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The Honorable William La Plante USD(A&S)
1010 Defense Pentagon
Washington, DC 20301-1010

Subj: NDAA for FY 2024, Earned Value Devalued

Dear USD La Plante:

The NDAA for FY 2024 includes the provision to exempt software contracts from the DFARS Earned Value Management System (EVMS) requirement. This letter includes a recommendation to exempt all DoD contracts from the EVMS requirement, to provide incentives for contractors to utilize best practices from GAO Guides and other digital engineering (DE) guidance, and to ensure that DoD provides sufficient oversight of the new normal.

Selected GAO best practices plus additional recommendations regarding the following topics go beyond what is included in the EIA-748 EVMS guidelines. The new topics include DE, the Minimum Viable Product (MVP), the Minimum Viable Capability Requirement (MVCR), and Authoritative Statements of Truth (ASOT).

The GAO guides follow:
- GAO-24-105506: *GAO Agile Assessment Guide: Best Practices for Adoption and Implementation* (Agile)
- GAO-16-89G: *GAO Schedule Assessment Guide* (Schedule)
- GAO-20-195G: *GAO Cost Estimating and Assessment Guide* (Cost)

The recommended GAO best practices follow.

Agile

- Ensure the customer and product owner are communicating on priorities and the balance between scope, schedule, and budget so that MVP functionality requirements are met.
- Ensure requirements are complete, feasible, and verifiable.
- Maintain traceability in requirements decomposition.
- Ensure work is contributing to the completion of requirements.
- Enable contract oversight through data from the program's Agile artifacts.
- The WBS should reflect high-level capabilities identified in the road map as well as varying levels of detail at the epic and feature levels when this information is available.

Schedule

- Verify that the schedule can be traced horizontally and vertically.
- Confirm that the critical path is valid.
- Ensure reasonable total float.

- Conduct a schedule risk analysis.
- Update the schedule using actual progress and logic.

Cost

- Define the program: a technical baseline description identifies adequate technical and programmatic information on which to base the estimate.
- Update the estimate to reflect actual costs and changes.
- In planning the baseline, programs ought to consider the allocation of risk into the baseline up front—especially when addressing the issue of rework and retesting. Experts have noted that to set up a realistic baseline, anticipated rework could be included as a separate work package.

DE, MVP, MVCR, ASOT

Please revise DoD policies and guides to include recommendations in the white paper, *Integrating the Embedded Software Path, Model-Based Systems Engineering, MOSA, and Digital Engineering with Program Management*, dated August 30, 2023. Enable contract oversight through data from the program's DE artifacts. Provide contractual direction and incentives, as necessary.

Also, ensure that programs using the embedded software path align test and integration with the testing and delivery schedules of the overarching system in which the software is embedded, including the testing and delivery schedules of MVPs and MVCRs.

Paul J. Solomon

CC:
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