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Exhibit R-2, RDT&E Budget Item Justification: FY 2018 Office of the Secretary Of Defense	Date: May 2017
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Appropriation/Budget Activity 0400: <i>Research, Development, Test & Evaluation, Defense-Wide I BA 6: RDT&E Management Support</i>					R-1 Program Element (Number/Name) PE 0305245D8Z I <i>Intelligence Capabilities and Innovation</i>							
COST (\$ in Millions)	Prior Years	FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	FY 2019	FY 2020	FY 2021	FY 2022	Cost To Complete	Total Cost
Total Program Element	-	0.000	0.000	18.992	-	18.992	19.427	19.528	19.676	20.074	Continuing	Continuing
001: <i>Intelligence Capabilities and Innovation</i>	-	0.000	0.000	18.992	-	18.992	19.427	19.528	19.676	20.074	Continuing	Continuing

A. Mission Description and Budget Item Justification

These funds were transferred from PE 0305193D8Z, Cyber Intelligence in order to support the expansion from a predominantly cyber focus to include broader intelligence capabilities activities. Intelligence Capabilities and Innovation funds development, testing, prototyping and demonstration of innovative intelligence capabilities to integrate intelligence and counterintelligence activities across numerous domains and technical areas including signals intelligence (SIGINT), measurements and signature intelligence (MASINT), electronic warfare, cyber, geospatial intelligence (GEOINT), multi-sensor integration, biometrics, identity management, collection management, special communications, clandestine operations, and tagging, tracking and locating. Innovation is the rapid experimentation and development of existing technologies (hardware, software, licenses, databases, analytics, etc.) to create new capabilities and demonstrate their intelligence value in support of warfighter operations.

<u>B. Program Change Summary (\$ in Millions)</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018 Base</u>	<u>FY 2018 OCO</u>	<u>FY 2018 Total</u>
Previous President's Budget	0.000	0.000	18.992	-	18.992
Current President's Budget	0.000	0.000	18.992	-	18.992
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

This PE was created in FY 2018 in order to describe the expanded focus and scope to include emerging technology solutions in support of the Defense Intelligence Enterprise cyber and technical collection requirements and gaps.

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Exhibit R-2A, RDT&E Project Justification: FY 2018 Office of the Secretary Of Defense										Date: May 2017		
Appropriation/Budget Activity 0400 / 6					R-1 Program Element (Number/Name) PE 0305245D8Z / <i>Intelligence Capabilities and Innovation</i>				Project (Number/Name) 001 / <i>Intelligence Capabilities and Innovation</i>			
COST (\$ in Millions)	Prior Years	FY 2016	FY 2017	FY 2018 Base	FY 2018 OCO	FY 2018 Total	FY 2019	FY 2020	FY 2021	FY 2022	Cost To Complete	Total Cost
001: <i>Intelligence Capabilities and Innovation</i>	-	0.000	0.000	18.992	-	18.992	19.427	19.528	19.676	20.074	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		
A. Mission Description and Budget Item Justification Intelligence Capabilities and Innovation funds development, testing, prototyping and demonstration of innovative intelligence capabilities to integrate intelligence and counterintelligence activities across numerous domains and technical areas including SIGINT, MASINT, electronic warfare, cyber, GEOINT, multi-sensor integration, biometrics, identity management, collection management, special communications, clandestine operations, and tagging, tracking and locating.												
B. Accomplishments/Planned Programs (\$ in Millions)										FY 2016	FY 2017	FY 2018
Title: Intelligence Capabilities and Innovation										0.000	0.000	18.992
FY 2016 Accomplishments: N/A												
FY 2017 Plans: N/A												
FY 2018 Plans: Will develop Intelligence Capabilities and Innovation capabilities and capacity to support combatant commands, combat support agencies, and Services to execute cyber and asymmetric operations activities to include critical and emerging intelligence capabilities and innovation as well as emerging technology solutions in support of Defense Intelligence Enterprise cyber and technical collection requirements and gaps.												
Accomplishments/Planned Programs Subtotals										0.000	0.000	18.992
C. Other Program Funding Summary (\$ in Millions) N/A Remarks D. Acquisition Strategy Intelligence Capabilities and Innovation acquisition, management, and contracting strategy follows guidance outlined in the DoD 5000 series directives, Federal Acquisition Regulation (FAR) and FAR supplement policies and procedures. Management uses project management tools and meetings to ensure delivery of stated capabilities and performance criteria.												

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E. Performance Metrics

Performance Metrics are measured through internal management controls and external assessments. Performance metrics include, but are not limited to, time, money, realism, fidelity, and transition as defined below:

- Time – Enable the warfighter to speed up processes faster than current capabilities allow.
- Money – Enable the warfighter to reduce duplication of effort and to prepare and execute events at a more effective and efficient cost than current capabilities allow.
- Realism – Enable the warfighter to create an environment that is close to the real world environment that current capabilities allow.
- Fidelity – Ensure unity of efforts throughout the Intelligence Capabilities and Innovation communities.
- Transition – Select projects that have the greatest likelihood of transition to operational capabilities.