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Hon. Carol N. Gorman
Assistant Inspector General for Audit
Dept. of Defense
4800 Mark Center Drive,
Alexandria, Virginia 22350-1500

Subject: Supplement to Previous Letter Cites Today's GAO Finding on Minimum Viable Product

Dear Asst. Inspector Gorman:

This letter corrects and supplements the letter dated June 1. It addresses today's GAO finding in GAO-23-106059 *Weapon Systems Annual Assessment*. GAO found that programs continue to lag in implementing recommended practices from the Defense Science Board (DSB) to accelerate software development. Only 51 % of programs that use a modern software development approach used a DSB recommended practice, "Delivery of minimum viable product (MVP), followed by next viable products." Please include in your objectives three objectives that pertain to the MVP, as follows:

Determine the extent to which,

1. CPAF programs that use the MVP practice received award fees that are a function of delivering a timely MVP?
2. CPAF programs that use earned value management reported earned value that is consistent with technical performance and delivered MVPs?
3. CPAF programs that use a modern software development approach and do not use the MVP practice received award fees that are not a function of and consistent with technical performance?

Background on the MVP problem is in the attached letter to then-HASC Chair Adam Smith, Subj: HR 6395 EH, *Sec. 1710N, Agile Program and Project Management; Maximum Viable Profit for Minimum Viable Product?*

Excerpts:

It is recommended that you request GAO to expand the scope of requested Report on Agile Program/Project Management (P/PM) to include "other information" that includes:

1. An assessment of the effectiveness and use of incentive and award fees when Agile P/PM is used to acquire software that is embedded in weapon systems and other military-unique hardware systems.
2. An assessment of the extent to which DoD completed actions that were recommended in the Feb. 16 letter.

I am concerned that the current policies, guidance, and regulations do not provide sufficient incentives to deliver the MVP within cost and schedule objectives and to reduce the technical debt. More importantly, the lack of disincentives or financial penalties provide no deterrence to contractors from continuing to receive undeserved award fees. Without more contractual definition and oversight, contractors are enabled to earn the Maximum Viable Profit despite delivering a subjectively defined and downwardly revised MVP.

Yours truly,



Paul Solomon

CC:

William LaPlante, USD for Acquisition and Sustainment
Heidi Shyu, (USD(R&E))
Andrew Hunter, AF Asst. Sec. for AT&L
Adam Smith, HASC
Tammy Duckworth, SASC
Susan Collins, Defense Appropriations Subcommittee
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