



Adapting Venture Capital Concepts to Enterprise System Acquisitions

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Problem



- **Long-standing, well-publicized federal acquisition challenges:**
 - Takes too long and costs too much—often to buy the wrong thing
- **Acquisition of information systems in an enterprise environment poses additional challenges:**
 - Rapidly evolving expectations and emerging technologies
- **Need for more flexible, tailored IT acquisition approach to address uncertainties**

Background

How Venture Capital Manages Uncertainty

Venture Capital Practices

*External
Uncertainties
(in the
Market)*

+

*Internal
Uncertainties
(in the
Portfolio Firm)*

Selection

- *Market focus*
- *Syndication*
- *Due diligence*

Diversification

- *Portfolio of “many small bets vs. few large ones”*
- *Rapid start and stop*

Agility

- *Funding tied to achieving “inchstones”*
- *Flexible, opportunistic financing*
- *Speed to market with feedback*

Active involvement

- *Strategic advice*
- *Teambuilding/recruiting*
- *Leveraging contacts...*

Objectives

- **Explore the hypothesis that venture capital methods work in managing uncertainty in the commercial sector and offer opportunities to address federal IT acquisition challenges**
- **Conduct field research to determine:**
 - **How VC practices can be adapted to federal IT acquisition**
 - **Under what circumstances might they work and make a difference**
 - **What needs to change to make it happen**
- **FY 08 Objectives.**
 - **Refine venture capital-based acquisition strategies and practices**
 - **Initiate first pilot to gain feedback**

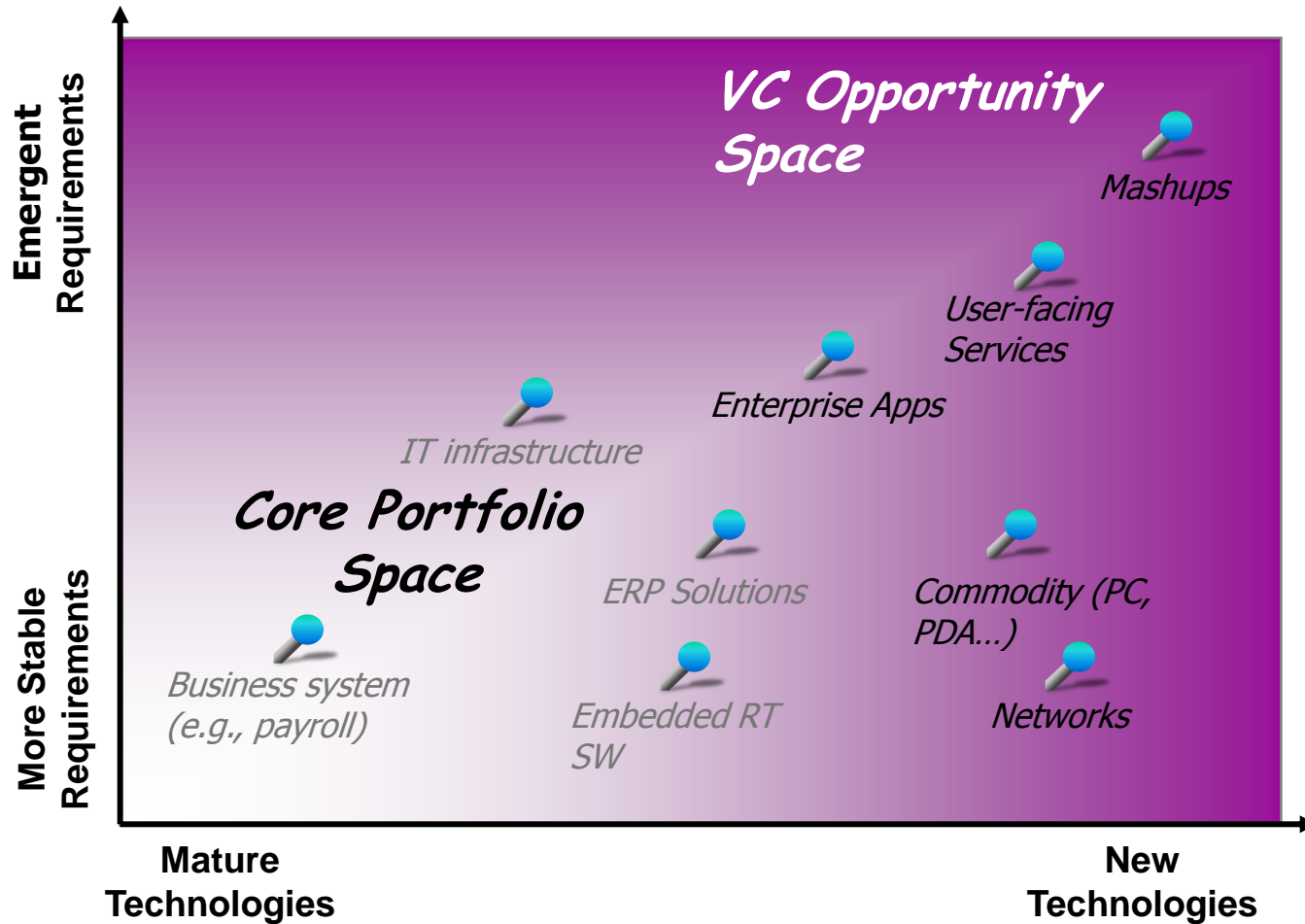
Activities



- **Characterize and compare the VC and federal acquisition environments**
- **Establish a framework to explore the applicability of VC practices to federal IT acquisition**
- **Develop a VC-based approach to IT acquisition**
 - **Diagnosis (when to consider)**
 - **Strategy patterns and practices (how to execute)**
 - **Governance model (how to manage)**
- **Conduct mini-case studies**
- **Pilot with selected acquisition projects**

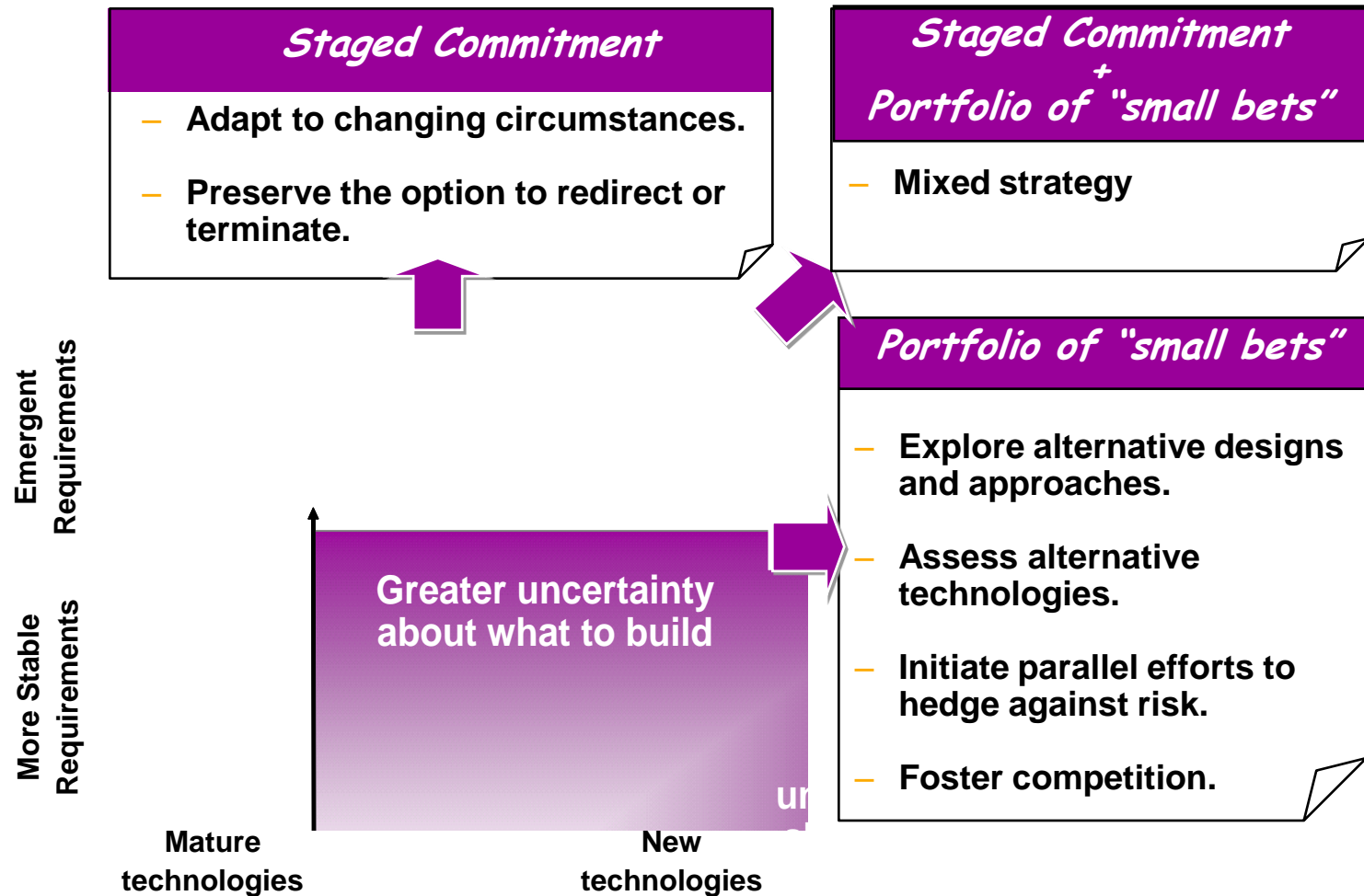
Highlights

Uncertainty Landscape



Highlights (cont.)

VC-Based Acquisition Strategies



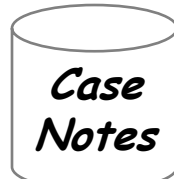
Impacts



- **Develop within MITRE a rich understanding of enterprise systems acquisition as a complement to the evolving enterprise systems engineering discipline**
- **Develop a set of acquisition patterns that can be readily tailored to the particular circumstances of the acquisition**
- **Contribute to the realization of effective, flexible acquisition practices for IT**

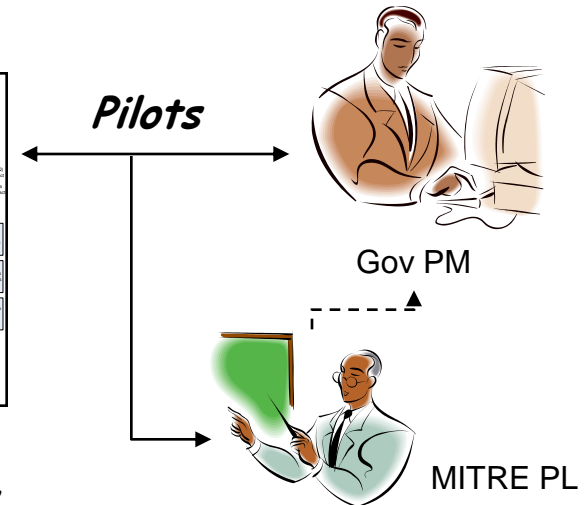
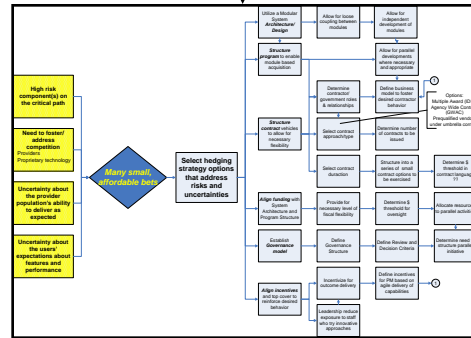
Future Plans

VC Practices



- Which programs use similar patterns?
- Did they work? If so, why or why not?

- M
- S
- D
- P
- V
- R
- F



VC-Based Strategy Patterns and Supporting Practices

Interactive "Practical Guide to..."



Present, publish, engage

