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UNDER SECRETARY OF WAR
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RESEARCH
AND ENGINEERING

OCT 27 2026

MEMORANDUM FOR CHAIR, SCIENCE, TECHNOLOGY AND INNOVATION BOARD

SUBJECT: Terms of Reference – Science, Technology and Innovation Board Permanent Subcommittee on National Security Innovation Study on Optimal Organizational Structure for Digital Solutions Delivery and Adoption of Commercial Digital and Artificial Intelligence Services, Including Software as a Service

All-domain dominance is underpinned by rapid, nimble, and leading-edge digital hardware and software acquisition and engineering practices. Organizational structures that are excessively siloed, hierarchical, or hidebound by cumbersome processes may prove unequal to this imperative. Likewise, siloed and cumbersome acquisition processes for software and software as a service (SAAS) inhibit their adoption by the warfighter and application to national security requirements. While the exigencies of national security differ from those of the commercial sector, the more agile structures and processes of the latter may impart applicable lessons to the defense enterprise.

Per section 907 of the National Defense Authorization Act for Fiscal Year 2026, the Secretary shall direct the Science, Technology and Innovation Board (STIB) to conduct a comprehensive study to evaluate and recommend the most optimal organizational structure within the Office of the Secretary of War (OSW) to align and maximize the output of digital solutions engineering and software delivery activities across the Department of War (DoW).

To successfully deter and defeat the Nation's adversaries, the OSW must reconsider its legacy organizational structure, digital and software acquisition processes, and approval frameworks. Therefore, the STIB, through the Permanent Subcommittee on National Security Innovation ("the Permanent Subcommittee"), is directed to conduct a study on the optimal organizational structure for digital solutions delivery and adoption of commercial digital and artificial intelligence (AI) services, including SAAS ("the Study"). The study will include:

- An assessment of existing organizational structures and organizations supporting digital solutions engineering and software delivery across the DoW, including:
  - Current responsibilities, requirements, and deliverables of software delivery organizations across the DoW;
  - Limitations based on current enterprise data management platforms;
  - Optimization of resource allocation and utilization processes; and
  - Integration challenges and opportunities with Department-wide digital solutions engineering and software delivery initiatives.

- An evaluation of potential organizational courses of action for supporting digital solutions engineering within the OSW, including:
  - Establishment of a new Defense Agency or DoW Field Activity;
  - Integration into an existing Defense Agency or DoW Field Activity;
  - Consolidation of digital development functions within existing OSW staff organizations;
  - Optimization of current organizational structures and authorities;
  - Hybrid approaches combining elements of the options described above; and
  - Any other organizational structure deemed appropriate by the STIB.
- Recommendations on the selection of the optimal organizational structure, including:
  - Analysis of the advantages and disadvantages of each course of action evaluated;
  - Evaluation of cost-effectiveness and resource implications;
  - Application of lessons learned from similar industry or academic entities performing similar work;
  - Consideration of governance and execution framework requirements;
  - Assessment of the implementation and execution of governance structures, including AI model management; and
  - Unique acquisition authorities to support rapid digital solutions engineering and deployment.
- An assessment of the strategic and operational benefits of deploying commercial cloud-based applications, platforms, infrastructure, data, AI, and compute services on classified networks, including the extent to which such offerings could advance the Department's innovation objectives.
- An evaluation of the existing framework by which commercial vendors seek, are authorized, and subsequently given appropriate network and account access to build, certify, procure, and sustain commercial cloud-based applications, platforms, infrastructure, data, AI, and compute services on classified networks, including:
  - Technical requirements—covering physical facility requirements, compute and networking infrastructure, and mechanisms for vendor access to customer data across classified network enclaves;

- Security requirements applicable to offerings serving multiple Military Departments or DoW Components as well as Defense Intelligence Enterprise organizations simultaneously, including authority to operate processes and the feasibility of a reciprocal or common authorization framework;

- Contractual and regulatory requirements, including whether the Defense Federal Acquisition Regulation Supplement and the DoW Financial Management Regulation adequately support such procurements; and

- Barriers to entry for small businesses and non-traditional defense contractors, and constructs that would enable such entities to effectively compete their offerings.

- Provide recommendations for resolving the barriers identified above to the adoption, deployment, operation, and sustainment of commercial cloud-based applications, platforms, infrastructure, data, AI, and compute services on classified networks, including the organizational roles and responsibilities, resources, authorities, and legislative or administrative action required to establish and sustain their secure use at scale.

- Transition recommendations for implementing the selected organizational structure, including:

  - Detailed implementation timeline and milestones;

  - Resource requirements and funding mechanisms; and

  - Legislative or regulatory changes if needed.

- Such other matters as the Under Secretary of War for Research and Engineering (USW(R&E)) or the Board consider appropriate.

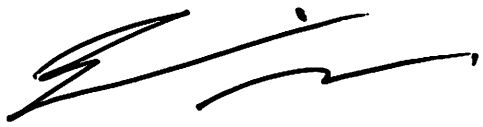
The Permanent Subcommittee's findings, observations, and recommendations will be presented to the full Board for its thorough, open discussion and deliberation at a properly noticed and public meeting(s), unless the meeting(s) must be closed in accordance with one or more of the exemptions found in subsection 552b(c) of title 5, U.S.C. The Board will provide its findings and recommendations to the USW(R&E) as the sponsor of the Board. The nominal start date of the study period will be within 30 days of when this terms of reference (ToR) is signed. In no event will the duration of the study exceed 12 months from the start date of meetings to development of the final briefing/report unless an extension is granted.

I will be the sponsor of the study. In support of this ToR and the work conducted in response to it, the Board has my full support to meet with Department leaders. The Board staff, on behalf of the Board and Permanent Subcommittee, may request the OSW and DoW Component heads to timely furnish any requested information, assistance, or access to personnel to the Board. All requests shall be consistent with applicable laws; applicable security classifications; DoD Instruction 5105.04, "Department of Defense Federal Advisory Committee Management Program"; and this ToR.

My approval of this ToR also authorizes all study-related travel for study members, consultants (if any are appointed), government employees (including civilians, military, and detailees), contractor staff, and any other personnel deemed appropriate by the STIB Designated Federal Officer needing a cross-organizational realignment of travel funds. This blanket authorization is to enable immediate actions of membership and staff in support of this study. All ethical and administrative requirements for travel and associated reimbursements apply.

Material provided to the Board and Permanent Subcommittee becomes a permanent part of the Board's records. All data/information provided is subject to public inspection unless the originating Component office properly marks the data/information with the appropriate classification and exemption categories found in subsection 552(b) of title 5, U.S.C. before the data/information is released to the Board or the Permanent Subcommittee. The Board has physical storage capability and electronic storage and communications capability on both unclassified and classified networks to support receipt of material up to the TS/SCI level.

The Board and Permanent Subcommittee will operate in conformity with and pursuant to the Board's charter; chapter 10 of title 5, U.S.C. (commonly known as the "Federal Advisory Committee Act"); subsection 552b(c) of title 5, U.S.C.; and other applicable federal statutes, regulations, and policy. Individual Board and Permanent Subcommittee members do not have the authority to make decisions or provide recommendations on behalf of the Board nor report directly to any Federal representative. Board and Permanent Subcommittee members are subject to certain Federal ethics laws, including section 208 of title 18, U.S.C., governing conflicts of interest, and the Standards of Ethical Conduct regulations in 5 Code of Federal Regulations, Part 2635.



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