DIUx managing partner departs

By Justin Doubleday
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The leader of the Pentagon’s Silicon Valley outpost has departed, with no immediate successor named.

Raj Shah stepped down yesterday from his position as managing partner of the Defense Innovation Unit Experimental, Pentagon spokeswoman Lt. Col. Michelle Baldanza confirmed in an email. Navy Capt. Sean Heritage will serve as acting managing partner until a new one is named, she said.

"Raj will still remain attached to DIUx as a part-time Air National Guardsman," Baldanza added. She did not provide a reason for Shah's departure.

His exit comes as the Pentagon seeks more funding for DIUx. The department requested $71 million for the organization in fiscal year 2019, up from the $54 million it sought in FY-18.

Former Defense Secretary Ash Carter established DIUx in 2015 as a way to connect the Pentagon to the commercial technology industry. DIUx has technology portfolios in autonomy, artificial intelligence, human systems, information technology and space. It plans to soon add a "power and energy" portfolio as well.

Carter named Shah managing partner of DIUx in May 2016 as part of a shake-up of the fledgling organization's leadership and structure. An Air National Guardsman and F-16 pilot, Shah joined DIUx after co-founding and overseeing a technology start-up.

During the 2016 Reagan National Defense Forum, Shah said the organization's mission is "not to prototype technologies . . . but rather to prototype cultural and process changes that can then scale across."

Comparing the organization to a start-up, Shah said DIUx is taking an iterative approach. Those companies "try small steps, see what works, do more of that, [and] stuff that doesn't work, kill it quickly," he said. "I view us at DIUx as doing the same thing from a cultural and process standpoint. We're trying new things to see what works and what doesn't work."

In August, Defense Secretary Jim Mattis endorsed the DIUx mission during a trip to its headquarters in Silicon Valley, assuaging concerns he might disregard the Obama-era initiative.
"There is no doubt in my mind that DIUx will not only continue to exist, it will actually grow in its influence and its impact on the Department of Defense," Mattis told reporters during the trip.

But the organization is one of several that face questions about their future under the Pentagon's restructure of the acquisition, technology and logistics office.

The new under secretary of defense for research and engineering (R&E) will oversee DIUx and the Strategic Capabilities Office, both of which reported directly to the defense secretary's office. SCO is also without a permanent leader, as the office's original director, Will Roper, was confirmed as the Air Force acquisition chief earlier this month.

Pentagon acquisition chief Ellen Lord has said those organizations will not be less important under the restructure, but she argued they need to be pulled into DOD's formal bureaucracy to capture and scale their successful efforts.

Mike Griffin, former NASA administrator and newly confirmed under secretary of defense for R&E, is likely to play a significant role in picking both Shah and Roper's successors.

Between May 2016 and September 2017, DIUx awarded roughly $184 million for 59 pilot contracts. The organization has pioneered the use of other transaction authority as a way to quickly put prototyping projects on contract without having to go through a lengthy acquisition process. Using new authorities recently granted by Congress, DIUx has also transitioned several prototyping projects to production, including a recent cloud services contract worth upward of $950 million.