

**Statement for the Record of
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**Before the Senate Small Business Committee
On NSA's Outreach to Small Business for Cyber Security**

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Good afternoon, Chairman Cardin and distinguished members of the Senate Small Business Committee. My name is Jennifer Walsmith and I am the National Security Agency's (NSA) Senior Acquisition Executive (SAE). I appreciate the opportunity to be here today to talk briefly about NSA's outreach to the small business community to support cyber security. The small business community plays an important and integral role in strengthening our cyber security efforts and programs.

Cyber Security – the protection and defense of information and information systems – relies heavily on computer systems design and small business is key in this area. Small businesses have the agility to create and deploy cyber security products and services customized to meet NSA's mission needs through innovation and collaboration. NSA supports small business cyber innovation through partnerships with the Chesapeake Innovation Center, higher education institutions, and others to ensure the creation of the skills and products needed to protect and defend NSA's information and information systems. In addition, NSA engages in a variety of activities to promote partnership opportunities with small businesses and networks with industry organizations that focus on supporting NSA, including in the area of cyber security.

Some of the organizations with which we network include the Armed Forces Communication and Electronics Association (AFCEA) Central Maryland Chapter, American Small Business Coalition, Chesapeake Innovation Center, Chesapeake Regional Tech Council, Fort Meade Alliance, Information Assurance Small Business Association, Maryland Marketing Meeting and many others. Finally, NSA has an acquisition communication tool – the Acquisition Resource Center (ARC) – that allows communication between NSA and Industry. Using the ARC, Acquisition personnel perform market research for each effort within NSA to determine vendors that have the technical requirements for award. In the State of Maryland, of the 2,754 businesses that are registered in the ARC, 2,253 (82%) are small businesses. NSA recognizes the importance of industry partnerships to achieve our mission and provides programs and outreach activities to ensure maximum practicable prime and sub contracting opportunities for small business concerns to participate in NSA acquisitions.

The mission of the NSA Office of Small Business Programs (OSBP) is to ensure that small businesses, including veteran-owned, service-disabled veteran-owned (SDVOSB), historically underutilized business zone (HUBZone), disadvantaged, and women-owned concerns have maximum practicable opportunity to participate in NSA acquisitions. The Department of Defense small business performance goal for NSA is 25% of prime contract dollars. As of June 30, 2011, NSA's small business performance is 17.33%. We are working diligently to increase our small business utilization. NSA includes small business subcontracting requirements in our large contracts and ties award fees to ensure small business utilization. This results in a significant amount of dollars to small business. For example, in FY 2010, one of NSA's prime contractors subcontracted more than 60% of its contract dollars, and of that subcontracted amount, more than 60% went to small business concerns – representing more than \$100 million to small businesses. That is just one of our large contractors. This is a consistent trend in our large contracts. There are many other positive trends within specific small business concerns; two such trends are increased utilization of SDVOSB and HUBZone small businesses. In FY 2008, NSA's SDVOSB utilization was 0.3%, which increased to 0.8% in FY 2009 and to

1.53% in FY 2010. HUBZone prime contract dollars increased by 0.93% from FY 2009 to FY 2010. These trends demonstrate NSA's commitment to creating set aside opportunities for small business. NSA offers a variety of programs to increase small business participation in NSA acquisitions. These initiatives include: the Provisional Industrial Security Approval and NSA Set-Aside for Small Businesses II programs, which I will discuss more in a moment, Technology Expos/Vendor Showcases, Pathway to Success briefings, Agency-sponsored events, and participation in Industry events.

The NSA Provisional Industrial Security Approval (PISA) program provides an avenue for small businesses to receive personnel clearances to engage in classified business development discussions with NSA personnel; one hundred small businesses have been added to the PISA program in the first three quarters of FY 2011. More than 50% of the 1,135 PISA program participants have received NSA contracts since the program's inception in FY 2005. We also manage the NSA Set-Aside for Small Businesses (NSETS II) program which enables us to competitively acquire agency requirements from teams of highly qualified small businesses. In the first three quarters of FY 2011, the NSETS II program has provided \$133 million worth of contracts to small businesses.

NSA provides and participates in a variety of outreach programs ranging from hosting large symposiums to educating small business on upcoming NSA mission and acquisition needs, to facilitating one-on-one capability briefings for small businesses to promote their capabilities to NSA personnel. In the first three quarters of FY 2011, NSA hosted 28 Technology Expos/Vendor Showcases which provided small businesses the opportunity to promote their capabilities at NSA locations to Agency personnel. Each of these events average 20-25 small businesses vendors and 350-400 agency employees. While Technology Expos/Vendor Showcases focus on the small business community at large, we also provided several niche events this year around the following themes: cloud computing, cyber security, wireless technology, signals intelligence, and veteran-owned/service disabled veteran-owned small businesses.

NSA offers a biweekly Pathway to Success briefing which is designed to educate small businesses on how to do business with NSA. In the first three quarters of FY 2011, more than 650 businesses participated in our 13 briefings. NSA hosted four major events in FY 2011 to promote agency activities to our industrial base. These events collectively attracted more than 1750 business representatives and included: NSA Acquisition and Industry Symposium (NAIS); NSA Acquisition/Industry Partnership Exchange (NAIPE), Business in a Minute, and the NSA/AFCEA Mission and Acquisition Symposium (NAMAS). NAIS, held November 2, 2010, provided an interactive forum for the 520 attendees, 50% of which were small businesses, to develop and strengthen partnerships between NSA and Industry. NAIPE, held January 20, 2011, connected 280 industry representatives with Agency personnel to discuss a variety of issues encountered while partnering together to meet NSA's mission and goals. Business in a Minute, NSA's largest unclassified event, was held April 4, 2011, and fostered Industry/NSA relationships by facilitating face-to-face meetings between the 370 business attendees and 180 NSA/Prime Contractors hosts. During the course of the event, more than 1000 meetings were held for small businesses interested in doing business with NSA. NAMAS, held May 3-4, 2011, attracted more than 580 industry guests and provided current and upcoming NSA acquisition

information to support industrial forecasting and strategic business planning in an effort to increase and strengthen partnerships between NSA and Industry.

NSA also regularly and actively participates in industry hosted events with organizations such as: AFCEA Central Maryland Chapter, Maryland Marketing Meetings, BRAC Business Initiative, Chesapeake Regional Tech Council, Maryland Department of Business and Economic Development (DBED), etc., to network amongst small businesses that are working with or desire to work with NSA.

In addition, NSA provides speakers and subject matter experts for regional and national conferences in an effort to promote doing business with NSA. During FY 2011, NSA has participated in: the 2011 Mentor Protégé Conference in Virginia Beach, the Smart Proc and Cyber Security conferences hosted by Congressman Bartlett in Ft. Detrick, Maryland, DBED events, the Ft. Belvoir Procurement Fair and Meeting, the RSA Conference in San Francisco, the 2011 DIA Conference in Miami, and the 2011 Detroit Small Business Defense Procurement Summit. In addition, we will participate in the upcoming Elite Veterans conference in Chicago and the National Veterans Small Business Conference in New Orleans.

Through the above mentioned programs and outreach efforts, NSA programs connect with thousands of small businesses each year in an effort to promote small business opportunities to partner with NSA to achieve our cyber security mission. I look forward to your questions.