

Presenter: Terry Halvorsen, DOD Chief Information Officer

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STAFF: Hello? OK. We have a couple of folks who are just dialing in to listen. So, with that, Mr. Halvorsen, did you have any opening remarks?

TERRY HALVORSEN: Nope. Let's go.

Q: I was just wondering -- good -- first of all, was just wondering, where in the cloud process are you right now since we talked last? And when will the next impact levels be awarded?

MR. HALVORSEN: I'm not sure I follow the question, so where am I at in the cloud process? You can probably pick at any point. I am in the cloud process in -- within the various services along that. So, if you're asking me are we making progress, yes, we are. The next couple big cloud events that we have, we have an internal government cloud event coming in, because out of our last one, we had a lot of the government agencies come back and say would you please work with us some more so that we understand how to get to where you have told us to go, and allowed us to go. So, that is -
- Dave, do you remember what that date is for that?

(DAVE COTTON): 26th.

MR. HALVORSEN: 26 March, and then following that, we'll have another one of our more open cloud days with everybody. And we're also still continuing to collect comments on our cloud guidance manual. So, if you'd ask me overall where I'm at, I think we're at the beginning stages, but I also think we're about where any Fortune 50 company is today. We've made some investments. We're tracking those investments. We are asking the hard questions that go around data liability and protection, the same things that the other Fortune 50 companies are asking. And so I'm happy with where we are. But now I want to go faster, because I think we've got our baseline established.

Q: On the open cloud day. Do you have a date on that?

MR. HALVORSEN: I don't yet. It'll be sometime in April, and that's mostly being juggled around my calendar right now.

Q: I sent a -- along a picture. I don't know that you've gotten it, but it was -- it was a picture of a big operations looking room, with big screens and everything, stuff going on on all the screens, and people in uniforms sitting around in front of computers. And the -- the cut line was about the DOD's joint regional stacks evolving into a, you

know, transforming how military handles I.D. networks, and global communications. And it was a Lockheed Martin picture. And I've been wondering if the -- the -- what the JRSS looks like? Is it -- is this just an ad, that's picturing things? Or does the JRSS allow this kind of data feeding into a -- into an operations center?

MR. HALVORSEN: The JRSS will enable this better. I mean, the operations center, frankly, do look like a lot this [referring to the picture]. JRSS doesn't look anything remotely like this. We're happy to send you a picture of what a JRSS stack looks like.

Q: I'd love to see it.

MR. HALVORSEN: But it doesn't look like this [the picture]. And it shouldn't. But what JRS would do, is when we have it right, it would enable better data and more -- I don't want to say more centralized, that's really not the right word -- more a central view of all of the data that is more commonly shared by all the levels that we want to share it at, which is a lot. So that we would have both a better picture to take immediate action on, but also a better picture to look at the analytics to get if not predictive, at least be able to do better future planning than we have today.

Q: OK.

MR. HALVORSEN: Yes, it's this consolidated view of -- you've seen it, Dave, it's good. Dave Cotton is here, who's my JRSS lead.

(DAVE COTTON): It's a consolidated view of the network activity, and potential anomalies, so when those command centers where they're worrying about networks and operations, they have a sense of that cyberspace piece to be able to plan their operations appropriately around what's taking place.

Q: OK. So, what does the JRSS look like? What does the stack look like?

MR. HALVORSEN: I'll send you the picture.

Q: OK.

MR. HALVORSEN: It looks like a, you know, it looks like a connection of servers and boxes.

(DAVE COTTON): It's a series of 19 inch racks in cabinets, with flashing lights on them, with different network application and appliances in the racks.

Q: So, how about a mobility related question. In your congressional testimony, you talk a little bit about the use of security protection profiles, and that was kind of the

first I had heard of that. Can you talk a little bit about what those are? And how you're going to be using them at DOD with regards to mobility?

MR. HALVORSEN: I want to kind of get to help with a little bit of the questions. So, I have ongoing mobility pilots, and if you're talking about the mobility security profiles what I have is, I've got to be able to protect different levels of data. I need all data to be somewhat mobile, and today, I've got pretty good answers in the how I can make unclassified data mobile. I have some pretty good answers about how to make secret data mobile, and above that, I'm still working.

Q: OK. Can you talk a little bit about what the security protection profiles are? Because I talked to someone in industry who kind of explained it as a way to vet some of the providers of mobile devices and services.

MR. HALVORSEN: I can tell you what we use as levels of protected data in relation to FEDRAMP; maybe I'm missing something. I'm not quite sure what you mean. So, I have levels of data, and within the big classifications of, say, even -- we'll say the two, secret and unclass. Within that I have some break outs of data. So, there is, on the unclass side, I have what is non-controlled unclassified information. That's kind of public facing, it goes out there. I don't need as much restrictions on that as I do, say, my budget data, which would be not classified, but very critical data. And we have a nuanced system to do that, mostly based on what FEDRAMP uses. So, again, I'm not trying to disingenuous here, but I'm trying to figure out what you're truly trying to ask me.

Q: I think that -- I think that helps clarifying it a little bit for me. It was kind of, you know, when I saw it in the testimony it was first I had of seen of it. I heard some mention of it, so I was -- just kind of get an idea of what exactly it meant, and how it would be used going forward.

Q: It would be great to get an update on the mobility pilots that Mr. Halvorsen just mentioned.

MR. HALVORSEN: So, they're all going very well. I mean, they are. I can't give you all the specifics, obviously, on the classified. I will tell you it's going very well. We've got some new classified devices coming out. I am very happy with where they're at. I am a little anxious about how many of them we can field on what time line, and having some very good discussions with DISA about that.

On the unclass side, that is moving very, very well. We've got the what I will call dual-persona phones, which really means is that we have phones now where I can do both my official business and use the phone to do, you know, get my personal e-mail on that phone. I can do some of the applications that I would want to do. I'll give you an example. You could do Pandora on that phone. It just makes an integrated life-work balance for people.

Q: The dual-persona phones are those still in a testing phase, I'm sorry? Are you have you -- you begun fielding them?

MR. HALVORSEN: We have begun fielding them.

Q: I'm sorry. Have or have not. I couldn't hear.

MR. HALVORSEN: We have begun fielding them. They are -- they are in -- they're in distribution today. The biggest problem I have with that is just getting the numbers up.

Q: Who -- who's getting the first crack at them?

MR. HALVORSEN: You know, obviously some of the highest demand users. And what I'm not going to share with you is how I define that, because that could be good data for people that I don't want to know have that. But, I mean, if you take some guess: are senior people getting them? Yes, but we're also looking at who are the high demand users from a mission perspective, at all levels, who should be getting those phones.

Q: I have a cloud- related question. I wanted to know -- can you talk about of, you know, the total I.T. spending, how much of that goes toward cloud? And -- and what are those funds being used to do? You'd mentioned some investments you're tracking, so I was curious to know exactly how the money was being spent.

MR. HALVORSEN: Yes, I will get you those numbers. I did not bring those exactly with me today. So, I will get you the break out on what we're spending on cloud, and kind of our aggregate spend around mobility. I'm not going to give the specifics of what I am spending on mobility by level of security program.

Q: Sorry, did you just say level of mobility?

MR. HALVORSEN: No, security.

MR. HALVORSEN: What I'm telling you is I will give you the aggregate mobility spend. I'm not going to say how much is going to unclass, how much is going to class, because that, again, would be data that certain people could do bad things with.

Q: OK. I don't know. I think maybe I was just mixed up, because I was talking about cloud and I thought you'd just said mobility. So ...

MR. HALVORSEN: I thought you asked two questions. I thought you asked about what I am spending on cloud, and what am I spending on mobility.

Q: No, no. Mine was specific for cloud ...

MR. HALVORSEN: So, my fault. I thought I heard you say cloud and mobility. So, we will certainly give you the break out of the spending I am doing today on cloud.

Q: But I will take the mobility numbers as well. I'm not going to turn that down. So ...

MR. HALVORSEN: We'll make the mobility spend total numbers. Now, when I say that, you know, what'll first happen? Somebody will come back to me and say, but we found this other project that may or may not have been counted. OK. I'm going to give you the big numbers I see, what we're working on. DOD's a huge organization, could someone go find something out that maybe wasn't counted in this? Could happen. But I will give you what I am seeing and what I'm managing.

Q: You -- you'd mentioned earlier that you were tracking some investments. And so I wanted to know can you talk about them? If you don't have the dollar amount, but the specific, you know, investments you're tracking, and perhaps how you see those, maybe, you know, expanding across the department? Or being used.

MR. HALVORSEN: We are tracking right now. What we are doing with the cloud dollars, where I see that investment. And obviously what I'd like to be able to do is when the business case is right, and what I'm making an assumption on here is I think is pretty valid, is for many areas of the data, the business assumption is right, that we will see more money transfer from what I would call current levels of technology spend into more cloud levels of technology spend. I was trying not to say it this way, but I'll be more direct. Taking out of what I'll call legacy data centers into more of a cloud type environment spend.

Q: My question is what -- what are three things you want your next DISA director to accomplish in his or her -- his or her first six months in -- in the -- in the job?

MR. HALVORSEN: It'll be the three things that the new DISA director, when they're appointed, and I sit down and decide.

Q: OK. Separately, you know, you mentioned on -in your testimony recently that it -it might be necessary for Congress to take legislative action to help with the data center consolidation. Other than the pilot that you've mentioned before on -- on that topic, what is your next course of action, specifically with Congress, and -- and going back to them and perhaps laying out specific proposals?

MR. HALVORSEN: I thought I was pretty specific. That's the area I thought I might need legislation on, so that's the one I'm looking to do legislation. I don't have any other plans for any other legislation. It would be once we look and we work with industry to determine what we think has to be done, I think there may be some legislation required around what is actually allowed to be sold by a company that's hosting its activity on a

government installation. And that is the only legislation I am really looking at right now around the data centers.

Q: I was going to say, I mean, so what -- what has to happen before you put those ideas to Congress?

MR. HALVORSEN: I've got sit down with industry, work through a whole pilot scenario to determine where I actually might need the legislation, or does the current authority give me that. And that's what we're doing right now.

Q: Last time we were all together there was -- there were some questions around what specifically you had done working with the MILDEPs to drive down the costs of JRSS? You -- you couldn't give us answers back then, because it was technically pre-decisional, but now that the budget has dropped, can you address some of those JRSS cost issues?

MR. HALVORSEN: Yes, we've looked at how we do better integration of the equipment. It's probably the single biggest item. We've also looked at what is the exact configuration that's needed and then how we are actually going to do the lay down; how much is required for the final construct of JRSS. And we've also got a little smarter at how we buy those. In other words, some contracting efficiencies that we generated, too.

Q: Well, I mean, do you have sort of before and after cost estimates of any kind?

MR. HALVORSEN: I'm going to have some actuals, but if you're asking me am I going to get that low of level into the numbers in this discussion, I'm not. I'll give you some ballpark numbers, and we'll get those out there that said, here's what we had planned to spend, and here's what we were able to do. And I will get those with the rest of the numbers.

Q: Let me ask another big picture question on cloud then. I know you got a lot of feedback on industry day, and then in the immediate aftermath. I mean, out of that, have there been any lightbulbs that have gone off that have led you to say we need to adjust our approach in any particular way on cloud adoption? Or -- or ratified what you were doing before?

MR. HALVORSEN: You know, I don't know that it was about cloud adoption, but, certainly, the biggest lightbulb that went off on my head was I have to do a much better job of communicating both between industry and the government about how to get this done. And how to do some of the analysis. On the government side, the analysis focuses on how do you really get to the BCA [business case analysis]? On the industry side, how do they do the analysis about the data liability? That was the biggest thing: we've got to have much more communication specifically around those two areas.

Q: Last time we spoke, you said that you were very open to a commercial cloud distribution center on government property. So, I was curious if you have received any plans or proposals that kind of break down those costs? Or if there have been any updates that are moving that idea that you mentioned from vision to reality?

MR. HALVORSEN: So, the answer is yes, we have received some proposals. I'm not going to share those costs yet. I have received some proposals. I will tell you that, on the proposal basis, they look very attractive. We will now do some -- when I say some piloting, we're going to walk through those almost like a war game of those proposals, to look and see, OK, how would we accomplish them? you know, part of that war game will include some of the lawyers to say, OK, if I wanted to do this, and this is the way I operate, it -- would that cause me any issues with legislation, or law?

So, really it is now taking some of those proposals, doing a war game through that, to talk through what's doable today. Do the assumptions about cost hold? Do the assumptions about timelines hold? At least in the war game. At the end of that war game, we'll figure out how we go to a pilot type activity, and my guess is that will be some type of first RFI formally, then following up with a -- kind of a research development type of pilot around this operation.

Q: Any potential timeline for a RFI?

MR. HALVORSEN: I would like -- and I'm going to stress, it is my goal to have one out by this summer. I do not know if I'm going to meet that goal. But that is my goal. That's fairly ambitious, but we're going to really drive hard to see if we can get an RFI out by this summer.

Q: Val sent out numbers for CYBERCOM funding and then updated numbers. I was wondering if you could break down what the -- what's included and not included in the initial numbers? And then -- there's a -- the total CYBERCOM funding, fiscal '14 through '16, dips kind of slightly and I was wondering if you can go over where the dip comes from? If it's, you know, the fact you're all staffed up or what?

MR. HALVORSEN: Go ahead, Chris, you've got this.

(CHRISTINE CONDON): I work for Mr. Halvorson. Let me just explain the CYBERCOM number is; the reason it's lower than what Admiral Rogers has quoted is that CYBERCOM category is one pure budget line. It's not all of CYBERCOM's funding. So, as you know, the '16 request is about \$506 million. It was -- I'm sorry, \$463 million, which is a decrease from the \$509 million for '15. A big part of that change was a decrease in MILCON funding that CYBERCOM had for its headquarters. About \$80 million. There was \$160 million MILCON dollars in '15, and that's down to \$80 million -- approximately, \$80 or so million in '16.

Q: And -- and what is MILCON mean in this context?

CONDON: Military construction. So, they're building a facility out at Fort Meade to house Cyber Command.

Q: And that's going to be completed in the '15 range, so there won't be as much money to construct it?

CONDON: It won't be completed but they -- the bulk of the money was funded in '15.

Q: OK. And then jumping way back to the beginning for the follow up, you said that the -- do you have a number on the unclassified phone pilot with the dual-persona? Do you have a -- a rough number on the number of those that are out? And then you said that the -- the classified one, something like they're -- you said something like aren't going out, or something. I was wondering if you could clarify that. Like, are -- are those actually out, happening in the pilot somewhere now? Or is that not happened yet?

MR. HALVORSEN: I want to be very clear. None of these are pilots. So, what is going out on the classified side, and, yes, we are putting out new models today. It is not a pilot. I will not give you the numbers on the classified side about how many are out there. I shared with you that I am a little concerned about the -not the -just the logistics of just getting the -the contract awarded and getting the numbers up on the classified side.

As you can imagine, it's a little more complicated than on the unclass side, because of the way we have to write the contract restrictions, the extra security pieces. I will get you a better number on the unclass, but I think of the new phones now, we're up to about 1,500. And that's now -that was including what we had in the pilot. That is now going full operational and those numbers will start ramping up fairly rapidly.

Q: OK, anything on -- there's been some talk from Admiral Rogers about changes that need to happen to have acquisition match what cyber needs. Can you talk a little bit about that? And is -- is your office working on that? And -- and do you see some kind of changes, other legislative or otherwise you need to do in order for CYBERCOM to get what it needs?

MR. HALVORSEN: So, do I think we have to certainly execute the acquisition processes faster. I don't know that that means we have to change the process. This is an interesting question, Joe. We've had some interesting dialogue on this that I'll share. If you look at the processes, divorce them of timelines, so you just look at the processes of what you have to do to go through acquisition, I think the processes are pretty good.

That execution of that process, and maybe the way we sometimes lockstep the process, instead of being able to execute parts of that process simultaneously, is what I think we have to look at. I think that is exactly what Frank Kendall is trying to address in his Buying Power 3.0 is how do we look at our processes, make them better in execution,

and how can we maybe simultaneously execute some of those so we're not lock stepping, and adding more time when we don't need to.

Q: OK. So, just sort of a follow up -- a second follow up on my earlier question about the cloud distribution center. You mentioned that there may be some legislation or legal issues that could potentially be a concern with that model that you were going to try and hash out in your, you know, war gaming scenario. Could you explain what some of those might be that are on your radar that you're going to see whether or not they're concerns?

MR. HALVORSEN: I think, and the biggest one, and there may be others, the biggest one, though, is there are restrictions about what you can sell if you are operating from a government installation where the government is giving you some set of either services or advantage. I don't know that this is going to be a problem, but it looks to me like that may be an issue where if I am, in kind, may be giving physical security say, for example, to somebody who's located on our base, which I would. Does that give them an advantage that then would preclude someone else from being able to operate at the same price structure?

These are the things that I have to walk through. That is the one that I see, and it has come up in other areas, like when we did the private/public housing and some other areas, that was just an area of concern. And I think it will be an area of concern here, and we'll have to test whether the current legislation is supportive enough, or will we need some modification of that.

Q: Sure, if I -- I can go back to Joe's point on -- on the budget documents you guys sent over, on those you've got the cyber bucket and the I.T. bucket. And I guess what I wonder is, in your mind, how sharp or fuzzy is the line between those two things?

MR. HALVORSEN: Yes.

Q: Can you give us some insight into what kind of spend you're calling I.T. vice cyber?

MR. HALVORSEN: I hate to give you this answer, but if you look at that whole chart that we sent out, it actually pretty well defines what was in the I.T. bin, what is the cyber bin. So, I'm not quite sure what you're asking to do.

Q: So, this answer is it's a fuzzy line?

MR. HALVORSEN: Well, it's not fuzzy in what's in the numbers. I mean, the numbers are based on a thing. So, if you're looking at same (inaudible), there's a number that talks about information assurance, cyber operations, cyber security initiative, defense industrial base, defensive CYBERCOM, cybercrime, science and technology. I mean, it lays out what those categories are, and then it tells you in the bottom cyber is all in I.T.

So, the -- the numbers up top would represent the breakout. So cyber space operations is, you know, let's pick a year, is in 2014 cyber space operations, as we defined it, is you know 2.131, out of a total in the cyber line of 4.849, and that comes off a budget of 37.019. So, there's your math. That's the break out of the numbers.

Q: All right.

MR. HALVORSEN: Did that make sense?

Q: Yes, it made sense. I I was more wondering if you could point us to types of programs that are thought of as I.T. And types of programs that are thought of as cyber.

MR. HALVORSEN: OK. So, yes, sure. If I'm buying a license for a business operation, that's I.T. If I'm buying tools or licenses for tools that I'm using to perfect the network, that's cyber. This is an oversimplification. But I think you could use it as a guide. If it is something that's more about my business of how I.T. would support, you know, operations that are not specific to defense, it's I.T. When I'm getting into what I would call the warfare area of protecting the network, those are operations, that's cyber.

Q: OK, back to your -back to your point about the acquisition system being able to potentially go faster without coming up with a new system, Navy PEOIS seems to think they've -- they've maybe got that figured out with the whole innovation (sell ?) thing they're going to roll out next week. Is that the kind of thing you're watching from your level? And is there -- is there experimentation of that kind going on elsewhere throughout the department that -- that you're looking at?

MR. HALVORSEN: The answer is yes, that is something that is on my radar, and I do think PEOIS, and this is, full transparency, so it doesn't seem disingenuous, obviously I know a lot about what PEOIS and the Navy's doing. I came from being the DON CIO. That aside, I still think they're doing a really good job and they are being experimental.

I think that there are other experimental pieces that are going on that we're certainly looking at. The Army's doing some things, and what I do think is that, more importantly, than me looking at them, I think Secretary Kendall is looking at all of those, and is, you know, is being as encouraging of can how do you look at this? Where do you use commercial? My focus might be more about where do I use commercial, and what business lines should I be in? And I think I've told you all that before.

Where I am really trying to look at what makes sense for the DOD from an I.T. standpoint, and I really want to focus. I'm looking at it from an I.T. standpoint. This is one where I'll differentiate from cyber, cyber being the more warfare part of our environment. What we should and should not be in in terms of business, and looking, frankly, to the ATL [Acquisition, Technology & Logistics], I think they're doing a great job of giving me better answers to the acquisition issues.

Q: The numbers you mentioned on your mobile plans, does that include the services as well? Or is that just the DOD level deployment numbers?

MR. HALVORSEN: You know what? Good question, Dan. The 1,500 that gave you on the unclassified is predominantly DOD. The rollout of those numbers will include the services. Most of what we have issued today has been at the DoD, that's mostly been a factor of those were the contracts I could get into place quicker.

Q: OK. As a -- just a quick follow up, and this might be a -- this might be a little too down in the weeds technical, but have you required the vendors providing the devices to come up with some sort of standard configuration for these devices that are configured for personal and business use? I'm curious how are you going to keep the data off the phone?

MR. HALVORSEN: Well, and, and again, on the unclass side it's not so much about keeping it off the phone, it's keeping it at the right protection level on the phone. So, what I have is we have required the vendors to meet a set of technical requirements that provide me a level of comfort that they can protect that data and I can operate in that way. I got to be very careful. I don't require that the vendors do anything with their own devices. I require them to meet a standard requirement.

MR. HALVORSEN: I'm giving myself a follow up. This gets to the point we've talked about in a couple areas where I do think we've got to be on the requirements side. And, you know, I think a lot of people want to talk about the acquisition side and the improvement. And I think Secretary Kendall's working on that. I also think we on the requirement side, have a role to play, and it's to define our requirements as outcomes and define the sub-requirement as these are the protections I require if it's a security issue, or these are the capabilities in other areas. And then let industry come back to us with different approaches. And too often I think we have been very prescriptive with this is exactly what I want, and this is my requirement, and this is how you must meet it. I want us to focus on this is the requirement, and get flexibility on how we meet it.

Q: Since cloud industry day, when you called for -- for industry to be, you know, to sort of come to grips with the -- the liability, the -- the extra risks involved, what you called the political liability of handling DOD data. I'm wondering what the reaction's been like from industry. Whether people have appreciated that, you know, your -- your encouragement on that? And if you've had any discussions?

MR. HALVORSEN: It has been very positive, and we are having lots of discussions. And I think somebody had asked did I think if I did that, that the businesses would shy away. They have not. You know, I guess, in today's parlance I'll give a shout out to industry. They have been very responsive and very open on engaging in the problem. Now, does that mean we've worked out all of the details at every level of

security? No. But I think I can safely say we are having a level of dialogue that has not happened in the past.

Q: And a quick follow up. Other than the cloud industry forums, how are you going to continue that dialogue?

MR. HALVORSEN: The same way, you know, the cloud industry, the open document flow, where we post things and they can comment, and where they can, you know, post is the wrong word. We actually have a continual flow now between what they're asking us to see, so it's an exchange of data from a virtual sense. Obviously, this is a topic that not only I, but each of my kind of senior leadership talk to industry about almost daily in an opportunity that we get. They are doing the same for us.

So, I think we're doing the things right, but the other thing I have is I have Val, and Cathy, and Kate, my communications team -- tell me, am I hitting that mark? And do I need to do more, and how would I do that? So, the other message I want to give you, we've opened this up with the cloud. It is my intention that -- and I don't have a timeline date yet. I'm working it, and I've got a lot of things going on, that we do similar things with mobility, where we're going to have an open mobility day and talk about all the same things. Because I think we can do better in that area, too.

Q: So I have a cyber related question. During Secretary Carter's -- his recent visit to U.S. Cyber Command, he had mentioned that the development of the cyber workforce can be a model for other things that are happening in the department. And, so, you know, you all are looking to cyber in a sense as a model, and a trailblazer for many things you do. I wanted to know, you know, from --from your perspective, what does that mean? Could you elaborate on, perhaps, how you interpret that? Or your thoughts?

MR. HALVORSEN: Yes, I interpreted it the same way that Secretary Carter did.

Q: Can you give examples?

MR. HALVORSEN: I think what we're doing is we are developing a cyber workforce and as we develop that, I mean, cyber workforce is a developing field. Cyber is a maturing field. So, I think, in other maturing fields, if we get the cyber model right, and some of those field we don't even know what they will be yet, this could be the model for how you develop a workforce in a new, maturing field.

Q: And so, for example, what -- would cloud be a -- a part of that, an example? Or, you know, mobility, you mentioned some things that you're still ...

MR. HALVORSEN: So, the answer is yes. And I think they're already a part of it. I mean, our cyber workforce today has to be part of the cloud mobility solutions. So, yes, Nicole, good examples, and, yes, they are part of that.

Q: Yes, so, to kind of shift gears a little bit, I wanted to see if we could get an update on what's going on with application rationalization and data center consolidation. Obviously, it's been an ongoing effort to get to down to the handful of core data centers. Can we get a status report of what's happening there? Where you're at?

MR. HALVORSEN: That's a broad question. We are making progress in the data center business. I think the most recent thing we have done is maybe refocus some of our internal metrics to focus more on dollars and performance than things like numbers of servers, and even numbers of data centers. I really want to focus this discussion around how does data get distributed? What's the right number of distribution nodes, and how do I drive the costs down? And where does the government need to be in that business? And where should we let industry do that business?

That is progressing. It is not progressing as fast as I would like it to. But it is very complex, and then you have the added complication of most of the service data centers have some type of contractual arrangement today that we also have to work through. Some of it's just timing of when can you change the contracts?

Q: And, as it relates to the application rationalization process, I know that individually a lot of different military components are -- are going through their own applications, trying to rationalize, or kill off various types. Is there any kind of guidance that's going to come down from your office? Or how do you see your office playing a role in that effort?

MR. HALVORSEN: We put some guidance out. In general, I think we're going to have to get more specific. So, the answer is yes. I do think we will see more guidance. I think what you're going to see is us take a look at categories of applications to focus on.

And really what the guidance may be doing is directing the services and other activities, and ask questions about, let's take logistics. We have a lot of logistics applications. We probably will always have a lot. But we will probably be asking the questions of the services if you have applications that do these logistics functions, how many of them do you have? And then the follow on to that, immediately, would be so why do you need that many? And what's your business case for that?

And the other questions I think we've got to look at around both application rationalization, and, to some point, that drives some data center consolidation, is it really is data centric. So, at some point, you could actually collapse the number of data places, and number of times you store the very same data element.

One of the things we're seeing is that while you might not immediately be able to collapse the number of apps, those apps are all using a very concentrated set of data elements. If I could house those data elements in a better distribution model, i.e. cloud maybe, I could then reduce the number of support structures, even if I didn't initially

collapse the number of apps. Once you've got the support structures into data cleaner, industry would even say that's a better way to go and then do your app rationalization.

And, I also point out that, again, we take a lot of comment about how far we are behind industry in app rationalization. When I look at the numbers, and look at, you know, if you will grant me that at least in DOD, I have five big companies. When you look at that, and you look at the scope and size of that, we're actually not all that far behind where industry is with application rationalization. And you also have to remember, you know, what'll happen is people will say, listen, this company, or these group of companies, they've managed to collapse apps by "x", where are you?

And they'll give me a list of companies that are all in one business, say the I.T. business. OK. If you measured me just on the I.T. business, I'm probably doing OK. When I look at it across, I'm in I.T., logistics, you know, medical, real estate, you know, pick a business. When I look at that, when I talk to my colleagues on the industry and commercial side, we're not far off that mark. Got to do better. And want to improve the speed of what we're doing at, but I think you'd get the same answer if you'd talk to the, you know, the Fortune 50 multinationals, look at their CIOs, and you go to the directors, they would tell you, yes, we're in it. Want to go better? And want to get more results from it quicker.

Q: My question, Mr. Halvorsen, at the -- at cloud industry day, you were talking about how in a multiple cloud environment, industry and DOD need to share common data, especially in the security area. And I was wondering if there's any degree of common data sharing now, already, between DOD and industry? And what will have to happen in terms of policy or operations, or whatever, before DOD and industry can share data and cross each other's boundaries at the level you're thinking about?

MR. HALVORSEN: Yes, so, first of all, let me tell you, there is lots of data today being shared between industry and DOD, lots. What I think we have to get to now to evolve, to make that a little more seamless, and a little more -I don't like to use the word automated, but maybe that is the word yes, you could say that, Vanessa, that's good.

VANESSA HALLIHAN: The machine speed is what we refer to.

MR. HALVORSEN: Yes, so Vanessa Hallihan brings it up. Right now, we do a lot of that sharing, and it is kind of a manual base sharing. What we want to get to is where that is machine speed sharing, and it becomes continuous sharing rather than a dedicated, you know, we're going to go pull this data, and they're going to share. Really, we have to get to where, in fact, both industry and us are in the same ecosystem for this. Now, everybody's going out and said, oh, Halvorsen said everybody's got to be in the same ecosystem. That doesn't apply to every level of data. .

Where we have ecosystems that can do that we want to do that. And even in the most highly classified, there are things that we still want to share at machine speed. We've got

to be very careful about what those are, and that is not going to be one of those things where write the list and it's done.

That will be continuous evaluation, and, you know, the threat guys get a picture on that, because they will help us determine, what it is, and then, what we have to react to it, and what it shouldn't be anymore.

Q: Just, can you give me an example of what you're doing -- of how -- what you're doing right now in data sharing? An example?

MR. HALVORSEN: Yes. we're certainly -- in the unclass area -- sharing what we think are problematic sites. We are sharing best practices on the unclass area. Between us and industry, and I will tell you that's two way street. We don't have the market always on best practices, either, around how you might protect data, or how you might operate a network more securely. That type of data is -- is exchanging today. We'd like to get that to Vanessa's [Hallihan] comment, so that it's more at machine speed, and more continuous.

Q: So, during your testimony with the emerging threats and capabilities subcommittee, you said that network modernization would be compromised by sequestration by about two or three years. I was wondering if you could tell me some other critical areas that might be impacted. How intensely they'd be impacted? And if any new starts might be cancelled because of sequestration?

MR. HALVORSEN: I can't tell you if any new starts yet would be cancelled, but this is one I'm going to stick to what my area is. Sequestration will slow down network modernization in all areas by two to three years. I really can't get more specific than that, until later.

Q: OK, can you say anything more on the progress of the E-3 defense directive that you put out? I think it was last November? And what DOD is doing to follow on that directive?

MR. HALVORSEN: Help me, Scott, because I didn't follow which directive. We put a few of 'em out.

Q: Yes, the electromagnetic hardening of -- of hardware. Of all DOD vehicles, and basically everything.

MR. HALVORSEN: Yes, I'm making really good progress.

MR. HALVORSEN: And Scott, you know, I -- I can't get too specific. You know that.

Q: Hi, what about bring your own -- bring your own device. What's going on with that?

MR. HALVORSEN: We're going to put a pilot out this summer on bring your own device.

Q: How hard is -- is that going to be? Bring your own device?

MR. HALVORSEN: It won't be easy. I mean, think about that a minute. I mean, and it is going to be hard.

I think one of the things that is helpful is if people did some homework on bring your own device, where that's working, and where it's not. Lots of big enterprises are rescinding bring your own device. Now, I'm not saying that's the right answer everywhere, and what I suspect will happen in DOD is because of our size, and all the businesses we're in, there will be places that bring your own device is going to work in. There are going to be a whole lot of places where it doesn't. And it's going to be much like the cloud and everything else. The DOD, size, scale, everything we do, there are not going to be these very easy clean answers that says, yes, we're in the BYOD for DOD.

I suspect at some point, you know, we can do more, particularly in things that are, like, you know, more common business sets.

Maybe around ...retail requisitions that will be BYOD. In other cases, it won't be.

Q: OK. So, in your comments, Mr. Halvorsen, in both today and in other events, I -- I hear a lot of you talking about comparing to (inaudible) like Fortune 50 companies, Fortune 500 companies, and I just wanted to, you know, you don't hear a lot of that from DOD officials. I just wanted to ask about your approach in comparing what you're doing, and what you're doing in your office, with industry, and particularly Fortune 500 or Fortune 50 companies.

MR. HALVORSEN: So, I would ask -- I'm going to ask a rhetorical question. What I get a lot from the media, and this is not wrong, or from others, is well, how do you stack up from industry?

So, right now, I am trying to figure out where I should benchmark against industry. And in many of the business functions I absolutely should benchmark against industry. So, my philosophy is where that's true, why aren't I benchmarking against industry? And why aren't I looking to see if that's true, what do I have to do to get those benchmarks? Which leads you to the question that we're trying to drive here, is that a business I should be in? And to what degree?

Again, I don't think we're going to get many absolutes. Am I ever going to get out of the data center business? No. Should I shift the amount of that business we're in

directly? And how much of that I oversee, from an industry standpoint, I think my data tells me, yes, and that's what we're trying to do in the data center business. I think that data is going to tell me yes in some other areas. And, as it does, I want to develop a plan that does that. Now, when that data says no, I also want to (inaudible) to say, listen, looked at the industry benchmarks, here's why I can't, and here's what we're doing.

Certainly, at least in my time, and the directions here, we're spending some more focus on what is industry doing? And trying to look at that from a facts based standard, and determine where does that equate, or what do I have to do to get an apples to apples comparison to ourselves and industry so that I can see if that's valuable or not?

Q: Well, I was wondering if you could give a little more detail on the pilot for BYOD that you plan to launch this summer? The parameters, how many, who you're -- you're drawing into the study? Thank you.

MR. HALVORSEN: I'm going to probably do most of that around DOD, because I think DOD -- and what I mean by DOD -- the DOD headquarters staff, because I do think that represents a big enough user base that it will be a controllable test. What are the main parameters? I'm going to try to keep them as (inaudible) as possible. Say, OK, here's a -- here's a bring your own device. How do I make sure that that meets the minimum security levels, which is the first question I've got to get answered? And if it does, then let them go use, and figure out way, and this will be the other part, how do I track the, kind of the security measures around that? I mean, the hardest thing on all of this is how do I assure myself that when they're doing that, that I'm being secure. And I'm not going to lie to you: that is the parameter -- how to measure that in meaningful ways is the one that's driving me a little crazy.

MR. HALVORSEN: No, thank you guys. You keep asking really good questions. And you keep helping us thinking better. So, I appreciate it. Keep up the good work.

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