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Defence & Aerospace Insights

Developing an effective defence acquisition regulator

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The importance of buying well

With the ever-growing challenges on national budgets and the increasing need for national independence and Freedom of Action, more nations are adopting national defence acquisition models that involve both military and government regulatory organisations.

There are significant benefits in such models including better transparency when acquiring defence equipment, greater opportunities for synergistic buying across military and national security forces, and stronger negotiating power with defence equipment providers.

But how does a nation build a defence acquisition regulator that provides the best value to the nation and ensures that the most effective defence capabilities are acquired to meet the National Security Strategy?

This paper looks at the key considerations for a nation when developing a defence acquisition regulator and the decisions that must be made to ensure such an organisation is effective.

Key considerations when developing a defence acquisition regulator

Catering for the different levels of defence acquisitions

Acquiring defence equipment is like no other industry, it is complex, multi-leveled and long lasting in equipment lifespans. An acquisition regulator must build an operating model that caters for all levels of acquisition & procurement

Deciding the role to take that adds most value

There are several stages in a defence acquisition lifecycle, from defining initial capability need, through equipment management, to eventual equipment disposal. A regulator must decide which role to take to add the most value to the national defence ecosystem, and whether that role is in the form of active responsibility or in more of a governance/scrutiny capacity.

Ensuring the ecosystem is structured for success

Whatever role is taken, a regulator cannot succeed alone, the national ecosystem involving the military forces, local industry and other government entities must all be aligned and working together.

Identifying the skills needed and how to access them

The complex nature of defence acquisition requires a regulator to have access to a wide range of expertise in defining capability, commercial modelling, defence engineering experience and specialised expertise when acquiring defence equipment.

Catering for the different levels of defence acquisition

A successful defence acquisition regular must understand the different levels of complexity when acquiring defence equipment & capability and ensure the process, skills and governance is established in the correct manner to excel in all forms.

Buying

Low level buying at a transactional level, including basic commodities such as rations & disposables.

- Low in Complexity
- Small Scale
- Defence expertise not required
- Basic procurement skills needed

Purchasing

Purchasing of regular equipment on a larger scale but still not complex, examples include fuel and office equipment.

- Small in Complexity
- Medium Scale
- Defence expertise not required
- Basic procurement & supplier relationship management needed

Procuring

Specific requirements, but not overly complex, examples include procuring consulting & advisory support.

- Reasonable Complexity
- Medium Scale
- Some defence experience required to define needs
- More advanced knowledge of procurement & commercial forms

Acquiring

Highly complex military equipment with long life spans and multifaceted technical and commercial aspects

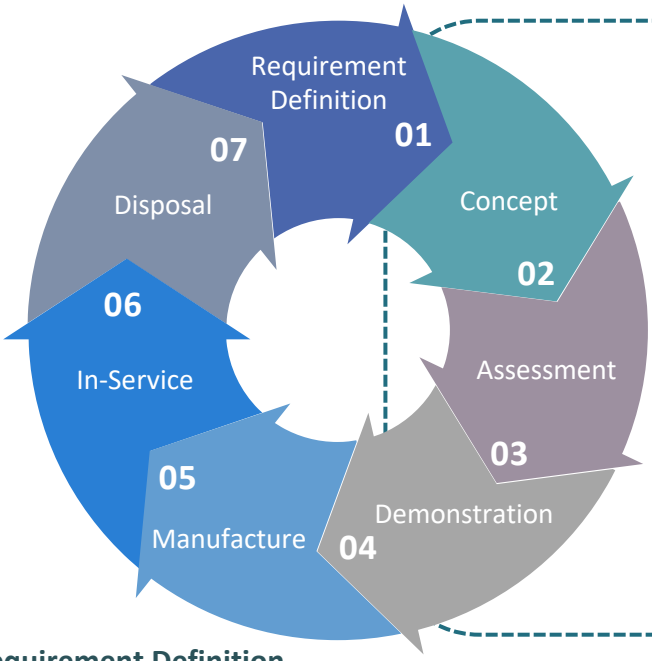
- High in Complexity
- Large Scale
- Extensive defence experience required
- Advanced knowledge of defence contracting & equipment management required

Defence Examples

- Medical Supplies
- Food Rations
- Logistics Services
- Security Solutions
- O&M Services
- Advisory Services
- Weapons & Missiles
- Fighter Jets

Deciding the role to take that adds the most value

Defence acquisition is complex, equipment & capability often has long life spans (over 20 years), and the acquisition lifecycle involves significantly more than just purchasing of this equipment. A regulator needs to decide what role is best for them to take, to add the most value and what role the nation's military will play.



Acquisition Scrutiny

Even if a regulator decides not to take an active part in these stages of the acquisition lifecycle, a level of scrutiny should be applied to ensure the processes are governed in the correct manner, especially for the more substantial strategic acquisitions.

01 Requirement Definition

Defining the capability required is an essential part of the acquisition lifecycle, should a regulator take on this responsibility or should the military perform this function?

02 Concept

Who decides what companies should be approached to provide this capability need? Should this be the regulator or military who performs this initial market approach?

03 Assessment

Should the regulator manage the tender process, assessing proposal submissions from both a technical and commercial perspective? Who is best placed for this role?

04 Demonstration

Down-selecting providers and conducting commercial negotiations is a vital role, who is the best placed organisation to perform this role? The regulator or the military?

05 Manufacture

Who should oversee the provision of this equipment/capability, does this responsibility lie with the regulator, the military or a local industry provider?

06 In-Service

Military equipment have long life spans, is the regulator responsible to oversee this Through Life Management or does that responsibility reside elsewhere?

07 Disposal

Disposing of both existing redundant equipment as well as disposal planning for new acquisition is integral, is this a role that the regulator provides or another?

Ensuring the ecosystem is structured for success

To deliver the most value, there are certain enablers that a regulator must ensure are in place. Some of these will be within the control and authority of the defence acquisition regulator, whilst others will require constant engagement with external stakeholders.

Budgets must be moved within the Regulator

To manage defence acquisitions & procurements effectively, the associated budgets must be assigned under regulator control, so that acquisition strategies & plans can implemented.

Protocols for urgent military requirements

A regulator must build in a protocol for Urgent Operational Requirements (UORs). These protocols required quicker decision making and more flexible commercial models.

Positive relationships with military acquisition teams

There are examples around the world where defence acquisition has moved in part from a military to a regulator, to bad effect. For there to be an effective defence acquisition ecosystem in place, military and regulator must be working in harmony.

Effective tools and systems to support

Comprehensive defence acquisition tools and systems must be put in place to support the regulatory team in managing the acquisition process, minimise paperwork, and improve decision making efficiency. 75% of the costs of acquiring defence equipment is incurred after the contract is agreed, so Through Life Management is a vital aspect that must not be ignored.

Decision making stability is essential

A regulator must ensure that there is consistency and stability from defence acquisition decision makers, as constantly changing approaches and directions cause confusion and frustration in the defence ecosystem.

Understanding & agreement of priorities & timescales

Defence acquisitions can often lead to clashes between the time it takes to progress through an acquisition process, at the desired levels of governance & scrutiny, vs. the need for such equipment for use by the military. Alignment and clarity with the military is always needed to avoid this as much as possible.

Identifying the skills needed and how to access them

Depending on the role that the regulator decides to take within the acquisition lifecycle, new skills and team members will need to be accessed. These skills may not however all be needed as a constant, rather accessed in a manner as needed depending upon the specific acquisition of equipment / capability in question.

Expertise needed dependent on acquistion role taken by regulator

Defence Capability Experts

Defence Commercial Experts

Defence O&M and TLM Experts

Defence Disposals Experts

01 Requirement Definition

There are many digital tools that can be used to help TLM & contract management teams.

02 Concept & Market Approach

03 Assessment & Managing Tender Process

04 Demonstration, negotiations & choosing provider

05 Manufacture & Delivery oversight

06 In-Service & Through Life Mgt (TLM)

07 Disposal

Expertise & skills needed			
Experts in creating capability requirements to issue to the market and assessing whether proposed equipment meets such requirements.	Experts in defence commercial models and forms, understanding of Through Life commercial models and experienced in defence commercial negotiations.	Technical expertise in defence Operations & Maintenance and Through Life Management, with ability to assess the viability of proposed TLM solutions and oversee implementation.	Expertise in building and managing defence disposal capabilities, including gifting, exporting, international defence equipment sales, and safe disposals.

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If you would like to know more about how we can support you with your acquisition development need, please do contact us:

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