

DEFENSE BUDGET & MARKET INTELLIGENCE

A Guide for Government & Industry Professionals

Executive Summary

Understanding how the Department of Defense (DoD) allocates funding is essential for anyone involved in defense sales, strategy, business development, or capture planning. The DoD budget reflects national security priorities and determines which programs receive funding across the Future Years Defense Program (FYDP).

This guide explains how the DoD budgeting system works, how industry can interpret funding signals, and how to build practical market intelligence to inform opportunity pursuit.

How the Defense Budget Works

The DoD uses a structured approach known as the **Planning, Programming, Budgeting, and Execution (PPBE)** process to identify needs, allocate resources, and execute spending.

Budget Cycle Overview

1. **Planning:** Translate national defense strategy into capability priorities
2. **Programming:** Allocate resources to planned programs
3. **Budgeting:** Submit detailed budget justification to Congress
4. **Execution:** Apply appropriated funds to programs and contracts

Each phase influences opportunity visibility, forecasting, and timing.

Major Appropriation Categories

Understanding which “color of money” funds a requirement is essential to determining opportunity viability.

Key Appropriations

- **RDT&E (Research, Development, Test & Evaluation):** Funds prototypes, experiments, early development
- **Procurement:** Funds production of equipment, systems, platforms
- **O&M (Operations & Maintenance):** Supports sustainment, training, services, readiness
- **MILCON (Military Construction):** Funds facilities, infrastructure, base improvements

Each appropriation type has spending constraints, timelines, and permissible uses.

Building Effective Market Intelligence

Strong market intelligence combines awareness of DoD priorities, funding profiles, and organizational structures. Companies that invest in structured intelligence efforts gain clearer insights into opportunity timing and win probability.

Core Intelligence Components

- **Strategic Signals:** National Defense Strategy, Service modernization priorities
- **Funding Signals:** President’s Budget, Congressional Justification Books (J-Books)
- **Organizational Signals:** PEO portfolios, PMO programs, acquisition timelines
- **Competitive Signals:** Incumbents, teaming patterns, new entrants, small business set-aside trends
- **Acquisition Signals:** RFI activity, industry days, OTAs, draft RFP circulation

These inputs help predict when—and how—solicitations will arrive.

Market Intelligence Workflow

A practical, repeatable process for aligning opportunities to mission and budget priorities:

1. **Identify mission needs and capability gaps**
2. **Match opportunities to funded programs**
3. **Monitor PEO/PMO activity and acquisition pathway selection**
4. **Evaluate competitors and teaming options**
5. **Assess alignment with your technical strengths**
6. **Update capture plans based on intelligence changes**

Budget Alignment Checklist

- Is the requirement funded in the latest budget materials?
 - Is the program visible in the FYDP or POM cycles?
 - Does this opportunity align with Service modernization priorities?
 - Do we understand who the incumbent is?
 - Are acquisition timelines and phases identifiable?
 - Is the requirement likely to transition into procurement?
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Appendix A — Acronyms & References

Acronyms

- PPBE – Planning, Programming, Budgeting & Execution
- FYDP – Future Years Defense Program
- POM – Program Objective Memorandum
- RDT&E – Research, Development, Test & Evaluation
- PMO – Program Management Office
- PEO – Program Executive Officer

References

- DoD Budget Materials – <https://comptroller.defense.gov/Budget-Materials>
- GAO Defense Portfolio – <https://gao.gov>
- CRS Defense Primer Series – <https://crsreports.congress.gov>
- PEO/PMO Program Information – Service branch public acquisition portals