Digital Modernization Among the Money Savers That Could Help Navy Reach 355 Ships, Modly Says



Acting Navy Secretary Thomas B. Modly during the CSIS panel discussion on Feb. 21.

WASHINGTON – Digital modernization of U.S. Navy back-office operations is a largely overlooked activity that can improve readiness, cut costs and deliver educational content and training to personnel, acting Navy Secretary Thomas B. Modly said on Feb. 21.

Participating in a panel discussion with U.S. Army Secretary Ryan McCarthy and U.S. Air Force Secretary Barbara Barrett at the Center for Strategic and International Studies, Modly and the others were asked what technologies were underappreciated or promised unexpected benefits.

The Army secretary cited long-range precision fires. The Air Force secretary mentioned GPS and the other existing technologies in space that she noted were "ubiquitous but invisible." Modly singled out digitalization for opening up "huge opportunities to improve our networks and how we do business through better use of technology."

The Department of the Navy is at least 15 years behind the private sector in the ability "to understand where things are in our inventory

system," Modly said. As an example, he cited an audit conducted in 2019 that found a warehouse in Florida containing aircraft parts worth $150 million.

"We didn't know we had the parts. We didn't know we had the warehouse," he said. A week after the parts were input into the Navy's inventory system, there were $20 million in requisitions for those parts "for aircraft that were down for [lack of] parts we didn't know we had," Modly said.

During discussion of other topics, Modly said he didn't think the Navy Department budget top line – or the Defense Department's – was likely to grow much soon. To contend with the pressures of increasing the size of the surface force to 355 ships and improving readiness, Modly said leaders will need to look internally to find savings "in the way we traditionally do things" to fund the priorities outlined in the National Defense Strategy.

He said some "North Stars" point the way in the recently completed Integrated Naval Force Structure Assessment, which has not been made public. Additionally, Modly has ordered a stem-to-stern review to find savings to fill the budget gap. If 5% to 6% of the $207 billion Navy budget can be freed up, he said, "we can start moving down the path" to a 355-ship-plus Navy in the next 10 years. All three secretaries said they were cooperating with each other and industry on the development of hypersonic weapons.

However, Modly noted that moving such new technology to production is a "big, big leap." He added that the military needs to send strong signals to industry about where it is

headed. “But a lot of this technology is really new, so we have to make sure it works before we jump too far.”