

## **Transcript from DON IT Way Ahead Discussion held Jan. 27, 2011, at the DON IT Conference in San Diego**

**Mr. Terry Halvorsen, DON CIO:** I'll make a few opening remarks and tell you who's up here. I'll talk a little bit about what the tasking I think to the DON CIO office is, let Janice [Haith], who represents N2/N6 and the [DON Deputy CIO]; Kevin Cooley who is from 10th Fleet, who is the operational representative for Navy today; and we expect [BGen] Kevin Nally who is the [DON Deputy CIO] for Marine Corps to be here. Kevin and the Marines had to go to Pendleton this morning; hopefully they'll make it back. Hopefully they'll join us, but if not I'll be happy to field questions for the Marine Corps in our new partnership spirit.

Here's what I think we are trying to do with a little bit of a reinvigorated DON CIO; we are in a financially challenging environment. You heard the Under's speech yesterday, I believe the services are in the best shape they can be in going into this, but I think we are going to have some hard decisions to make, which he alluded to. How do we prioritize? I believe, and the Under and SECNAV believe, that there are some effectiveness gains we can make and there are some efficiency gains we can make by operating as a DON Enterprise, where we take the Marine Corps and the Navy and the Department and we partner to do some things more effectively and efficiently.

You are going to keep hearing me say effectively. I am a big believer that if you are effective and you do things effectively you will get efficiencies. Effective in my mind has a quantity about being efficient. Some of you heard a little bit of this yesterday, but when you're planning a combat mission, and you want to get the mission done effectively, one of the key elements to getting it done effectively is that you do it with minimal casualties. Similar type planning here: If we are going to do this effectively, we are going to do it with the minimum resources required to get the mission done. Whether it's the mission of storing data, the mission of moving data, what is the minimum number of resources required to get the mission done effectively? We don't want to make efficiency decisions that are just plain stupid and don't get the mission done effectively. We don't want to do that; that is not the goal here. This is being effective and efficient, and you are going to hear that from me just about every time you hear me speak until you are tired of hearing it.

I think we get confused and get very focused on the efficiency piece of this, which I can understand, I'll tell everybody here a lot of meetings I go to start out with efficiencies before we get to effectiveness. But I think it's one of my positions to keep reminding everyone to be effective at the same time we talk about being efficient. One of the things that the office of the DON CIO is tasked to do, out of the new memo from the Under, is we are tasked to coordinate, identify and assist the Deputy Under in tracking all of the IT efficiencies. I owe as part of my objectives on the 28th of February, a POAM on what we are going to do DON-wide to start getting at effective efficiencies. How do we get there? I have a great team, I think, with Janice, Kevin and Kevin and some of the other members of the Navy and Marine Corps to get there, but we're going to need a lot of help. And just like any team, there will be times when we disagree, and that's OK. We have a process that we are going to use to work through disagreements.

One of the things we have established is called the IT Governance Board. It is chaired by the DON CIO, co-chaired by the Deputy CIO of Navy, and Deputy CIO of the Marine Corps. It includes the operational elements; it includes some of the Secretariat staff and some of the other key players we need. We will look at the efficiencies and we will make decisions when we can. I'll share a quote with you from a man I use to work for that I think you need to operate. In the Department of Defense we are all about protecting Democracy, but we are very little about practicing it. You don't vote in DoD. So what we will do is get positions. So we may have four people who agree, but one who does not. What we will then do is put the disagreement into our package that we send up to leadership so that they get the full package for decisions. I think that's what we owe leadership. They can then decide what they want to do.

We are also working on an agreed upon Mission Business Case Analysis tool that we all agree we will use to help make decisions. Decisions hopefully will be guided by fact, not what we believe in. Beliefs are not what you want to make your decisions on. I'm not going to lose sight of the mission, so that has to have a focus in any business case. That is important to both the services. They have mission requirements that we have to acknowledge are above the business requirements. When the tool is complete we will publish that tool. I want to send it to industry if we can. It is my intent to make that Mission Business Case Analysis tool and format available to industry so you know what we're looking at.

I don't think it should be a surprise to anyone, some of the areas that we have to begin concentrating on. It says so right in the memo. We are going to look at data centers, and that is a touchy subject. Marine Corps has a plan right now; they are going to put a data center in Kansas City. Navy has some plans about consolidating some of the NMCI data centers and reducing some of their legacy data centers. The next step is where it is going to get harder. Marine Corps wants to look and see where do I want to build my back-up data center? And my question is going to be why? Why don't you back-up with the Navy? We are going to work through that, and see what makes sense. I don't expect every time that it's going to be an easy discussion. It's a bit of a different culture for us to work in to try to build a DON Enterprise. We normally work in the two service enterprises with the DON providing some guidance on policy. The DON is going to provide more than guiding policy – that's in the memo – hopefully in a partnership with the Navy and the Marine Corps. There are times when it will make sense not to do things at the Enterprise level; bigger is not always better.

We are going to look to do things, and that's probably the wrong way to say that. You will hear the terms application rationalization, application reduction. We have to do better at application and data usage. We need a data strategy. That's an easy thing to say, but everyone has different definitions for data strategy. We've got to work on what is our data strategy and what does that mean? In some simple terms I will tell you. Right now, we run too many variations of similar applications across the network. It eats up bandwidth, and makes it more complicated to run the network because you have to test all those applications. We can't afford that anymore. We've got to look at how we manage and control the networks better. One of the reasons that you'll see Kevin here, as we move to an environment where the government has more oversight and control of the networks, we've got to get some better processes to have control. We have a couple of issues we are faced with right now. Let's say an Echelon II or a Marine Corps command are going to move some people around, that sounds like an easy thing to do. It is physically, but how

the network connections work might not be that easy. We have a lot of historical buildings, that only parts of them may have been expanded to handle the IT level we want to be on. We have not had consistent processes in how we do that. We've got to have some better control both at the Department and Service level from the operational perspective on how we do that. It is going to cause some aggravation of authority at the Service and Department level. That will be a hard process for some of us. We will have to look at some of our policies.

The DON CIO has been tasked to review all of the policy and instructions we have with the goal of getting rid of any policy we don't need. And we have some policy that we don't need. To be more precise, it's either unclear or unexecutable. I said this yesterday: Don't issue orders that you didn't give people the tools to execute. People will then do dumb things to try to comply. I have been in a position where some of the policies that came down were not executable. One of the things we are going to do is involve all of you in how we write policy. That's good and bad news. It's hard to write it right so that it can be executed; same thing with some of the resource things. The two Kevins have got to enforce things on the network from an operational standpoint that we haven't given them the money to do. But we've said, "Go do it" – probably not the smartest way to do that. We've got to talk about how to do things with the operators. You will get to be in that discussion too.

We've also been tasked to look at how we redefine the two roles of the Deputy DON CIOs. I want it clear that as DON CIO we would not eliminate either of those roles, they are very important. Services own some of this money under services money. There has to be a spirit of cooperation and trust. None of this works without a trust relationship. That doesn't mean that you are always cordial and kind. We've got to be able to have frank and open discussions. We will have a process to get through disagreements. I want you to bring up the facts as you see them. They may not be right and that's OK. I may be completely wrong, and we will have those discussions. We've got to get a little better trust relationship. That goes down to Echelon II and Marine commands that when they bring us a money issue that we aren't going to just take their money.

As we find these efficiencies, you will get to keep them in your department for reinvestment. Will that always happen? No. But I think that will happen to the extent that we can pay the bills. Even SECDEF has a boss, the President. So he may need to move funds around. We defend democracy here, we don't practice it.

In our military environment we take orders. SECDEF takes orders. But I do think the Under and SECNAV believe that right now as the Services and Department generate efficiencies that you get to keep them. We will get to compete for those that we might not get to automatically keep. The last thing I want to say is that from the DON CIO I believe I have a series of customers. Certainly one of my customers, and I care a lot about him, is the SECNAV and the Under. That's kind of a given. As important, my other two big customers are the Navy and Marine Corps. My third level of customer is all of you, including industry. One of the things we are going to establish in the DON CIO is a series of metrics that lets me evaluate how well I am serving my customers based on their feedback. So Kevin is going to be able to say I think the DON CIO is doing good, adding value, or it's not. Janice the same and the same for the operational piece. I am

going to do that same for them. I am going to give them a scorecard and say how well they are doing or not so that we all know where we're at.

You are going to receive a survey electronically, and I want you to be honest in your feedback. I am going to focus on the negative because you learn more from that. I want to know what was good and what was bad and what you learned from it. Did it give you any value? Did you go back and change something you were going to do, look at something differently, add value in a way you wouldn't have before? If you did not see the value we are going to cancel this session; I don't want to waste anyone's time.

I am now going to ask the panel for comments and then we will take your questions. All of us will be candid in our responses to the extent that we can. Janice?

**Ms. Janice Haith, N2/N6:** Good morning, as you know I represent Admiral [Jack] Dorsett. He is the Deputy DON CIO for the Navy and I am the director of assessments and compliance, and I execute that function for him. How many of you have seen our NAVADMIN that was released on the 13th of January of this year? Not everybody, huh? Well, we had a CEB, which is the CIO's Executive Board, and at the CEB back in November, as part of the efficiencies with the DON CIO we got the VCNO and all of the stakeholders to agree to some changes the Navy needed to do for our enterprise. We are trying to get ahead of the game for resource constraints. As a follow-up, we put out the NAVADMIN and received a lot of concerns and comments.

We've had lots of people ask why we put a moratorium on Data Center Consolidation. I think Terry explained it well; we are in a resource constrained environment. We have excess capacity and have to explain why we have so many data centers all over the world. In addition to that, the President told us we need to reduce our footprints in our federal space and become green. One of the things we've done, is next Wednesday, we have a VTC with all of the Echelon IIs from the Navy, just the Echelon IIs, I want to make that clear, and we are going to discuss the NAVADMIN with you in greater detail. In addition, we gave you some targets and said our initial target for data center consolidation is 25 percent. We're talking mission business center capability. We also asked you to increase your server virtualization and utilization rates. We can't have data center consolidation without those two things happening first. This is not a data center consolidation effort where we are going to forklift from one center and move it to the next and call it data center consolidation. That's not what it is. That's just moving and closing buildings. That's not efficient.

If you are an Echelon II CIO you should have received an invite to participate in the VTC next Wednesday to discuss data center consolidation. Following that, on the 10th of Feb. we are having another discussion to talk about enterprise software licensing. We have agreed to partner with the Marine Corps for a DON Enterprise Software Licensing Program and the Marine Corps will make it clear, they have a process in place that we are going to use. We know that means the Navy has to provide some resources, meaning money and people, to the Marine Corps to get this going – we are willing to do that. Our first software enterprise license we are going to go after is Microsoft. I've got to find out from you guys what are your requirements.

The third thing Admiral Dorsett is concerned about in the NAVADMIN is thin client. We believe that the majority of the Navy can be on a thin client environment. So we want to pursue

that. The training center here in San Diego has done it, and they do it on the high side. If they can do it on the high side we can do it on the low side, and we need to figure out how to do it. You get the same capability: it's fast, and we like it. But we need your input. I know you are all tired of data calls, but we need your input. I'm going to turn this over to Kevin.

**Mr. Kevin Cooley, Fleet Cyber Command/10th Fleet:** I just want to share a couple of thoughts with you this morning. The first thing is: We are in a fight. And most of us in the room have an appreciation for that, but we really are. From an operational perspective, we talk a lot about efficiencies, you heard Terry talk about effectiveness. So I acknowledge efficiencies but I am really about effectiveness. So what we need to do to get that is arming the cyber community in the Navy as well as our Navy combatant commanders with the knowledge and tools they need to prevail in this aspect of the fight. It's real work, it's serious, and we need some help.

So when we talk about this balance between localized control, centralized control, part of how I look at those discussions is the implications for different control mechanisms, governance, the handling of money, etc. as far as how it positions us to win in that fight. In a larger sense, if there is one thing that keeps me up at night, it's the realization that we never actually end up fighting the war that we think we will fight. We always end up learning something about the adversary at the beginning of the fight, and no plan survives contact with the adversary and we have to start adapting. We've gotten really, really good at adapting. And the extent to which we've been able to prevail and meet the needs of the nation has a lot to do with our ability to adapt. So when we think about the IT systems we create, how adaptable are they? How agile are they? They need to meet some set of requirements. Now, the adversary gets a vote, and we start changing things and we get into a race with the adversary for how fast we can make changes and gain an advantage. So as you all think about what you do and how you contribute to the creation of these capabilities, I'd ask you to think about how adaptable are these capabilities that we are creating? We need to see that those things are more adaptable today than they were yesterday.

**BGen Kevin Nally, HQMC C4:** Good morning, apologize for being late. I think they've said everything, so I'll be brief, we are out of money. We are in a fiscally constrained environment right now. So for the next five years we are going to pretty much have to do with what we have and work from there with how we are going to progress forward. I feel really confident with how the Marine Corps has positioned itself for the next five years. We're moving toward one data center in Kansas City, and we are regionalizing with our network operations security centers. So, come 1 October, we'll be down to three networks: NIPRNET, SIPRNET, and our recruiting network. So right now we're at five and we're going to consolidate it down to three. Within 43 months or so we are going to take the recruiting network and roll it up into our SIPRNET. We do use thin client several places throughout the Marine Corps, and when we start refreshing our SIPRNET we are going to start using thin client where it makes sense.

Lastly where I'll leave it with is Terry is great support. The relationship between the Navy and the Marine Corps now has gone from 0 to 100, so it's working really well. We look at the operational impact and how successful it's going to be. This is my first tour in D.C., and what I find is that a lot of people within the Beltway think that's the only network. But there are a lot of things that happen outside the Beltway that we need to consider. With that, I'll turn it back over the Terry.

**Mr. Halvorsen:** Now it's question time.

**Audience member:** I am here to proclaim the truth. You opened up the door and you kept me up all night thinking about your town hall session. My command is looking forward to providing input. You mentioned being able to provide input. If there is a way that you can communicate how we can participate on these other councils and initiatives before they become policy I would appreciate it. And third, if I don't tell you how good it was, how can we baseline those negatives?

**Mr. Halvorsen:** I don't know yet how to tell you to best participate. The team you see here has to work out how we get more inclusive on building policy, answering hard questions, and get better at communicating. The Marine Corps has some processes that bear looking at. They've got some processes that we want to use. I spent Monday with the Marine Corps G6s, they are looking at some manuals on policies and practices and we are going to ask all of you if that works.

**Audience member:** Good morning, I wanted to volunteer the Echelon IIs to be your touch point to get input because, I'll speak for NAVSEA, if I know what the topic is I can pull from all sorts of cats and dogs to provide input. So that is one option.

**Mr. Halvorsen:** It is certainly the intent of this team to use the Echelon IIs and the Marine equivalent. I tend to direct my conversations to Janice, Kevin and Kevin. They will figure out how they want to have some of that dialogue. That doesn't mean I don't want to hear from you direct, I would just ask that if you tell me things are not working that you also tell them. We will work out some of the details. Thank you for the offer and I think we will all take you up on that offer.

**Audience member:** You asked for recommendations or ideas for the next conference, first off it's refreshing to have your fresh spirit. Maybe we could put industry on the spot, and you ask us the hard questions. Get some VPs up here that you can get answers from. Perhaps open up a session where you just have at us.

**Mr. Halvorsen:** I think that's a good idea. That's one of the notes I have on my end that we need to do that. If we are going to do this I think we should have the reversal. I'm going to ask my staff to include some of that. I think industry owes us some answers too. We'll do that to the extent that we can. I think there are a lot of things you can do when you ask the questions right. We will certainly take that with you in industry being on the other side of the mic.

**Audience member:** I have a big picture question that I would ask you to comment on, sedation of combat operations in Iraq and Afghanistan, if it happens, in the near term, do you see that from the budgetary perspective as an opportunity or more challenges that you will have to face in the resource world?

**Mr. Halvorsen:** That's an easy one, yes. I will tell you everything is an opportunity. Change, crisis is an opportunity. I think when that happens at whatever pace, it will give us some ability to change but will also present some challenges. Right now those that are over there are in a different network structure. When they come back we will have to look at how we restructure some things to accommodate them here. You would hope that in the way we crafted our system

that we would be effective and efficient and it would return us some dollars to reinvest in modernizing and improving our information structure.

**Audience member:** My question is more organizational. DON CIO, N2/N6, FleetCyber Command, it's kind of difficult to figure out where the lanes are and where policy is made. Any organizational help you can give us would be useful.

**Mr. Halvorsen:** I think everything you said is true of everything that we do. We are a complicated organization structure. We are however, a military organization at our core. So there is, in most cases, a fairly clean chain of command. In general, at the Department level you are doing policy and what I call strategic execution. What I am trying to do is set the groundwork so they can go out and be successful. Kevin and Janice both own the operational planning, PACOM is a Combatant Commander. They have a different chain of command. He is a customer of us, and the Navy is a provider of IT services. He has a customer relationship. For policy, I may end up being the one in the Department writing it, but I think the flaw is we have a lot of policy thinking the world revolves around D.C. Policy has got to work out and in and it's got to be affordable. While I may write it, we all own it, and I'll take accountability for it, that's what I get paid to do. But there's got to be some cooperation that we've got to get with that operator. I need their input. It's going to be complicated. First thing is to follow chain of command we have and figure out the partnerships, which is hard. I think what we deal with is getting the information up and down. I know that big industry has that same problem. They have trouble getting their information out to all of their players too. I don't know that it's different; we are just bigger and more complicated in some areas.

**Audience member:** I guess this is to the panel and General Nally and Janice. You talked about software licensing with Microsoft and virtualization, are we also going to after virtualization for enterprise software? Are we looking at that?

**Mr. Halvorsen:** I'll answer that first, and the answer is of course. You've got to start somewhere though, so we are starting with this DON effort led by the Marine Corps with Microsoft. Everybody will get to play. We are trying to follow the money, where will we save the most money?

**BGen Nally:** Yes, but what we are also doing is twice a year we have an IT Steering Group that we hold. And what we are going to do this coming year is all the programs and applications that we have, we are going to let go Tier 1, Tier 2, and Tier 3 and those at tier 3, if they aren't working we are just going to lop them off the save money.

**Ms. Haith:** So yes, in answer to your question. We have 15 software programs that we are going to attack. As Terry said, we are following the money. Microsoft will be the first. But we have limited staffing to do this, so we have to do this smartly. Hopefully, in about six months or so we will be able to do more of this faster.

**Mr. Halvorsen:** The other comment I want to make too, is that we say we want to go after requirements; we are going to start at the DON level working with the Marine Corps and the Navy looking at how we define the requirements. Right now, on NMCI, we load across the board a whole series of applications. Current data shows us that a great majority of those applications

are only used by a very small part of the population. So do I really need them and is that the way to deploy them? Or do I deploy those applications that are for very specific target audiences in a different way and get them off the base disc and free up the application space and some more bandwidth. Everybody wants their tailored application, well, looking at the amount we have that is not affordable. We are also going to have to pick some applications that meet 95 percent of the population's requirement. I don't know that that's the right metric, but it's got to be something like that. We will drive that with some policy to go there.

We do not want to lose mission effectiveness, and we will err on the side of effectiveness that is combat focused. We aren't going to take risks in those areas that have those applications. We will take risks in other areas where it makes sense to go to a single application. The effects of that are huge – less money for testing and maintenance. I suspect that will be one of our most fun dialogues. It will probably get loud and spirited. We've got to head in that direction. You've all got to start thinking about that. Where do we make those hard choices on applications? That is the issue that is impacting Navy ability at sea. We have failed in some cases to provide the right IT support to the Sailors and they are struggling, so we've got to really go after that. We've got to get more effective quickly.

**Audience member:** I was a little hesitant to dive into a specific technology, talking about IT strategy architecture. Anyone that knows me knows that I've been a rabid supporter of thin client type solutions and lived an operational environment, but I get concerned when the focus seems to be on thin client as opposed to delivery to any client looking for better, faster, less expensive ways to deliver those capabilities. We are looking at IT that is turning to a number of devices. I think we should be looking more at the underlying technology and infrastructure and that we leverage what already exists in our NMCI and NGEN infrastructures that could be turned around with some fairly small modifications and used for this solution. I hope this isn't a new discussion.

**Mr. Halvorsen:** It's not. We've got to work on our communications. Thin client as a focus is a big step we have taken. It appears to be something we could do fairly quickly, where it's appropriate, and get some big game. We are continuing to press the mobile environment to the extent it makes sense to the Department and the two Services' missions. We are going to have to make some decisions that will probably be a little cultural about what the Department and the two Services can sustain in terms of supporting non-mission IT. Both the Navy and Marines have been proactive about saying we want to share out IT resources where we can. We are going to have to look at that in today's financial world where that makes sense.

**Audience member:** I wanted to ask you a question we haven't touched on, the President is making initiatives about remote work. Is that thinking, how do you get people out of the office, affecting your thoughts downstream as the CIO?

**Mr. Halvorsen:** The answer is yes. Obviously the President actually doesn't make suggestions, he gives clear direction that I would call an order that we are going to do that. We are doing this right now interestingly enough; the weather is helping us learn lessons about telework. We have a vast majority of people working on telework. It's not without problems, we have some bandwidth issues, we have some server access issues, but we are going to look hard at where we can expand telework. There are effects of savings. There are, however, some other issues not in the IT realm to solve. How do you do timekeeping and manage productivity? We'll have to work

on that. We'll have to look at how does that fit with legal definitions. There is a lot of work to do to grow telework across the federal domain.

**Audience member:** You mentioned the enterprise license agreement and maybe doing some work reducing your Microsoft usage, can you comment on functional areas you'd like to prioritize for enterprise license agreements?

**Mr. Halvorsen:** No. We're not going to have that dialogue right now. We will, but we can't do that right now.

**BGen Nally:** We started as of December last year getting out of the NMCI network. We bought the network back and we started moving seats, we are up to about 400 right now. My point is, we created a green disc and we're finding, that as Terry alluded to, we took all the applications off that we don't use and we're finding that those machines are running incredibly fast. It's like booting up your computer at home, it's that fast. We're looking at applications that we don't use and just taking them off.

Audience member: As far as the ESL, many of us in here had a chance yesterday to listen to DoD talk about their ESI initiative. I'm curious, if the services are working with DoD to achieve the greatest economies of scale, is there interaction at that level?

**Mr. Halvorsen:** There is. There is communication between DoD and the services. As for the DON CIO I have almost weekly discussions with Teri Takai and Rob Carey. That said, one of the things we all have to look at is where we are on the contracting plain. Where can we make shifts; who's ready to make shifts. We are looking at where it makes sense both mission and efficiency wide. Right now, the first one we are looking at is we have an opportunity to immediately save money and we are going to do that. That might not be the end game. In the future you might see a DoD Enterprise License agreement where it makes sense. We also have to look at if that contract can deliver some of the individual services we need to the services. We've got to make sure of that before we sign into that.

**Audience member:** Good afternoon. You spoke about a couple things. You talked about non-mission use, and mission-effectiveness, and so on and so forth. Just recently the Marine Corps had to open up our network to commercial mail. Google, Hotmail, Facebook, all the things that are arguably non-mission use and non-mission effectiveness. Not to mention when you go to these commercial sites you have the possibility of a virus coming into the network. Are we going to look at the usage of the network to reduce some of this non-essential bandwidth and to reduce some of this non-essential usage?

**Mr. Halvorsen:** That's a good question, and I am going to give you a couple of answers. I'm going to start with the first thing I said, we don't practice we defend democracy. The decision to do that, and the decision-makers who decided to do that, decided that it was mission essential to do that. I don't need any other guidance. Now does that mean we won't review those and see if there are changes? No, but right now that's the guidance we have. Some things we might look at though, so what do you think drives bandwidth at the end of March? What drives all our bandwidth? Yeah, the Final Four. At the end of March our bandwidth across the networks goes crazy. Now, do we want to stop people from checking the scores of the Final Four? There is a

good morale point there. We will probably have to look at some things like that. It might mean that while you can check the scores you will no longer be able to stream the games to your desktop. That's something we'll have to decide. There is no policy today, but those are the types of things we have to look at. If we go to a mobile workforce, that's going to take an increase in bandwidth. We are going to have to take the leadership to make a decision of what's more important. Again, we will have to have that dialogue. We will have to decide when it's secure or not. We do have to acknowledge that the Internet is a dangerous place. So is Iraq, so is Afghanistan, so are a lot of places in the world but we still go there. We've just got to go there with proper discipline, tactics and procedures. We probably need some more work on tactics and procedures with the Internet.

Thank you for your participation today. You will receive a survey when you get back. Please take the time to fill the questions out and put any suggestions in there. You can put any other questions in there too. Thank you.