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CYBER, INNOVATIVE TECHNOLOGIES AND INFORMATION SYSTEMS

ON

SCIENCE, TECHNOLOGY, AND INNOVATION POSTURE

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## **Introduction**

Chairman Bacon, Ranking Member Khanna, and Members of the Subcommittee, I appreciate the opportunity to speak to the Committee about technology and innovation in the Department of War (DoW). When it comes to weapons, the Pentagon has long favored quality over quantity. The theory is that expensive high technology is superior to mass production. For 30 years, this approach was supported by battlefield evidence. But on today's battlefields, we are winning every engagement and losing on the cost exchange. Our adversaries have scaled production and reduced costs. To diversify our portfolio, new entrants are required. The good news is our entrepreneurs and capital markets have foreseen this rebalance. In recent years, over \$200B of private capital has flowed into nontraditional and dual-use defense technology companies.<sup>1</sup>

President Trump, Secretary Hegseth, and Congress have directed an urgent rearmament. Secretary Hegseth recently completed the Arsenal of Freedom tour, where he inspected these companies up close. He has tasked the Defense Innovation Unit (DIU) with harnessing America's entrepreneurs and private capital markets to deliver accelerated combat power. In coordination with the Chief Technology Officer (CTO), DIU is working to scale attritable mass by rebuilding our domestic supply chains. We are determined to dramatically lower our cost-per-kill, while reducing our risk to force, replacing warfighters with economical fires and robots.

## **Revival of the Defense Innovation Ecosystem**

The DoW fundamentally restructured its innovation ecosystem to deliver asymmetric technological advantage over our adversaries. In his January 9, 2026 memorandum

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<sup>1</sup> Leah Hodgson, "Corporate capital floods into defense tech startups." *Pitchbook*. January 21, 2026. <https://pitchbook.com/news/articles/corporate-capital-floods-into-defense-tech-startups>.

“Transforming the Defense Innovation Ecosystem to Accelerate Warfighting Advantage,”<sup>2</sup> Secretary Hegseth laid out a unified innovation ecosystem led by the Department’s CTO, Mr. Michael. The memo also established DIU as a Department of War Field Activity (DAFA), enshrining DIU as a core element of the innovation ecosystem providing commercial product innovation with a clear mission, streamlined governance, and durable authorities, all aligned to the strategic direction of the CTO.

As both a statutorily designated Principal Staff Assistant and DAFA, DIU is fully integrated at the highest levels of the Department to accelerate the adoption of mature technologies to quickly deliver new innovations to the battlefield, at scale. The DAFA designation further strengthens DIU’s ability to deliver combat power within the Department and brings us into even closer alignment with the Office of the Under Secretary of War for Research and Engineering, the Chief Digital and Artificial Intelligence Office, and our other partners across the Office of the Secretary of War and the military departments.

### **Converting Commercial Technology into Combat Power**

DIU’s core mission is to deliver high-tech lethality our military wants, handing off projects that have been accelerated, improved, and cheapened. We will be the fastest contracting and fielding agent in the Department, tapping into the commercial talent pool, serving as the Department’s primary interface with the nontraditional and commercial ecosystem for rapid product adoption and transition, and solving operational problems identified by the joint force.

Every activity DIU takes on must work toward this as our North Star. Therefore, DIU will measure everything. To cite Peason’s law, “if you want good performance, measure it. If

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<sup>2</sup> Department of War, “Transforming the Defense Innovation Ecosystem to Accelerate Warfighting Advantage” January 9, 2026. <https://media.defense.gov/2026/Jan/12/2003855657/-1/-1/0/TRANSFORMING-THE-DEFENSE-INNOVATION-ECOSYSTEM-TO-ACCELERATE-WARFIGHTING-ADVANTAGE.PDF>.

you want over performance, measure it and report it.” Transparency reduces arrogance, ensuring DIU can pivot as the Joint Force demands. This mentality is interwoven into DIU’s playbook - our comprehensive approach to adapting commercial tech for the Department.

### ***1. Deliver Combat Power***

DIU is leveraging the authorities granted by this committee to solve operational problems identified by the Joint Force. Our focus is to deliver (1) high technologies that produce overmatch domination, (2) technologies that substitute machines, fires, or electrons for troops in harm’s way, and (3) capabilities that can scale quickly and dramatically reduce cost-per-kill. DIU invests where speed, scale, and lethality intersect to ensure the best return on investment for the Department.

DIU pioneered the Commercial Solutions Opening (CSO), a fast-paced, competitive process capable of bringing high tech from solicitation to initial fielding in months, not decades, using Other Transaction (OT) Authority in 2016. Over the last decade, DIU has harnessed the ingenuity of the U.S. commercial sector, receiving submissions from all 50 states and awarding prototype OT contracts across 37 states plus the District of Columbia.

Going forward, successful transition of commercially derived technology into combat power into the hands of our troops—the only measure of transition that matters—requires DIU to closely coordinate with each branch. To meet this objective, DIU is refining its internal processes and shifting its organizational structure to more directly integrate with Service partners through a Military Deputy and Military Engagement Team. DIU is also embedded in six combatant commands to ensure we solve operational problems identified by the Joint Force, not science projects.

Further, DIU leverages prize challenge authority and multistakeholder partnership authority to rapidly access and deliver commercial technology and expertise to meet warfighter requirements. Section 211 of the National Defense Authorization Act for Fiscal Year 2026 cuts bureaucracy and enables DIU to directly award prize challenges. With the higher thresholds and authority, DIU is expanding its usage. For example, in 2025, DIU, in partnership with the Defense Autonomous Working Group and U.S. Navy, launched a \$100 million prize challenge, the largest ever for the Department of War, to prototype market-ready solutions for understanding, tasking, and coordinating autonomous systems. We appreciate Congress' willingness to support reforms to streamline and scale up proven authorities.

In close partnership with the Services, we are trailblazing new ways for the operators to design and judge the technology they will use. The Drone Dominance Program (DDP), launched in February 2026, implements this model of service partnership. Reconciliation allowed us to provide a solid demand signal to the American Defense Industrial Base (DIB)—\$1.1 billion over the next 18 months—to deliver cost-controlled unmanned aircraft systems (UAS) to the front lines. Operator-assessment is the core component of this program. Our best military operators designed the competition and judged the performance. In the end, they selected the drones that best meet their Service. Vendors compete in four iterative Gauntlets and deliver improved capability and more drones, with falling prices, during each Gauntlet event. The DDP represents a new way of adopting commercial tech at scale at a wartime pace.

## ***2. DIU as a Department Exemplar***

DIU is the Department's center of excellence for commercial technology adoption and product transition and uses its experience, streamlined-framework, and laser-focused scope to

execute product-driven engagement to help Portfolio Acquisition Executives and program offices better adopt what industry has already built.

Speed and adaptation will win the wars of today. In April 2025, President Trump accelerated the Department’s ability to meet this challenge when he ordered the reform of the acquisition process, putting preference on commercial solutions through OT authority.<sup>3</sup> In November 2025, the Department released its Acquisition Transformation Strategy,<sup>4</sup> which laid out its strategy to transform the acquisition system and revitalize the DIB. A key to the Secretary’s strategy is the Software Acquisition Pathway (SWP), directing the Department to use CSO and OT Authorities—pioneered by DIU—as the default solicitation and award approach for acquiring software at speed and scale. Similarly, the Department is scaling the Immersive Commercial Acquisition Program between the Warfighting Acquisition University and DIU to proliferate acquisition professionals with hands-on experience with DIU’s rapid acquisition process across the Department.

As the Department continues to implement Secretary Hegseth’s Acquisition Transformation Strategy, Secretary Hegseth has made clear that DIU’s success is tied to our ability to be small, fast, and focused. We will be the fastest contracting and fielding agent in the Department. We will continue to prove that innovative processes and authorities work, at unmatched speeds, and then depend on our Service partners to proliferate those approaches to deliver at the scale, speed, and price point our troops require.

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<sup>3</sup> E.O. 14265, “Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base, April 9, 2026. <https://www.whitehouse.gov/presidential-actions/2025/04/modernizing-defense-acquisitions-and-spurring-innovation-in-the-defense-industrial-base/>

<sup>4</sup> Department of War, “Acquisition Transformation Strategy,” November 10, 2025. <https://media.defense.gov/2025/Nov/10/2003819441/-1/-1/1/ACQUISITION-TRANSFORMATION-STRATEGY.PDF>

### **3. *Bridge***

Rapid contracting alone is insufficient for successful transition and delivery of capabilities at scale. Too often, commercial and non-traditional technologies get mired in challenges acquiring Authority to Operate, access to classified infrastructure, cybersecurity, and access to testing and demonstration. DIU is exploring a bundled product to solve these issues early to enable successful transitions at speed and scale.

The same mentality that drives transition in our programs applies to these efforts as well. Once DIU has established a pilot or demonstrated a service, we will hand off projects that have been accelerated, improved, or cheapened, to partners who can scale those efforts for maximum effect. The transition of BlueUAS List to the Defense Contract Management Agency reflects this approach.

### **Conclusion**

Thank you for your leadership for innovation, from enacting long-needed acquisition reforms in the Fiscal Year (FY) 2026 National Defense Authorization Act to the reconciliation funding in the One Big Beautiful Bill. With your continued support, DIU is evolving to provide the operating forces with the overmatch domination our troops need, the ability to substitute technology for humans in harm's way, and capabilities that scale quickly to our combat needs and reverse the cost-exchange imbalance. Our collective determination to harness the full power of America's markets and entrepreneurs on behalf of our military will deliver peace through strength.