

Trump aims to modernize DOD's acquisitions, spur defense innovations

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On April 9, 2025, President Trump issued an Executive Order ("EO"), "Modernizing Defense Acquisitions and Spurring Innovation In the Defense Industrial Base," (<https://bit.ly/3YtUYA7>) that may have significant implications for federal government contractors doing business with the Department of Defense ("DoD"), and particularly those with touchpoints to Major Defense Acquisition Programs ("MDAPs").

The Secretary of Defense must complete a comprehensive review of the Joint Capabilities Integration and Development System, with the aim of streamlining and accelerating acquisition.

The EO requires DoD to take a number of actions, including:

- **Within 60 days (i.e., June 8th)**, the Secretary of Defense must submit to the President a plan to reform the DoD acquisition process to eliminate inefficiencies. The plan must prioritize commercial solutions and the use of Other Transactions Authority ("OTA") agreements and Rapid Capabilities Office mechanisms. The plan must also eliminate redundant tasks and approvals, centralize decision-making, and incorporate effective risk management for all acquisition programs through a governance structure referred to as a Configuration Steering Board.
- **Under no specified timeline**, DoD is generally directed to revise internal regulations and implementation guidance — including the DoD Financial Management Regulation and the Defense Federal Acquisition Regulation Supplement — utilizing the principle from the "Unleashing Prosperity Through Deregulation" EO (Jan. 31, 2025) that for every new regulation proposed, ten existing regulations should be repealed.

- **Within 90 days (i.e., July 8th)**, the Secretary of Defense must review all MDAPs and consider for "potential cancellation" programs that are: (1) more than 15% behind schedule; (2) more than 15% above cost; (3) "unable to meet key performance parameters"; or (4) otherwise not aligned with DoD mission priorities. Following this review of MDAPs, the Secretary of Defense will conduct a similar review for all remaining major systems.
- **Within 120 days (i.e. August 7th)**, the Secretary of Defense, in collaboration with the Military Departments, must propose a plan to overhaul the defense acquisition workforce by restructuring performance metrics, assessing workforce sizing requirements, and deploying expert-led field training teams to enhance familiarity with innovative acquisition authorities. These reforms are intended to incentivize prudent risk-taking and expand the workforce's fluency in commercial solutions and adaptive acquisition strategies.
- **Within 180 days (i.e., October 6th)**, the Secretary of Defense, acting through the Deputy Secretary of Defense, the Secretaries of the Military Departments and the Joint Chiefs of Staff, must complete a comprehensive review of the Joint Capabilities Integration and Development System ("JCIDS"), with the aim of streamlining and accelerating acquisition.¹

We address the EO's directives for acquisition process reform and MDAP review in greater detail below.

Acquisition process reform (Section 3)

Section 3 of the Executive Order directs the Secretary of Defense to submit, within 60 days (by June 8, 2025), a comprehensive plan to reform DoD's acquisition process.

This plan must address three principal areas:

- (1) **Preferences for streamlined acquisition pathways:** The plan must establish a general preference for acquisition approaches that expedite delivery of capabilities. These include the use of commercial solutions,² OTAs, Rapid

Capabilities Office policies, and any other mechanisms available under the Adaptive Acquisition Framework³ to facilitate streamlined procurement. Notably, these preferences are to apply immediately to all pending and future DoD contracting actions, “where appropriate and consistent with applicable law,” while the plan is under development.

- (2) **Elimination of inefficient and redundant processes:** The plan must include a detailed process review of functional support roles in the defense acquisition workforce, with the goal of eliminating inefficiencies. Specifically, it must identify and eliminate unnecessary tasks, reduce duplicative layers of approval, and consolidate decision-making authority. This review will cover key personnel categories, including program managers, contracting officers, engineers, financial managers, cost estimators, and logisticians.
- (3) **Configuration steering board implementation:** Finally, the plan must establish a formal process by which DoD acquisition officials will manage risk in acquisition programs through a Configuration Steering Board structure.⁴

Major defense acquisition program review (Section 6)

Section 6 directs the Secretary of Defense, in coordination with other relevant DoD officials, to conduct a comprehensive review of all MDAPs within 90 days of the order (by July 8, 2025).

The Secretary of Defense’s reform plan must include a detailed process review of functional support roles in the defense acquisition workforce, with the goal of eliminating inefficiencies.

The review must assess whether existing MDAPs are consistent with the administration’s acquisition reform objectives as outlined in Section 2 of the EO, which emphasize speed, flexibility, innovation, and workforce modernization.

During this review, any MDAP that meets one or more of the following criteria is to be evaluated for *potential cancellation*:

- More than 15 percent behind schedule based on the current Acquisition Program Baseline (“APB”);⁵
- More than 15 percent over cost based on the current APB;
- Failing to meet one or more key performance parameters; or

- Misaligned with the Secretary of Defense’s stated mission priorities.

This assessment applies at the program level rather than to individual contracts. On completion of the assessment, the Secretary is directed to submit the list of potentially cancellable programs to the Director of the Office of Management and Budget (“OMB”) for consideration in future budget deliberations.

In addition, DoD must provide OMB with a list of *all* MDAP contracts, together with an analysis of each program’s performance relative to original and approved government cost estimates.

Under statute, MDAPs are defined as programs not involving highly classified content that are either: (1) designated as such by the Secretary of Defense; or (2) expected to exceed \$525 million in research, development, test, and evaluation (“RDT&E”) costs or \$3.065 billion in procurement costs (both in FY 2020 constant dollars).⁶

DoD must provide OMB with a list of all MDAP contracts, together with an analysis of each program’s performance relative to original and approved government cost estimates.

Following this MDAP review, the Secretary must also submit to OMB a plan for reviewing all remaining “major systems” — a broader category than MDAPs. “Major systems” are defined as integrated elements designed to fulfill a mission need and are either designated as such by the relevant agency head or projected to exceed \$200 million in RDT&E costs or \$920 million in procurement costs (FY 2020 constant dollars).⁷

Notes:

¹ The JCIDS is the process that DoD uses to establish requirements for new capabilities to ensure alignment with joint force needs and national defense priorities before resource commitment.

² The EO defines the term “commercial solution” broadly to mean “any of the methods for procurement of a commercial product or service described in part 12 of the Federal Acquisition Regulation, subpart 212.2 of the Defense Federal Acquisition Regulation Supplement, or subpart 212.70 of the Defense Federal Acquisition Regulation Supplement; or other industry solutions funded by private investment that meet military needs.”

³ The term “Adaptive Acquisition Framework” means the series of acquisition pathways that enable the workforce to deliver “effective, suitable, survivable, sustainable, and affordable solutions to the end user in a timely manner,” as stated in Department of Defense Instruction 5000.02. See DoD Instruction 5000.02 Operation of the Adaptive Acquisition Framework, <https://bit.ly/4cEHqHK>.

⁴ The term “Configuration Steering Board” means an annual review of potential requirements changes, critical intelligence parameter changes, and any significant technical configuration changes as described in DOD Instruction

5000.85. The CSB is a body that reviews changes or other modifications to help control costs. See DOD Instruction 5000.85 at p. 32.

⁵ The ABP is a binding agreement developed by the Program Manager that establishes a program's cost, schedule, and performance baselines. See DOD Instruction 5000.85 at p. 27.

⁶ See 10 U.S.C. § 4201(a); DOD Instruction 5000.85 Major Capability Acquisition, <https://bit.ly/42R2SG3> ("DOD Instruction 5000.85").

⁷ 10 U.S.C. § 3041(a); DOD Instruction 5000.85.

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