



DEPUTY SECRETARY OF DEFENSE

1010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1010



MEMORANDUM FOR SECRETARIES OF THE MILITARY SERVICES

SUBJECT: Privatization and Outsourcing

As the Secretary has stated frequently, we are committed to maintaining a modern and ready force. This commitment will require, as planned, increased funding for the modernization of our equipment and systems.

Outsourcing and privatization provide a means to achieve this important objective. By drawing on the abilities of the commercial sector, we can provide more efficient and effective support focus our efforts on what we do best, and redirect substantial resources to modernization.

I expect each of you to make outsourcing and privatization a priority within your Department. I further expect that you will reflect your outsourcing and privatization plans in your FY98-03 Program Objective Memorandum and highlight these plans in your POM presentation to the Defense Resources Board. Resources saved through these initiatives during the POM process will not be decremented from your outyear budgets and should instead be applied to your modernization priorities.

cc: Privatization and Outsourcing IPT

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