

The New Playbook: Navigating the Overhaul of DoD Acquisitions

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On November 7, 2025, the U.S. Department of Defense announced a comprehensive overhaul of its procurement strategy named the “Acquisition Transformation Strategy” (ATS). The ATS envisions a wartime-oriented process that aims to prioritize rapid fielding to get equipment into the hands of warfighters, industrial-base expansion, and tighter coupling of requirements, resourcing, and acquisition execution. The accompanying directives signal a consequential restructuring of U.S. defense acquisition, requirements, and security cooperation processes as the Department aims to disestablish legacy joint requirements governance in favor of an integrated, budget-aligned model that is focused on speed, accountability, and mission outcomes. The new “Warfighting Acquisition System” will replace the existing “Joint Capabilities Integration and Development System,” creating both new opportunities and risks for federal contractors as they navigate shifting compliance expectations and material risk exposures in all aspects of the defense acquisitions process, including budget overruns, timely performance, and exportability of next-generation platforms.

Key reform mandates in the ATS include:

- Reconstruct the Defense Industrial Base through stable demand signals, longer-term awards, expanded direct-to-supplier contracting, and greater commercial preference.
- Reorganize Program Executive Officers into newly configured “Portfolio Acquisition Executives” with broad authority to make cost, schedule, and performance decisions.
- Reduce regulatory load through increased use of flexible instruments, targeted FAR/DFARS and cost-accounting reforms, and digitized, data-driven oversight.
- Streamline procurement processes by refocusing the Joint Requirements Oversight Council on ranking Joint Force Key Operational Problems, aligning funds through a new Requirements and Resourcing Alignment Board and a Joint Acceleration Reserve, and establishing a Mission Engineering and Integration Activity to drive structured experimentation with industry.
- Modernize technical execution by fully implementing the Modular Open Systems Approach (MOSA) with model-based engineering and advanced test infrastructure.

- Improve life-cycle risk management with supply chain illumination, tailored sustainment, and enhanced product support.

WHAT CHANGES TO EXPECT

The Warfighting Acquisition System purports to deviate from the previous compliance-centered process to an outcome-centered process, though the implications for market access, contracting approach, and program execution are not yet clear.

1. **Streamlined Regulations.** The Department announced proposals to streamline many FAR/DFARS requirements and move away from the federal cost-accounting rules toward the more commercially used Generally Accepted Accounting Principles. Contractors should anticipate transitional ambiguities, potential deviations, and coexistence with legacy clauses during a multiyear changeover. The treatment of certified cost and pricing data, Truth In Negotiations Act applicability, and CAS coverage will require careful contract-by-contract analysis.
2. **Penalties for Protesting.** The transformation strategy includes legislative proposals seeking to accelerate the bid protest process and impose penalties on unsuccessful protesters. Intended to speed up awards by reducing post-award protests, the proposed changes increase the financial risk of speculative or unsuccessful GAO protest filings by penalizing the losers through recouping costs or withholding profits or fees. Contractors may consider adjusting internal likelihood-of-success analyses and alternative remedies, including agency-level engagement and structured debriefs.
3. **Longer Terms and Higher Volumes with Shorter Cycles.** Contractors can expect longer-term, higher-volume procurements and direct-to-supplier awards. The Department will also increase the use of Other Transaction Authority and other rapid contracting tools that, coupled with regulatory streamlining and protest reform proposals, may compress cycles and reduce transaction friction.
4. **Bias for Commercial Solutions.** Solicitations will have a commercial-first preference that favors suppliers with readily adaptable commercial technologies. Simultaneously, the MOSA adoption will heighten opportunities for incremental upgrades and competition at the subsystem level.
5. **Advantage to High Performers.** Contractors that can demonstrate rapid integration, credible supply chain resilience, and the ability to deliver on time will have an advantage. Performance scorecards tied to time-to-field and operational outcomes will inform portfolio decisions, budget reallocations, and leadership incentives or penalties.
6. **Exportability by Design.** Contractors should expect programs to incorporate exportability features to support Foreign Military Sales (FMS) and Direct Commercial Sales pathways. Contractors should also expect speedier approvals of FMS after the Department has completed a planned realignment of the Defense Security Cooperation Agency and Defense Technology Security Agency.

POTENTIAL RISKS TO CONSIDER

Transitional Compliance. Contractors should look for inconsistencies between new guidance and legacy clauses, inconsistent application across contracting agencies, and evolving oversight expectations—all of which potentially increase the risk of unintentional noncompliance.

Protest Calculus. As noted above, longer-term contracts may result in fewer contract awards on an annual basis—potentially driving a desire to protest that should be balanced by potential costs for unsuccessful protests.

BOTTOM LINE

The Department's integrated reform agenda is designed to deliver capabilities faster by rebalancing risk, streamlining oversight, and forcing alignment across requirements, budgeting, and acquisition. For sophisticated federal contractors, the near-term winners likely will be those that internalize the new performance metrics, proactively manage IP and exportability from the outset, and build resilient, transparent supply chains capable of rapid scale. Counsel should lead in harmonizing compliance under changing rules and positioning the enterprise to compete—and deliver—under a more demanding, faster-moving acquisition regime.

3 Min Read

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