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Exhibit R-2, RDT&E Budget Item Justification: PB 2021 Washington Headquarters Services **Date:** February 2020

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| 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 0603342D8W / <i>Defense Innovation Unit (DIU)</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 | 23.498 | 29.198 | 0.000 | 0.000 | - | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | Continuing | Continuing |
| 434: <i>Defense Innovation Unit (DIU)</i> | 23.498 | 29.198 | 0.000 | 0.000 | - | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | Continuing | Continuing |

Note

Effective FY 2020, the DIU transferred from WHS Program Element (PE) 0603342D8W to OSD Program Element 0603342D8Z with a functional realignment across the Future Year Defense Program (FYDP) to the Office of the Under Secretary of Defense (Research & Engineering) (OUSD(R&E)).

A. Mission Description and Budget Item Justification

The DIU mission is to accelerate innovation and help the U.S. military make faster and more efficient use of emerging commercial technologies. The Department of Defense (DoD) relies on innovation to maintain our nation's ability to deter and prevail in conflict. The DIU increases the Department's access to leading-edge technologies and talent that reside in the commercial sector. Working across the country, and in collaboration with the military departments and international partners, the DIU is developing new ways of doing business, growing our defense industrial base to include "non-traditional" companies that had previously not collaborated with the military, working with traditional vendors in novel ways to increase efficiency, and challenging innovators to share their knowledge and expertise in support of our nation's defense.

B. Program Change Summary (\$ in Millions)

| | <u>FY 2019</u> | <u>FY 2020</u> | <u>FY 2021 Base</u> | <u>FY 2021 OCO</u> | <u>FY 2021 Total</u> |
|-------------------------------------|----------------|----------------|---------------------|--------------------|----------------------|
| Previous President's Budget | 29.198 | 0.000 | 0.000 | - | 0.000 |
| Current President's Budget | 29.198 | 0.000 | 0.000 | - | 0.000 |
| Total Adjustments | 0.000 | 0.000 | 0.000 | - | 0.000 |
| • Congressional General Reductions | - | - | | | |
| • Congressional Directed Reductions | - | - | | | |
| • Congressional Rescissions | - | - | | | |
| • Congressional Adds | - | - | | | |
| • Congressional Directed Transfers | - | - | | | |
| • Reprogrammings | - | - | | | |
| • SBIR/STTR Transfer | - | - | | | |

Change Summary Explanation

Effective FY 2020, the DIU transferred from WHS PE 0603342D8W to OSD PE 0603342D8Z with a functional realignment across the FYDP to OUSD(R&E).

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Exhibit R-2A, RDT&E Project Justification: PB 2021 Washington Headquarters Services **Date:** February 2020

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|--|---|---|
| Appropriation/Budget Activity 0400 / 3 | R-1 Program Element (Number/Name) PE 0603342D8W / Defense Innovation Unit (DIU) | Project (Number/Name) 434 / Defense Innovation Unit (DIU) |
|--|---|---|

| 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 |
|------------------------------------|-------------|---------|---------|--------------|-------------|---------------|---------|---------|---------|---------|------------------|------------|
| 434: Defense Innovation Unit (DIU) | 23.498 | 29.198 | 0.000 | 0.000 | - | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | Continuing | Continuing |

Note

As of the FY 2020 President's Budget submission, the DIU has been transferred to the OUSD(R&E) for oversight, policy and control.

A. Mission Description and Budget Item Justification

The DIU mission is to accelerate innovation and help the U.S. military make faster and more efficient use of emerging commercial technologies. The Department of Defense (DoD) relies on innovation to maintain our nation's ability to deter and prevail in conflict. The DIU increases the Department's access to leading-edge technologies and talent that reside in the commercial sector. Working across the country, and in collaboration with the military departments and international partners, DIU is developing new ways of doing business, growing our defense industrial base to include "non-traditional" companies that had previously not collaborated with the military, working with traditional vendors in novel ways to increase efficiency, and challenging innovators to share their knowledge and expertise in support of our nation's defense.

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

| | | | | |
|--|---------|---------|--|---------|
| Title: Defense Innovation Unit (DIU) | FY 2019 | FY 2020 | | FY 2021 |
| <p>Description: The FY 2019 request funded the development of leading-edge technologies emerging from high-tech companies that are not traditional defense contractors. An objective of this program is to obtain innovative technological advancements developed in the commercial sector and integrate into the DoD technological ecosystem.</p> <p>In FY 2019, the DIU scaled commercial solutions essential to military-technical advantage across the joint force. Through predictive maintenance, DIU improved mission readiness by partnering with the Air Force to prototype predictive maintenance technology for the E-3 Sentry and C-5 Galaxy aircraft. The prototype reduced unscheduled maintenance by 20-40% and increased readiness by 3-6%. This prototype is being scaled across the Air Force's 5,400 military aircraft and to the Army's Apache and Blackhawk helicopters.</p> <p>The DIU also executed agile software development through Kessel Run, and saved taxpayer dollars by taking the Tanker Planning Tool from a white board to a digital application within four months at an initial cost of \$1.5 million. The tool has saved more than \$300 million and has scaled to a 300 person Air Force software development organization. Finally, DIU increased the National Security Innovation Base (NSIB) by receiving solution briefs from more than 1,200 companies based in 43 states and the District of Columbia. DIU is working with 122 non-traditional defense contractors, 66 of which are first-time DoD vendors.</p> <p>FY 2020 Plans:</p> | 29.198 | 0.000 | | 0.000 |

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| Exhibit R-2A, RDT&E Project Justification: PB 2021 Washington Headquarters Services | | Date: February 2020 |
| Appropriation/Budget Activity 0400 / 3 | R-1 Program Element (Number/Name) PE 0603342D8W / <i>Defense Innovation Unit (DIU)</i> | Project (Number/Name) 434 / <i>Defense Innovation Unit (DIU)</i> |

| B. Accomplishments/Planned Programs (\$ in Millions) | FY 2019 | FY 2020 | FY 2021 |
|---|----------------|----------------|----------------|
| Effective FY 2020, the DIU transferred from WHS PE 0603342D8W to OSD PE 0603342D8Z with a functional realignment across the FYDP to OUSD(R&E). | | | |
| <i>FY 2021 Plans:</i> Effective FY 2020, the DIU transferred from WHS PE 0603342D8W to OSD PE 0603342D8Z with a functional realignment across the FYDP to OUSD(R&E). While the DIU is newly aligned to OUSD(R&E), it will continue its current mission and overall focus. | | | |
| Accomplishments/Planned Programs Subtotals | 29.198 | 0.000 | 0.000 |

| C. Other Program Funding Summary (\$ in Millions) | | | | | | | | | | | |
|--|----------------|----------------|-------------------------|------------------------|--------------------------|----------------|----------------|----------------|----------------|-------------------------|-------------------|
| Line Item | 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 |
| • O&M: <i>PE 0901583D8W</i> | 9.026 | 0.000 | 0.000 | - | 0.000 | 0.000 | 0.000 | 0.000 | - | Continuing | Continuing |

Remarks
DIU O&M mission support funding.

D. Acquisition Strategy
N/A