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The Honorable Pete Hegseth
Secretary of War
1010 Defense Pentagon
Washington, DC 20301-1010

Subj: Executive Order Linking Incentives to On-time Delivery Revised

Dear Hon. Secretary of War Hegseth:

This letter supersedes the letter dated January 12. It now cites the Dept. of War 2026 National Defense Strategy (NDS) commitment to clear away outdated policies, practices, regulations, and other obstacles to the type and scale of production that the Joint Force requires for the priorities before us.

The Executive Order, *Prioritizing the Warrior in Defense Contracting*, requires you to ensure that future contracts stipulate that executive incentive compensation for contractors will be linked to on-time delivery. My recommendations herein can help to implement that directive plus meet requirements of your Acquisition Transformation Strategy (ATS) and the NDAA for FY 2026.

ATS includes the Wartime Production Unit's mission to accelerate the delivery of weapons to Warfighters by structuring business deals that craft financial incentives that will result in strong contractor performance. ATS also includes your commitment to integrate adoption and investments in digital engineering (DE) which will maximize mission outcomes and to ensure our digital environments and tools are fully integrated with industry.

NDAA for FY 2026

The NDAA for FY 2026 require you to:

1. Review best practices for the use of DE tools (including digital twins and digital threads), recommendations for improvements to the use of DE tools, and incorporate, to the maximum extent practicable, best practices such as integration of supporting or complementary data from digital twins or other model-based systems engineering (SE) tools.
2. Incorporate best practices such as integration of supporting or complementary data from digital twins or other model-based SE tools.
3. Revise guidance and manuals to include integrating modeling and simulation at every level, from enterprise to individual operation, including utilizing DE.

NDS

The NDS, dated January 23, 2026, includes a commitment to clear away outdated policies, practices, regulations, and other obstacles to the type and scale of production that the Joint Force requires for the priorities before us.

So, please kill those birds with one stone by revising acquisition regulations, policy, and guides to require that contractors and Portfolio Acquisition Executives are required and incentivized to utilize outcome-based metrics that are authoritative sources of truth (ASoT) based on completed artifacts from

the DE ecosystem. My white papers and articles in *Defense Acquisition Magazine* provide recommended revisions.

At the same time, take actions to ensure that PAE's do not waste time and get misled by utilizing or analyzing manipulated Earned Value Management System (EVMS) metrics from contractors whose processes are compliant with the EIA-748 EVMS guidelines. That EVM data is not "trustworthy" per the criteria of the *DoD Data, Analytics, and AI Adoption Strategy* and are not ASoTs.

White papers were revised on January 18 and today. They include additional information from DODI 5000.97 DE regarding ASoTs and from the DoD Data, Analytics, and AI Adoption Strategy regarding one data attribute for digital data, "trustworthy." They also cite ATS directions to remove unnecessary process and regulations, such as the DFARS EVMS clause, and to leverage existing authoritative data sources, including contractor data and automated reporting mechanisms to assess program performance and the complementary NDS commitment to clear away outdated policies, practices, and regulations.

The white papers are at www.pb-ev.com.

Yours truly,



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