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STAKEHOLDER PERSPECTIVES ON TSA ACQUISITION REFORM

HEARING

BEFORE THE

SUBCOMMITTEE ON TRANSPORTATION SECURITY

OF THE

COMMITTEE ON HOMELAND SECURITY HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

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STAKEHOLDER PERSPECTIVES ON TSA ACQUISITION REFORM

Tuesday, July 17, 2013

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TRANSPORTATION SECURITY,
COMMITTEE ON HOMELAND SECURITY,
Washington, DC.

The subcommittee met, pursuant to call, at 10:03 a.m., in Room 311, Cannon House Office Building, Hon. Richard Hudson [Chairman of the subcommittee] presiding.

Present: Representatives Hudson, Rogers, Brooks, Richmond, Jackson Lee, and Thompson.

Mr. HUDSON. The Committee on Homeland Security Subcommittee on Transportation Security will come to order. The subcommittee is meeting today to hear testimony from the private sector on TSA acquisition reform.

I recognize myself for an opening statement.

I would like to thank our witnesses for participating in the hearing today. We know your time is valuable and we look forward to hearing your testimony.

It is no secret that the Transportation Security Administration has struggled with technology acquisition since the agency was established after the terrorist attacks on 9/11 and it is fitting that today marks the seventh oversight hearing that the Transportation Security Subcommittee has held on TSA technology in the last 2 years alone.

We have discussed these issues with dozens of stakeholders, TSA, Department of Homeland Security leadership, and subject matter experts at the Government Accountability Office, the DHS Office of Inspector General, and the Congressional Research Service. What we have seen is very concerning.

For example, GAO and DHS IG have found through numerous studies that TSA is not effectively implementing Government best practices, such as establishing program baseline requirements and conducting comprehensive analysis before it acquires new security technologies. This has resulted in acquisitions that have failed to meet performance objectives and have wasted taxpayer dollars.

Additionally, private industry has expressed concern that TSA does not accurately communicate mission needs, testing plans, and long-term investment plans, which makes it difficult for companies to invest their own money in research and development.

With constructive input from these stakeholders as well as the Chairman and Ranking Members, I plan to introduce bipartisan legislation this week. Through a series of common-sense reforms

this bipartisan legislation would address a fundamental problem: TSA's broken acquisition process.

We don't have to look far to know the process is broken: Millions of dollars' worth of screening equipment locked in warehouses; puffer machines deployed without adequate operational testing; AIT body scanners deployed without adequate privacy filters; companies with innovative products that can't successfully navigate TSA's acquisition process; and perhaps most detrimental of all, American taxpayers losing confidence in the TSA's ability to execute its mission.

I appreciate the challenges that those at TSA face to address the evolving threats that terrorists pose and believe these incidents are not always the result of poor intentions at TSA or industry failures, but instead are the consequences of inadequate planning and a lack of transparency and accountability for significant decisions. While some improvements have been made at the Departmental level we simply cannot risk perpetuating these mistakes, which is why I believe legislation is needed to address this issue.

It is my goal for legislation to focus on four specific areas of reform. No. 1, first it should require TSA to develop a multi-year technology acquisition plan with input from its stakeholders. This kind of planning will encourage industry investment and serve as a fundamental foundation for future technology acquisition programs. The private sector represents an incredibly valuable partner in security and strategic planning would strengthen that partnership tremendously.

No. 2, it should require TSA to conduct comprehensive analysis for security-related technology acquisitions and provide key information to Congress throughout the acquisition process, including any cost overruns, delays, or technical failures. Legislation will need to include early warning so that Congress can see what is happening before critical failures and react to help protect the taxpayer.

Third, it must require TSA to develop a system for effectively tracking and managing equipment in inventory. In May of this year the DHS IG reported that TSA does not have an inventory management process that systematically deploys equipment. The result is $185 million in equipment, including some unusable or obsolete equipment, locked up in warehouse storage units. This bill would help address this problem.

Finally, any legislation must require TSA to develop an action plan for achieving previously established goals for contracting with small and disadvantaged businesses. Small businesses with innovative solutions are often unable to penetrate the bureaucratic and costly process of Government acquisition. The action plan required should introduce greater accountability for meeting small business goals, an area that TSA has agreed needs improvement.

The bipartisan piece of legislation I intend to introduce is a reflection of the testimony, recommendations, and feedback from subject matter experts that the subcommittee has received thus far. I am eager to receive additional input from our panel of industry stakeholders today so that we can continue to strengthen and improve the bill as it moves through the legislative process.

In addition, I continue to hope that Administrator Pistole will move toward a more risk-based, passenger-friendly future that protects our taxpayers' interest. We will continue to work on these issues with Mr. Pistole and his team while recognizing that TSA must comply with the Department of Homeland Security's policies and directives for acquisition management. In many cases our efforts are intended to codify existing DHS policies and directives, not supplant or duplicate them.

Finally, I would like to personally acknowledge the work of my predecessor, the gentleman from Alabama, Mr. Rogers, for all of his insightful work on these issues and laying the groundwork for these bipartisan reforms as Chairman of this subcommittee during the 112th Congress.

[The statement of Chairman Hudson follows:]

STATEMENT OF CHAIRMAN RICHARD HUDSON

JULY 17, 2013

It is no secret that the Transportation Security Administration, TSA, has struggled with technology acquisition since the agency was established after the terrorist attacks of 9/11, and it is fitting that today marks the seventh oversight hearing the Transportation Security Subcommittee has held on TSA technology in the last 2 years alone.

We've discussed these issues with dozens of stakeholders, TSA and Department of Homeland Security leadership, and subject matter experts at the Government Accountability Office, the DHS Office of Inspector General, and the Congressional Research Service. What we've seen is very concerning.

For example, GAO and the DHS IG have found, through numerous studies, that TSA is not effectively implementing Government best practices, such as establishing program baseline requirements and conducting comprehensive analyses, before it acquires new security technologies. This has resulted in acquisitions that have failed to meet performance objectives and have wasted taxpayer dollars.

Additionally, private industry has expressed concern that TSA does not accurately communicate mission needs, testing plans, and long-term investment plans, which makes it difficult for companies to invest their own money in research and development.

With constructive input from these stakeholders as well as the Chairman and Ranking Members, I plan to introduce bipartisan legislation this week.

Through a series of common-sense reforms, this bipartisan legislation would address a fundamental problem—TSA's broken acquisition process. We don't have to look far to know the process is broken:

- Millions of dollars' worth of screening equipment locked up in warehouses;
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- Companies with innovative products that can't successfully navigate TSA's acquisition process;
- And perhaps most detrimental of all: American taxpayers losing confidence in TSA's ability to execute its mission.

I appreciate the challenges that those at TSA face to address the evolving threat that terrorists pose and believe these incidents are not always the result of poor intentions at TSA or industry failures, but instead are the consequences of inadequate planning, and a lack of transparency and accountability for significant decisions. While some improvements have been made at the Departmental level, we simply cannot risk perpetuating these mistakes, which is why I believe legislation is needed to address this issue.

It is my goal for legislation to focus on four specific areas of reform.

First, it should require TSA to develop a multi-year technology acquisition plan, with input from stakeholders. This kind of planning will encourage industry investment and serve as an important foundation for future technology acquisition programs. The private sector represents an incredibly valuable partner in security, and strategic planning would strengthen that partnership tremendously.

Second, it should require TSA to conduct comprehensive analyses for security-related technology acquisitions and provide key information to Congress throughout the acquisition process, including any cost overruns, delays, or technical failures.

Legislation will need to include early warning, so that Congress can see what's happening before critical failures and react to help protect the taxpayer.

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In addition, I have confidence in Administrator Pistole's ability to lead TSA toward a more risk-based, passenger-friendly future that protects the taxpayer's interests. We will continue to work on these issues with Mr. Pistole and his team, while recognizing that TSA must comply with the Department of Homeland Security's policies and directives for acquisition management. In many cases our efforts are intended to codify existing DHS policies and directives, not supplant or duplicate them.

Finally, I'd like to personally acknowledge the work of my predecessor, the gentleman from Alabama, Mr. Rogers, for all of his insightful work on these issues, and laying the groundwork for these bipartisan reforms as Chairman of this subcommittee during the 112th Congress.

Mr. HUDSON. With that, I now recognize the Ranking Member of the subcommittee, the gentleman from Louisiana, Mr. Richmond, for his opening statement.

Mr. RICHMOND. Thank you, Mr. Chairman.

Thank you to the Ranking Member of the full committee, who is the former Chairman, who also worked very diligently on this.

Mr. Chairman, thank you for holding this important stakeholder hearing on TSA acquisition practices.

Soliciting input from stakeholders is critical to developing effective policies. Over the past several months we have all emphasized this point to TSA time and time again. I am pleased today that we are practicing what we preach.

Back in May we heard about the extensive challenges TSA continues to face in developing, acquiring, and deploying security-related technology. We also heard from TSA regarding the agency's failure to meet its small business contracting goals.

Today we have an opportunity to move beyond focusing on past failings and to instead focus on how we can help get TSA on the right track.

We all have the same goal. That is to ensure that TSA is a prudent steward of the taxpayer dollars as it fosters the development of new technologies that will support the agency's mission.

To accomplish this, TSA must have a clear vision of its long-term technology needs. It must work with industry to make its vision a reality.

In addition to better long-term planning, TSA would benefit from greater partnership with the innovative small businesses. Today, far too often we see promising homeland security technologies go undeveloped because the small business lacks the capital to undertake the expensive and time-consuming process of getting the tech-

nology tested. We should look at whether there are some best practices elsewhere in the Federal Government that could be employed here to address this major barrier to working with TSA.

Broadly speaking, I look forward to hearing from each of the witnesses present today on ways they believe TSA's acquisition practices can be improved. Particularly, I look forward to hearing how improvements can be made that foster consistency and compliance with the Federal acquisition regulations and Department-wide directives.

In TSA's short history we—we have seen, when it comes to administrative matters, be they personnel or procurement, TSA does not do novel well. That is why Congress acted to subject TSA to the Federal acquisition regulation in 2007.

I do believe that technology acquisition by TSA is an area ripe for more robust transparency and accountability. Implementing such reforms would be beneficial for both stakeholders and taxpayers alike.

Before yielding back, Mr. Chairman, I would like to commend you on the bipartisan approach you have taken to the issue of TSA acquisitions and potential reforms. Your willingness to address issues regarding TSA's lackluster performance as it relates to small business contracting is appreciated.

Again, I want to thank all of the witnesses who are here today and I look forward to hearing your testimony.

With that, Mr. Chairman, I yield back.

[The statement of Ranking Member Richmond follows:]

STATEMENT OF RANKING MEMBER CEDRIC L. RICHMOND

JULY 17, 2013

Thank you for holding this important stakeholder hearing on TSA's acquisition practices. Soliciting input from stakeholders is critical to developing effective policies. Over the past several months, we have all emphasized this point to TSA time and again. I am pleased that today we are practicing what we preach.

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Before yielding back Mr. Chairman, I would like to commend you on the bipartisan approach you have taken to the issue of TSA acquisitions and potential reforms. Your willingness to address issues regarding TSA's lackluster performance as it relates to small business contracting is appreciated.

Mr. HUDSON. I thank the gentleman. I thank you for your comments. I appreciate the relationship we have had working in a bipartisan way to move this forward.

Also, in recognizing Ranking Minority Member of the full committee, the gentleman from Mississippi, Mr. Thompson, let me also say I appreciate our working relationship and your willingness to be a partner as we work to make these improvements.

At this time, Mr. Thompson, I will recognize you for any statement you may have.

Mr. THOMPSON. Thank you, Mr. Chairman.

Thank the witnesses for appearing here today.

Earlier this year the subcommittee continued its long-standing tradition of conducting oversight of TSA's acquisition practices when it held a hearing with representatives from TSA, GAO, the DHS Inspector General, and the Department of Science and Technology Directorate. The testimony received at the hearing revealed that TSA continues to struggle to comply with Federal regulations and Department-wide directives when purchasing and deploying security-related technologies, does not monitor and effectively deploy its existing inventory of technology equipment, and comes up short when it comes to contracting with small businesses.

Last year TSA spent $2.39 billion on goods and services. With billions of taxpayers' dollars being spent by TSA every year, the majority of which goes toward acquiring security-related technologies, it is critical that every dollar be accounted for and used to address known and emerging security vulnerabilities.

To accomplish that TSA must set forth the technological requirements for each acquisition, including what existing capability gaps would be addressed. While this may sound like a basic, commonsense task, it is one that, according to GAO, TSA has repeatedly failed to conduct.

In fact, in 2009 GAO reported that TSA failed to conduct a cost-benefit analysis prior to purchasing and deploying over $100 million worth of AIT machines. Had TSA conducted such an analysis and considered privacy concerns, approximately $40 million could have been saved. Certainly some of that money could have been put to far better use by supporting promising technologies developed by small businesses.

Wisely spending taxpayers' dollars on security-related technologies also require a strategic vision. For too long TSA has allowed the most recent security incident to drive an often rushed effort to acquire and deploy new technologies. While the agency needs the flexibility to respond to emerging threats, such flexibility should not come at the expense of a long-term vision.

I look forward to hearing from each of the witnesses about how they believe TSA's acquisition practices can be improved. Specifically, I am pleased that Mr. Falconer has joined us today. His experience, I think, will be enlightening for the Members of this committee.

I look forward to hearing from him also on how TSA can improve its contracting performance as it relates to small businesses. Small businesses play a key role in both job creation and innovation. It is essential to both our economy and security posture for TSA to effectively partner with small businesses.

Before closing, I would like to acknowledge the bipartisan approach the Chairman has taken to conducting oversight and drafting legislation addressing TSA's acquisitions challenges.

Mr. Chairman, and I might add at this point that this whole acquisition situation has been an on-going, never-ending saga for those of us who have been on the committee a while, but especially people who do this for a living. At some point we are going to have to get our arms around it and just make it work and make it happen, and I look forward to your legislation as one of the opportunities for that to make it happen.

With that, Mr. Chairman, I yield back the balance of my time.

[The statement of Ranking Member Thompson follows:]

STATEMENT OF RANKING MEMBER BENNIE G. THOMPSON

JULY 17, 2013

Earlier this year, the subcommittee continued its long-standing tradition of conducting oversight of TSA's acquisition practices when it held a hearing with representatives from TSA, GAO, the DHS Inspector General, and the Department's Science and Technology Directorate.

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Wisely spending taxpayer dollars on security-related technologies also requires a strategic vision.

For too long, TSA has allowed the most recent security incident to drive an often rushed effort to acquire and deploy new technologies. While the agency needs the flexibility to respond to emerging threats, such flexibility should not come at the expense of a long-term vision. I look forward to hearing from each of the witnesses about how they believe TSA's acquisition practices can be improved.

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Before closing, I would like to acknowledge the bipartisan approach the Chairman has taken to conducting oversight and drafting legislation addressing TSA's acquisition challenges. I look forward to continuing to work with you to find ways to enhance TSA's performance in a manner that bolsters Department-wide acquisition reforms.

Mr. HUDSON. I thank you, Mr. Thompson, for your remarks.

Other Members of the committee are reminded that opening statements may be submitted for the record.

But we are pleased today to have a distinguished panel of witnesses with us.

Mr. Marc Pearl has served as the president and CEO of the Homeland Security and Defense Business Council since 2008 and represents the policy interests of the leading large, mid-size, and small companies that provide homeland security technology, product, and service solutions to our Nation.

Mr. Pearl previously served as general counsel and senior vice president of Government affairs at the Information Technology Association of America, and chief of staff and legislative counsel to former U.S. Representative Dan Glickman when the Congressman was Chairman of the House Intelligence Committee.

We also have Ms. Shené Commodore, who is the Government contracts and business manager with Intertek Testing Services, where she leads the efforts in Government compliance and business development responsibilities. She is testifying on behalf of the Security Industry Association, the leading trade association for electronic and physical security solution providers.

Ms. Commodore is a certified professional contract manager with over 20 years of experience providing acquisition support, contract management, proposal assistance, marketing, and financial auditing services to the Government and private sector. Her experience includes proposal preparation for General Services Administration, developing strategic partnerships, creating the negotiating contracts, business development, small business program development, and acquisition training services.

Finally, Dr. Dolan Falconer is the co-founder and chief executive officer of ScanTech Holdings, LLC, an electron beam and X-ray technology small business. Dr. Falconer has 25 years of nuclear industry experience in the management of engineering projects for private industry and the Federal Government. Prior to co-founding ScanTech, Dr. Falconer co-founded and served as executive vice president of Parallax, an environmental and nuclear engineering company, where he was instrumental in growing the company from its start-up stage to having a National presence with over 150 engineers, scientists, and technicians.

The witnesses' full written statements will appear in the record.

The Chairman now recognizes Mr. Pearl to testify.

STATEMENT OF MARC A. PEARL, PRESIDENT AND CEO, HOMELAND SECURITY & DEFENSE BUSINESS COUNCIL

Mr. PEARL. Thank you.

Chairman Hudson, Ranking Member Richmond, Ranking Member Thompson, and Congressman Rogers, thank you for the opportunity for giving the Homeland Security and Defense Business Council an opportunity to discuss industry's perspectives on TSA acquisition reform. As a way of background, the council's mission is to encourage a collaborative dialogue between Government and industry, focusing on identifying the ways that we can better work together to address our Nation's critical homeland security needs, especially with regard to acquisition process and technology development.

This subcommittee, as has been already stated, already knows that TSA acquisition programs represent billions of taxpayer dollars. Technology needs make up a significant part of that annual budget and plays a critical role in TSA's ability to accomplish its mission.

Unfortunately, as GAO reports point out, many of DHS's and TSA's major acquisition programs often cost more than expected and take longer to deploy than planned and/or deliver less capability than promised.

To address these issues, the council recommends: First, the continued use and development of open and transparent communication forums that allow for early and on-going two-way communication between industry and Government; and second, the development of a long-term strategic technology investment plan.

First, with regard to communication. Early engagement with industry—early engagement—long before an RFI or an RFP is needed, so that DHS and TSA can conduct market research; study current technologies; understand what is possible, what is practical; learn industry terminology; and more, most importantly, define its requirements. Clearly-defined needs and concise requirements, particularly those that contain metrics, are critical factors in industry's ability to provide the Government, in a timely and cost-effective manner, with the technological capabilities that it needs.

DHS and TSA recognize this and are working to find new ways to expand and deepen their engagement with industry. My written testimony provides a number of recommendations of how this progress can be continued into the future. Allow me an opportunity to just mention a few.

They must continue to conduct face-to-face meetings and create forums that allow discussions on general technology needs and conceptual frameworks. They need to hold more, and more focused, smaller industry days to become less reliant on RFIs, which industry finds to be costly in terms of both time and dollars. Last, consider the increased use of draft RFPs as opposed to just putting forth an RFP.

With regard to the strategic technology investment plan: DHS and TSA have made substantial progress in trying to communicate their future priorities, direction, and thinking to and with industry as a stakeholder. Strategic plans are a helpful start but the current plans do not address technology in depth. Congress should encourage them to take the planning process a few steps further and develop a mid- to long-term strategic technology investment plan.

The council urges this subcommittee and TSA to look at, for example, NASA's 2012 strategic space technology investment plan as a possible template. The NASA plan is effective because it seeks to narrow the focus of the technology field and provides guidance on technology investments over the next 4 years with the context of a 20-year horizon.

Please understand that a strategic technology investment plan is not a list of what the Government is going to buy in the future, but it is rather a flexible document that can be adapted if the risk profile dramatically changes. Most importantly, this kind of plan provides industry with a blueprint for the agency's future needs and thinking. It gives both Government and industry the time to

plan appropriately by aligning financial and personnel resources towards addressing the highest priority needs, which is providing the foundation and a framework to achieve mission success.

Even if only some of the measures that I have discussed today in both my oral and written testimony were to become part of the overall acquisition process, the council and its members strongly believes that they, together with the outreach efforts that are being carried out by DHS that is already taking place, will help TSA acquire the capabilities needed for mission success that are timely, cost-effective, and accountable, in a manner that encourages competition, innovation, and investment by industry in the homeland security enterprise.

We very much appreciate the opportunity to provide the collective perspectives of industry on TSA acquisition reform and stand ready to answer any questions that you might have. Thank you.

[The prepared statement of Mr. Pearl follows:]

PREPARED STATEMENT OF MARC A. PEARL

JULY 17, 2013

Chairman Hudson, Ranking Member Richmond, and distinguished Members of the subcommittee, I am Marc Pearl, president and CEO of the Homeland Security & Defense Business Council (Council), a non-partisan, non-profit organization that is made up of the leading large, mid-tier, and small companies that provide homeland security and homeland defense technology, product, and service solutions to our Nation, and more specifically, as it relates to today's hearing, to TSA. We thank you for giving us the opportunity to appear before you today to discuss industry perspectives on TSA acquisition reform.

The Council sponsors and promotes programs and initiatives that encourage a collaborative dialogue between industry and Government that focuses on identifying ways we can better work together to address our Nation's critical homeland security/homeland defense issues. Over the past few years, we have, for example, worked closely with the DHS Management and S&T Directorates on improving the acquisition process and the process for developing and finding advanced technologies.

As the Members of this subcommittee already know, TSA acquisition programs represent billions of taxpayer dollars in life-cycle costs and support a wide range of aviation security missions and investments. Technology needs make up a significant part of TSA's annual budget and play a critical role in its ability to accomplish its mission. However, as Government Accountability Office (GAO) reports continue to point out, many of DHS and TSA's major acquisition programs often cost more than expected, take longer to deploy than planned, or deliver less capability than promised.

Industry and Government are striving for the same goal—for TSA (and the entire homeland security enterprise) to acquire the capabilities needed for mission success through processes that are timely, cost-effective, accountable, and that encourage competition, innovation, and investment in the homeland security marketplace. No one can afford to have time, money, and resources wasted.

Members of the Council firmly believe that open, transparent, and substantive communication, along with strong, on-going collaborations between the Government and industry long before and throughout the acquisition process is a critical aspect to achieving this goal and addressing the GAO's concerns.

I do want to state unequivocally that DHS and TSA have truly begun to recognize this need, and are working hard to find creative and substantive ways to engage with industry—and not just with us in the role of contractor. We applaud their efforts and many of the recent changes that have occurred. In my testimony today, I would like to highlight some of the success stories and also suggest constructive ways that DHS, TSA, and Congress can continue the progress into the future.

The Council believes the following actions will assist the process of acquisition reform and ensure that TSA has the ability to acquire innovative technologies in a cost-effective and efficient manner:

- The development of a long-term strategic technology investment plan and multi-year budget plans; and

- Continued use and development of open and transparent communication forums that allow for early and on-going two-way communication between Government and industry.

In particular, we believe that communication between Government and its industry partners can be improved through:

- Forums that allow for discussions surrounding general needs and conceptual frameworks sufficiently in advance of an upcoming program or contract;
- Smaller and more focused industry days;
- Less reliance on Requests for Information (RFIs);
- Increased use of draft Requests for Proposal (RFPs);
- Creation of an Acquisition Timeline Model and Acquisition Status Dashboard; and
- Education of the TSA workforce on acceptable types of Government/industry engagement.

I. DEVELOPMENT OF A MID- TO LONG-TERM STRATEGIC TECHNOLOGY INVESTMENT PLAN AND MULTI-YEAR BUDGET PLANS

The communication of the Government's future technology needs, vision, and intended direction is of critical importance to industry. It should also be of equal importance to legislators that are conscious of using tax dollars in an effective and efficient manner. Industry does not have limitless resources to devote to the development and testing of homeland security solutions. Particularly in the current economic environment, no one wants to waste time and money building speculative technologies or solutions that "should" or "could" be incorporated into—in this case—our Nation's transportation security efforts. In order to provide the solutions that TSA needs to operationalize its mission, industry must have advance notice of the need and an ability to provide long-range solutions to meet those needs.

DHS and TSA have made substantial progress in trying to communicate future priorities, direction, and thinking to industry through the use of such vehicles as industry days, FedBizOps, and strategic planning documents. We applaud the development of the *2012–2016 DHS Strategic Plan* and the *2013–2016 TSA Office of Security Capabilities Strategic Plan.* We are particularly appreciative of TSA's willingness to have industry participate as a stakeholder in the planning process.

While these documents are an important part of the planning process, they do not address technologies in depth. We strongly believe that DHS must take the planning process a few steps further and develop a mid- to long-term strategic technology investment plan.

We point to the *2012 Strategic Space Technology Investment Plan*[1] that NASA issued as a good example. The NASA plan was created after the agency developed a series of technology roadmaps that defined its future needs based upon the results of a gap analysis. The plan is effective because it narrows the focus of the technology field and gives guidance on technology investment over the next 4 years, and within the context of a 20-year horizon.

For purposes of demonstrating what we believe is a potentially useful template, and to assist the subcommittee in its deliberations, we have summarized below the component parts and type of information provided in NASA's plan:

- The technology roadmap specifies 14 plans for developing technologies in 14 areas over the next 20 years.
- It prioritizes and divides its investment approach into three levels of concentration.
  - *Core Technologies (70%).*—These are the most pressing near-term technology investments necessary to accomplish its mission.
  - *Adjacent Technologies (20%).*—These are additional high-priority investments that would be needed over the next 4 years. These are technologies that will take more time to development.
  - *Complementary (10%).*—These are the remaining needs from the technology roadmap. They have limited immediate relevance but they have the potential to bear relevance over the next 20 years. These technologies may require some investment now so that the capability will exist later.
- The core, adjacent, and complementary technologies support goals in a four-pillar framework. Each pillar includes three components: (1) A strategic investment goal; (2) associated capability objectives; and (3) technical challenge areas underpinning those objectives.
- The framework specifies the principles that will guide the investment strategy and portfolio execution.

[1] See *http://www.nasa.gov/offices/oct/home/sstip.html*.

- It includes a governance approach with frequent oversight and allows for the updating of the plan on a biennial basis.

A strategic technology investment plan is not a list of what the Government is going to buy in the future. Instead, it is a flexible document that provides industry with a blueprint for the Government's future needs and thinking. It also gives both the agency and industry the time to plan appropriately by aligning financial and personnel resources towards addressing the highest-priority needs. Any assistance that Congress can provide in guiding the development of a long-term strategic technology investment plan would go a long way in providing the foundation and framework for all stakeholders to achieve mission success.

While it is no doubt difficult to develop, particularly under the current budget approval process, Congress and DHS could work together more effectively to develop multi-year budget plans, or at least a credible forecast of future investment activities at the time of an annual budget justification. This would provide industry with a more predictable homeland security acquisition environment, and a greater level of certainty, which is needed to make multi-million dollar technology investments and hiring decisions.

II. CONTINUED USE AND DEVELOPMENT OF OPEN AND TRANSPARENT COMMUNICATION METHODS AND FORUMS THAT ALLOW FOR EARLY AND ON-GOING INFORMATION EXCHANGE BETWEEN GOVERNMENT AND INDUSTRY

The Council has long stressed the need for the Government to engage with industry prior to starting the procurement process. Early engagement (long before the issuance of a RFP) is needed so that DHS can conduct the appropriate market research, explore creative ways of understanding existing and emerging technologies, learn industry terminology, identify all of the potential companies that can provide the technology, and determine the correct scope of the requirements that best fit the existing vendor base.

Clearly-defined needs and concise requirements, particularly those that contain metrics and differentiators, are critical factors in industry's ability to provide the Government with the technological capabilities it needs in a timely and cost-effective manner. If the technical performance and testing requirements for technologies are not measureable or clearly communicated to industry, it raises the potential for an increased or lost cost of development, duplication of effort, and a resulting product or technology that fails to meet the Government's expectations. Industry input is essential to help define and calibrate requirements to match objectives and achieve goals. The more complex the procurement, the more critical the need for an open information exchange.

DHS and TSA are working hard to conduct outreach to and collect intelligent data from industry. Currently, there are a number of methods used to gather and exchange information with industry, including Industry Days, RFIs, Broad Agency Announcements (BAAs), monthly webinars, FedBizOpps, DHS website announcements, one-on-one vendor sessions, and outreach through industry associations, like the Council.

It is important that DHS continue to use multiple forums for communication. The Government needs to ensure it has forums that allow for both one-on-one and group engagement. The Government also needs to have the flexibility to balance group interactions so that it can have productive communications with a manageable amount of people, as well as the ability to reach out, request, and share information with a broader audience, particularly those who do not reside in Washington, DC. The latter is an important aspect to ensuring the Government is viewed as open and transparent.

In this regard, the Council recommends six ways to expand and improve current communication efforts before and during the acquisition process:

1. Develop Forums That Allow for Discussions Surrounding General Needs and Conceptual Frameworks Sufficiently in Advance of an Upcoming Program or Contract.—This type of interaction in advance of a specific procurement will enable the Government to gather the information needed to help shape the desired outcome, better define and understand what is actually needed, and determine what is economically reasonable and technologically feasible. Here is a simple analogy to drive this point: Without a conceptual discussion about what the Government needs technology to do for them, they may prematurely define the need as a mop or broom when what they really need is a Swiffer.

2. Conduct Smaller and More Focused Industry Days.—Industry encourages the use of smaller and more focused industry days that include breakout sessions that allow for interactive roundtable discussions with the Government. These types of sessions are a more valuable use of industry's time and manpower. By narrowing

the focus of an industry day, the Government can reduce the amount of people in physical attendance and allow for more productive and interactive engagement with the attendees. These sessions could be video-taped and live-streamed over the internet to ensure Government transparency. Many of the component parts of DHS, including TSA, have started to incorporate breakout sessions into their industry days, and industry reports they result in a better exchange of information.

3. Less Reliance on Requests for Information (RFIs).—Recently, there has been a substantial increase in the use of RFIs to seek advice and information from the private sector before a RFP is issued. While RFIs are a valuable tool for communication when used in the appropriate circumstance, they also have limitations. Government should not rely too heavily on RFIs because industry is finding that they do not have the time, money, and manpower to devote to them. Simply put, it sometimes costs too much to provide a formal response, and it is industry's experience that many of the responses to RFIs often "sit on the shelf" and are not put to use.

4. Increase the Use of Draft Requests for Proposal (RFPs).—Industry believes the Government would improve the outcome of contracts if it increased the use of draft RFPs in advance of the final version. By issuing a draft RFP, industry has an opportunity to comment and raise issues that the Government should consider, particularly those that relate to the design of the contract, the interpretation and specificity of the requirements, the impact to industry, and potential problems with the RFP that might impact cost, competition, or delivery.

5. Create an Acquisition Time Line Model and Acquisition Status Dashboard.—The current procurement process takes too long, resulting in increased costs and delays as well as causing detrimental impacts to the homeland security mission. Currently, it can take a year to a year and a half—often longer—from the time mission requirements are published until contracts are in place to begin addressing those requirements. We recommend that DHS establish an acquisition time line model and set of best practice benchmarks or service-level agreements, depending upon the appropriate terminology, by which it will execute acquisitions. DHS leadership would need to manage to those time lines and address and report any exceptions to those benchmarks.

Another way of improving the communication process would be to develop a "dashboard" that shows industry the status of where the Government is in the acquisition process in relation to defined activities and milestones. This would save time and cut down on the amount of questions between industry and Government about where things stand in the process.

6. Educate the Workforce on Acceptable Government/Industry Communication.—While there are numerous examples of Government employees that are diligently working to reach out to industry, this is not consistent across DHS or TSA. There have been a number of situations where certain employees will not meet with or communicate with industry due to fear that they are violating the Federal Acquisition Regulation (FAR) or other ethics rules. It would be highly beneficial for Congress to show its support and encouragement for continued and responsible engagement between industry and Government. We believe that more efforts to educate the DHS and TSA workforce on the timing and manner in which they can engage with industry would help address this problem.

III. RECENT SUCCESS STORIES OF GOVERNMENT/INDUSTRY ENGAGEMENT

It is important to point out to the subcommittee that there has been tremendous progress with regards to DHS and TSA's willingness to engage with industry and treat us as a valuable stakeholder in the overall process and mission. We have seen numerous examples of the Government engaging with industry outside of the acquisition process to vet ideas and concepts, challenge and support Government thinking, and provide valuable thought leadership. This interaction helps build and strengthen the partnership and will improve DHS' ability to accomplish its mission.

Please allow me to share some of the most recent examples of how Government and industry have worked together to educate each other, share best practices and lessons learned, and change behaviors that occur during the acquisition process:

1. Acquisition Risk Management Seminar.—This past March, the Council worked with the Management Directorate to host a 3-hour seminar before more than 50 DHS contracting officers, acquisition specialists, and program managers that focused on explaining how industry assesses and mitigates risk in the acquisition process. The seminar was an opportunity for Government to gain a better understanding of industry's perspectives, as well as to understand how risk mitigation decisions impact the bidding process and resulting outcome (in regards to cost, delivery, quality, competitiveness, effectiveness, and efficiency). TSA contracting officers took part in this seminar.

2. Mock Post-Award Debriefing Exercises.—The Management Directorate has worked through a number of industry organizations to create Mock Post-Award Debriefing Exercises for DHS contracting officers. Subject matter experts from industry serve as role players and engage with Government under a variety of scenarios that might occur when the Government debriefs and furnishes the basis for selection decisions and contract awards. The overarching goal of the exercises is to help the Government learn to communicate the right information with industry during the debriefing process. TSA officials have taken part in these exercises.

3. Input an Cost Estimation And Schedule Management Policies.—Last Spring, the Council worked with the Program Accountability and Risk Management (PARM) program within the DHS Management Directorate to set up a small practitioner work group made up of SMEs from Government and industry to review and provide input on draft standards for cost estimation and schedule management. The workgroup met twice to review the language and suggest ways to strengthen the policy to achieve intended objectives. The workgroup had valuable discussions about the interpretation and impact of certain sections of the guidance and to identify additional provisions that would be needed to ensure compliance. Industry representatives were able to offer examples, suggested language, and lessons learned based on their experience with similar policies at other Federal agencies.

4. Input on the Technology Foraging Process.—Through a series of small group sessions, SMEs from a number of Council member companies met with representatives from the S&T Directorate to provide input on the technology foraging process. The goal was to share industry's experiences and suggest different ways that the Government could identify and evaluate existing or developing technologies that could support DHS mission needs.

5. Government/Industry Focus Groups.—TSA has developed a set of focus groups with industry through the Washington Homeland Security Roundtable. These sessions have focused on identifying methods and processes by which TSA can effectively engage with industry on matters related to acquisition.

CONCLUSION

We strongly believe that open, transparent, and substantive communication, along with continuous engagement between the Government and industry before and throughout the acquisition process is the key to reforming the acquisition process. DHS and TSA recognize the need and are succeeding in finding creative and unique ways of engaging with industry. While much progress has been made, we have identified a number of steps to continue the progress of acquisition reform into the future.

We respectfully ask for your support in facilitating the following actions:

- Urge DHS overall and TSA in particular to develop a long-term strategic technology investment plan and multi-year budget plans; and
- Encourage them to continue to use and develop open and transparent communication forums that allow for early and on-going two-way communication between Government and industry.

If these measures are built into the overall acquisition process, the Council and its members believe that TSA (and the entire homeland security enterprise) will acquire the capabilities needed for mission success in a manner that is timely, cost-effective, accountable, and that encourages competition, innovation, and investment in the homeland security marketplace.

On behalf of the Homeland Security & Defense Business Council, I appreciate the opportunity to provide the collective perspectives of industry on TSA acquisition reform. The Council stands ready to answer any additional questions you may have on these important issues.

Mr. HUDSON. Thank you, Mr. Pearl.

The Chair recognizes Ms. Commodore to testify.

STATEMENT OF SHENÉ COMMODORE, GOVERNMENT CONTRACTS & BUSINESS MANAGER, INTERTEK, TESTIFYING ON BEHALF OF THE SECURITY INDUSTRY ASSOCIATION

Ms. COMMODORE. Good morning, Chairman Hudson, Ranking Member Richmond——

Mr. HUDSON. Is your button on there? You want to push the talk button?

Ms. COMMODORE. Good morning, Chairman Hudson, Ranking Member Richmond, and distinguished Members of the subcommittee. Thank you very much for the opportunity to testify with you today regarding Transportation Security Administration's acquisition and procurement policies. My testimony today reflects over 20 years of experience in the area of Federal procurement, both from the Government and the private sectors, and that also includes TSA's procurement process during this time.

I am here representing Intertek Testing Services. This is a Nationally-recognized testing laboratory whose history goes back to Thomas Edison. But I am also here representing the Security Industry Association, who has a membership of over 480 companies which currently develop, install, and integrate many of the electronic security technologies in use by TSA today.

Intertek is a member of Security Industry Association and I serve on the association's Government relations committee. It is truly an honor to be here with you today representing these two outstanding organizations.

Specific to Intertek's role in the security industry, we test and certify products which help companies improve product performance, gain efficiencies in logistics and manufacturing, and also deter barriers to market. We also work with other organizations to create test procedures and methods which validate the compliance and validation of new technologies.

The issue before us is procurement reform with TSA, and legislation that you have proposed, Chairman Hudson, is well received by the industry. As someone who works daily with the decisions made in Congress, the TSA, and several companies who sell directly to TSA, I can tell you that this is a welcome collaboration between Government and the industry.

Open dialogue is even more critical to continue innovative growth in transportation technologies in order to protect our Nation with limited funds. The aging workforce, experience gaps, and the technology talent shortage are both global industry and Government problems.

Contractors sometimes do not understand the requirements. Additionally, the lack of industry best practices on the Government side causes contracting staff to write unnecessary task or requirements in the solicitations, which then drive high acquisition costs. This can be prevented with more collaboration between industry and Government and also lead to additional Government savings.

There are four key areas which I believe TSA should focus on to implement best practices in the procurement process. They are the acquisition planning, test and evaluation, cost-benefit analysis, and Government contract vehicles. While I will discuss these in limited detail now, my written testimony goes into greater detail.

The first item: Acquisition planning. I will start off by saying there are three key phases to the Government contracting cycle: The pre-award phase, the award phase, and the post-award phase.

The greatest risk in this cycle for all parties, industry and Government, is during the pre-award phase. It is, therefore, increasingly important that more acquisition planning takes place as early as possible.

By communicating with industry, Government can learn best practices and gain a better understanding of the level of effort required for completing task. This is the opportunity to conduct market research prior to drafting requirements. Therefore, it is also my belief that TSA should conduct more requests for information and allow comments on draft solicitations.

The next item: Test and evaluation. New initiatives should be established with TSA regarding testing and evaluation offices to contain costs so that we have verified equipment to market faster to maintain the on-going safety of our Nation's security. TSA should also limit testing requirements solely to labs that actually write the requirements, because equivalent testing can be done successfully through third-party laboratories.

Regarding cost-benefit analysis, it is important that cost and benefits are measurable, accurate, realistic, timely, and beneficial. Contracting staff need to understand how to assess the realism of the cost in terms of the contract requirements.

Last, Government contract vehicles. Government contract vehicles will afford TSA a streamlined procurement approach. Particularly with GSA, the contractors have already been verified and approved at discounted prices. This can also save TSA additional money.

Again, thank you for the invitation for the committee today. On behalf of SIA and Intertek, we appreciate your efforts in this area and I look forward to answering any questions you may have.

[The prepared statement of Ms. Commodore follows:]

PREPARED STATEMENT OF SHENÉ COMMODORE

JULY 17, 2013

Good morning Chairman Hudson, Ranking Member Richmond, and distinguished Members of the subcommittee. Thank you for the opportunity to testify today about the Transportation Security Administration's (TSA) acquisition and procurement policies and practices.

This morning my testimony reflects more than 20 years of experience in the area of Federal procurement and I have worked with TSA's procurement process since that agency was established a little more than 10 years ago.

I am here representing not only Intertek Testing Services, a Nationally-recognized testing laboratory whose history goes back to the days of Thomas Edison, but also the Security Industry Association, whose more than 480 member companies develop, install, and integrate many of the electronic security technologies purchased and in use by the TSA. Intertek is a member of the Security Industry Association and I serve on the association's Government relations committee.

It is truly an honor to sit here today, representing these two outstanding organizations.

Specific to Intertek's role in the security industry, we test and certify products, help customers improve performance, gain efficiencies in manufacturing and logistics, overcome market constraints, and seek to help our customers reduce risk. Intertek also develops test procedures and methods to validate the compliance of the implementation of new technologies.

As the industry leader with more than 35,000 people in 1,000 locations in over 100 countries, we can ensure that products meet quality, health, environmental, safety, and social accountability standards for virtually any market around the world. Additionally, Intertek holds extensive global accreditations, recognitions, and agreement and we have extensive knowledge and expertise in how to overcome regulatory, market, and supply chain hurdles.

The issue before us is procurement reform at the TSA. The legislation Chairman Hudson is proposing has been well-received by the industry. As someone who works daily with the decisions made in Congress, the TSA, and several companies who sell directly to the TSA, I can tell you that collaboration with industry is always welcomed.

The aging workforce, experience gaps, and the technical talent shortage are global industry and Government problems. Additionally, since Congress has recognized the need for a professional acquisition workforce by establishing education, training, and experience requirements for entry into and advancement in the acquisition career fields for Federal agencies, industry collaboration and open dialogue is even more critical to continue innovative growth with transportation technologies in order to protect our Nation with limited funds. Contractors sometimes do not understand the requirements. Additionally, the lack of understanding of industry practices leads to Government contracting staff writing unnecessary tasks or tests requirements which drive high costs in the acquisition. This can be prevented with more collaboration between industry and Government and also lead to additional Government savings. We commend your efforts to encourage more communication and dialogue between Government and industry.

There are Four Key Areas TSA should consider when implementing best practices to improve transparency with regard to technology acquisition programs:

1. Acquisition Planning.—The Government contract cycle has three main phases; pre-award, award, and post-award. The pre-award cycle carries the most risks and is where acquisition planning takes place to identify requirements and associated costs with Government estimates. This is the opportunity to conduct market research and the best time to have discussions with industry, prior to drafting requirements. By communicating with industry, Government can learn best practices, common trends, and gain a better understanding of the level of effort required for completing tasks. TSA should conduct more requests for information, sources sought, and allow comments on the draft statement of work during the acquisition planning process. This will allow for a better acquisition plan that includes requirements that are both easy to understand and yield better pricing from prospective bidders. It is during this time that TSA can also identify small businesses that may be able to complete the work.

2. Test and Evaluation.—New initiatives should be established with TSA testing and evaluation offices to contain costs and get products to market faster to maintain the on-going safety of our Nation's transportation system. Security products are needed for open-source and closed-source areas. The testing of products validates a product's safety and performance. Does the product function the way it is supposed to? Is it durable? Is it safe? Will it last? Testing and evaluation may include an assessment of a system, subsystem, or a component of a complete system. Additionally, the earlier testing begins in the process, the more chances for success of the product. Testing and evaluation should also include design review analysis, failure analysis, and corrosion analysis.

Test standards are written to instruct engineers on how to conduct the proper test with specific test methods. Testing laboratories purchase test standards to stay abreast of required test methods. Accredited third-party testing laboratories like Intertek can test to various standards, although they did not write the test standard. It is important for contractors to know what information the agency would like to obtain from the test results and how the test data will be used in order to ensure the proper test method and how test equipment is part of the test evaluation process. In some instances, the agency requires test standards or specific test equipment where alternate test methods or test equipment can be used to provide the same information at different costs and time intervals. To ensure cost-effective, full and open competition, TSA should not limit testing requirements solely to companies that write the test standards, but include equivalent testing certification marks which are allowed to test to a variety of standards. By utilizing skilled testing laboratories other than those that have developed the test standards, it ensures the external validity (generalizability) of the test results. Product manufacturers and developers will be able to get their products tested and certified by more labs. TSA can then benefit from more thorough validation of security products to get these technologies to market faster.

TSA recognizes the importance of getting products out faster and has released Request for Information (RFI), Solicitation Number: HSTS04–13–S–CT9999, Third-Party Testing to identify third-party testing facilities capable of providing testing and evaluation certification for Transportation Security Equipment (TSE). Original equipment manufacturers (OEMs) of security devices would have their equipment tested by commercial third-party testing organizations before they brought their equipment to TSA to undergo its more formal test and evaluation process. We believe this will streamline TSA's formal qualification process and increase the likelihood of security products' success and get them to market faster. TSA would also be able to gather data which can then be used for cost-benefit analysis.

The formal TSA T&E process begins with entry into Developmental Testing (DT) where product system and subsystems are assessed for their ability to satisfy

sought-after capabilities then assessed with Quality Testing (QT). By requiring third-party testing and certification, TSA can benefit from increased probability of quality security products being ready for an acquisition decision. Businesses will also save time and money because they are less likely to lose money retesting products and increase the likelihood of their products passing TSA testing requirements.

Third-party testing certification would allow the TSA T&E workforce to save time therefore increasing their capacity to direct planning efforts. TSA's test and evaluation organization can then focus more on the operational test and system evaluation processes. These efficiencies will also yield TSA more oversight needed to meet its acquisition plan goals for security products by being able to provide more management attention to product quality issues that may face the greatest risks.

3. Cost-Benefit Analysis.—Cost-benefit analysis is critical to budget planning and accurate forecasts of project cost estimates. In conducting cost-benefit analysis, one must be knowledgeable about cost realism and cost reasonableness. TSA procurement and program staff need specific, measureable, attainable, realistic, timely cost-benefit analysis guidelines for all major projects. Cost-benefit analysis guides should address the key elements of costs analysis, how to determine price reasonableness with emphasis placed on price analysis techniques and their appropriateness under a variety of contracting/procurement scenarios. Acquisition staff must understand the difference between price analysis, cost analysis, and cost realism while also being able to identify cost reasonableness based on the requirements. It is important for those involved in acquisition planning and program management to understand the meaning of cost realism and cost reasonableness to generate and to develop more accurate independent Government costs estimates. In accordance with the Federal Acquisition Regulations (FAR) these terms are defined as the following:

Cost Realism Analysis (FAR 15.101, 15.401, and 15.404–1(d))

Cost Realism Analysis is the process of independently reviewing and evaluating specific elements of each offeror's proposed cost estimate to determine whether the estimated proposed cost elements:

- Are realistic for the work to be performed;
- Reflect a clear understanding of contract requirements; and
- Are consistent with the unique methods of performances and materials described in the offeror's technical proposal.

Based on the offeror evaluation criteria stated in the solicitation, you can then use the results of your analysis in selecting the offer that provides best value to the Government.

Cost Reasonableness, FAR 31.201–3—Determining Reasonableness

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business. Costs cannot be deemed reasonable if they are not allowable.

Cost-benefit analysis training should include detailed policy for all of these criteria so that Government staff have the ability to recognize unrealistic costs estimates. This will work to ensure the creation of more realistic project costs so that TSA can operate within budget. One common mistake among program and procurement staff is the lack of understanding of how the contract requirements affect the level of effort needed per tasks and related costs which can also be deterred with cost-benefit analysis procedures.

It is imperative that cost-benefit data is maintained and reviewed on an on-going basis. To prevent cost-benefit data limitations because of the rapid change in technology; internal controls need to be implemented to maintain, compare, and reconcile the data compiled from annual forecasts and spending reports. Data should be maintained to review and prepare an analysis based on actual spending and comparative data to validate recommended acquisition program changes. The data will also help validate the success of acquisition planning and forecasting. Annual reports should include the identification of the staff which contribute to the report as well as the data source and methods of the data used. Each department should use the same methods to calculate cost benefit data to ensure a fair and consistent analysis throughout TSA with the use of reliable aggregate data.

4. Government Contract Vehicles—TSA should also consider using GSA schedules. The General Services Administration reviews the technical ability, management, and financial solvency of companies that want to provide product and services to the Federal Government. Companies with GSA schedules have already been vetted and the best price has already been negotiated. This will save procurement lead time so that contracts can be awarded faster and TSA will receive discounted rates by qualified vendors. The following GSA Schedules could be beneficial to TSA:

- Schedule 70—General Purpose Commercial Information Technology Equipment, Software, and Services;
- Schedule 84—Total Solutions for Law Enforcement, Security, Facility Management Systems, Fire, Rescue, Special Purpose Clothing, Marine Craft and Emergency/Disaster Response;
- Schedule 871—Professional Engineering Services;
- Schedule 66—Scientific Equipment and Services.

Again, I would like to thank the committee for the invitation to be here today. On behalf of the Security Industry Association and Intertek, we appreciate your efforts in this area and I look forward to any questions you may have.

Mr. HUDSON. Thank you, Ms. Commodore.

The Chairman now recognizes Dr. Falconer to testify.

STATEMENT OF DOLAN P. FALCONER, JR., PRESIDENT AND CEO, SCANTECH IDENTIFICATION BEAM SYSTEMS, LLC

Mr. FALCONER. Okay. Good morning, Mr. Chairman, Ranking Member, Ranking Member of the full committee, and distinguished Members of the subcommittee.

My name is Dolan Falconer. I am founder, president, chief executive officer, and vial-washer for ScanTech. Thank you for inviting me to testify about my perspectives relative to TSA acquisition reform, specifically how TSA can better tap into the technology and innovations of small business.

The facts are clear: Small and innovative high-tech companies have significant barriers to achieving qualification and contracts for security screening technologies. Simply put, it takes a long time, extensive resources, and a lot of capital to successfully do business with TSA.

My company is based in Atlanta, Georgia and is 100 percent privately funded. We are the leading innovator in advanced technology X-ray systems. They are designed and designated under the trade name SENTINEL and our systems are designed to inspect carry-on luggage on aircraft.

SENTINEL is designed to meet TSA requirements for all of the needs for the airline industry. We are currently one if not the only small business that is in the process of qualifying such a system within TSA.

SENTINEL has been certified by Underwriters Laboratory and is currently at the TSA laboratory in the qualification process. Reaching this point is a major accomplishment for a small business and we are very proud that we have made it this far and we haven't taken a nickel of Government or public money to get here.

That said, it has been a long and arduous process for us, which is par for small businesses within TSA. Let me explain this to you.

We started the process in 2006 when TSA launched an effort to find a screening technology that would solve the problems with liquids on aircraft that we are all so familiar with. In response to this opportunity we submitted a white paper describing how we would solve the problem and address TSA's needs.

We secured millions of dollars of private funding and began the process of developing test beds and building several prototypes in order to prove that we could do what we claimed we could do, and eventually we became one of seven companies selected by TSA to go into the qualification process for this program. At this point we began to really realize how difficult it would be to do business with TSA.

It has taken us 7 years to get to this point, to the laboratory. But for a small business time is money. We have spent $20 million to get to this point, all private funding. We are not there yet. Time, more money, more time, more money. It is very difficult to solve the problem within TSA.

At this point I was notified by our investors that they were getting tired of the time line, and they have since told us that they are looking at stopping funding because at the end of this process there is no assurance that you are going to get to a contract within the agency. That is okay for large businesses. Large, multi-billion dollar nationals do a lot of R&D. They have R&D budgets that they can move forward.

But as a small business we cannot do that. We have to have an idea of where we are going. That currently does not exist within the agency.

We made several recommendations in the areas that are problematic. One is privately-funded R&D. It should not be privately funded; there should be establishment of funding mechanisms to do the R&D phase.

The requirement for Nationally-recognized third-party certification in our program, which is U.L. certification. Why would you get U.L. certification if the agency isn't going to say they are going to buy your machine? That is a lot of money and a lot of time.

Full and open competitions. This is very difficult for small businesses. I am competing with the largest businesses in the world in this sector.

Prior access to TSL. Without access you can't have the information to meet the standards, and so it is a very difficult process.

Security requirements—everyone knows it is a Catch-22. Without a contract you can't get the security clearance; without the security clearance you can't get the contract.

Finally, the unfunded qualification process, which is lengthy, takes forever to get through, and without funding you can't get there. So there is no funding support there.

There are bright spots. I have had a meeting with Administrator Pistole. My recommendations were taken.

We believe that TSL is doing an exceptional job under Dr. Susan Hallowell. She is an advocate. There is a readiness review process that is in place that is there to help us get through the qualification process, and I would like to give her thanks for that publicly.

My written testimony includes a list of recommendations, and I stand here to answer those recommendations here to the committee.

[The prepared statement of Mr. Falconer follows:]

PREPARED STATEMENT OF DOLAN P. FALCONER

JULY 17, 2013

Good morning Mr. Chairman, Ranking Member, and distinguished Members of the subcommittee.

My name is Dolan Falconer and I am the founder, president, and chief executive officer of ScanTech Identification Beam Systems. LLC.

Thank you for inviting me to testify today about my perspectives on Transportation Security Administration (TSA) acquisition reform, and specifically how TSA procurement and acquisition practices can be improved to tap into the technology potential and innovations of U.S. small businesses.

TSA faces particular challenges in obtaining the most effective and efficient security technology to protect the traveling public and our economy from evolving threats. Small and innovative high-technology companies face a gauntlet of barriers to achieving Government qualification and contracts for security screening technologies. Simply put, it takes a long time, extensive resources, and a lot of capital to successfully do business with TSA.

BACKGROUND

Based in Atlanta, GA, ScanTech is a 100% privately-funded, U.S. small business and a leading innovator of Advanced Technology (AT) X-ray inspection systems. ScanTech's X-ray inspection systems are specifically designed to provide materially better and faster detection of hazardous and contraband materials, thereby increasing processing efficiency resulting in reduced costs, increased confidence, and greater peace of mind for the traveling public.

Designated under the trademark Sentinel™ (see attached brochure), our systems are designed to specifically protect checkpoints and inspect airline carry-on baggage. While nearly identical in overall appearance to existing checkpoint scanners currently deployed at U.S. airports, Sentinel™ systems are anything but the same when it comes to technology and capabilities. Sentinel™ provides improved imaging, better spatial recognition, and advanced material discrimination algorithms to automatically differentiate and identify explosives, flammable liquids, and other hazardous materials and substances that may be hidden deep within screened baggage and packages.

With a footprint very similar to traditional X-ray scanners, Sentinel™ systems can quickly be installed and easily maintained at existing checkpoints without major infrastructure modifications. In addition, once installed, Sentinel™ systems have built-in hardware and software upgrade capabilities that negate the need to replace the entire system as technology improves and threats evolve.

Sentinel™ is specifically designed to meet TSA requirements for the inspection of carry-on baggage, handbags, brief cases, laptop computers, small parcels, and packages that pass through airport checkpoints. Employing dual-energy, multi-view material discrimination with proprietary Automatic Threat Identification and Modular Threat Adaptation technology, Sentinel™ provides a significant advantage and superior threat reduction over traditional and airport checkpoint X-ray systems.

ScanTech is currently one of, if not the only U.S. small business in the process of qualifying such a system with TSA. Sentinel™ has already been certified by Underwriter's Laboratory (UL) for Safety and Electromagnetic Compliance (EMC) and is currently at the TSA Transportation Safety Laboratory (TSL) in Atlantic City, New Jersey being prepared for the TSA AT Qualification Test.

Although we consider reaching this point in the TSA acquisition process a major accomplishment, it has been a long and arduous process and is indicative of the challenges that face small technology businesses doing business with TSA.

Please let me explain further.

We began developing Sentinel™ in 2006 when TSA launched a search for new screening technology for carry-on baggage that could detect threats like those that were to be used in an alleged plot to blow up as many as 10 planes in mid-flight from the United Kingdom to the United States using liquid explosive compounds brought on board in carry-on luggage.

TSA invited interested companies to submit white papers for consideration, and in response, ScanTech initiated the development of Sentinel™, a four-plane platform architecture designed to address specific deficiencies in the then-current technology. After securing millions of dollars of private funding to support product development and design and to build and test several test beds and prototypes, ScanTech became one of seven companies and the only U.S. small business down-selected by TSA to enter its new AT X-ray qualification program.

It was at this point that the realities of doing high-technology business with TSA as a U.S. small business and the challenges associated with navigating the TSA procurement process became apparent to me.

SMALL BUSINESS CHALLENGES

Let me explain:

Development of our next generation of X-ray screening technology began 7 long years ago and has taken over $20 million of private equity funding to reach this point. This is more time and money than most small businesses can sustain without Federal funding support.

Several significant factors as described below combined to create a nearly insurmountable barrier of time and money for small businesses. Although these are spe-

cific to the technology channel we are pursuing within TSA, I believe they are indicative of the challenges facing most high-technology small businesses trying to do business with TSA:

1. Privately-Funded R&D.—When TSA initially identified the AT X-ray acquisition requirement, no Federal funding was made available to support R&D activities. As a result, all ScanTech's R&D effort has been 100% privately funded. No taxpayer dollars have been used. Unfortunately, most high-technology small businesses cannot secure sufficient private equity funding to support years of R&D required to bring products to the technology readiness level required by TSA to acquire a product.

2. Nationally Recognized Third-party Laboratory (NRTL) Certification.—TSA required NRTL certification before Sentinel™ would be accepted for qualification testing. As a result, Sentinel™ was sent to the Underwriter's Laboratory (UL) to meet the NRTL certification requirement. NRTL certification prior to qualification testing requires the investment of significant time and money before confirmation that the technology meets TSA performance standards and has a real path to eventual acquisition by TSA.

3. Full and Open Competition.—The AT X-ray acquisition was a full and open competition. A small business set-aside provision was not included for ScanTech to compete for. In addition to having to compete directly against large business for this procurement opportunity, the acquisition also contained several requirements that indirectly precluded small businesses from participating even in the full and open competition. For example, vendors were required to provide TSA with five systems for evaluation and testing at the vendor's cost. Delivering five systems to TSA requires a significant commitment of capital that most small business cannot support.

4. Prior Access To TSL.—Acceptance for qualification testing required ScanTech to have access to data that could only be acquired at TSL. As a result, small businesses must have access to TSL prior to submitting a compliant data package for TSA review and approval to proceed with qualification testing. However, TSL is typically full with other mission elements that take priority over scheduling small businesses for this data collection.

5. Security Requirements.—Acceptance for qualification testing required ScanTech to have access to Sensitive Security Information (SSI) and National Security Information (NSI). As such, small businesses must invest both time and money in securing the clearances necessary to participate in the acquisition process, however, clearances are only granted to parties with a contract providing a need-to-know.

6. Unfunded Qualification Process.—The qualification process was unfunded. ScanTech's investors have invested over $20 million in reaching this point, but must commit even more private funds to get through qualification. The Government should provide funding assistance to small businesses that have taken a technology to the point of qualification.

TSA COMMITMENT

On July 19, 2012, I met with the TSA administrator and the assistant administrator for acquisitions to discuss these issues and their associated impact on small businesses and to share our lessons learned. During this meeting, we discussed the challenges associated with small businesses not having the advantage of access, familiarity, and previous contact with TSA technical staff. I emphasized the fact that small businesses, especially those that have no previous experience in dealing with Governmental procurement processes, are in need of technical procurement assistance, especially in the case of high-tech services or products, where knowledge of the processes and procedures can mean the difference between survival and success or failure. I presented the following recommendations following our meeting:

1. Assign a subject matter expert to assist us and other small businesses to quickly resolve technical questions and requirements.
2. Assign a contract officer's technical representative (COTR) earlier in the process to assist us and other small businesses navigate the technical procurement process.
3. Conduct an advanced technical visit of our facility in Atlanta by TSA technical management. TSA management had little or no prior knowledge of ScanTech's technology or its capabilities and an advanced visit would provide a baseline understanding of our technology and its potential for addressing key threats and vulnerabilities at the Nation's checkpoints.

I am happy to announce that our recommendations were not ignored and have been implemented by TSA.

TRANSPORTATION SECURITY LABORATORY

In December 2012, ScanTech signed a Cooperative Research and Development Agreement to enter TSL to access the explosive materials required to proceed with data collection and qualification of our Sentinel™ system. TSL has established a Readiness Assistance Program that is structured to assist vendors understand and meet TSA technical standards and requirements and ScanTech has received significant readiness assistance in preparing for TSA qualification through this program.

Readiness assistance is fully supported and endorsed by the TSL Director, Dr. Susan Hallowell. Dr. Hallowell is a leading advocate for high-technology small businesses and has worked hard to ensure that we are aware and informed of the requirements and processes necessary to successfully maneuver through the qualification process.

Without Dr. Hallowell's stewardship and advocacy, we would still be years away from qualification. I personally commend her efforts and leadership in bringing small business innovation to the forefront of TSL's mission to identify and vet new technologies.

TOP THREE RECOMMENDATIONS

Based on my experience from a small business perspective, I offer my top 3 recommendations for TSA acquisition process changes to bring more competition and innovation to the ever-evolving security market to effectively and efficiently address emerging threats to homeland security.

1. Change the culture to foster accelerated innovation through small business participation. Acquisition regulations and requirements are complex, confusing, and constantly changing which is a big disadvantage to small businesses and newcomers to Government work.

a. Elevate the role of the small-business advocate and define specific and meaningful performance metrics (time- and duration-oriented) that provide substantive benefits to procuring and utilizing the best technology.

b. Change the acquisitions process to foster timely, cost-efficient, and compliant qualification submittals, testing, and proposals. Use parallel processes instead of sequential processes. For example: Except for meeting the electrical and radiation safety requirements, the other standards for NRTL should be completed after accepted for testing at TSL. Requiring the completion of all NRTL testing prior to acceptance into TSL is a financial burden for a small business and lengthens the process.

c. Revise the existing processes to be more nimble and responsive to industry innovations and concerns. A simplified process would reduce the delay between initial White Paper and Qualification Data Package (QDP) submittals and acceptance, and laboratory tests to demonstrate the innovative aspects of needed technology (e.g. liquids and gels kept in bags).

d. Devise and mandate performance measures and incentives to align the procurement and contracting process with objectives to obtain and deploy the best technology in a faster, fairer manner.

2. Ease the entry-level requirements for promising technologies.

Entry-level requirements are too high and rigorous to encourage the development of new and promising technologies by small businesses and newcomers to Government work.

a. Amend the extensive and rigorous qualification and testing process for new and innovative technologies to allow and encourage small business participation and their ability to fairly compete against large or global companies. For example: Security clearances serve as a barrier to entry. Clearances are not granted unless the company has an existing contract. A small business with innovative technology may not have on-going Government contracts. Assist and facilitate small businesses in obtaining the necessary DD254 and get individuals cleared in a timely manner once the technology White Paper is approved, to allow necessary access to procurement and technical information.

b. Add small-business and innovative technology set-asides for technology procurement. The current passenger checkpoint technology acquisition process is a Full/Open Competition and does not provide a "pre-investment model" for small business (i.e. includes requirements like a minimum of five X-ray screening systems to gain entry into the program), which requires significant finances and time. Small business is unfairly expected to compete head-on with very large, multi-billion dollar companies that have extensive Government relationships and resources.

c. Allow involvement by the relevant program experts, along with the contracting officer, for availability to the submitting business to address the mul-

titude of questions relating to technical, process, and submittal issues. This provides more timely responses and expedites the process by getting not just direction but clarification and understanding of the requirements and why they were formulated. For example: Data Collection: provide a clear path to acquiring the necessary testing data needed to complete the QDP. Small businesses and newcomers to Government procurement typically only have access to simulant explosives, not real threats/explosives. A solution to this is to have the CRADA "pre-approved" upon acceptance of the White Paper, with a testing slot guaranteed at the TSL. The qualified passenger checkpoint Advanced Technology X-ray companies are all large size, and have equipment deployed at TSL and TSIF.

d. Minimum Base Unit Requirements: TSA defines various "levels" of screening machines and associated requirements. The base-level requirement has changed many times since 2009 and is constantly evolving with the lessons learned, future considerations, and shifting threats. One section of the TSA procurement specification lists an electronic diverter for scanned bags as well as a bin return system. In addition to the qualification requirements, a small businesses are also expected to address logistics and conveyors for acceptance into the TSL. The specification should list ancillary equipment as "optional" capabilities to preclude an unnecessary barrier to entry, with the just X-ray unit the base requirement. Threat detection is the germane requirement, not the bin return system, etc. This is an expensive and time-consuming requirement that is not necessary to assessing promising technologies.

3. Establish an effective small business engagement strategy. Effective small business participation within the Federal sector requires the full commitment and engagement of the agency. Advocacy is a key component in all leading Government small business utilization programs.

a. Assign a Government "Sherpa" for small businesses that request assistance to serve as an informed point of contact for learning available Government resources.

b. Establish a small business technology ombudsman that acts as a problem finder and facilitator in navigating the qualification, testing, and procurement processes and requirements. For example: Most small businesses with new and innovative solutions typically have no prior experience or relationships within the specific TSA Programs and Offices. To obtain information and get questions answered, companies are not allowed to communicate directly with the programs or lab, but are required to go through the assigned Contracting Officer. This person is typically non-technical and not a subject-matter expert, and does not have the background or experience to address the issues and questions. Also, the questions and requests for information must be submitted in writing, with no allowance for personal communication or meetings with staff associated with the technology. This requirement does not foster new and innovative technology businesses; it serves the incumbent and large Government contractors who have access and relations. Technical representatives should be available to provide technical advice and clarifications. Small businesses should have direct access to the subject-matter experts to ensure that requirements and processes are clearly understood.

c. Obtain recommendations from relevant industry associations and their small business membership related to acquisition plans and procurement methods. Does TSA have an industry advisory group for procurement recommendations? High-level TSA executives should be connected to the group with an objective to measurably simplify and streamline the process, for meeting the TSA mission's objectives that are being thwarted by procurement practices.

SUMMARY

In summary, ScanTech offers a viable solution to one of TSA's most difficult technical challenges and we have found a way to navigate the arduous path before us, however, we still need your help! To date, we have been 100% privately funded. However, our private equity investors are now threatening to pull out, because of the uncertainty and time line associated with qualifying the technology for TSA acquisition and deployment. Small business funding in our sector would help ScanTech and other high-technology small businesses achieve success in TSA. Funding assistance would ensure that small business innovation is available to further strengthen TSA and its critical missions.

Mr. HUDSON. Thank you, Dr. Falconer.

We appreciate you all being here and offering this testimony.

I now recognize myself for 5 minutes to ask questions.

We have heard over the last year or so that TSA is making progress and encouraging—or engaging with the private sector. However, it is one thing for TSA to listen to the private sector's concerns and recommendations and quite another to actually incorporate their feedback into a strategic acquisition plan.

How confident are you—and I will open this up to any of the three—that TSA considers private-sector recommendations and concerns when planning for acquisitions?

Dr. Falconer, you touched on that a little bit. I don't know if you want to start off?

Mr. FALCONER. You can legislate an agency to do something. On the ground it is a culture change.

We hear a lot in the agency about, how can I take the risk of a small business, home-grown shops, of doing things? I will tell you, the rest of the Government has figured it out.

DOD doesn't have a problem; DOE doesn't have the problem; NASA. They have effective small business programs. It is cultural. They understand that innovation comes from small business and they facilitate programmatically the process of getting that innovation to the playing field.

So I think the legislation is great. Reform is a starting point. But without the full support of the agency you can't affect cultural change. It is cultural change.

Mr. HUDSON. Well, thank you.

Anyone else want to——

Ms. COMMODORE. Yes. I would like to add to that. I agree with you, but in addition to that I think it is increasingly important, considering the changes with the FAR and other regulations, it is also imperative as part of that culture that the acquisition staff is properly trained so that they will know how to implement the information, take that feedback that they have received from the industry, and turn that into useful information so that they can implement the necessary changes.

Mr. HUDSON. I appreciate that.

Actually, Mr. Pearl, I guess I will direct to you, what do you think the value of having—you touched on this a little bit in your testimony, but the value of having a multi-year technology acquisition plan? Could you just maybe expound on that a little bit, why that is so important to the private sector?

Mr. PEARL. Well, I think it is important not just to the private sector, Mr. Chairman, but it is important to the Congress, it is important to the administration, and it is important to the Nation. You cannot, for particularly in the area of technology deployment, you cannot do it always in just a real time and say, "Okay, this is what we need today," and that is the end of either the funding or the plan. Congress is never going to give multi-year funding but they are going to, in essence, approve the concepts of planning, and that is why the acquisition kind of investment plan that we are talking about will give everyone an equal playing field on which they can develop, whether they are small business like Dr. Falconer is talking about or whether they are the large businesses who are bringing small businesses in.

It is all about going to and understanding what the metrics are, what the needs are and requirements are in the long run. You cannot always be—and I think, you know, Mr. Thompson talked about it—you cannot continually be a reactive agency. You cannot be a reactive Nation to only what is happening today, particularly in the TSA arena.

We need to look forward with regard to what our general disasters, incidents may be, whether it be bad people or whether it be explosives, and then build your long-range planning around that. So that—anything that gets us to this kind of long-range thinking is, I think, helpful to all the parties—not just industry, but to the Nation and to everyone in between.

Ms. COMMODORE. May I add something to that, Mr. Chairman?

Mr. HUDSON. Sure.

Ms. COMMODORE. The other advantage of the multi-year planning, especially in terms of adding a cost-benefit analysis factor to best practices, is so that you will have a baseline established so that you can at least also begin to compare the cost-benefit factors to that. That is increasingly important because you should be—we should be assessing cost, we should be assessing all the benefits, but we should also be assessing the economic tradeoffs that we are receiving and benefiting from the advancement in this technology.

All of that should be documented, as well.

Mr. HUDSON. Well, thank you.

I have got a lot more questions but I am running out of time, so if I am going to be fair and equitable to everyone on the committee I need to call myself as well.

So at this point the Chairman now recognizes the Ranking Minority Member of the subcommittee, gentleman from Louisiana, Mr. Richmond, for any questions he may have.

Mr. RICHMOND. Thank you, Mr. Chairman.

Let me just start with, I think it is a quick question and it would probably be for Ms. Commodore and Mr. Pearl: Both of you all, I think, mentioned something that was close to identical, and my question is whether you all are thinking the same thing, one of which, I think, Ms. Commodore, you talked about pre-award acquisition planning and, Mr. Pearl, you talked about the draft RFP process.

If done correctly they both accomplish the same goal that you all were mentioning, which is probably more communication in the beginning about what they need and communication from you all about—well, let me put it this way. They come out with theory and you come out with what happens in reality and how it really works and best ways to accomplish it. So that would be consistent?

Ms. COMMODORE. That would be consistent. Also, to add to that, part of the problem when the requirements aren't clear is that we may, as industry in the testing, you know, laboratory, as an expert you may not benefit from our expert advice because we are only quoting and responding to what you asked instead of what we know as experts should be quoted. I mean, there are various different standards and subparts to that standards that require different things and give you different results.

So the earlier that we are involved in the planning stage so that we can work with you collaboratively as a partner, helping you

identify what kind of result you need and what works best, then yes, the better it is in the long run, as well.

Mr. PEARL. Mr. Richmond, I would only say that one of the things that we have learned over the last few years in talking with the components and talking with folks even at the headquarters level and at the directorates is that the folks in Government know only what they know. They don't know what they don't know. If you only talk—and to be honest with you, if you only talk to individual companies—and there are many of the folks that go in technology and other components beyond TSA who have said to me, "Oh, I talk to 200 companies a year"—well, if you are only getting the ear, whether it is of 10 companies, of 20 companies, or 200 companies, you are getting what their solution is and it may be a square peg going into a round hole.

That is why earlier on in the process, where Government can, in essence, feel comfortable in communicating what its general ideas are holistically, then we are not building a square peg for what eventually becomes a round hole. We are, in fact, building together not as adversaries but as partners in a process that will lead to mission success.

So, as I think Ms. Commodore said, as we have said, even long before the draft RFP, which is, "We are going to do this program," when the germination of an idea is going, when we know what generally our general needs are, that is where you get market research and what the standards are and what the metrics might be so that everyone can be in lock step and we are not building waste—and spending wasteful dollars.

Despite what Dr. Falconer says, large companies, mid-share companies, and small companies all together can no longer afford unlimited R&D projects. The basket ain't there anymore. We all have to work together to make sure that what we are working on research and development-wise is what the Nation needs.

Mr. RICHMOND. Well, thank you. I am sure my office is laughing because you just cited the motto in our office, which is to know what you know, but more importantly, know what you don't know and find some people that do know it.

Dr. Falconer, and Mr. Pearl just touched on the R&D aspect of it, and you talk about the fact that you all raised all this money and did all this research with no Federal assistance. I guess my question is: I know it would be beneficial, but there is no coordination in Department of Homeland Security or any of this—with the, for example, the SBI or a program that could actually give you all some help in terms of research and development funding or ability to do research and development?

Mr. FALCONER. Yes. There are initiatives that are going on and there is currently closer cooperation with SBI on our programs within the agency. They haven't gotten to the level of some of the other agencies that have done this for a long time. They are beginning to use it.

They just came out with a BAA 13–05 in my sector. It is the beginning of a research and development process that was funded. It is not SBIR but it is similar. It is a research and development-funded thing by S&T, heavily coordinated with TSA to get to an end point, and there are some efforts going there.

But a challenge for small businesses are that, you know, TSA is big business and the SBIR funding levels are not very large for what you are trying to get to within TSA, meaning screening equipment. Those are high-dollar efforts. So SBIR will get you a start, and there should be close collaboration between the administration and the SBIR sources.

Mr. RICHMOND. Thank, Mr. Chairman. I see that I hit zero just now so I was as efficient as you possibly can be. So with that, I yield back.

Mr. HUDSON. Your timing is impeccable.

The Chairman now recognizes the Ranking Member of the full committee, the gentleman from Mississippi, Mr. Thompson, for any questions he may have.

Mr. THOMPSON. Thank you very much.

As I indicated in my opening statement, we have talked about this for quite a while. You know, DOD, NASA, they have been at it a long time, and the notion that we have to reinvent the wheel just because we have a new agency boggles me, because by reinventing the wheel it absolutely costs taxpayers more. It disadvantages small business opportunity because you have to grow the model, and if you don't have the capacity or the resource base to grow the model you kind of languish at the bottom.

So with your experience, Mr. Pearl and Ms. Commodore, would you see that as a reasonable suggestion for TSA more specifically to start looking at what others do rather than just trying to do it for you? You know, DOD—they buy a lot of screening stuff already, some which we couldn't get that on the domestic side but they had it in Iraq and Afghanistan deployed, but we couldn't get TSA to deploy the same equipment here.

So what suggestions would you offer the committee to look at how other Federal agencies do it?

Mr. PEARL. Well, I mean, I think that the question goes to a bigger answer than just the subcommittee's work, and we have talked about this with Chairman McCaul, we talked about it with you, we have talked about it with many Members of the committee in ongoing dialogues over the years. Where you look to get best practices may even be in your home base, and part of the problem is is that not—the components don't always talk to one another. So that is—they wouldn't even have to go out to, you know, VA, or, you know, NASA or DOD; there are some best practices that are being observed that you may even have seen yourself in other subcommittee meetings and hearings where the processes of acquisition and procurement are being kind of pushed out.

That is why we are encouraged in the close relationships and discussions and communications that we have conducted with the under secretary of management, with the under secretary of S&T, so the broader component of a kind of full, holistic approach to what is going on.

I mean, I think—not to take anything away from the work of this subcommittee and what this bill may do, but if we only "solve the problem of TSA," we are playing Whac-a-Mole. You know, we are solving a problem here and four others may pop up.

So what our overall arching concern is to make sure that the program assessment and risk management, PARM, is going forward,

that the under secretary of management and the work that we have done trying to teach people how to—that a debrief is not about the protest but it is about how a business which didn't get the contract can do better the next time. So that is what we are trying to in essence work on so that the processes of all of the Department are, in fact, sharing information.

Mr. THOMPSON. Thank you.

Ms. Commodore.

Ms. COMMODORE. What I would like to add to that, to also benchmark from the other agencies. For example, for small business goes to Department of Defense, they have them in protege programs. Even with DHS and the EAGLE program, which was for IT products and services, the acquisition staff really needs to sit down and work together and identify these larger contracts and the requirements and unbundle them and identify requirements that could be set aside specifically for small businesses.

Mr. THOMPSON. Thank you. That has been suggested, by the way, from EAGLE 1 to EAGLE 2 and, you know, we just still suggest it.

Dr. Falconer, from someone who has had a long-standing relationship with TSA, did you see the goalpost moved as you went along the way or was it clear from the beginning as a small business what standards and things you had to meet if you expected to do business in your area?

Mr. FALCONER. Unfortunately, you know, standards development was going on in parallel with my program, so the standards evolved as we continued to move towards the goal line, so it was never clear the end point. That is one of the problems of funding is that it is just a long time.

So there are some ways that we can feed in our input into that standards development process by having subject matter experts come out into the field and basically come to small businesses, see the innovation, and then feed it back. They always go to the big guys and the big guys are stagnant.

Innovation comes in small business. You feed it into the front of the standards development process. The standards develop faster, you are able to anchor a goalpost, and now I can kick the football through the goalpost. But I can't do it when the goalpost keeps moving around, and that is one of the major challenges to small business in this sector.

Mr. THOMPSON. Thank you.

Yield back.

Mr. HUDSON. Thank you, Mr. Thompson.

The Chairman will now recognize other Members of the committee for questions they may wish to ask the witnesses. In accordance with our committee rules and practice I plan to recognize Members who were present at the start of the hearing by seniority on the subcommittee; those coming in later will be recognized in the order of their arrival.

At this time I will recognize the gentleman from Alabama, Mr. Rogers, for any questions he may have.

Mr. ROGERS. Thank you, Mr. Chairman.

Mr. Pearl, you made reference in your opening statement that you had three recommendations. One of them was to elevate the

role of the small business advocate. So is it your view this SBIR is not achieving the goal of being a small business advocate within TSA?

Mr. PEARL. I don't think that was in my testimony but we have spoken to it before. The whole issue of—and that is discussions that we have had with SBIR folks at S&T, as well, that we need to make sure that they are bringing everybody in, that mentoring programs are focused on, that in point of fact that we encourage greater involvement, given the capabilities. Not even the big businesses have the full capabilities that the companies like Dr. Falconer's has.

So we are trying to figure out ways, both inside the DHS process and outside the process, where we can bring these folks together. We have had the person like Kevin Boshears in front of our group to talk about how we can better make those contracts towards partnership with the small businesses and, to be honest with you, with the mid-tier, as well. They are left out of the process, and so anybody who brings the capabilities and the solutions to the table need to be heard from.

Mr. ROGERS. In the last 2 years since this committee has been working with you have you seen more communication on an information basis from your membership with the Department procurement and acquisition personnel?

Mr. PEARL. Absolutely. I mean, one of the things that I cite in our written testimony is, for example, we were asked by the Department—the Management Directorate—early this year to run a risk management acquisition life cycle seminar and we had about 50 or so program managers, contract officers not just from TSA, but TSA was there—from Secret Service, from CBP, from all of the component parts—coming together to kind of talk through what we in industry are going through so that they better understand the burden that we have in industry in terms of meeting the needs.

Likewise, we have increased those kind of communications across the board. We are working on these mock debriefings so that the people that are running the debriefings understand what industry is going through—small, mid-tier, and large—across the board.

So I must tell you, under the leadership of the under secretary of management, Rafael Borras, and Dr. Nayak is the chief procurement officer, that communication and the message—now, is it permeating all the way down to the components and every component equally? I would not say so. But that is what our goal is is to make sure that across the board that this whole process works better to everyone's——

Mr. ROGERS. Have they been, in these discussions, receptive to this concept of an informal RFP?

Mr. PEARL. The draft RFP aspect is being discussed, and it has been utilized by some of the components thus far. This is not a brand new concept. When you jump right to the RFP and you can't change that and you bid on the way it is wired doesn't get you there, and so if you are not going to have a complete RFI process or an early pre-process that Ms. Commodore was talking about then at the very least let's have a draft RFP so that we can, in essence, provide and fine tune. Not to link it and not to have it driv-

en by industry, but to say this is what industry can deliver if you just make these kinds of changes across the board.

So we are—this is a concept, in response to today's hearing, that we checked out with our members and it was almost unanimous that this is a process that we should consider, and we will be talking with the Management Directorate about it.

Mr. ROGERS. Okay.

Ms. Commodore, based on your knowledge, has TSA developed a cost-benefit analysis for major acquisitions?

Ms. COMMODORE. Not one with all of the elements that I think need to be there to truly be able to assess all of the parameters now. And I——

Mr. ROGERS. Has your association been involved in these informal communications that Mr. Pearl has referenced with the TSA—

Ms. COMMODORE. Yes. Several of our member companies have and I have. For example, in January there was an industry day for an RFI regarding third-party certification requirements for OEM, and that is a good example of a collaboration process early on to get requirements established.

If I might add, I think, you know, reviewing and commenting on the draft solicitations and the RFI responses also go to provide additional validation with the multi-year planning, because, like Dr. Falconer here mentioned, the barriers to entry and the timeliness, you know, that small businesses need to get prepared and ramp up to being able to bid. So if there are active, you know, clear requirements with these multi-year plans that also allow small businesses to be able to assess the kind of certifications or clearances they might need so that when that time comes they will be able to bid.

Mr. ROGERS. Okay.

My time is up, but, Dr. Falconer, when somebody does recognize you again I hope you will visit this topic. I understand there is $2 billion in DHS for grants—small business grants—across the entire agency, not just TSA. I would like for you to visit why you haven't been able to participate in that, whenever somebody gets a chance to recognize you.

I am sorry I went over. Yield back.

Mr. HUDSON. I thank the gentleman.

At this point I—Chairman will recognize the gentlelady from Indiana, Mrs. Brooks, for any questions she may have.

Mrs. BROOKS. Thank you, Mr. Chairman.

I will yield a little bit of my time for Dr. Falconer to answer Congressman Rogers' question.

Mr. FALCONER. Great. Thank you.

Yes, there has been an increase in grant-directed monies within DHS, and unfortunately, we have not received any of the grant money and where we are going. I don't know whether it is we are so mature now—grants are typically directed towards the R&D sector.

We are beyond R&D; we are in an acquisition cycle. Our system is at TSL in the qualification process. It has its own set of challenges to maintain the capacity to go through the qualification process is where I am focused.

We entered the program in 2006. At that point in time I don't think that grant structure was directed heavily towards TSA. If

you go back and look at some of the metrics there were a lot of SBIR activity and some early BAA and looking at RFIs around this nuclear issue of inserting a nuclear weapon. That was DNDO and DHS, not specifically down to the TSA level, which is looking at air traffic—the airline business.

Mrs. BROOKS. Mr. Pearl, you mentioned in your testimony the Government shouldn't rely too heavily on RFI process because industry is finding they don't have the time, the money, the man power to devote to it. Do you have any sense, on average, how much it costs industry to submit an RFI? Have you heard from your members? I mean, what is——

Mr. PEARL. I don't think there is a rule of thumb, Congresswoman, but I think that the concept is that it—this came through that if on a potential $10 million contract it could cost $1 million in pre-expenses, in terms of what is going on.

The issue is not that it is costly, it is that since an—what has happened is generally—and this is not just a TSA-specific issue—is that what happens is that an RFI is put out there. We are requesting information. Please give us—for the general concept. The companies put together the plans and potentials and what is there and what they are asking for and then it sits.

Mrs. BROOKS. So——

Mr. PEARL. Whether you are a small business or whether you are a mid-sized or a large, that may never turn into a contract——

Mrs. BROOKS. So are you saying, though, that TSA or the other agencies are not responding to the RFIs and are not commenting and critiquing them or asking follow up——

Mr. PEARL. In some instances. I mean, that is why before we get even to the RFI process, if industry and Government can talk through—whether it is through these small, more focused industry days that we have been talking about or whether it is just through even webinars, and we have been talking to them about the—even at a time of sequestration when the monies are very tight you could, in essence, put on webinars so that you can reach out not just to the folks inside the beltway but to the folks that are in Atlanta or Idaho or wherever.

So we are trying to work with them in developing creative ways, given the cost constraints.

One of the things, I must tell you, that we talk about the benefit analysis—the idea of an ROI doesn't really exist within the Government, and so what we are trying to do is how do you bring the best business practices holistically into the Government so that you get a better return on your investment? That is part of our discussions with them, as well.

Mrs. BROOKS. Thank you.

Ms. Commodore, would you like to comment on those opportunities and interaction—what is the most beneficial way?

Ms. COMMODORE. I would just like to say that I haven't—and the companies that I usually deal with—haven't necessarily had the same experiences as Mr. Pearl have in—has had in terms of the requests for information. The clear distinction is that normally with requests for information one of the best practices that normally take place is there is some page limitation. It is a very simple format of, you know, giving some background about your com-

pany and how you might be able to fulfill your need—fulfill the need in the requirement, and just very brief. The plans aren't always required.

But I will say, depending on the information that is requested in the RFI or the draft solicitation it could become a cost issue, but that is not always the case.

Mrs. BROOKS. Okay. Thank you.

Dr. Falconer, you have, in your testimony you talked about the fact that when you met with TSA they have adopted some of your suggestions in the past, and your list of suggested changes, what would be at the top of your list at this point that you would like to see TSA or others adopt?

Mr. FALCONER. Unfortunately, they all combine together. There is really no top one. But if I had to pick one to work on first it is the issue with security clearances.

Because of the nature of the information, unless you have a security clearance you can't understand the requirement. You can't understand the requirement, you can't propose a solution.

But what happens is that we can't get the security clearance unless we have a contract, so in some kind of way there has to be a method in which to provide a security clearance without a contract. Maybe it is through the simple CRADA process—cooperative research and development process at the laboratory—which will serve as a basis for requesting security clearance so we can begin to see the classified requirements and then modify our developments and meet the need better for the agency.

Mrs. BROOKS. Thank you very much.

I yield back.

Mr. HUDSON. Thank the gentlelady.

At this point the Chairman will recognize the gentlelady from Texas, Ms. Jackson Lee, for any questions she may have.

Ms. JACKSON LEE. Let me thank the Chairman for this hearing, along with the Ranking Member. I think this is enormously important hearing and an important issue. Apologize for my delay. Had a hearing on FISA in the Judiciary Committee so I apologize, as well, for my departure.

But having lived with these issues for a long time, Mr. Pearl, I think your insight, as I have gleaned from notes that I have been receiving, is enormously important. So I would like to get right to the issue of how do we fix this, because when we are, in our constituency, we hear of so many patriots who are interested in working with Homeland Security and also, not only interested but have particular, precise technology that I think is so important. When you look at the AIT machines, the new technology, we know we are ready for newer technology even though we have made a great progress from the antiquated beginning that we had some few years ago.

But I have met with a number of individuals who want no special favors; all they want is to know what the particulars are and to be able to respond to it, and to also have the Department have a sensitivity to the vastness of talent and technology. So help me out in terms of what TSA can do to foster greater innovation as relates to security-related technologies. What precisely, if we were to close the hearing today and want to hand them a bill of particulars,

if you will, what do we need to have in that bill of particulars for them to begin reforming their process?

Mr. PEARL. Well, I mean, I have never been one to say, "Let's just jump and pass legislation," in part because we don't always get to go jump and pass legislation, in terms of the way the Congressional process works——

Ms. JACKSON LEE. It was a phrase of art. I was not talking about a bill.

Mr. PEARL. No.

Ms. JACKSON LEE. If we were to hand them a list——

Mr. PEARL. That is what I am responding to, because in some cases legislation is necessary. In some cases Congress can play a bully pulpit role, in terms of providing kind of guidance and encouraging the Department to build on what it has done already.

Part of our discussion, both with this committee and the staff with the folks at the administration, has been a sense of really better understanding best practices and better understanding the lessons learned. I think that Mr. Thompson responded to that in a way to say, "We don't want to continually try to reinvent the wheel."

So part of our process has been, No. 1, let's get industry at the table—not to drive the process but to inform the process. So the Office of Security Capabilities, which was just formed within TSA, has been having industry at the table. We have been working with the Management Directorate. We have seen, in many cases, the industry day with industry advisory councils, so that the process is already there.

The encouraging aspect of what this subcommittee and what this Congress can do I think will continue. So the bill of particulars goes to what my testimony said. If early on in the process we can better inform, we can get to the issue of metrics and standards—if we can get to those points and understand and we are talking on the same kind of technology terminology and we don't continually just warehouse old potentially obsolete or unnecessary—industry doesn't benefit from that. Industry benefits when we stay ahead of the curve.

So those kinds of things. Better communication. Do not look at—as industry as the adversary; look at industry as a partner, as a cooperative, collaborative partner in the process of meeting mission.

Ms. JACKSON LEE. Thank you.

Ms. Commodore and Mr. Falconer, do you think we get a better product when industry is engaged? I am not sure whether the Security Industry Association, Ms. Commodore, that you are representing, includes small businesses, minority- and women-owned businesses—I am not sure of your membership—but if you would say, No. 1, do we get a better product, meaning does the Nation get a better product because we have engaged? But secondarily, how do we get to those very small but technically sophisticated with a lot to offer women- and minority-owned businesses to Ms. Commodore and Mr. Falconer?

Ms. COMMODORE. Real quick thinking. I would say initially that market assessment needs to be done where you are analyzing the businesses that the manufacturers that actually make these prod-

ucts so that you can assess who is—who is really out there qualified at this point that can do the work. Then do a further assessment with these additional vendors that are interested in doing the work but are not currently prepared.

The next thing I would suggest, just as an example, currently with GSA the schedule 84 for police equipment and ballistics and hazard materials testing, there are 348 small businesses. So there is a start right there.

Ms. JACKSON LEE. I am sorry, schedule what?

Ms. COMMODORE. Schedule 84.

Ms. JACKSON LEE. Thank you.

Mr. HUDSON. Thank the gentlelady.

We will do a second round——

Ms. JACKSON LEE. Can I get Mr. Falconer to just answer the question?

Mr. HUDSON. Sure. Absolutely.

Dr. Falconer, please go ahead?

Mr. FALCONER. I will be brief.

I think it starts with the agency going outside the beltway and visiting the small business and innovative businesses, and looking and qualifying whether or not there is something there. If there is something there there is probably an intermediary step.

Before you get to a lab it is maybe hiring a third-party test validation agency, getting one of the National labs to do this for you under contract, and then have a test bed that the small technology business can come in and do its thing and validate that it is real, and then provide a supported gateway into the laboratory, which is very busy, very crowded when you are talking about National security, and only take the products now where you have had some vetting.

That whole process doesn't exist. What happens is is that currently you deal with the lab and the lab really doesn't have time. It is only dealing with the same three or four contractors it has always dealt with and that is a full-time job for them, so it is no way to get to the table in order to get that technical qualification, quantifying what you are doing in order to move forward to final product design.

Ms. JACKSON LEE. Thank you very much.

I yield back. Thank the Chairman and Ranking Member.

Mr. HUDSON. Thank the gentlelady.

Thank the witnesses.

I will start the second round of questioning. I recognize myself for 5 minutes.

I would like to go back to sort-of where I ended up my last question, where we were talking about the strategic acquisition plan and we talked about sort of the value of having that plan. But I would like to pose to the panel, what do you think should be included in such a plan? How would you structure? What is important that we have in that multi-year plan to make it successful?

Ms. COMMODORE. Initially with acquisition planning there are also different steps to that. There are specific market research criteria that needs to take place. I think the additional steps that TSA could do besides the vendor lists that are currently there, are to talk to some of the trade associations and their members and

find out, you know, what is currently going on and what the industry trends are for that.

The next issue would be to evaluate how the services are actually priced in the market to get a more realistic view of how that can be done. A lot of times what happens in the acquisitions, businesses, depending on the contract type and the prices, they are assessing risk and they are making a decision as to whether they are going to bid or not. So that is the key requirement. That is the key thing that should already—also be in there in addition to a quality assessment surveillance plan that both parties can work from and be measured with.

Mr. HUDSON. Mr. Pearl.

Mr. PEARL. Mr. Chairman, I absolutely agree on the better market research. I think that the requirements need to be clear and concise with metrics. If it is loosey-goosey, if it is not, if it is, you know, kind of amorphous, particularly in the area of technology. We have seen it in services where they have been more specific; we have seen it sometimes even in product, but in the area of technology it has been rather amorphous.

Early on, and it goes back to what I have been saying and what we reiterate—if there are conceptual meetings that are held to better understand the capability the Government is trying to acquire, I mean, that is ahead of even the cost-benefit analysis. That is ahead of the return on investment. It is, "What mission are we trying to achieve? What are we trying to get out of this?"

Then industry can then build to that as opposed to we think—and that is what a lot of companies have done, and I have seen that over the last 12 years. Companies say, "I think that what the Government needs is this," and then Government doesn't know that it needs it, you know, and nothing goes.

We have been working with Science and Technology to have a technology foraging process to try to move that out so that more companies beyond the beltway are part of the process. So small—again, small is absolutely essential. Small can be part of a small business contract; small can be part of a large business contract as a capable partner.

We need to have them reach out to as many folks as possible who bring their requirements to the table.

Mr. HUDSON. Great.

Dr. Falconer, would you like to——

Mr. FALCONER. Briefly.

Trusted advisor, it is how the process has occurred. The Government doesn't really know; they go to the trusted advisor, who is usually an incumbent; an incumbent has spent millions—hundreds of millions of dollars on a legacy platform. They want to reuse that platform, so all of their advice is around trying to reuse that platform.

You don't have room for innovation to make it to the table because they are trusting that incumbent to give good direction and move forward with a new standard so the standard is built to the legacy platform whether it is better or not. There is no assessment of how good—it is not statistically, quantitatively determined that that adds value or causes a problem.

Mr. HUDSON. Thank you. That is extremely helpful.

With the little time I have got left I wanted to go to this issue that Ms. Commodore brought up of third-party testing. I understand that it is common practice in private industry for third-party labs to test against standards they did not write. On the other hand, I understand the Federal Government prefers to contract with testing labs that draft the standards against which they will be testing.

Can you explain—I will start with Ms. Commodore—the differences from your perspective?

Ms. COMMODORE. The third-party testing laboratories have to be accredited, and in that accreditation the quality practices, the equipment, the staff—all of it has to be assessed. The additional benefit of this assessment and accreditation is that these labs are assessed by U.S. and international standards.

None of these providers that conduct these audits on best practices and quality have any kind of manufactural control or managerial control over that assessment. So it also allows for a more objective review of the testing standards and the testing results.

Also, just to add to that, currently the EPA actually has—is using third-party certification for their Energy Star program, which includes over 40 different type of product types. The EPA has—they are using third-party certification in addition to some of the services for FAA. So it is taking place.

Mr. HUDSON. All right. Thank you for that.

My time is expired.

The Chairman will now recognize the Ranking Member of the subcommittee, the gentleman from Louisiana, Mr. Richmond, for any questions he may have.

Mr. RICHMOND. Thank you, Mr. Chairman.

Since we were talking about third-party testing, I guess one of the questions I had—do you think it would be beneficial—and, Ms. Commodore, you talked about it in life-cycle cost estimates—do you think it would be beneficial to have third parties do that testing for the—while making the life-cycle cost estimates? I think the Coast Guard or some of the other agencies use that, so would you make that as a recommendation?

Ms. COMMODORE. Yes, I would make that as a recommendation because part of the life-cycle cost analysis in the industry during the testing—that, to us, is accelerated life testing. Basically what we are doing is we are assessing the maintenance cost, the possible wear and tear on the item, when it is likely to tear and break at a specific time period.

So it goes a long way in not just assessing, you know, the durability and the functionality of the equipment, but it also goes to help validate the cost related to that.

Mr. RICHMOND. Mr. Falconer, you talked about I guess the challenges in attempting to access data from the Transportation Security Laboratory. I would like to ask you about the consequences of it but I would assume they are real consequences. Do you have a solution to the problem, or a recommendation?

Mr. FALCONER. Yes. It is in tiering. Everything in the lab isn't Classified, so if you could tier the CRADA so you can come in under a non-Classified CRADA first, get a little bit of the information, go through the process, have a basis for getting the security

clearance, get it approved, that matches your progression to a product with the approval of TSA, and then you get your clearance and then you get a chance to go in and actually get to the Classified data and then continue your development process. I believe that is a workable solution around the constraints of trying to get to the actual analytical data that you need.

The challenge for everyone is that some of the information and materials and things that you need to qualify your system, they are only available in National Laboratory or TSL settings; they are not available—I can't go to Walmart and pick it up and take it back to my lab and do it. I have to have access to that material, and that is the basic problem.

Mr. RICHMOND. I guess this is just a little bit off subject, but I really appreciate the Chairman's hearing, and I really appreciate the conversation that we are having today. I guess my question would be: When you talk to TSA and you talk to DHS and you give them this advice or you have this conversation, what kind of feedback to you get, No. 1? No. 2, do you think they are receptive or you starting to see something happen that makes sense?

Because we can talk about it here in theory all day long but if it is not moving something somewhere then we are wasting our time and we are wasting your time and neither one of us have much time to waste.

Mr. FALCONER. I would like to answer that first, briefly.

It is simple for me. It is very difficult to compete against a large business that has billions of dollars available to do R&D. It has to, really for me to be successful, have a small business set-aside component that puts me on par from the start to get into the funding cycle.

So it is simple for me to know where this works. I just look and see if there are any small business set-asides that are provisions coming out of the acquisitions.

I can say that from—in my sector of what I do I have never seen one. It has never come out of my sector. Agency-wide, probably there has been some improvement in small business set-aside constructed, and all of this is around debundling and working hard to structure the acquisitions so that you can bring not just small businesses—it is the innovation that you want—to the table. You need to bring it out into the public space.

Ms. COMMODORE. I would just add to that, part of the challenge that we have had are the regulations—you know, the FAR has been around for quite some time and then in addition to that we have other related regulations that play a role in these solicitations. So it goes much deeper than that, because obviously, you know, businesses wouldn't be able to get any kind of regulatory revisions in enough time to be able to bid on a particular project.

Mr. RICHMOND. Well, I would just say this in the remaining minutes that I have, and I think that it goes back to probably what my grandmother used to say, which is where there is a will there is a way, and I think the policy starts at the top, and if we can't get it through the administration then it has to come through this committee. So I really thank the Chairman for his demonstration and public display of support for a new procurement process and small businesses and really making the statement that we want to

see some changes, we think there is a better, more common-sense way to do what you are doing, and we expect that you will find a way because we have the will to make it happen.

So with that, Mr. Chairman, I just want to thank you for the legislation, thank you for the hearing, and thank the witnesses for their time.

With that, I will yield back.

Mr. HUDSON. Well, I thank the gentleman, and I thank you for your comments. You know, it is very important to me that this be a bipartisan process, that, you know, we are looking for solutions. The American people sent us here to get solutions and so that is why it is important to me that we work together, put parties aside, put politics aside, and let's do what is best for the American people.

I appreciate, Mr. Richmond, your working with me on this and the process, and let's hope we can get something done here. So thank you for that. Thank you for the comments.

At this time I will recognize the gentlelady from Indiana, Mrs. Brooks, for any comments she may have.

Mrs. BROOKS. Thank you, Mr. Chairman.

Mr. HUDSON. Or questions.

Mrs. BROOKS. Quick question to Dr. Falconer, and maybe to the other panelists, because as you talk about what appears to be a pretty cumbersome and when you say not a process focused on ROI, I am concerned about that. I assume that many of the companies that all of you work with—and obviously you are here representing your own company—but other countries also have security processes, particularly with air travel, and I am curious whether or not other countries have far better processes than our country has and if you might share with us what some of your members or your own experiences with respect to other countries that have a more efficient and a even maybe as if not more scientific process—an innovative process to bring new technologies to their air travel.

I don't know who would like to start off.

Maybe Dr. Falconer, I don't know if you have dealt with any other countries?

Mr. FALCONER. Let me just pick one example. That is the European Civil Air Commission, which is the TSA of Europe. The process for qualification is about a year. Same class of systems that will go in their airports to do the same things in our airports.

Our qualification system process is maybe three times that, maybe four—depends on where you are——

Mrs. BROOKS. So you are saying that to get the clearances you have talked about and to be able to bid and get involved it is about a year in Europe and 3 to 4 years here.

Mr. FALCONER. Yes. Much faster. They took a little more risk. Their process is very small business-friendly so they get the innovation component, and they do a lot of collaboration between the airline industry and the airport manager and the technology company, so there is some shared risk and earlier pilot deployments and collaboration to get the technology to the forefront faster. The lab process is a little bit shorter and they take a little more risk in different areas.

I think there is a strong collaboration between TSA and ECAC at this point, and I think that some of that cross-pollination is happening. They don't do everything right and we don't. We just want to share and find a collaborative way and merge some of the standards to get the same answer.

Mrs. BROOKS. That is what I wanted to—was just going to ask. So does the European Civil Air Commission work collaboratively with TSA and I wonder if there are any other countries or other areas of the world that your companies work with that have a better experience in working with Government on air travel?

Mr. PEARL. I wouldn't necessarily say better, but different. In fact, I have been asked to speak at an airport security conference that is going to be in Prague in the fall, where there is going to be security officers from airports from all over the world.

One of the problems has been, in point of fact, that I am one of the few industry people that has been invited to be participating. In essence, what we have seen in many instances is that Europe doesn't recognize the kind of trusted advisor role that industry can play; it is viewed as only as a contractor, and that the ministers of many of the countries do not—and this is not just TSA, this is at all levels of Homeland Security—don't always see that industry brings a sense of understanding, of knowledge, of best practices.

So what we are trying to build into the model is what the council and other organizations are trying to do, which is if Europe and some of the third-world countries that are developing new airports—they are starting from the premise of security, not from technology. The question that you were just engaged in focused on, are they bringing the right technologies?

Right now the issue should be, are they bringing in the concept of security into the discussion of whatever it is, whether it be maritime, whether it be aviation, whether it be mass transportation? To a certain extent, as they are developing new ways and modalities in the 21st Century they are, in fact, embedding the concept of security, and that is where it is been different, whereas in the United States we go begrudgingly, "Oh, I have to bring security into the concept?"

You know, and so what we are trying to change, so in essence, I am going over there to hear from them as much as they are going to be hearing from the way, in essence, we are doing it.

Mrs. BROOKS. Thank you.

Ms. Commodore.

Ms. COMMODORE. I would just like to add that yes, there is—Europe, as an example, even Australia—there is more of a collaborative effort that takes place. They also tend to, in some instances, in terms of best practices, have more detailed requirements and procedures into, you know, how those changes should be implemented and discussed.

Mrs. BROOKS. Thank you.

My time is up and I thank you all for your ideas and for your passion for making this, you know, industry and the Government work in a much more collaborative approach. Thank you.

Mr. HUDSON. Thank the gentlelady.

I thank our witnesses for your excellent testimony today and the Members for their questions.

The Members of this committee may have some additional questions for the witnesses that we will ask you to respond to these in writing. Without objection, committee stands adjourned.

[Whereupon, at 11:25 a.m., the subcommittee was adjourned.]

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