



EXCERPT FROM THE  
PROCEEDINGS  
OF THE  
TWENTY-SECOND ANNUAL  
ACQUISITION RESEARCH SYMPOSIUM AND  
INNOVATION SUMMIT

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THURSDAY, MAY 8, 2025 SESSIONS  
VOLUME II

**Defense Innovation Unit:  
Actions Needed to Assess Progress and Further  
Enhance Collaboration**

**Published: May 5, 2025**

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Prepared for the Naval Postgraduate School, Monterey, CA 93943.



The research presented in this report was supported by the Acquisition Research Program at the Naval Postgraduate School.

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# Defense Innovation Unit: Actions Needed to Assess Progress and Further Enhance Collaboration

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## Abstract

DOD established the Defense Innovation Unit (DIU) in 2015 to create new ways to acquire the innovative commercial technologies needed to address national security problems. In 2023, DIU announced plans—called DIU 3.0—to focus on solving DOD's most critical needs. Shortly thereafter, Congress substantially increased DIU's funding to support transition and fielding efforts. GAO examined DIU's plans to use its process for awarding other transaction agreements to facilitate DIU 3.0 and the extent to which DIU has established a performance management process to assess its progress. This presentation will describe how DIU used its commercial solutions opening acquisition process to prototype and transition commercial technologies to DOD programs from fiscal years 2016 through 2023, and how DIU plans to use the process going forward. It will also examine the key elements of an effective performance management system—including defining goals and using evidence to assess and inform decision-making—and DIU's progress in establishing these elements so it will know that DIU 3.0 is working. This work is based on GAO's analysis of DIU data on prototype awards made from fiscal years 2016 through 2023, a more detailed review of agreements awarded for six DIU projects, and discussions with senior DOD and DIU officials.

## Background

The Department of Defense (DoD) established the Defense Innovation Unit (DIU) to create new ways for it to acquire commercial technology to solve national security problems. Similar innovation entities also exist in the DoD and the military services. Two congressional reports include provisions for GAO to review DIU's activities for effectiveness in fielding commercial technologies at scale, among other things.

GAO's report addresses (1) how DIU has transitioned commercial technologies for military use and the changes it is considering, (2) the extent to which DIU has established a performance management process to assess progress in meeting current and future goals, and (3) what opportunities exist to enhance DIU's collaboration with other DoD innovation organizations to adopt commercial technologies.

To perform this review, GAO reviewed DoD and DIU documentation and data. GAO also selected six higher dollar-value projects for review representing a mix of DIU technology areas and prototyping stages. We also interviewed DoD and DIU officials.

## Summary of Findings

The DoD aims to keep pace with foreign adversaries by quickly adopting commercial technologies. DoD leaders expressed concern that it is not doing so at the speed and scale needed. The DoD created DIU in 2015 to take on these long-standing challenges. In 2023, it announced changes (DIU 3.0) to increase its effectiveness.

DIU established a flexible award process to show that commercial technology can quickly deliver capabilities to the warfighter and is now shifting its focus under DIU 3.0 to address the DoD's most critical operational needs. From fiscal years 2016 through 2023, DIU made 450 awards to companies to develop prototypes. DIU reported that 51% of completed prototypes transitioned to production. With its new focus, DIU officials said they will use its



established process to award prototype agreements that can deliver technologies at scale to meet the DoD's most critical needs. DIU will also increasingly work with military services and combatant commands.

DIU has limited ability to gauge progress toward addressing the DoD's most critical needs because it does not yet have a complete performance management process. Such a process defines goals and collects, assesses, and uses evidence to inform decisions. Specifically, DIU has not set performance goals and metrics to assess its progress toward achieving DIU 3.0's strategic goal. Further, DIU officials have not identified which performance information to collect to inform their decisions for DIU 3.0. DIU officials plan to set goals in the future but did not specify when. As DIU attempts to address challenges in adopting commercial technologies within the DoD for strategic effect, a robust data-based decision-making process can help DIU leadership know if it is making progress.

Opportunities also exist for DIU to enhance collaboration with other DoD innovation organizations. The Defense Innovation Community of Entities, a newly formed group of DoD innovation organizations, generally incorporated six of GAO's eight leading collaboration practices. But it has not developed and documented how it will assess its progress in meeting its goal of coordinating activities related to commercial technology adoption. Without assessing collaboration, DIU will not know if the group is making progress toward its goal.

*For the complete report, please see [GAO-25-106856](#) or [Defense Innovation Unit: Actions Needed to Assess Progress and Further Enhance Collaboration](#).*







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