.			
FY 2024 Plans: Continue to innovate in partnership with Services Program Offices and CCMDs to identify game-changing uses of existing and mature systems and technologies to prepare for presentation to the Cross Functional Teams.			
FY 2025 Plans: Continue to innovate in partnership with Services Program Offices and CCMDs to identify game-changing uses of existing and mature systems and technologies to prepare for presentation to the Cross Functional Teams.			
FY 2024 to FY 2025 Increase/Decrease Statement:			

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B. Accomplishments/Planned Programs (\$ in Millions)		FY 2023	FY 2024	FY 2025
The increase will fund the increasing costs for studies to identify high-impact concepts for prototype development.				
Title: Formulation and Risk Reduction		21.832	24.000	24.200
Description: Subsequent to review and recommendation of project concepts by the Technical and Transition Cross Functional Teams, the Strategic Capabilities Office performs engineering trade studies and conducts component tests to prepare selected projects to be ready to enter into full prototype development under the Advanced Innovative Technologies program. Activities, such as proving component and subsystem maturity prior to integration in major systems, are intended to finalize key requirements to reduce technical risk during prototype development. Due to the nature of these projects, specific applications and detailed plans are available at a higher classification level.				
FY 2024 Plans: Conduct formulation and risk reduction for five projects reviewed by the Cross Functional Teams and proposed to begin 6.4 work in FY 2025.				
FY 2025 Plans: Conduct formulation and risk reduction for five to six projects reviewed by the Cross Functional Teams and proposed to begin 6.4 work in FY 2026.				
FY 2024 to FY 2025 Increase/Decrease Statement: The increase will fund the increasing costs to conduct formulation and risk reduction activities to allow projects selected to enter Formulation in FY 2025 to be ready to enter Execution in FY 2026.				
Title: Small Business Innovative Research (SBIR)/Small Business Technology Transfer (STTR)		-	1.545	1.587
Description: This project includes estimates of funds required for SBIR/STTR based upon planned extramural research and development spending. These funds are transferred to the SBIR/STTR programs in the year of execution.				
FY 2024 Plans: Funding will be transferred to the Department's SBIR and STTR programs in the year of execution.				
FY 2025 Plans: Funding will be transferred to the Department's SBIR and STTR programs in the year of execution.				
FY 2024 to FY 2025 Increase/Decrease Statement: The increase is due to planned extramural research and development spending.				
Accomplishments/Planned Programs Subtotals		51.696	55.626	56.390

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

N/A

Remarks

D. Acquisition Strategy

N/A