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DDS&T-3946-81

27 AUG 1981

MEMORANDUM FOR: Chairman, CORE Committee

FROM: James H. Taylor
Associate Deputy Director for Science and Technology

SUBJECT: Cost Reduction and Efficiency

1. I am attaching some thoughts on cost reduction as it applies to the Agency in general and to the DDS&T in particular. Our ideas fall generally into three categories: Functions Requiring Capital Investment, possible Procedural Changes, and Programmatic Considerations. We have chosen this breakdown to highlight the programmatic nature of the DDS&T's work and, thereby, illustrate how some nonspecific cost reductions might impact the collection and processing of intelligence data.

2. Let me know if you have any questions.

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James H. Taylor

Attachment:
As stated

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I. Functions Requiring Capital Investment

Computer Aids and Automation

Some DDS&T offices are already well along in applying computers and digital techniques to functions that will help them to improve their efficiency and support. NPIC, for example, is in the early phase of an extensive upgrade in image exploitation; new equipment like IDEX will make heavy use of digital processing to help improve the interpretation process. In FBIS the MIDAS system, when complete, will provide for more timely publication of a larger volume of information than is currently possible.

[redacted] 25X1

A continuing and even larger investment in this area will do much toward improving our use of people and the quality of their product. Some of our overseas activities are particularly amenable to automation. FBIS, for example, could process media information more quickly and accurately by computerizing some of the functions in its field bureaus; many broadcasts could be monitored from unmanned facilities by remote control. Modern communications methods using digital techniques would speed the transmittal of up-to-date information from FBIS bureaus [redacted] Some of the SIGINT data could, in fact, be preprocessed overseas by use of digital techniques. The advent of new and increasingly productive image collection technologies will demand application of digital methods and equipment to process and exploit the data with the speed and accuracy needed to respond to our consumers. (S) 25X1

Modern computing techniques are leading us to consider other applications. We will want to bring in new word processing systems and to move toward the transmittal of mail by electronic means. Inventory and stock control methods can be overhauled. The entire office environment will gradually change with the advent of more of the new and smaller microprocessing technology. (U)

New Building

After OD&E and OSO move into the new [redacted] building, the DDS&T will be using [redacted] in the Washington Metropolitan area with roughly [redacted] of our total space in the Headquarters building. The resulting cost in vehicle mileage and man hours lost by 25X1 25X1 25X1

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the Directorate is already estimated to exceed [redacted] annually. The effort now underway to construct a new building on the Langley compound may someday lead to a reconsolidation of many of our people at Headquarters. For at least another six years, however, the Directorate will be faced with a serious communication problem. An investment in effective and secure telephone and teleconferencing equipment is a priority need in order to conduct our business and avoid much costly and time-consuming travel. Such an investment will be useful, in fact, even after a new building is occupied since some DDS&T components such as NPIC do not lend themselves readily to location at Langley. (C)

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Specialized Laboratories

New technologies are constantly emerging in many areas of interest to intelligence collectors and processors. For example, we have been looking recently at new techniques that can be applied to the fabrication of integrated circuit chips, items that find wide use in our business. We will shortly be considering whether a way can be found to set up a special fabrication facility under Government control where techniques such as these could be used in a secure and cost effective way. (C)

Examples

Some specific examples of functions that could benefit from the application of capital investment funds follow.

1. FBIS is one of two DDS&T offices with a significant "production character," NPIC being the other. As mentioned above, a major NPIC upgrade is already underway and a part of FBIS is also being automated. Our next priority in this area would be to automate FBIS Headquarters Press Translation/Publication. This would improve the quality and timeliness of JPRS serial publications. The cost is estimated at [redacted] over six years.

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[redacted]

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3. The use of more word processing equipment and the application of electronic mail distribution systems at NPIC would facilitate the transfer and acquisition of information. We estimate that an initial investment of [redacted] might result in annual savings of $30,000 and up to two man years. 25X1

4. The technical support that OTS provides to DDO for overseas operations obligates OTS to maintain substantial supplies and equipment in a state of readiness for use. Automated techniques could be applied to both the testing and periodic inventory procedures that OTS must carry out in order to assure that they have the necessary stocks on the shelf.

II. Procedural Changes

Much time and money is spent in satisfying bureaucratic demands that, in many cases, are unnecessary. Most of these are imposed by regulation, law or some other source external to the DDS&T. Nevertheless, we deem it appropriate to suggest consideration of some relief in this general area. For example, domestic travel is used extensively by DDS&T in order to carry out our commercial contracting activities and to remain abreast of technological developments of potential use to the Agency. For every trip a voucher must be prepared delineating not only the transportation costs but also the per diem and miscellaneous reimbursable expenses. Considerable savings should result if regulations were modified so that a fixed allowance were paid that was predetermined on the basis of destination and time. (C)

The contents and format of our Financial Reporting System (FRS) and Staffing Complement Report (SCR) could usefully be revised. FRS contains information that is of little use to many people and the SCR is redundant to other reporting systems. Both are viewed less as useful interactive tools than as often out-of-date record-keeping systems. These are examples of only two current reporting procedures that need to be revised to save machine time and personnel resources. Analogous changes might be considered to improve efficiency in such areas as the use of petty cash, pouching and shipping methods and the purchase of airline tickets. (U)

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III. Programmatic Considerations

DDS&T's largest expenditures and, as a result, its largest potential savings necessarily lie in the development and collection programs for which the Directorate is responsible. The development of an advanced system like the EDITS document copy equipment is costly, running into the millions of dollars. Operating an overseas bureau for media monitoring or running a clandestine SIGINT survey is expensive. These and many other of our types of programs have suffered for the past decade from very sizeable budget and personnel reductions. We have only recently begun to recover from some of these reductions and to get some real growth into too long neglected areas. Programmatic reductions now would halt or, at least, slow our progress toward rebuilding a viable capability, using modern technologies, on many fronts. Significant cost reductions in DDS&T would require cancellation, deferral or reductions in programs. (S)

25X1 In the Production area, for example, we foresee a need for [redacted] over the next five years to explore new technologies to improve the effectiveness of NFAC analysts and the exploitation of ELINT and other intercepted signals. Part of this effort will provide for research and development in analysis techniques and in information processing technology to support the production of intelligence. It includes the development of new analytical methods in the fields of Economic, Military and Political Analysis and advanced information handling concepts and systems to support intelligence analysts in preparing and communicating finished intelligence. DDS&T also will continue to provide a flexible and responsive signal analysis capability to support the specialized SIGINT collection operations and the key intelligence production objectives for which the CIA is responsible. Special attention will be given to high priority weapon system signals from the many new Soviet programs expected to be under development. Included here are several Thematic programs or Production Enhancements designed to improve the quality of intelligence. These Production Enhancements might

25X1 [redacted] over the next five years. A reduction of less than 10 percent in DDS&T R&D support to Production, therefore, could totally stop our efforts in this area. It could deprive us of some of the R&D being conducted in geoeconomics, applied statistics, military analysis, political analysis, and information systems. No less vulnerable are our efforts to improve our capabilities for the analysis of

25X1 telemetry [redacted] signals. (S)

Imagery Collection and Processing will require [redacted] 25X1 between 1983 and 1987. NPIC must, of course, continue to maintain the ability to provide the Intelligence Community with an

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exploited product from imagery collection systems already in operation while building for the future. We must, at the same time, provide the resources to manage the development of new collection systems. [redacted] 25X1 of the amount to be spent through 1987 is to upgrade NPIC's facility and give it the ability to exploit the imagery data that will be received in large quantities from the new and advanced collection systems which will be in operation in this decade. The balance will sustain our existing capability. Major attempts to save money in this area would almost certainly impact the upgrade, since NPIC must maintain a basic level of Community support. Reductions would delay our preparations for exploitation of important imagery data beyond the time when the new collection systems begin to come on line. (S)

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[redacted]

As in the case of Imagery, DDS&T conducts an R&D program to exploit new technologies for collection and processing of SIGINT data. We also provide the people to manage the development of new collection systems for National programs. These efforts must be funded at the projected levels in order for us to stay abreast of Community needs. (S)

The DDS&T provides technical support to the DDO through the development and procurement of agent support equipment and specialized operational support overseas. The Directorate also carries out certain technical collection projects in priority intelligence areas, such as those involving foreign nuclear developments. Some [redacted] will be required 25X1 over the next five years to maintain viable programs in all of these areas. We and the DDO have been working for

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several years to increase our budget for procurement of needed equipment, particularly in covert communications. We have been working toward that end and have factored the DDO's need into our planning. Reductions are always possible, but only at enormous cost in operational security and efficiency. (S)

25X1 About [redacted] will be needed between 1983 and 1987 to continue FBIS' overt media monitoring program, including
25X1 the operation of some [redacted] Closing bureaus would save money, but at high cost--by depriving the U.S. Government of vital information in areas where there is no other source capable of providing it so quickly, accurately, or economically. (S)

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