



OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

APR 07 2006

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
ATTENTION: SERVICE ACQUISITION EXECUTIVES
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Report to Congress on Use of Lead System Integrators

This office is responsible for preparing the report to Congress that was required by Section 805 of the Fiscal Year 2006 National Defense Authorization Act. The report is to address how the Department uses lead system integrators for the acquisition of major systems. To ensure that the report considers all applicable agreements, I would appreciate your assistance by identifying:

1. All contracts or agreements for major systems that use a lead system integrator.
2. Any planned acquisitions of major systems that contemplate use of a lead system integrator.
3. A point of contact for each applicable major system with whom we can discuss the details of each agreement or planned acquisition identified above.


For the purpose of this report, the following definitions apply:

- “Lead system integrator” includes lead system integrators with system responsibility and lead system integrators without system responsibility.
- “Lead system integrator with system responsibility” means a prime contractor for the development or production of a major system if the prime contractor is not expected to perform a substantial portion of the work on the system and the major subsystems.
- “Lead system integrator without system responsibility” means a contractor under a contract for services whose primary purpose is to perform acquisition functions closely associated with inherently governmental functions with regard to the development or production of a major system.
- “Major system” is a system for which the total expenditures for RDT&E are estimated to be more than \$155,000,000, or for which the eventual total expenditure for procurement is estimated to be more than \$710,000,000.



- “Functions closely associated with inherently governmental functions” refers to the examples of services listed in Federal Acquisition Regulation 7.503(d) where they are generally not considered to be inherently governmental functions depending upon the manner in which the function is performed or the manner in which the government administers the contract.
- In addition, please identify major systems that characterize themselves as using lead system integrators even if they do not meet any of the above criteria.

Please provide your input to Mr. Verne McKamey (OUSD(AT&L)DPAP/PAIC, verne.mckamey@osd.mil; 703-614-1255) by May 8, 2006, and please identify who is working on your response by April 14, 2006.

for 
Shay Assad
Director, Defense Procurement &
Acquisition Policy