Doing Business With the Military 2018
June 7th
Color Guard & National Anthem
Introductions & Event Goals
Miami-Dade Beacon Council Cluster Study & Local Aviation Industry Overview

Paul Lambert
Lambert Advisory
Miami-Dade Beacon Council One Community
One Goal Seven Target Industries

Aviation
Creative Design
Hospitality / Tourism
Information Technology
International Banking & Finance
Life Sciences & Healthcare
Trade & Logistics
Miami-Dade County Defense Industry Cluster Study (June, 2017 ROI)

- There are currently over 2,000 companies in Miami-Dade County which have registered to do business with the federal government.
- The DoD is by far the top federal contracting agency for these businesses, accounting for approximately half of all federal contracts performed in Miami-Dade.
- Since 2012, there have been over 600 local primes involved in DoD contracts.
- DoD contracts are highly concentrated with a few contractors. The Top 10 firms accounting for 70% of obligations received in 2016.
- Current DoD prime contractors in Miami-Dade County are concentrated in Construction, Transportation & Distribution, the Automotive & Aircraft supply chain, and Healthcare services and supplies, aligning with 3 out of the 7 Beacon Council Target Industries.
Miami-Dade County Defense Industry Cluster Study (June, 2017 ROI)
A Call to Action

- Florida grew from the 7th highest recipient state of DoD domestic expenditure in 2014 to the 5th highest in 2016.
- Yet, Miami-Dade moved in the opposite direction
  - Department of Defense spending performed in the County dropped by 35% from $389 million in FY2014 to $252 million in FY2016.
  - Corporate employment levels impacted by DoD prime contracts to Miami-Dade County vendors decreased by 14% over the same period.
  - Current local DoD prime contractors capture 15% of the number of DoD contracts received in Florida, but represent only 3% of dollars awarded.
  - Nationwide, the County’s share of total DoD procurement spending dropped from 0.13% in FY2014 to 0.08% in FY 2016
## Miami-Dade County Defense Industry Cluster Study (June, 2017 ROI)

### Defense Related Growth Opportunities

<table>
<thead>
<tr>
<th></th>
<th>Emerging Strengths</th>
<th>Supporting Core Clusters</th>
<th>Future Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Emerging Strengths</strong></td>
<td>Cybersecurity/Cognitive Security</td>
<td>Aviation MRO and Parts</td>
<td>Drone Parts</td>
</tr>
<tr>
<td></td>
<td>Health IT</td>
<td>Smart Logistics / Logistics IT</td>
<td>Virtual Reality/Simulation</td>
</tr>
<tr>
<td><strong>Supporting Core Clusters</strong></td>
<td></td>
<td></td>
<td>Additive Manufacturing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Future Potential</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What did the military purchase from Miami-Dade?
Source: ROI Cluster Study

<table>
<thead>
<tr>
<th>Industry</th>
<th>Description</th>
<th>2016 Obligations ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>Construction of Schools</td>
<td>$63.3</td>
</tr>
<tr>
<td>Transportation/Travel/Relocation</td>
<td>Travel/Lodging/Recruitment: Passenger Air Charter</td>
<td>$39.3</td>
</tr>
<tr>
<td>Clothing/Individual Equipment</td>
<td>Clothing, Special Purpose</td>
<td>$22.7</td>
</tr>
<tr>
<td>Maintenance/Repair</td>
<td>Maintenance of Canals</td>
<td>$21.6</td>
</tr>
<tr>
<td>Medical</td>
<td>Medical- Dentistry</td>
<td>$16.2</td>
</tr>
<tr>
<td>Fuels</td>
<td>Fuel Oils</td>
<td>$13.3</td>
</tr>
<tr>
<td>Construction</td>
<td>Construction of Other Industrial Buildings</td>
<td>$12.9</td>
</tr>
<tr>
<td>Fuels</td>
<td>Liquid Propellants and Fuels, Petroleum Base</td>
<td>$12.2</td>
</tr>
<tr>
<td>Construction</td>
<td>Construction of Government-Owned Government-Operated (Gogo) R&amp;D Facilities</td>
<td>$11.8</td>
</tr>
<tr>
<td>Medical</td>
<td>Imaging Equipment and Supplies: Medical, Dental, Veterinary</td>
<td>$10.3</td>
</tr>
<tr>
<td>Support</td>
<td>Support - Management: Advertising</td>
<td>$8.0</td>
</tr>
<tr>
<td>Transportation/Travel/Relocation</td>
<td>Travel/Lodging/Recruitment: Port Operations</td>
<td>$7.9</td>
</tr>
<tr>
<td>Maintenance /Repair</td>
<td>Ships, Small Craft, Pontoons, And Floating Docks</td>
<td>$5.6</td>
</tr>
<tr>
<td>Clothing/Individual Equipment</td>
<td>Outerwear, Men's</td>
<td>$5.0</td>
</tr>
<tr>
<td>Medical</td>
<td>Hospital Furniture, Equipment, Utensils, And Supplies</td>
<td>$4.9</td>
</tr>
<tr>
<td>Support</td>
<td>Support - Management: Logistics Support</td>
<td>$4.8</td>
</tr>
<tr>
<td>Maintenance /Repair</td>
<td>Repair or Alteration of Office Buildings</td>
<td>$4.1</td>
</tr>
<tr>
<td>Clothing/Individual Equipment</td>
<td>Individual Equipment</td>
<td>$3.6</td>
</tr>
<tr>
<td>Architect &amp; Engineering Services</td>
<td>General: Engineering Drafting, Not Cad/Cam</td>
<td>$3.3</td>
</tr>
<tr>
<td>City</td>
<td>Total Obligations</td>
<td>% of total</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Miami</td>
<td>$77,071,645</td>
<td>21.1%</td>
</tr>
<tr>
<td>Doral</td>
<td>$26,523,339</td>
<td>7.3%</td>
</tr>
<tr>
<td>Savannah</td>
<td>$21,390,419</td>
<td>5.9%</td>
</tr>
<tr>
<td>Hialeah</td>
<td>$14,164,537</td>
<td>3.9%</td>
</tr>
<tr>
<td>Patuxent River</td>
<td>$13,065,506</td>
<td>3.6%</td>
</tr>
<tr>
<td>Opa-Locka</td>
<td>$10,837,024</td>
<td>3.0%</td>
</tr>
<tr>
<td>Arlington</td>
<td>$7,993,468</td>
<td>2.2%</td>
</tr>
<tr>
<td>Camp Lejeune</td>
<td>$7,052,392</td>
<td>1.9%</td>
</tr>
<tr>
<td>Medley</td>
<td>$6,389,302</td>
<td>1.8%</td>
</tr>
</tbody>
</table>
Miami Dade Aviation Industry
Source: Hoovers

- 716 aviation companies in Miami Dade
- 14,100 local employment in those aviation companies (average of under 20 employees locally per company)
- Of 716 aviation companies locally, 26 have more than 100 employees locally, but those 26 companies employ nearly 63% of the total employees in the aviation industry in Miami-Dade
- 626 of 716 (87%) of companies have 20 local employees or less.
Miami Dade Aviation Industry Companies by Subcategory
Source: Hoovers
Miami Dade Aviation Industry Employment by Subcategory
Source: Hoovers

- Aerospace Products & Parts Manufacturing: 7%
- Aircraft Engine & Parts Manufacturing
- Aircraft Maintenance & Repair: 22%
- Airlines: 27%
- Airport Operations: 23%
- Charter Services
- Other
What Factors Provide Miami Dade a Competitive Advantage for Military Aviation Contracts?

- Excellent Global Air Access from Three Civilian Airports and One Military Air Reserve Base
- Strong base of companies and trained labor already operating in the region
- Strong university based research and development
South Florida Defense Alliance & Defense Budget Highlights

Will Leahey
S. Florida Defense Alliance
Why a Defense Alliance in South Florida?

Advocate: 24 Commands and 15 Installations
Support: 56,000 active, reserve, guard servicemembers, civilians and their families
Assist: Over 230,000 veterans in our 4 counties
Grow: Economic impact of $12.3B and 130K jobs
Enhance: Increased military missions and latest advanced technology and equipment
Protect: Encroachment, realignment or BRAC
Promote: Value of our strategic location, training sites and installations
Need: Strong consistent, single voice to tell our story and change perceptions
Essential: United effort – local, state and federal

Largest MSA in Florida
30% of state population
32% of Florida’s GSP
34 of 120 State House Districts
12 of 40 State Senate Districts
9 of 27 Federal Districts
24+ Military Commands
15+ Installations
25,000 service-members
2 Major Seaports
2 Major Airports
Strategic Defense Location
Gateway to Americas
Recent Defense Budget History

(Discretionary Budget Authority)

(Then Year Dollars in Billions)

*Division B, P.L. 115-96, DoD Missile Defense and Defense Enhancements Appropriations Act, 2018

Numbers may not add due to rounding.
Overseas Contingency Operations

FY 2018 Priorities

- Improve warfighting readiness
- Achieve program balance by addressing pressing shortfalls
- Build a larger, more capable, and more lethal joint force

A more lethal, resilient, and rapidly innovating Joint Force, combined with a robust constellation of allies and partners, will sustain American influence and ensure favorable balances of power that safeguard the free and open international order.

National Defense Strategy
## Current Budget

**Table A-4. DoD Total (Base + OCO + Emergency) Budget by Appropriation Title**

<table>
<thead>
<tr>
<th>Discretionary Budget Authority in Thousands</th>
<th>FY 2018*</th>
<th>FY 2019 Request</th>
<th>Delta FY19 - FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military Personnel</td>
<td>139,803,665</td>
<td>152,883,052</td>
<td>+13,079,387</td>
</tr>
<tr>
<td>Operation and Maintenance</td>
<td>261,643,237</td>
<td>283,544,068</td>
<td>+21,900,831</td>
</tr>
<tr>
<td>Procurement</td>
<td>125,555,519</td>
<td>144,340,905</td>
<td>+18,785,386</td>
</tr>
<tr>
<td>RDT&amp;E</td>
<td>74,592,398</td>
<td>92,364,681</td>
<td>+17,772,283</td>
</tr>
<tr>
<td>Revolving and Management Funds</td>
<td>1,927,662</td>
<td>1,557,305</td>
<td>-370,357</td>
</tr>
<tr>
<td>Defense Bill</td>
<td>603,522,481</td>
<td>674,690,011</td>
<td>+71,167,530</td>
</tr>
<tr>
<td>Military Construction</td>
<td>7,079,659</td>
<td>9,801,405</td>
<td>+2,721,746</td>
</tr>
<tr>
<td>Family Housing</td>
<td>1,242,791</td>
<td>1,582,632</td>
<td>+339,841</td>
</tr>
<tr>
<td>Military Construction Bill</td>
<td>8,322,450</td>
<td>11,384,037</td>
<td>+3,061,587</td>
</tr>
<tr>
<td>Total Base + OCO + Emergency</td>
<td>611,844,931</td>
<td>686,074,048</td>
<td>+74,229,117</td>
</tr>
</tbody>
</table>

* Reflects the Continuing Resolution funding level and Division B of Public Law 115-96 (Department of Defense Missile Defense and Defense Enhancements Appropriations Act, 2018). Numbers may not add due to rounding.
Current Budget

Major Investments

- $22.2 BILLION Aircraft
- $18.8 BILLION Shipbuilding
- $7.5 BILLION Preferred Munitions, Ground Systems and Missile Defense
- $13.2 BILLION Science and Technology Innovation
- $8.0 BILLION Supporting our Families
## Science and Technology

### Figure 3.4. Science & Technology Program Base and OCO budget

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2017 Enacted</th>
<th>FY 2018 Request*</th>
<th>FY 2019 Request**</th>
<th>FY18–FY19 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Research (6.1)</td>
<td>2.2</td>
<td>2.2</td>
<td>2.3</td>
<td>0.1</td>
</tr>
<tr>
<td>Applied Research (6.2)</td>
<td>5.1</td>
<td>5.0</td>
<td>5.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Adv Tech Dev (6.3)</td>
<td>6.1</td>
<td>6.0</td>
<td>6.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Total S&amp;T</td>
<td>13.4</td>
<td>13.2</td>
<td>13.7</td>
<td>0.5</td>
</tr>
</tbody>
</table>

*FY 2018 reflects the President’s Budget request +$17.0 million Emergency Amendment: Missile Defeat and Defense Enhancements Appropriations Act of 2018 (Division B, Public Law 115-96); and includes $25.0 million OCO funds within the Defense-Wide S&T

**FY 2019 reflects the President’s Budget request, includes $38.6 million of OCO funds within the Defense-Wide S&T
Aviation Budget
MRO/Training/Drone Operations

“$39.5 billion to begin to overcome the crisis in military aviation by getting more aircraft in the air” - 2019 NDAA

The budget has requests other major aviation-related needs (approximations):
- Maintenance $21.8B
- Drone Operations $7B
- Spare Parts $3.7B Spare
Recent Defense Budget History

- $3.7 trillion
- 12% Contract Dollars

- $438 billion
- DOD 62%
- DOE 6%
- HHS 5%
- VA 5%
- NASA 4%
- Other 19%
Aviation Industry
Maintenance, Repair and Overhaul Training
Drone Operations

Maj Gen (Ret) Robert N. Polumbo, Moderator
Two Blue Aces
Overview

• Intro
• Research
• Analysis and Recommendations
• Aviation Panel Agenda
• Q&A and Feedback
Research

- Miami-Dade Beacon Council 2017 Cluster Study
- DoD Budget Review
- Online Sites
- In the News
- DoD Key Leader Interviews
Online Sites

• Defense Innovation Marketplace
• Defense Innovation Unit Experimental
• SOFWERX/AFWERX/DRONWERX
• AF 2030 Science & Technology Initiative
• Small Business Innovation Research and Small Business Technology Transfer
• Other Transaction Authority
• Association of Procurement Technical Assistance Centers
Defense Innovation Marketplace

http://www.defenseinnovationmarketplace.mil
Defense Innovation Unit-Experimental

ACCELERATING COMMERCIAL INNOVATION FOR NATIONAL DEFENSE

We're a fast-moving government entity that provides non-dilutive capital to companies to solve national defense problems.

ENTER A $100+ BILLION MARKET

https://www.diux.mil
Welcome to SOFWERX

SOFWERX was created under a Partnership Intermediary Agreement between Doolittle Institute and the United States Special Operations Command (USSOCOM). Located in Tampa, FL, SOFWERX has a very dynamic environment designed to create a high rate of return on collision for all participants. Through the use of our growing ecosystem, promotion of divergent thought, and neutral facilitation, our goal is to bring the right minds together to solve challenging problems.

Notice for all interested parties to SOFWERX events: Announcement of SOFWERX events that are considered to have high potential for further efforts that may be accomplished via FAR-based contracting instruments, Other Transaction Authority (OTA) for Prototype Projects 10 USC 2371b, Prizes for advanced technology achievements 10 USC 2374a.

https://www.sofwerx.org

Aviation Maintenance Modernization Capability Collaboration Event
20-21 June 2018

https://www.sofwerx.org/aviation/
Special Operations Command to Open ‘DroneWerx’ to Reach Robotics, Drone Companies

May 17th, 2017
Posted by Michael Hoffman

U.S. Special Operations Command’s top weapons buyer said this week the Defense Department wants to create a drone robotics innovation lab similar to the one started by

AF 2030 Science & Technology Initiative

https://afresearchlab.com/index.html?scrollTo=2030
Small Business Innovation Research (SBIR)

A set-aside program for small business to engage in Federal R&D – with potential for commercialization

2.9% of Federal agencies Extramural R&D budgets greater than $100M per year (FY 2015 ~ $2.0-2.5 Billion in summation of 11 participating agencies). Growing to 3.2% by 2017.

Small Business Technology Transfer (STTR)

A sister set-aside program to facilitate cooperative R&D between small business concerns and U.S. research institutions – with potential for commercialization.

0.35% of the extramural research budget (> $250 million) for all agencies with a budget greater than $1B per year. Growing to .4% by 2017.

Milestone-Driven Award Process

Phase I | Feasibility Study or Prototype
- ~$150 thousand and 6 months

Phase II | Full Research and Development Effort
- ~$1 million and 24 months

Phase III | Commercialization Effort
- Private and Non-SBIR Allocated financing

Participating Federal Agencies

Qualcomm
Symantec
iRobot
Genzyme
Nimble Systems
NanoMech
Lift Labs
Adaptec
Ecovative Design
Children’s Progress Inc
JENTEK Sensors
SQUID

SBIR/STTR Success Stories
SBIR/STTR

https://www.acq.osd.mil/osbp/sbir/
Other Transaction Authority

http://www.transform.af.mil
Other Transaction Authority

- **Headquarters U.S. Air Force**
  - Integrity, Service, Excellence

- **Why OTA?**
  - OTA empowers DoD to structure business arrangements to specific needs and circumstances.

- **What is OTA?**
  - OTA is a legally binding contract that is not subject to past procurement contract, grant, or cooperative agreement.

- **When may OTA be used?**
  - OTA may be used for prototype projects directly related to:
    - Enhancing mission effectiveness at military personnel and the supporting installations, systems, subcomponents, or materials proposed to be acquired or developed;
    - Development of prototypes, systems, components, or materials in use by the armed forces;
    - The services may award an unlimited number of OTAs with each OT limited to $500,000 in the aggregate.

- **Project POC**
  - Mr. Rafael Morales

**South Florida Defense Alliance**
- The Official Economic Development Partnership

**FIU**
- Florida International University
In the News...

- A-10 Wings $103M contract for new production line
- Modernize MAF aircraft for future air traffic management system
- 3D printing of DoD legacy aircraft maintenance parts
- DoD Acceptance of FAA PMA DER approvals
- Parts supply chain/lean logistics software requests
- Machine to machine big data analytics for conditions based maintenance
- AFRL game-based maintenance training
- Army revamping entire maintenance training curriculum
- Commercial Adversary Air Support for AF/RFP-$6B over 10 years
  - Draken Intl-$280M contract at Nellis AFB
  - 179 KC-46 (B767) ordered thru 2027
- DoD awards $169M for university research funding
- LOI between AF and National Science Foundation
DoD Key Leader Interviews

MAJOR GENERAL JAMES N. POST III
USAF (Retired)
Former Director of Current Operations, Deputy Chief of Staff for Operations

LIEUTENANT GENERAL STEVEN L. KWAST
Commander, Air Education and Training Command
Joint Base San Antonio-Randolph, Texas

LIEUTENANT GENERAL ANDREW E. BUSCH
USAF (Retired)/PANELIST
Former Director of the Defense Logistics Agency
Headquarters Fort Belvoir, VA

LIEUTENANT GENERAL ARNOLD W. BUNCH JR.
Military Deputy, Office of the Assistant Secretary of the Air Force for Acquisition, Technology and Logistics, Washington, D.C.

LIEUTENANT GENERAL JOHN B. COOPER/PANELIST
Deputy Chief of Staff for Logistics, Engineering and Force Protection

LIEUTENANT GENERAL JERRY D. HARRIS JR./PANELIST
Deputy Chief of Staff for Strategic Plans and Requirements
Analysis and Recommendations

- MRO
  - Big data analytics
    - Collect, collate and collaborate
    - Machine to machine interface
    - Conditions based maintenance (CBM)
  - Smart logistics/IT solutions
    - Parts distribution and supply chains
    - Commercial off the shelf (COTS)
    - DoD acceptance of FAA PMA/DER approvals
  - Prime, subcontract or OTA
    - Legacy aircraft and equipment
    - Commercial variant aircraft KC-46/B767, P-8/B737
    - RDT&E on 6th gen fighter, B-21 bomber, next gen drones
Analysis and Recommendations

- Training (individual based processes)
  - Artificial intelligence coaching
  - Augmented reality and virtual training systems
  - Online w/digital tutoring
  - Partner with DoD training commands (AF/Navy/Army/Marine/CG)
- Drone Operations
  - Miniaturization/nanotechnology
  - Low observable and self-protection technology
    - Operate in an Anti-Access, Aerial Denial (A2AD) environment
    - Robust-C5ISR, command, control, communications, computers, collaboration, intelligence, surveillance and reconnaissance
  - Cyber secure-data link, networks, sensors
  - National airspace architecture-safety, training, policy, deconfliction
Questions for Lambert, Leahey & Polumbo
BREAK

PLEASE BE BACK IN YOUR SEATS BY 10:00
(Military 10:00 not Miami Kind Of 10:00 please)

NEXT UP: AVIATION PANEL
Aviation Panel

LIEUTENANT GENERAL JOHN B. COOPER
Deputy Chief of Staff for Logistics, Engineering and Force Protection

LIEUTENANT GENERAL JERRY D. HARRIS JR.
Deputy Chief of Staff for Strategic Plans and Requirements

LIEUTENANT GENERAL ANDREW E. BUSCH (Ret)
Former Director of the Defense Logistics Agency
Headquarters Fort Belvoir, VA
Aviation Panel Agenda

• Welcome/Opening Remarks
• Panel Introduction (Lt Gen Cooper, Lt Gen Harris, Lt Gen Busch)
  • Current/last assignment/responsibilities
  • Remarks on DoD current/future requirements in MRO, training and drone operations
• Moderator Led Discussion
• Audience Q&A
• Summary/Feedback
Questions for Aviation Panel
LUNCH BREAK

PLEASE GRAB A SANDWICH AND BE IN YOUR SEATS BY 11:45

NEXT UP: KEYNOTE SPEAKER
Keynote Speaker

LIEUTENANT GENERAL TOM JONES, USAF (Ret)
Two Blue Aces, LLC
AGENDA

- INTRO
- STRATEGIC OVERVIEW
- OPERATIONAL APPLICATION
- AREAS OF FOCUS
- DEFENSE INNOVATION MARKETPLACE
- Q&A
2018 NATIONAL DEFENSE STRATEGY

• “The security environment is also affected by rapid technological advancements and the changing character of war. The drive to develop new technologies is relentless, expanding to more actors with lower barriers of entry, and moving at accelerating speed. New technologies include advanced computing, “big data” analytics, artificial intelligence, autonomy, robotics, directed energy, hypersonics, and biotechnology — the very technologies that ensure we will be able to fight and win the wars of the future”

• “Modernize key capabilities. We cannot expect success fighting tomorrow’s conflicts with yesterday’s weapons or equipment. Our backlog of deferred readiness, procurement, and modernization requirements has grown in the last decade and a half and can no longer be ignored. The 2018 National Defense Strategy underpins our planned fiscal year 2019-2023 budgets, accelerating our modernization programs and devoting additional resources in a sustained effort to solidify our competitive advantage”
2018 NATIONAL DEFENSE STRATEGY (CONT)

• “Space and cyberspace are warfighting domains. We will invest in cyber defense, resilience, and the continued integration of cyber capabilities into the full spectrum of military operations. Command, control, communications, computers and intelligence, surveillance, and reconnaissance (C4ISR). Investments will prioritize developing resilient, survivable, federated networks and information ecosystems from the tactical level up to strategic planning”

• “Advanced autonomous systems. The Department will invest broadly in military application of autonomy, artificial intelligence, and machine learning, including rapid application of commercial breakthroughs, to gain competitive military advantages”

• “Organize for innovation. The Department’s leadership is committed to changes in authorities, granting of waivers, and securing external support for streamlining processes and organizations”
AREAS OF FOCUS

- Intelligence, Surveillance, and Reconnaissance (ISR)
  - COCOM demand
  - Collection vehicles
  - Analyzing data

- Cyber
  - Understanding/protecting our networks
  - Understanding/exploiting adversary networks
  - Software development

- Health Profession
  - Active and Retired/Veteran health care
  - IT upgrades
  - Medical simulation
Defense Innovation Marketplace

http://www.defenseinnovationmarketplace.mil
Questions for General Jones
BREAK

PLEASE BE BACK IN YOUR SEATS BY 1:00

NEXT UP: Afternoon Session & Healthcare/Life Sciences
Introductions & Event Goals
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Support: 56,000 active, reserve, guard servicemembers, civilians and their families
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South Florida Defense Alliance

FIU
FLORIDA INTERNATIONAL UNIVERSITY
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Lambert Advisory
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- Department of Defense spending performed in the County dropped by 35% from $389 million in FY2014 to $252 million in FY2016.
- Corporate employment levels impacted by DoD prime contracts to Miami-Dade County vendors decreased by 14% over the same period.
- Current local DoD prime contractors capture 15% of the number of DoD contracts received in Florida, but represent only 3% of dollars awarded.
- Nationwide, the County’s share of total DoD procurement spending dropped from 0.13% in FY2014 to 0.08% in FY 2016
**Miami-Dade County Defense Industry Cluster Study (June, 2017 ROI)**

<table>
<thead>
<tr>
<th>Defense Related Growth Opportunities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Emerging Strengths</strong></td>
<td></td>
</tr>
<tr>
<td>Cybersecurity/Cognitive Security</td>
<td></td>
</tr>
<tr>
<td>Health IT</td>
<td></td>
</tr>
<tr>
<td><strong>Supporting Core Clusters</strong></td>
<td></td>
</tr>
<tr>
<td>Aviation MRO and Parts</td>
<td></td>
</tr>
<tr>
<td>Smart Logistics / Logistics IT</td>
<td></td>
</tr>
<tr>
<td><strong>Future Potential</strong></td>
<td></td>
</tr>
<tr>
<td>Drone Parts</td>
<td></td>
</tr>
<tr>
<td>Virtual Reality/Simulation</td>
<td></td>
</tr>
<tr>
<td>Additive Manufacturing</td>
<td></td>
</tr>
</tbody>
</table>
What did the military purchase from Miami-Dade?
Source: ROI Cluster Study

<table>
<thead>
<tr>
<th>Industry</th>
<th>Description</th>
<th>2016 Obligations ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>Construction of Schools</td>
<td>$63.3</td>
</tr>
<tr>
<td>Transportation/Travel/Relocation</td>
<td>Travel/Lodging/Recruitment: Passenger Air Charter</td>
<td>$39.3</td>
</tr>
<tr>
<td>Clothing/Individual Equipment</td>
<td>Clothing, Special Purpose</td>
<td>$22.7</td>
</tr>
<tr>
<td>Maintenance/Repair</td>
<td>Maintenance of Canals</td>
<td>$21.6</td>
</tr>
<tr>
<td>Medical</td>
<td>Medical - Dentistry</td>
<td>$16.2</td>
</tr>
<tr>
<td>Fuels</td>
<td>Fuel Oils</td>
<td>$13.3</td>
</tr>
<tr>
<td>Construction</td>
<td>Construction of Other Industrial Buildings</td>
<td>$12.9</td>
</tr>
<tr>
<td>Fuels</td>
<td>Liquid Propellants and Fuels, Petroleum Base</td>
<td>$12.2</td>
</tr>
<tr>
<td>Construction</td>
<td>Construction of Government-Owned Government-Operated (Gogo) R&amp;D Facilities</td>
<td>$11.8</td>
</tr>
<tr>
<td>Medical</td>
<td>Imaging Equipment and Supplies: Medical, Dental, Veterinary</td>
<td>$10.3</td>
</tr>
<tr>
<td>Support</td>
<td>Support - Management: Advertising</td>
<td>$8.0</td>
</tr>
<tr>
<td>Transportation/Travel/Relocation</td>
<td>Travel/Lodging/Recruitment: Port Operations</td>
<td>$7.9</td>
</tr>
<tr>
<td>Maintenance /Repair</td>
<td>Ships, Small Craft, Pontoons, And Floating Docks</td>
<td>$5.6</td>
</tr>
<tr>
<td>Clothing/Individual Equipment</td>
<td>Outerwear, Men's</td>
<td>$5.0</td>
</tr>
<tr>
<td>Medical</td>
<td>Hospital Furniture, Equipment, Utensils, And Supplies</td>
<td>$4.9</td>
</tr>
<tr>
<td>Support</td>
<td>Support - Management: Logistics Support</td>
<td>$4.8</td>
</tr>
<tr>
<td>Maintenance /Repair</td>
<td>Repair or Alteration of Office Buildings</td>
<td>$4.1</td>
</tr>
<tr>
<td>Clothing/Individual Equipment</td>
<td>Individual Equipment</td>
<td>$3.6</td>
</tr>
<tr>
<td>Architect &amp; Engineering Services</td>
<td>General: Engineering Drafting, Not Cad/Cam</td>
<td>$3.3</td>
</tr>
</tbody>
</table>
Where were the Contracts Awarded to Local Companies Performed?
Source: ROI Cluster Study

<table>
<thead>
<tr>
<th>City</th>
<th>Total Obligations</th>
<th>% of total</th>
<th>Contracts</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miami</td>
<td>$77,071,645</td>
<td>21.1%</td>
<td>3,648</td>
<td>32.1%</td>
</tr>
<tr>
<td>Doral</td>
<td>$26,523,339</td>
<td>7.3%</td>
<td>6,481</td>
<td>57.0%</td>
</tr>
<tr>
<td>Savannah</td>
<td>$21,390,419</td>
<td>5.9%</td>
<td>2</td>
<td>0.0%</td>
</tr>
<tr>
<td>Hialeah</td>
<td>$14,164,537</td>
<td>3.9%</td>
<td>311</td>
<td>2.7%</td>
</tr>
<tr>
<td>Patuxent River</td>
<td>$13,065,506</td>
<td>3.6%</td>
<td>3</td>
<td>0.0%</td>
</tr>
<tr>
<td>Opa-Locka</td>
<td>$10,837,024</td>
<td>3.0%</td>
<td>21</td>
<td>0.2%</td>
</tr>
<tr>
<td>Arlington</td>
<td>$7,993,468</td>
<td>2.2%</td>
<td>2</td>
<td>0.0%</td>
</tr>
<tr>
<td>Camp Lejeune</td>
<td>$7,052,392</td>
<td>1.9%</td>
<td>5</td>
<td>0.0%</td>
</tr>
<tr>
<td>Medley</td>
<td>$6,389,302</td>
<td>1.8%</td>
<td>374</td>
<td>3.3%</td>
</tr>
</tbody>
</table>
Miami Dade Health/Life Sciences Industry
Source: Hoovers

- Just under **800 health care/life science entities** in Miami Dade net of hospitals
- Over **114,000 local employment** in health care and life sciences
- Of nearly 800 health/life science entities locally (net of hospitals), less than 25 have more than 100 employees locally, but those **25 entities employ nearly 50%** of the total employees in the health/life sciences industry in Miami-Dade
Miami Dade Health/Life Sciences Industry Companies by Subcategory (net direct care)
Source: Hoovers
Miami Dade Health/Life Sciences Industry Employment by Subcategory (net direct care)
Source: Hoovers
What Factors Provide Miami-Dade a Competitive Advantage for Military Health Care/Life Sciences Contracts?

- Among top three health care markets in nation as it relates to health care expenditure. Mature sector with ability to grow quickly.
- Broad foundation along multiple subsectors of industry from direct health care provision, to pharmaceuticals, to medical equipment design and manufacturing.
- Strong university based medical research and development system
Defense Budget Highlights

Will Leahey
S. Florida Defense Alliance
Recent Defense Budget History

(Discretionary Budget Authority)

(Base Budget)  (OCO/Other Budget)  (Missile Defense)

*Division B, P.L. 115-96, DoD Missile Defense and Defense Enhancements Appropriations Act, 2018

Numbers may not add due to rounding
Overseas Contingency Operations

**FY 2018 Priorities**

- Improve warfighting readiness
- Achieve program balance by addressing pressing shortfalls
- Build a larger, more capable, and more lethal joint force

A more lethal, resilient, and rapidly innovating Joint Force, combined with a robust constellation of allies and partners, will sustain American influence and ensure favorable balances of power that safeguard the free and open international order.  

National Defense Strategy
### Current Budget

#### Table A-4. DoD Total (Base + OCO + Emergency) Budget by Appropriation Title

<table>
<thead>
<tr>
<th>Discretionary Budget Authority in Thousands</th>
<th>FY 2018</th>
<th>FY 2019 Request</th>
<th>Delta FY19 - FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military Personnel</td>
<td>139,803,665</td>
<td>152,883,052</td>
<td>+13,079,387</td>
</tr>
<tr>
<td>Operation and Maintenance</td>
<td>261,643,237</td>
<td>283,544,068</td>
<td>+21,900,831</td>
</tr>
<tr>
<td>Procurement</td>
<td>125,555,519</td>
<td>144,340,905</td>
<td>+18,785,386</td>
</tr>
<tr>
<td>RDT&amp;E</td>
<td>74,592,398</td>
<td>92,364,681</td>
<td>+17,772,283</td>
</tr>
<tr>
<td>Revolving and Management Funds</td>
<td>1,927,662</td>
<td>1,557,305</td>
<td>-370,357</td>
</tr>
<tr>
<td>Defense Bill</td>
<td>603,522,481</td>
<td>674,690,011</td>
<td>+71,167,530</td>
</tr>
<tr>
<td>Military Construction</td>
<td>7,079,659</td>
<td>9,801,405</td>
<td>+2,721,746</td>
</tr>
<tr>
<td>Family Housing</td>
<td>1,242,791</td>
<td>1,582,632</td>
<td>+339,841</td>
</tr>
<tr>
<td>Military Construction Bill</td>
<td>8,322,450</td>
<td>11,384,037</td>
<td>+3,061,587</td>
</tr>
<tr>
<td><strong>Total Base + OCO + Emergency</strong></td>
<td>611,844,931</td>
<td>686,074,048</td>
<td>+74,229,117</td>
</tr>
</tbody>
</table>

*Reflects the Continuing Resolution funding level and Division B of Public Law 115-96 (Department of Defense Missile Defense and Defense Enhancements Appropriations Act, 2018). Numbers may not add due to rounding.
Current Budget

Major Investments

- $22.2 BILLION: Aircraft
- $18.8 BILLION: Shipbuilding
- $7.5 BILLION: Preferred Munitions, Ground Systems and Missile Defense
- $13.2 BILLION: Science and Technology Innovation
- $8.0 BILLION: Supporting our Families
## Science and Technology

### Figure 3.4. Science & Technology Program Base and OCO budget

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2017 Enacted</th>
<th>FY 2018 Request*</th>
<th>FY 2019 Request**</th>
<th>FY18–FY19 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Research (6.1)</td>
<td>2.2</td>
<td>2.2</td>
<td>2.3</td>
<td>0.1</td>
</tr>
<tr>
<td>Applied Research (6.2)</td>
<td>5.1</td>
<td>5.0</td>
<td>5.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Adv Tech Dev (6.3)</td>
<td>6.1</td>
<td>6.0</td>
<td>6.3</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Total S&amp;T</strong></td>
<td><strong>13.4</strong></td>
<td><strong>13.2</strong></td>
<td><strong>13.7</strong></td>
<td><strong>0.5</strong></td>
</tr>
</tbody>
</table>

*FY 2018 reflects the President’s Budget request +$17.0 million Emergency Amendment: Missile Defeat and Defense Enhancements Appropriations Act of 2018 (Division B, Public Law 115-96); and includes $25.0 million OCO funds within the Defense-Wide S&T

**FY 2019 reflects the President’s Budget request, includes $38.6 million of OCO funds within the Defense-Wide S&T
Healthcare Budget
The Department will pursue efforts focused on internal business process improvements and structural changes to find greater efficiencies, such as:

• Modernizing the military health care system to an integrated system
• Negotiating lower administrative cost for the new TRICARE contracts
• Continuing deployment of the MHS Genesis electronic health record
• Implementing health benefit reforms authorized by Congress
• Reforming cumbersome processes, and streamlining internal operations
Recent Defense Budget History
“DOING BUSINESS WITH THE MILITARY”
HEALTHCARE/LIFE SCIENCES

Pamela B. Berkowsky
Blue Sapphire LLC
HEALTHCARE/LIFE SCIENCES: BACKGROUND

• Miami-Dade Beacon Council Cluster Study
  • Second largest healthcare hub in US
  • Focus on Health IT
  • Identification as area of growth potential

• Surveys & Local Interviews
  • Capacity is there – large, mid-size & small
    • “Miami is the place where healthcare startups come to grow”
    • Perceived barriers to entry (knowledge & bureaucracy)

• DOD Key Leader Interviews
  • Need for innovation
  • New acquisition authorities

• Analysis of DOD Budget & Organization
MHS Purpose – Support Medical Readiness

- “A healthy & fit fighting force … prepared to deploy”
- “Create & maintain high morale… by providing care for members and their dependents”
- Humanitarian assistance
- Medical Research

FY 18 – Serving 9.4 million beneficiaries
HEALTHCARE/LIFE SCIENCES:
MHS BENEFICIARIES

MHS Beneficiaries, FY 2018

- Total Beneficiaries approx. 9.4M
- Retirees & Families: 57%
- Active Duty Service Members: 18%
- Active Duty Family Members: 15%
- Reserve Component Members & Families: 10%
HEALTHCARE/LIFE SCIENCES: BACKGROUND
MHS BUDGET & ORGANIZATION

BUDGET

• 2019 PRESBUD Request $50.6B – 8% of DOD budget

ORGANIZATION

• Office of the Assistant Secretary of Defense (Health Affairs)
• Defense Health Agency (DHA) — Combat Support Agency leading the Military Health System to deliver the Quadruple Aim—increased readiness, better health, better care, and lower cost
• Surgeons General of the Army, Navy & Air Force

MILITARY TREATMENT FACILITIES (MTFs)

• Clinical Services (inpatient, outpatient medical, dental & vet)
• 932 MTFs; 177 overseas
• Admin & mgt transfer from Services to DHA 10/18
HEALTHCARE/LIFE SCIENCES: ISSUES & REQUIREMENTS

HEALTH IT

- $4.3B contract to Cerner in 2015 to develop modern, interoperable EHR
- Initial deployment began 2/17; multi-year rollout “waves”
- Coast Guard Joins DOD contract 4/18
- VA to follow

WARTIME READINESS

- Military Operational Health (physical & psychological resiliency)
- Acute Trauma Care - Training
- Infectious Disease Prevention & Treatment
- Rehab & Regenerative Medicine
- CBRN Defense & Countermeasures
HEALTHCARE/LIFE SCIENCES: ISSUES & REQUIREMENTS

Q: What do you need?
A: People, $ and full participation of academic & industry community
A: Access to private sector innovation

PRIMARY RESEARCH AREAS

- CBRN Defense
- Medical Simulation & Info Sciences Program
- Infectious Diseases
- Operational Medicine
- Combat Casualty Care
- Radiation Health Effects
- Clinical & Rehabilitative Medicine
“Removing the Silos Between the Warfighters & Innovators”

- DOD no longer driver of technological advancement
  - From 1987-2013, DOD 10% R&D growth
  - Same period, private sector 200%
- GAO study (7/17) outlined barriers to attracting innovators
  - Complexity of acquisition regulations
  - Unstable budget environment (i.e. CRs)
  - Contracting time & process
  - Need for upfront investment & security clearances
HEALTHCARE/LIFE SCIENCES: RECOMMENDATIONS & OPPORTUNITIES

- Leverage OTA & Other New Authorities outside the FAR
- What is an OTA?
  - Gives DOD statutory flexibility to obtain innovation
  - Intentionally broad authority for “prototype projects”
  - Made permanent in FY 16 NDAA
  - Can exceed $500M w/appropriate approvals
- Medical CBRN Defense Consortium (MCDC)
- Medical Technology Enterprise Consortium (MTEC)
- DARPA, Service Labs, DIUx, SOFWERX, SBIR
HEALTHCARE/LIFE SCIENCES: RESOURCES

2. SOFWERX – https://www.sofwerx.org
3. AFWERX – https://afwerxdc.org
4. SBIR – https://sbir.defensebusiness.org
7. MTEC -- https://mtec-sc.org/
8. MCDC -- http://www.medcbrn.org/
HEALTHCARE/LIFE SCIENCES: RECOMMENDATIONS & OPPORTUNITIES

- Monitor Transfer of MTFs to DHA
  - No closures until transfer complete
  - Standardization of clinical standards, protocols & training
  - Leverage buying power
  - Transfer Centers of Excellence
    - (Cancer, Burn, Hearing/Vision, Behavioral Health/Traumatic Brain Injury)

- Track EHR Implementation/Cerner Contract(s):
  - DOD - the EHR is “neither operationally effective nor operationally suitable,” according to a 5/18 report from DoD’s Director of Operational Test & Evaluation
  - USCG — 4/18 announcement
  - VA — 5/18 announcement
Questions for Lambert, Leahey & Berkowsky
BREAK

PLEASE BE BACK IN YOUR SEATS BY 2:30

NEXT UP: HEALTH & LIFE SCIENCE PANEL
HEALTHCARE/LIFE SCIENCES: PANELISTS

COL Mark Mavity, (USAF, Ret.), MD, MPH, CPE

MG Lester Martinez Lopez (USA, Ret.), MD, MPH
HEALTHCARE/LIFE SCIENCES: PANEL DISCUSSION

- Welcome/Opening Remarks
- Introduction of Panelists
- Discussion
- Q & A
- Summary
Questions for Health & Life Science Panel
THANK YOU

PLEASE JOIN US AGAIN NEXT YEAR