Statement of

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The Boeing Company

Management of Large Homeland Security Contracts:

Deepwater and SBInet

Committee on Oversight and Government Reform

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Good morning, Mr. Chairman, Ranking Member Davis, and Members of the Committee. My name is Jerry McElwee. I am the Boeing Program Manager for the SBInet Program. I am pleased to have the opportunity to talk about our plans and progress on this important program. I would like to say that we welcome the interest of the committee and look forward to working with you in your oversight role. This program will not succeed without the support of you and your colleagues in the Congress.

SBInet is a program of intense national interest, with a challenge to accomplish something that has never been done before. We have an outstanding team which is committed to delivering a system to the U.S. Government that will:

- support the U.S. Customs and Border Protection in detecting, apprehending, and processing people who cross our borders illegally,
- facilitate legitimate cross-border travel and commerce, and most importantly,
- provide the taxpayers with the best-value solution over the life of the program.

Even though it has been only four months since the contract was signed, I am pleased with the progress. On January 24, the first SBInet-funded vehicle barrier was installed on the Arizona Border to increase the safety and security of the Barry M. Goldwater Range. That work will continue until the entire range is secured with barriers and fencing.

The first mobile tower for Project 28, our Proposed Task Order centered on a 28-mile segment of the border at Sasabe, Arizona, has been delivered to one of our team mates and is currently being fitted with all-weather electro optic, infrared camera, radar, and digital communications equipment for testing. We are on track to have the initial capability for Project 28 up and running by mid June.

We think the government's acquisition decision to address border security in a comprehensive way, and utilize the services of a systems integrator was wise. This approach is most appropriate for challenges that are large, complex, and occurring in a rapidly changing environment. A systems integrator is a prime contractor working at the system-of-systems level. The responsibilities include assuring that all the complex systems work together in an integrated fashion to accomplish the contract objectives. The structure allows the integrator to bring to the project the "best value from across industry," not just the "best of the team," thus insuring the best value for the customer.

The RFP provided a basic description of the outcomes and objectives that had to be satisfied, and allowed industry to be creative in developing the ideal approach for meeting them. This provided the government with the widest array of technical and management options for consideration in selecting the winning team for SBInet. The resulting contract breaks the work into relatively small task orders over which the government maintains complete control. We intend to inject competition into each task order to the maximum degree possible to insure we have the best value as previously mentioned. Each task order is carefully monitored and evaluated by the government, and can be stopped or redirected in any way. No work is guaranteed, except as specified in a signed task order.

Our successful proposal outlined a comprehensive, open system solution utilizing proven technology and an architecture that will allow for continuous improvement as new technology comes on the market throughout the deployment. It is based on the systems engineering and design approach that Boeing has developed over time and used successfully on many other large, complex projects. An aspect of this approach is to continuously look for "lessons learned," or "best practices" as we call them, to incorporate into our process.

The first step in our systems engineering process, and the first step in each task order, is a rigorous analysis of customer requirements. Complete requirements definition sets the foundation for all other work, creates a baseline on which to measure progress, and is critical for the ultimate success of the program. This process includes performance requirements, design and operational constraints, mission definition, functional analysis, and system architectures. This is followed by extensive modeling and simulation to test the output of the requirements process and then a wide array of trade studies to look at potential solutions across the full spectrum of environments and border crossing threats. Following this process ensures that whatever technology or process is ultimately deployed will provide the government with the highest and best value.

It is important to point out however, that it is not the contractor who sets requirements for the program, but the government. We do collaborate extensively, as we did in our recently completed Joint Requirements Review, but the final decision is made by the government. In all our processes, we request continuous input from the CBP, Border Patrol Agents, and other stakeholders, because we know it will improve and refine our solution.

Our proposed solution is flexible to address terrain, threat and other concerns that vary significantly from sector to sector. Our system engineering process has identified a number of capabilities that must be present in each sector solution, but we understand that they will be deployed in differing combinations depending on the characteristics of each sector. We refer to these capabilities as a "tool kit." The tool kit includes a variety of sensors, communications systems, information technology, tactical infrastructure (roads, barriers, and fencing), and command and control capabilities with robust situational awareness.

The tool kit concept allows us to conduct competitions to find the best value for each product or capability, while maintaining a supplier base that is ready to respond to the task orders negotiated with the customer. Over time, the tool kit will be expanded and updated as new and proven technology becomes available from private industry and federal, state, and local governments.

Now let me describe our approach for keeping this program on cost and on schedule while meeting CBP performance objectives. Our management approach utilizes Boeing's proven best practices to create a transparent governance structure that combines the unique capabilities and strengths of our team with the oversight and knowledge of our

government counterparts. At the heart of our system is the Earned Value Management (EVM) system, which provides a well defined set of metrics to monitor program cost and schedule health at all levels of the organization, as well as early warning of potential problems. It is required by the contract and is being implemented. We employ many other tools to facilitate execution, insure quality, reduce risk, maintain cutting edge technology, manage assets, and otherwise create excellent management and control. These processes and support tools provide total program transparency to the government and our industry team mates.

Before I conclude, I would like to make a few quick points. First, as the integrator for SBInet, our job is to find the best mature technology available and make it work in the overall system. As I have said, we are looking for the best value solution, whether it is on the team or not. Under the current plan, Boeing will not provide any hardware for the solution, nor are any of our team mates guaranteed a specific workshare in the Task Order deployments beyond Project 28.

We have set a target of 40 percent participation by small and small disadvantaged business, higher than the government requirement, to ensure we have new ideas and capabilities available to the program. Boeing has a very robust small business program and has consistently attained the targets set in previous programs.

When we get beyond Project 28, we envision a substantial expansion of our team to increase capacity and bring in new technology. We have established a dedicated web site for SBInet suppliers and have received information from nearly 650 interested companies already. We have also conducted a few solicitations through the web site. We find using the internet a good way to communicate the opportunities in SBInet to the broadest possible audience and to create a level playing field for selecting the many additional suppliers we will need to complete the tasks that lie ahead.

In summary, we think we have made a good start on this important program. We are on track to meet the milestones in the task orders we have initiated, and we look forward to the challenges ahead.