



## DoD DIRECTIVE 5105.86

### DIRECTOR, STRATEGIC CAPABILITIES OFFICE (SCO)

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- Approved by:** Ashton B. Carter, Secretary of Defense
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**Purpose:** Pursuant to the authority vested in the Secretary of Defense by Sections 113 and 131(b)(9) of Title 10, United States Code, this issuance establishes the responsibilities and functions, relationships, and authorities of the Director, SCO, as an OSD Principal Staff Assistant (PSA), consistent with this directive.

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## SECTION 1: GENERAL ISSUANCE INFORMATION

**1.1. APPLICABILITY.** This issuance applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff (CJCS) and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this issuance as the “DoD Components”).

**1.2. POLICY.** It is DoD policy that:

a. During peacetime and conflict, the Department must explore and adopt cost-effective, strategic alternatives to shape and counter emerging threats by combining capability innovation with concepts of operation and information management.

b. Given the constrained resource environment, and an increasingly complex operational setting, the Department must generate new and unconventional uses of existing systems and near-term emerging technologies, either by application to new missions, integration with other systems, incorporation of recent technology, or adoption of non-traditional operational concepts that can create strategic effects that deter, or when necessary, defeat adversaries.

c. Due to the need to establish a new era of power projection, and acknowledging the rapid rate of change in systems and technology, the Department must ensure those individuals responsible for forging the conceptual and technological paths to achieve break-through approaches that produce tactical, operational, and strategic warfighter advantage possess uniquely-suited competencies and technical expertise.

d. Nothing in this issuance should be construed as detracting from the duties and responsibilities of the OSD PSAs and the DoD Component heads. For this purpose, the Director, SCO, will coordinate with those OSD PSAs whose responsibilities and authorities are affected by proposed actions of the SCO.

## SECTION 2: RESPONSIBILITIES AND FUNCTIONS

The Director, SCO:

a. Is the PSA and an advisor to the Secretary and Deputy Secretary of Defense for augmenting other efforts within the Department with respect to strategic capabilities development. Specifically, the Director advises on the identification, analysis, and introduction of disruptive applications and new and unconventional uses of existing systems and near-term technologies, for both U.S. Government (USG) and commercial capabilities, to create operational strategic effects, including:

- (1) Deterrence.
- (2) Power projection.
- (3) Cost imposition.
- (4) Surprise.
- (5) Overmatch.

b. Develops strategic capability alternatives; vets and recommends to the Deputy Secretary of Defense innovative ideas and concepts for funding or operational execution; conducts demonstrations, experiments, and prototypes through the Secretaries of the Military Departments and the heads of other DoD Components to reduce upfront risk on potentially game-changing concepts that can be fielded in the near-term (0-5 years) fiscal development period; collaborates with the Secretaries of the Military Departments, the CJCS, the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)), the Under Secretary of Defense for Policy (USD(P)), and the heads of other DoD Components with program offices on alternative strategic capability development and on processes to expedite transition timelines; develops program information management strategies to create deterrence and maintain U.S. strategic advantage; leverages existing DoD relationships with the national security community to coordinate and synchronize efforts; and interfaces, after approval and pursuant to guidance from the Deputy Secretary of Defense, with the international community to identify opportunities for cooperative efforts. Specifically, the Director, SCO:

(1) Performs rigorous analysis (including modeling, prototyping, and red teaming) to generate ideas and preliminary operational concepts to shape capabilities to counter emerging threats.

(2) Makes recommendations to the Deputy Secretary of Defense regarding new applications of, and modifications to, existing and near-term capabilities, that would provide operational advantage to the Department. Before being presented to the Deputy Secretary of Defense, these recommendations will be reviewed by either the 3-Star Programmers or by the Advanced Capabilities and Deterrence Panel, in accordance with the December 5, 2014, Deputy Secretary of Defense Memorandum, and conveyed as investment recommendations to the Deputy's Management Action Group.

(3) Works through the Secretaries of the Military Departments and heads of other DoD Components to execute and acquire approved innovative concepts. The Director, SCO, will initiate, structure, and provide semi-annual reviews of program content and progress at the Deputy's Management Action Group, through the 3 Star Programmers.

(4) Develops program information management strategies, objectives, and technologies, in coordination with the Secretaries of the Military Departments; the CJCS; the USD(AT&L); the USD(P); the Under Secretary of Defense for Intelligence (USD(I)); the Chief Information Officer of the Department of Defense; the Director, Cost Assessment and Program Evaluation; and other OSD PSAs and heads of DoD Components, as appropriate.

(5) Oversees and directs operational and technological assessments of SCO-identified projects, programs, and other initiatives through a field evaluation to determine potential operational utility and technical feasibility, in consultation with the Director, Operational Test and Evaluation, if and as appropriate.

(6) Establishes agreements and partnership arrangements, as approved by the Deputy Secretary of Defense:

(a) With the Secretaries of the Military Departments, the Combatant Commanders, and heads of other DoD Components; and other USG agencies, in coordination with the USD(P) and the USD(I), jointly identifies, analyzes, and speeds the transition of promising near-term capabilities to partnering offices.

(b) With the Defense Intelligence Enterprise and the Intelligence Community jointly identifies, analyzes, and speeds the transition of promising near-term capabilities, in coordination with the USD(I). On all matters related to National and Defense Intelligence, coordinates with the USD(I), as the Director of Defense Intelligence.

(c) With international allies and partners, consistent with DoD Directive (DoDD) 5530.3, fosters cooperation and jointly identifies and analyzes near-term capabilities, in coordination with USD(AT&L) and USD(P), and consistent with DoD policy on international transfers, DoD Instruction (DoDI) 2040.02.

(d) With academia and industry to identify and analyze near-term capabilities, as authorized and appropriate.

(7) Implements Secretary and Deputy Secretary of Defense guidance and funding decisions on SCO-identified capabilities. Ensures approved funding profiles are provided for inclusion in annual planning, programming, budgeting, and execution activities, in accordance with DoDD 7045.14.

(8) Coordinates with the General Counsel of the Department of Defense to ensure the SCO operates within applicable laws and regulations.

(9) On all matters related to Congressional engagements, coordinates with the Assistant Secretary of Defense for Legislative Affairs (ASD(LA)); the Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense (USD(C)/CFO); and the Director,

DoD Special Access Program Central Office (DoD SAPCO), when answering Special Access Program (SAP) inquiries.

(10) Performs other duties as assigned by the Secretary or the Deputy Secretary of Defense.

## SECTION 3: RELATIONSHIPS

**3.1. DIRECTOR, SCO.** Under the authority, direction, and control of the Secretary and the Deputy Secretary of Defense and in the performance of assigned responsibilities and functions, the Director, SCO:

- a. Reports directly to the Deputy Secretary of Defense.
- b. Coordinates and exchanges information with other OSD PSAs, other DoD Component heads, and USG officials having collateral or related responsibilities and functions relative to the matters assigned in this issuance.
- c. Uses existing systems, facilities, and services of the DoD and other federal departments and agencies, when possible, to avoid duplication and to achieve maximum efficiency and economy.
- d. Provides regular project updates and briefs to the congressional defense committees, as well as other congressional stakeholders, in coordination with the ASD(LA) and the USD(C)/CFO, and, additionally, for congressional engagements involving SAP information, in coordination with the Director, DoD SAPCO, and in coordination with the Secretaries of the Military Departments, the CJCS, the USD(AT&L), the USD(P), the USD(I), the Director, Cost Assessment and Program Evaluation, and the Combatant Commanders, as appropriate.
- e. Coordinates with the CJCS to ensure SCO initiatives are aligned with Joint warfighting mission needs.
- f. Coordinates with the USD(AT&L) on acquisition strategies for all approved innovative concepts.
- g. Coordinates with the USD(P) on all engagements with foreign governments and other foreign entities.
- h. Coordinates with the USD(I) regarding security and program information management strategies to speed transition to the appropriate operational execution authority and ensure consistency with other Departmental and Intelligence Community efforts.
- i. Refers all requests to disclose classified military information to foreign governments and international organizations to the Executive Director, National Disclosure Policy Committee, Defense Technology Security Administration, Office of the Under Secretary of Defense for Policy.

**3.2. OSD PSAS AND HEADS OF DOD COMPONENTS.** The OSD PSAs and heads of DoD Components will coordinate with the Director, SCO, on all matters under their purview related to the responsibilities, functions, and authorities assigned in this issuance.

**3.3. GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE.** In addition to the responsibilities in Paragraph 3.2., and pursuant to DoDDs 5145.01 and 5145.04, the General Counsel of the Department of Defense selects legal counsel for the SCO.

**3.4. DIRECTOR, DOD SAPCO.** Under the authority, direction, and control of the Deputy Secretary of Defense, the Director, DoD SAPCO, will support the SCO, as follows and in accordance with DoDD 5205.07:

- a. Serves as the cognizant authority for SAP activities executed by the SCO.
- b. Serves as the approval authority for access to DoD SAPs, unless specifically delegated to the Director, SCO.
- c. Reviews proposals and developmental activities at all classification levels to ensure horizontal protection and appropriate application of enhanced security safeguards.

**3.5. COMBATANT COMMANDERS.** In addition to the responsibilities in Paragraph 3.2., the Combatant Commanders will inform the Director, SCO, of command priorities on an annual basis through the CJCS using existing processes and via the annual Comprehensive Joint Assessment Survey. The Director, SCO, may also engage directly with Combatant Commanders to clarify needs and priorities and will keep the CJCS advised on results of those consultations.

**3.6. DIRECTOR, WASHINGTON HEADQUARTERS SERVICES.** Under the authority, direction, and control of the Deputy Chief Management Officer of the Department of Defense, the Director, Washington Headquarters Services, and in addition to the responsibilities in paragraph 3.2., and subject to the limitations of paragraph 4.g, provides administrative and logistical support for the SCO, including human resources management, security clearance services, facilities management, manpower management, budget and financial management, and other support and services, as appropriate or directed and in accordance with DoDD 5110.04.



## SECTION 4: AUTHORITIES

Pursuant to the authorities vested in the Secretary and Deputy Secretary of Defense, and subject to their authority, direction, and control, and in accordance with DoD policies and issuances, the Director, SCO, is hereby delegated authority to exercise, within his or her assigned responsibilities and functions, pursuant to this Directive, all authorities of the Secretary of Defense derived from statute, Executive order, or interagency agreement, except where specifically limited by statute or Executive order and is delegated authority to:

a. Communicate directly with the OSD PSAs and other DoD Component heads, as necessary, in carrying out assigned responsibilities and functions, including transmissions of requests for advice and assistance. Communications to the Military Departments will normally be transmitted through the Secretaries of the Military Departments, their designees, or as otherwise provided in law or as directed by the Secretary or Deputy Secretary of Defense in other DoD issuances. Due to the special mission of the Office, and in accordance with Paragraph 4.b.(3)(d) of DoDD 5100.01, the Director, SCO, may communicate directly with the CJCS on Combatant Commander requirements, consistent with the Joint Capabilities Integration and Development System process, and will provide quarterly updates to the Chairman and the Vice Chairman of the Joint Chiefs of Staff, as appropriate.

b. Communicate with other USG officials, representatives of the Legislative Branch, members of the public, and representatives of foreign governments or other entities, as appropriate, in carrying out assigned responsibilities and functions. Communications with representatives of the Legislative Branch will be coordinated with the USD(C)/CFO, the ASD(LA), or the DoD SAPCO, as applicable, and be consistent with the DoD Legislative Program. Communications with members of the news media will be coordinated with the Assistant to the Secretary of Defense for Public Affairs, who is the sole release authority of official DoD information to news media representatives, and will be consistent with DoDD 5122.05. Communications with representatives of foreign governments will be coordinated with the USD(P), approved by the Deputy Secretary of Defense, and will be consistent with DoDD 5530.3.

c. Obtain reports and information, as necessary, to perform assigned responsibilities and functions, in accordance with DoDI 8910.01.

d. Enter into support agreements with the other federal departments and agencies, as necessary, to perform assigned responsibilities and functions, in accordance with DoDI 4000.19.

e. Use existing systems, facilities, and services of the DoD, and other federal departments and agencies, when possible, to avoid duplication and to achieve maximum efficiency and economy.

f. Exercise all necessary acquisition authorities through a Military Department, a DoD contract administration services component, or a federal department and agency, as appropriate, to further the SCO mission.

g. Receive administrative, acquisition, and logistical support from Washington Headquarters Services, unless otherwise directed by the Deputy Secretary of Defense. In those instances, service and support arrangements will be incorporated into appropriate memoranda of agreement.

h. Conduct analysis of strategic alternatives at any access level, from unclassified to special access required.

i. Exercise Top Secret original classification authority, in accordance with Executive Order 13526 and Volume 1 of DoD Manual 5200.01.

## GLOSSARY

### G.1. ACRONYMS.

ASD(LA)	Assistant Secretary of Defense for Legislative Affairs
CJCS	Chairman of the Joint Chiefs of Staff
DoDD	DoD Directive
DoDI	DoD Instruction
DoD SAPCO	DoD Special Access Program Central Office
PSA	Principal Staff Assistant
SAP	Special Access Program
SCO	Strategic Capabilities Office
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer, Department of Defense
USD(I)	Under Secretary of Defense for Intelligence
USD(P)	Under Secretary of Defense for Policy
USG	U.S. Government

### G.2. DEFINITIONS.

**disruptive applications:** Capabilities, strategies, or actions that significantly change adversaries' assumptions, operational concepts, research and development plans, cost of operations, or other factors strongly affecting pre-conflict competition or future conflict in order to maintain U.S., allied, or partner strategic advantage.

**program information management strategies:** Comprehensive integration of all aspects of the information environment that surround a given capability or operational activity to sustain a coherent narrative over the life of the system or activity, but does not include deception or influence operations. This includes, but is not limited to, program protection plans, operation security, security classification guidance, communications plans, and security and counterintelligence strategies. The objective of an information management narrative is to enhance the deterrent value of the system or activity while preserving operational overmatch.

## **REFERENCES**

- Deputy Secretary of Defense Memorandum, “Advanced Capabilities and Deterrence Panel,” December 5, 2014
- DoD Directive 5100.01, “Functions of the Department of Defense and Its Major Components,” December 21, 2010
- DoD Directive 5110.04, “Washington Headquarters Services (WHS),” March 27, 2013
- DoD Directive 5122.05, “Assistant Secretary of Defense for Public Affairs (ASD(PA)),” September 5, 2008
- DoD Directive 5145.01, “General Counsel of the Department of Defense (GC DoD),” December 2, 2013, as amended
- DoD Directive 5145.04, “Defense Legal Services Agency (DLSA),” April 16, 2012
- DoD Directive 5205.07, “Special Access Program (SAP) Policy” July 1, 2010
- DoD Directive 5230.11, “Disclosure of Classified Military Information to Foreign Governments and International Organizations,” June 16, 1992
- DoD Directive 5530.3, “International Agreements,” June 11, 1987, as amended
- DoD Directive 7045.14, “The Planning, Programming, Budgeting, and Execution (PPBE) Process,” January 25, 2013
- DoD Instruction 2040.02, “International Transfers of Technology, Articles, and Services,” March 27, 2014
- DoD Instruction 4000.19, “Support Agreements,” April 25, 2013
- DoD Instruction 8910.01, “Information Collection and Reporting,” May 19, 2014
- DoD Manual 5200.01, Volume 1, “DoD Information Security Program: Overview, Classification, and Declassification,” February 24, 2012
- Executive Order 13526, “Classified National Security Information,” December 29, 2009
- National Disclosure Policy-1, “National Policy and Procedures for the Disclosure of Classified Military Information to Foreign Governments and International Organizations,” October 2, 2000
- United States Code, Title 10