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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 0603950D8Z / <i>National Security Innovation Network</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	111.066	77.032	21.575	21.322	-	21.322	21.202	21.644	22.115	22.558	Continuing	Continuing
845: <i>National Security Innovation Network</i>	111.066	77.032	21.575	21.322	-	21.322	21.202	21.644	22.115	22.558	Continuing	Continuing

Note

New Start (Y/N): No

A. Mission Description and Budget Item Justification

This program supports the Department’s initiatives to Build a Sustainable and Long-Term Advantage and Build a Resilient Joint Force and Defense Ecosystem.

The National Security Innovation Network (NSIN) activities build networks of innovators that generate new solutions to national security problems. On April 4, 2023, the Secretary of Defense issued a memorandum re-elevating the Defense Innovation Unit (DIU) Director as a direct report to the Secretary of Defense. In July 2023, the DIU Director announced a reorganization that integrated NSIN into DIU to maximize strategic impact.

DIU will continue to develop and execute programs that engage these networks to solve the problems of Department of Defense (DoD) entities from the Military Services, Joint Staff, Combatant Commands, Defense Agencies, and Field Activities. These programs are in line with Section 231 of the Fiscal Year (FY) 2022 National Defense Authorization Act (NDAA) requirement to build a "pilot program on the use of private sector partnerships to promote technology transition," Section 219 of FY 2021 NDAA to establish national security innovation partnerships, and Section 225 of FY 2018 NDAA guidance for the Secretary of Defense “to support national security innovation and entrepreneurial education programs.”

The Regional Network Team is responsible for building the networks of innovators. The physical network is spread across nine (9) regions spanning the Continental United States and reaching out to Hawaii and Alaska. Regional engagement activities are led by nine (9) Regional Directors supported by additional Regional Network Team members able to reach into critical venture innovation hubs throughout the country including: Boston, MA; New York City, NY; Washington, DC; Orlando, FL; Chicago, IL; St. Louis, MO; Austin, TX; Denver, CO; Seattle, WA; San Diego, CA; and San Francisco, CA. Additional members of the Regional Network Team currently include Regional Engagement Principals (REPs) that are embedded in - and have responsibility for - critical innovation ecosystems within each region including universities and other tech hubs. This team will be integrated with DIU’s commercial and regional engagement efforts to reduce duplication, strengthen national outreach, and foster cross-pollination of activities across the technological maturity spectrum.

DIU will strengthen pathways for talent to serve and facilitate access to early-stage companies to engage with the Department through the following programmatic portfolios:

- The Talent Portfolio provides opportunity for individuals outside the traditional federal talent pipeline to serve our country and solve real-world national security, technology, and policy challenges. By bridging the gap between students, academics, and entrepreneurs to engage with the Department of Defense (DoD), DIU is

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helping build a deep bench of diverse, qualified civilian and military workers to preserve our competitive emerging technology advantage with resilient personnel trained for the unpredictable global operating environment.

- The Venture Portfolio develops and executes programs and services to facilitate access to emerging technology as it engages the talents of fast-moving innovators and non-traditional problem-solvers. The Venture Portfolio works directly with dual-use early-stage ventures emerging from both the academic and venture community who have solutions that address DoD problems. The Venture Portfolio creates advantage for defense innovation through customer discovery and solution adoption.

- The Transition Cell bridges the gap between post-program participation and solution implementation, facilitates market research within the non-traditional early-stage venture ecosystem, and provides education and resources to strengthen and fortify dual-use business maturity of alumni ventures, and provides materials and consultation to the DoD on the various authorities and vehicles available. The Transition Cell enables the identification of reusable pathways to get solutions to the place where they will have the greatest effect.

B. Program Change Summary (\$ in Millions)	FY 2023	FY 2024	FY 2025 Base	FY 2025 OCO	FY 2025 Total
Previous President's Budget	79.268	21.575	21.279	-	21.279
Current President's Budget	77.032	21.575	21.322	-	21.322
Total Adjustments	-2.236	0.000	0.043	-	0.043
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-2.228	-			
• Cancelled Account	-0.008	-	-	-	-
• Program Adjustment	-	-	0.043	-	0.043

Congressional Add Details (\$ in Millions, and Includes General Reductions)

Project: 845: *National Security Innovation Network*

Congressional Add: *Secure Email Access*

Congressional Add: *DoD mission acceleration centers*

Congressional Add: *Adaptive Threat Force Cyber Cell*

Congressional Add: *Hacking 4 Defense*

Congressional Add Subtotals for Project: 845

Congressional Add Totals for all Projects

	FY 2023	FY 2024
	1.240	-
	50.000	-
	1.000	-
	5.000	-
Congressional Add Subtotals for Project: 845	57.240	-
Congressional Add Totals for all Projects	57.240	-

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Change Summary Explanation

Slight decrease of \$0.081 million reflects minor budget fluctuations. A reduction of \$0.215 million was applied to meet DoD overall funding reductions, which were spread to mitigate impact. Funding increase of \$0.043 million for Economic Assumptions.

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Appropriation/Budget Activity 0400 / 3					R-1 Program Element (Number/Name) PE 0603950D8Z / National Security Innovation Network				Project (Number/Name) 845 / National Security Innovation Network			
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
845: National Security Innovation Network	111.066	77.032	21.575	21.322	-	21.322	21.202	21.644	22.115	22.558	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		

A. Mission Description and Budget Item Justification

DIU will execute a range of programs and activities to enhance DoD's access to technologists and entrepreneurs for the purposes of improving its talent pool, enable collaboration with universities and the early-stage venture community to develop novel concepts and solutions for end-user problems and requirements, and prototype and test new technologies to place them on the path to becoming programs of record or integrated with existing platforms.

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

	FY 2023	FY 2024	FY 2025
Title: National Security Innovation Network (NSIN)	19.792	21.575	21.322
<p>Description: Following the FY 2023 reorganization, DIU will take on the mission to build networks of innovators that generate new solutions to national security problems. DIU will continue ongoing efforts to develop and execute programs that engage these networks to solve the problems of Department of Defense (DoD) entities from the Military Services, Joint Staff, Combatant Commands, Defense Agencies, and Field Activities.</p> <p>FY 2024 Plans: This initiative will continue to:</p> <ul style="list-style-type: none"> •Pilot additional program concepts in partnership with the DoD Service Labs, the OSD Office of Small Business Programs, and OSD(Research and Engineering), including efforts to increase participation of non-traditional personnel and organizations in the Defense innovation ecosystem. •Conduct at least 10 national prize challenges on areas of critical need for the Department of Defense. •Further integrate the Regional Network Team activities across the US, and in partnership with DIU's Global Partnerships team, explore global coverage in direct alignment with the DIU 3.0 Strategy. •Establish initial 5 strategic locations for Defense Innovation OnRamp Hubs and explore expansion to additional sites to meet DoD warfighter needs. <p>FY 2025 Plans: Under the reorganization, this initiative will:</p> <ul style="list-style-type: none"> •Establish a coherent front-door for dual-use and emerging technology companies to access the Department of Defense in partnership with the Office of Small Business Programs and Service innovation organizations. •Expand successful outreach pilots to HBCU/MSIs •Strengthen the talent pipeline to serve our country and solve real-world national security, technology, and policy challenges. 			

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Appropriation/Budget Activity 0400 / 3	R-1 Program Element (Number/Name) PE 0603950D8Z / <i>National Security Innovation Network</i>	Project (Number/Name) 845 / <i>National Security Innovation Network</i>
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B. Accomplishments/Planned Programs (\$ in Millions)	FY 2023	FY 2024	FY 2025
<p>•Facilitate and accelerate global exchange of commercial technology and expertise via prize challenges, dual-use accelerator programming, and other programming.</p> <p>FY 2024 to FY 2025 Increase/Decrease Statement: Slight decrease of \$0.081 million reflects minor budget fluctuations. A reduction of \$0.215 million was applied to meet DoD overall funding reductions, which were spread to mitigate impact. Funding increase of \$0.043 million for Economic Assumptions.</p>			
Accomplishments/Planned Programs Subtotals	19.792	21.575	21.322

	FY 2023	FY 2024
<p>Congressional Add: Secure Email Access</p> <p>FY 2023 Accomplishments: Scoped and identified location of future secure facility at the University of Rhode Island. Identified process steps needed to fully fund and execute this program. In the second year of execution continue the establishment of a pilot program designed to enable access to a secure facility at URI that will be available to “cleared” faculty researchers, visiting government researchers, and industry partners.</p>	1.240	-
<p>Congressional Add: DoD mission acceleration centers</p> <p>FY 2023 Accomplishments: The Defense Innovation OnRamp Hubs will give the DoD the opportunity to co-locate and collaborate with non-profits, academia, and a broad spectrum of private industry and provide programming to: (1) Facilitate Collaborative Interaction with the DoD, Academia, and Venture Communities; (2) Broaden the National Security Industrial Base; and (3) Mature the Network. Initial funding provided by FY 2023 congressional add. In FY 2025, funding for Defense Innovation OnRamp Hubs will be provided to the DIU PE 0603342D8Z.</p> <p>•Responded to Section 231 of the NDAA for FY 2022 requirement to build a "pilot program on the use of private sector partnerships to promote technology transition". DIU will provide mechanisms for data capture of small business interest in working with the DoD.</p> <p>•Funded initial programming and tech scouting activities to coincide with the development of the OnRamp Hubs in several locations.</p> <p>•Placed first five locations on contract for OnRamp Hub site standups in September 2023.</p> <p>In second year of execution, plan to:</p> <p>•Employ \$32M in FY 2023 funding to expand local community outreach via Defense Innovation OnRamp Hubs, including but not limited to standup of the initial five sites, associated required programmatic support and options for expansion of scope and locations in line with potential for DoD strategic impact.</p> <p>•Conduct programming to support the OnRamp Hubs, through accelerators, prize challenges, and mentoring activities designed to support early-stage ventures as they navigate the NSIB</p>	50.000	-

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	FY 2023	FY 2024
<ul style="list-style-type: none"> •Continue to support the development of a national network of geographically dispersed and strategically located innovation defense ecosystems to seed new talent and technology into the Department. •[This funding has been shifted to the DIU PE line 0603342D8Z in the President’s Budget Request for Fiscal Year 2025 in alignment with the closer integration of NSIN into DIU to maximize strategic impact.] 		
Congressional Add: Adaptive Threat Force Cyber Cell	1.000	-
FY 2023 Accomplishments: The Adaptive Threat Force Cyber Cell conducted local challenges and support at Camp Shelby during Thunderstrike.		
Congressional Add: Hacking 4 Defense	5.000	-
FY 2023 Accomplishments: Executed 28 Hacking 4 Defense (H4D) classes at 20 major universities within the Continental United States and Hawaii in the 2023-2024 academic year.		
Congressional Adds Subtotals	57.240	-

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

N/A

Remarks

D. Acquisition Strategy

N/A