

Email to Sen. Ernst, other lawmakers, and DoD Officials 12/27/24

## **Subj: (Elon Musk + Digital Engineering) Mix Like Oil and Water with Earned Value Management**

The white paper, **Common Sense Project Management: "When you come to a fork in the road..." 12/27/24**, augments the 12/25 version. It now cites Elon Musk's Five-Step Engineering Algorithm. The incoming defense acquisition team and DOGE may use the algorithm as a framework for acquisition reform.

The Musk Algorithm includes:

1. Delete any part or process you can.
2. Automate (including process).

This "Common Sense" revision and other white papers provide abundant reasons to remove the FAR/DFARs regulation that includes the Earned Value Management System (EVMS) clause and standard, EIA-748.

### **Delete Process**

For example, do you think that Musk would retain a process to "Measure performance by organizational breakdown structure or work breakdown structure?" or ensure that "Target cost goal is reconciled with sum of internal budgets plus Management Reserve? For his publicly owned companies, would Musk hire CPAs to conduct audits to review internal controls regarding the following DCMA EVMS Compliance Metrics? :

1. Does Budget at Completion within the EV Cost Tool reconcile to the Work Authorization Document?
2. Are required variance analysis reports being generated that exceed established internal thresholds?
3. Are retroactive changes being made to the actual costs of work performed?

The mission of Anduril is "**Transforming defense capabilities with advanced technology.**" If you were an executive of Anduril or one of its competitors, would you agree with the NDIA that a "Performance Measurement Baseline that exceeds the Contract Budget Base is implemented to produce a realistic schedule and budget plan for the project's remaining work and that it typically requires customer approval to implement? Would that executive agree to measure only the quantity of work accomplished because the quality and technical content of work performed is controlled by other processes? Would Musk or that executive agree that EIA-748 is a commercial standard which would bring management and shareholder value?

### **Automate**

The revised white paper reinforces the argument that the DFARS EIA-748 clause obstructs Musk's fifth step, "Automate." It also is an obstacle to implementing the Digital Engineering (DE) Strategy for Major Capability Acquisitions and DoD Instructions to automate the transfer of data such as:

- Metrics collection will leverage *automated tools* to the maximum extent practicable.
- Exchange of information between technical disciplines or organizations should take place via model exchanges and ***automated transformations***.
- The digital thread allows different audiences with different perspectives to extract data from and adjust usage of models to carry out different activities, including, but not limited to cost estimating. Common examples of digital artifacts include schedules.

The revision provides more reasons to eliminate the regulation that applies the EVMS clause and also to make the Program Management Improvement Accountability Act applicable to DoD.

Lawmakers and DoD officials, please consider these issues and questions when making your New Year's acquisition reform resolutions.

Paul Solomon