

NCI Agency

Annual Report 2022 Summary

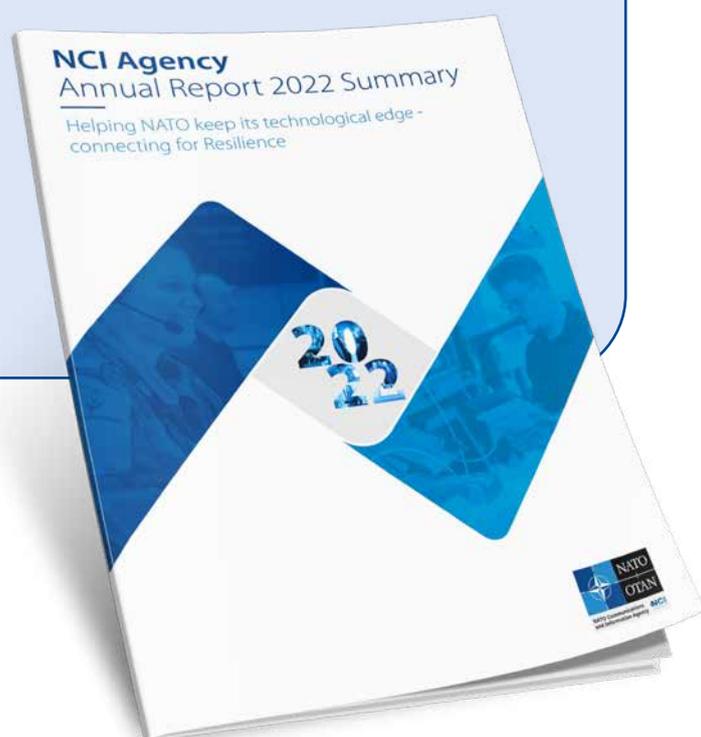
Helping NATO keep its technological edge -
connecting for resilience

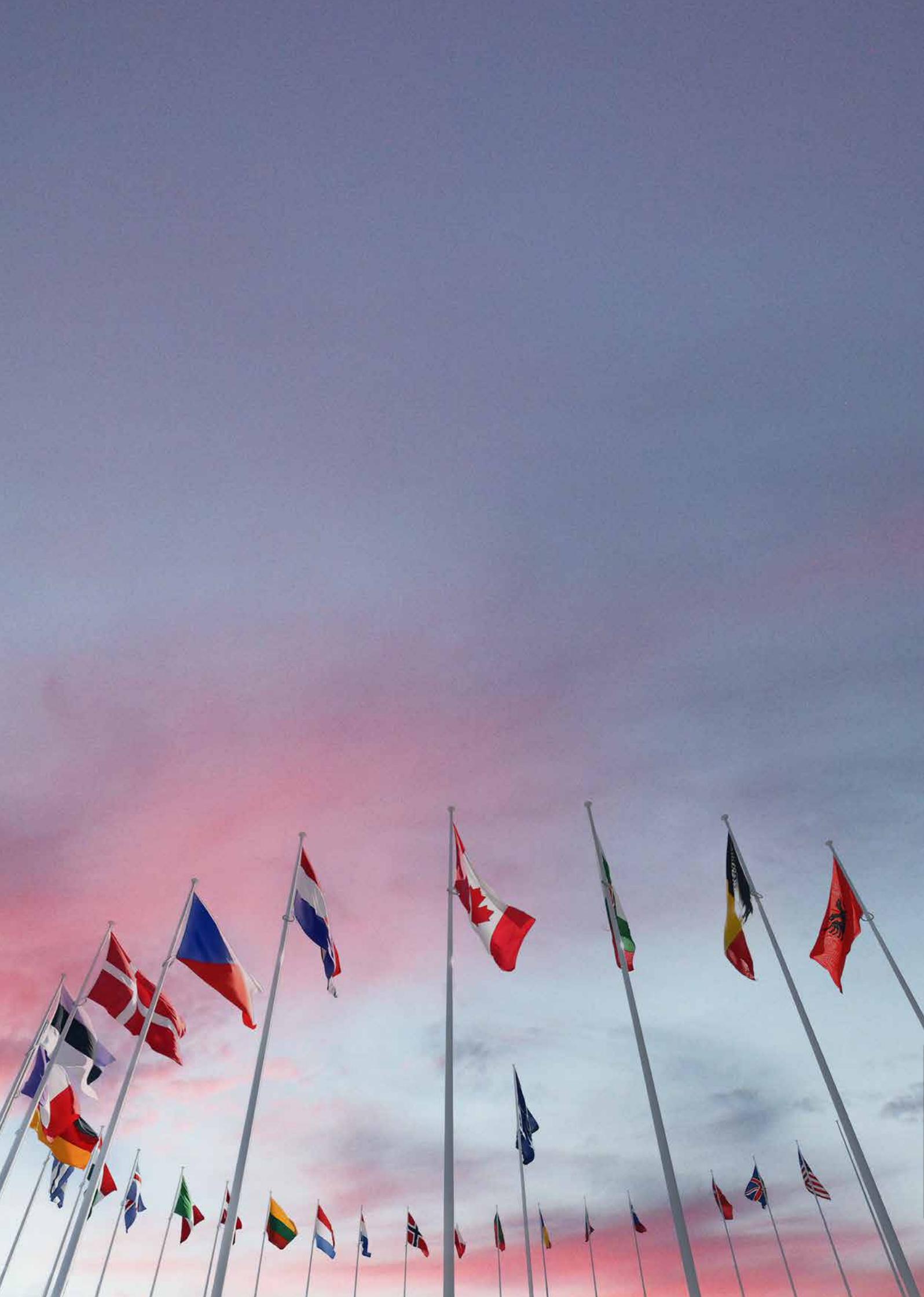
2022

"Strength in diversity, NCI Agency's success"

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1. Introduction

Today, the Alliance's security environment is more fluid and unpredictable than at any time since the end of the Cold War – a revanchist Russia, a more autocratic China, more sophisticated cyber and hybrid threats, conflicts and instability across the Middle East and North Africa, and emerging non-traditional security challenges will impact the security and stability of our societies in the years to come.

In response to this evolving, contested, unpredictable and more complex security environment, the Alliance has embarked on a process of political and military adaptation.

NATO's 2030 Agenda and the strategic decisions taken at the Madrid Summit in June 2022 set the direction for the Alliance's continued adaptation to safeguard the freedom and security of all Allies, making technology, resilience and innovation a top priority for the Alliance.

In this context, the NCI Agency is positioning itself to anticipate, enable, and embrace these transformations, supporting NATO to strengthen its deterrence and defence posture, to boost its efforts to fight international terrorism, increase its capacity building support to partners, and to accelerate NATO digital transformation.

As the principal provider of digital solutions for NATO's communications and information needs, the NCI Agency plays a critical role in maintaining NATO's technological edge, working in partnership with NATO stakeholders, Industry and Nations.

In line with NATO's overarching adaptation, the Agency continues enhancing its technological capabilities and services. Adapting to challenges posed by emerging and disruptive technologies is vital, as competitors and adversaries test NATO's technological edge politically, militarily and technologically.

The NCI Agency's transformation agenda, structured through the Strategic Direction and Guidance from the Agency Supervisory Board and the new Strategic Plan 2022-2026, provides a stable platform to weather this current crisis while positioning us on an accelerated trajectory to deliver excellence.

This condensed annual report sets out the highlights of the Agency's achievements over the last year in our delivery to all our stakeholders, and provides a concise overview of the areas we are working on in collaboration with our strategic partners to ensure the Agency is fit for purpose for the challenging years ahead.

General Manager
Ludwig Decamps



2022 brought many achievements upon which we can look back and be proud, and I remain convinced in the importance of our transformation agenda to ensure our continued relevance alongside a changing Alliance.



2. Running the business in 2022 (operational performance)

2.1 Strengthening NCI Agency core business

- The war in Ukraine shifted the Agency's focus to maintaining 24/7 satellite communications services, and supporting NATO's Alliance Ground Surveillance capability in capturing high-quality intelligence, surveillance and reconnaissance.
- In response to the war in Ukraine, a Network Services and IT Infrastructure Crisis Response Team was established to enable SACEUR to execute his Response Plans. The team reconfigured existing tools to provide near real-time monitoring of Deployable CIS equipment placed at a high level of readiness, and reconfigured all DCIS assets to NATO Response Force 2022 baseline in record time.
- We delivered core capabilities into the Ballistic Missile Defence, POLARIS, and Air Command and Control (C2) programmes, while supporting the development of the new NATO maritime C2 system, TRITON, and executing projects to modernize NATO's Nuclear C2 capabilities.
- The signature of the Technical Arrangement with Luxembourg for the Alliance Persistent Surveillance from Space initiative triggered the start of a three-year programme to provide an Alliance Virtual Constellation named 'Aquila.'
- Performance across the NCI Agency's overall portfolio of services for 2022 was at 99.8% availability, exceeding the combined overall Centralized and Local Service Level Agreement target of 99.5% across all locations.

Laryssa Patten
Head, Space Technology
Adoption and resilience



We strive to ensure that NATO maintains its technological edge and benefits from secure, resilient and effective employment of space domain technologies.



2.2 Adaptive support to NATO core tasks

- We provided planning support and essential connectivity to over 100 NATO exercises, achieving or exceeding the expected level of support in all cases.
- We provided services in support of 24/7 Air and Missile Defence Operations to NATO and national sites. The Agency stands ready to support NATO and Allies implement current and plan future Air C2 capabilities.
- The Ballistic Missile Defence Programme level projects continue proceeding according to plan. The new Systems Engineering and Integration Contract, which supports the delivery of Tranche 23 and Tranche 25, is continuing following retender of the contract in 2021. The Integration Test Bed Build 6 Upgrade project is on track.
- The Agency continued working closely with the NATO HQ Business Continuity Office and, through participation in the Business Continuity Board and the Business Continuity Advisory Group, maintained strong coordination with the Strategic Commands and our sister Agency, the NATO Support and Procurement Agency (NSPA).

Joshua Winsett
Exercise CIS Planner



The diversity of thought and national representation within Operations and Exercises allows us to coordinate and adaptively support the Agency's Mission and NATO's core tasks.



2.3 Strengthening cyber space and cyber resilience

- We delivered on the Asset, Configuration, Patch, and Vulnerability Management (ACPV) Programme of Work, initiating a new Dynamic Sourcing process for a Tier 1 Enterprise ACPV Service.
- We supported the NATO Chief Information Officer's Programme of Work in maturing Cyber Security service delivery oversight, incident management, risk management, and shortfall mitigation.
- The NCI Academy produced the Cybersecurity Education and Training Action Plan for the NATO Chief Information Officer. The Agency will implement the nine interrelated Lines of Effort captured in the action plan through a multi-year Programm.

2.4 Enhancement of digital modernization

- Secure VTC and telephone usage across NATO doubled between February and May 2022, creating a significant load on support staff, equipment and processes. Regardless, all systems were operational and able to support the increase.
- Across all IT Modernization projects, more than 11,000 end user and back-end devices were delivered to NATO Commands by end 2022, and wireless service was installed on six customer sites, and 50 sites have NATO Communications Infrastructure installed, benefitting from secure network interconnect.

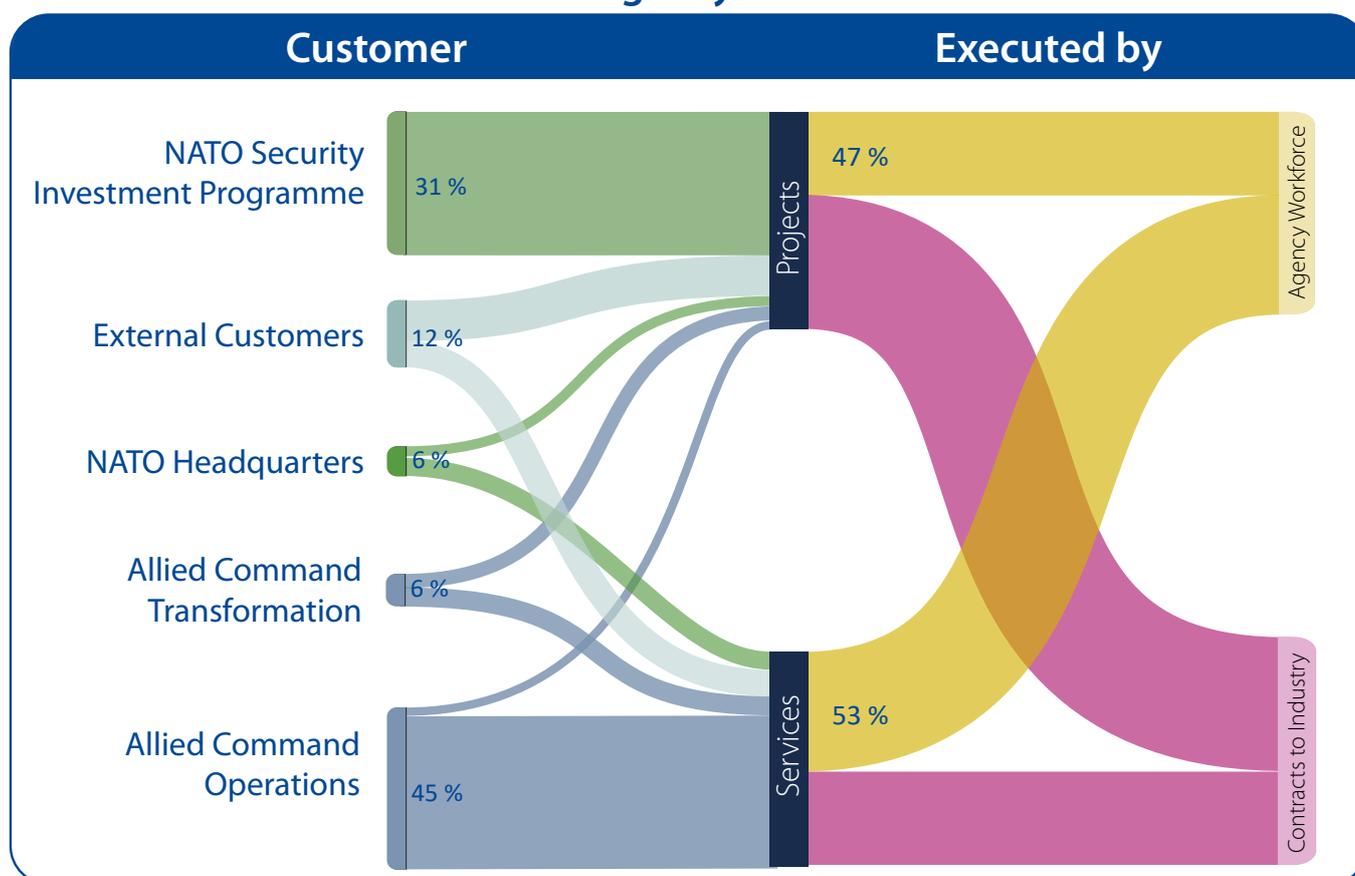
Carol Macha
Chief Information Officer



By using technology in the most efficient way, we re-invigorate our most critical asset — our people — to be more effective.

3. 2022 performance and execution: services vs projects

NCI Agency business



REVENUE

Project and Support Services Revenue
External Services Revenue
Acquisition Revenue
Other Revenue
Financial Revenue
TOTAL REVENUE

2022	2021 Restated	2021
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341,510,524	325,626,507	356,874,301
191,023,356	227,018,189	213,978,904
168,609,341	162,236,196	227,669,511
4,923,171	14,421,931	14,421,931
3,334,994	3,595,331	3,605,970
709,401,386	732,898,154	816,550,617

EXPENSES

Cost of Acquisition
Personnel Costs
Contractual Supplies and Services
Depreciation and Amortisation
Provisions Expenses
Financial Expenses
Other Expenses
TOTAL EXPENSES

(98,274,356)	(84,157,627)	(225,463,767)
(282,957,486)	(267,719,712)	(314,713,795)
(236,312,994)	(246,259,699)	(241,294,065)
(94,303,786)	(90,699,916)	(1,491,773)
(7,277,874)	(7,147,704)	(7,147,704)
(2,751,697)	(912,270)	(916,672)
-	-	-
(721,878,193)	(696,896,928)	(791,027,776)

SURPLUS/(DEFICIT)

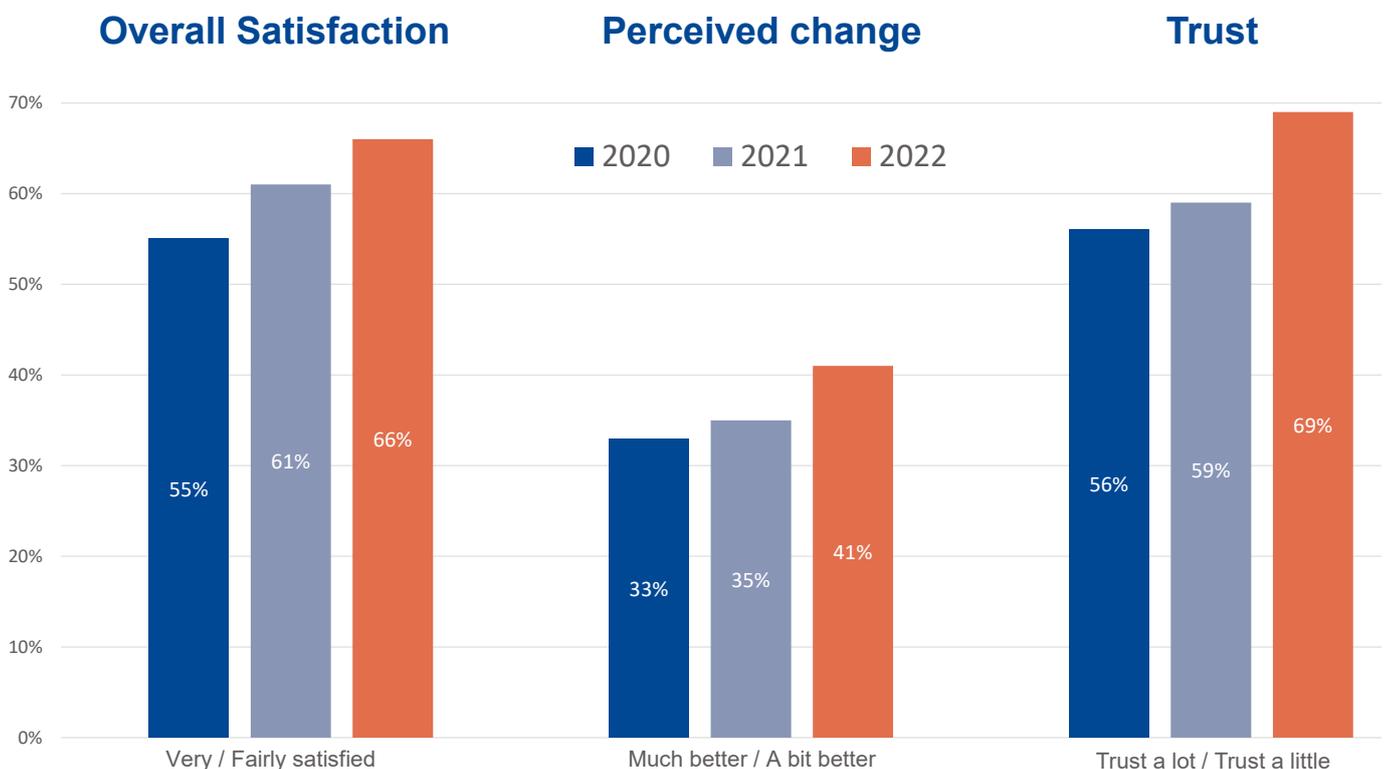
Distributed(net) to Retained Earnings
Distributed(net) to Reserved Earnings

(12,476,807)	36,001,226	25,522,841
(7,618,621)	22,818,511	21,200,056
(4,858,186)	13,182,715	4,322,785

4. Excellence in delivery

- We successfully contracted and met initial go-live conditions for Release 4 for the Enterprise Business Applications system, implementing modernized Portfolio, Programme and Project Management functionality.
- We presented a new cost accounting methodology, moving from a Billable/Non-Billable Model to Direct/Shared Direct/Indirect Costs model in compliance with Agency Charter, to improve costing accuracy and overall transparency to Nations and strategic partners.
- Interim Workforce Capacity costs were significantly reduced through increased controls on contracts re-competition and continuation of the IWC Internalization strategy.
- We achieved 95% execution in planned 2022 operation and maintenance costs, a significant improvement compared with 2021 execution at 82.2%. This is thanks to the efforts conducted to improve corporate planning and execution monitoring tools and processes, along with a strengthened approach to implement internal controls.
- We established the Sourcing Advocate role and delivered a Sourcing Strategy, laying out the sourcing ecosystem, sourcing decision factors and implementation steps.
- We implemented key foundational elements of an Agency-wide Quality Management System in support of our Strategic Plan.
- Overall customer satisfaction for 2022 climbed to 66%, maintaining a positive year-on-year trend from 61% in 2021 and 55% in 2020. Trust in the Agency grew significantly, climbing to 69% versus 59% in 2021 and 56% in 2020.

TREND ACROSS YEARS: STEADY TO IMPROVING





5. Supporting NATO's ambitious agenda

- We engaged with and provided contributions to a number of NATO innovation stakeholders, namely the Defence Innovation Accelerator for the North Atlantic (DIANA) Board of Directors and the NATO Innovation Board.
- The NATO Software Factory DevSecOps platform was granted full accreditation by the NATO Office of Security until 2025. Approval of this novel, complex, technical solution, sets the foundation for other cloud-based solutions.
- Our classified Artificial Intelligence (AI) sandbox, named SANDI, received interim approval to operate. In November, in collaboration with the Science and Technology Organisation, SANDI hosted NATO's first classified data hackathon that brought participants from several Nations and operational commands to collaboratively apply data science techniques to a large exercise dataset.
- The Agency supported the NATO IS Public Diplomacy Division in the development and deployment of MERLIN, a proof-of-concept Information Environment Assessment tool, which provides information about the public perception of NATO through the application of AI techniques on public media for analysis and reporting.
- Our Asset Management programme has brought a significantly improved situational awareness of our asset data and its associated accuracy; we achieved a 95% completed annual stocktake for 2022, up from 38% in 2020. In addition, a major achievement is that the Agency, for the first time, will apply assets under construction accounting standards in the Financial Statements 2022.

Dr. Michael Street
Chief, Exploiting Data Science &
Artificial Intelligence



We are applying Artificial Intelligence that really brings value to NATO users. Through AI crafted specifically to understand NATO's context, developed responsibly, and delivered securely.



6. Hiring, training and retaining the best

- We provided essential technical, operational and managerial courses to over 5500 students in 2022 and responded to requests for high priority training to the Multinational Corps South East in support of NATO's response to the war in Ukraine.
- We undertook major organizational changes, with the NATO Infrastructure Services Centre and NATO Integrated Mobile Services Centre established with a go-live for January 2023. A new Chief of Staff was onboarded, and the senior recruitment process has been executed with candidates onboarded for other leadership positions, including Chief of Service Operations, Chief Information Officer, Chief Operating Officer, Chief Technology Officer, Chief People Officer, and Head of Executive Management. The Agency also provided expert support to the execution of the ASB-initiated workforce study.
- We achieved key milestones in our professionalization project, aiming to organize roles within the organization and to structure the education, professional experience, competencies and learning requirements. A technical platform was introduced to host information on standardised job roles. The Acquisition office was the first pilot case, which provided valuable lessons learned for the next phases of the project.
- We launched a wellbeing framework and initiatives that will add to the overall engagement and wellbeing of the staff. Twelve wellbeing webinars have been organized since September 2022.
- We also reinvigorated our diversity and inclusion efforts, launching a new diversity and inclusion strategy to shape the Agency's recruitment practices.
- We launched new Leadership Development Programmes, which target all levels of leadership in the Agency. 90 staff members from senior, middle and first-levels of leadership have already been selected to go through this journey.
- The implementation of the Interim Facility in Braine l'Alleud took place in 2022 with the site being operational and all staff moves successfully completed before the end of the year.

Jonathan Garcia-Miralles
Diversity Officer



Through our diversity, inclusion and wellbeing initiatives, we positively influence our work culture, shape a better workplace and elevate the Agency's standing as an employer of choice.



7. Strong and lasting partnerships across the NATO enterprise

- We started the partnership with the newly established NATO Chief Information Officer in the areas of NATO Enterprise technology, ICT coherence, Cyber Defence and ACPV. We signed a partnership agreement and a dedicated portfolio was put in place to align activities across the Agency.
- We further strengthened our partnership with NSPA, leveraging their respective expertise to effectively contribute to NATO's new level of ambition and its political-military adaptation.
- We made significant progress with our new collaboration framework with the signature of six Not-For-Profit Framework Agreements from entities in Spain, Czechia, Portugal, and the United Kingdom.
- In October, we held NATO Edge, the first flagship event in a new format that combined the most valuable elements of the NATO Information Assurance Symposium (NIAS) and the Agency's flagship industry conference, NITEC. The three-day conference gathered more than 1800 technology leaders from industry, academia and start-ups as well as NATO and National representatives. The biggest ever exhibition had 104 vendors displaying their capabilities, while representatives from 314 different companies were present in the audience and networking with peers.

Agata Szydelko
Deputy Chief of Acquisition



The Acquisition Office plays a crucial role in expanding the NCI Agency's partnership ecosystem; working alongside Industry, Academia and Not-For-Profit organizations to improve structural collaboration across all NATO Nations.

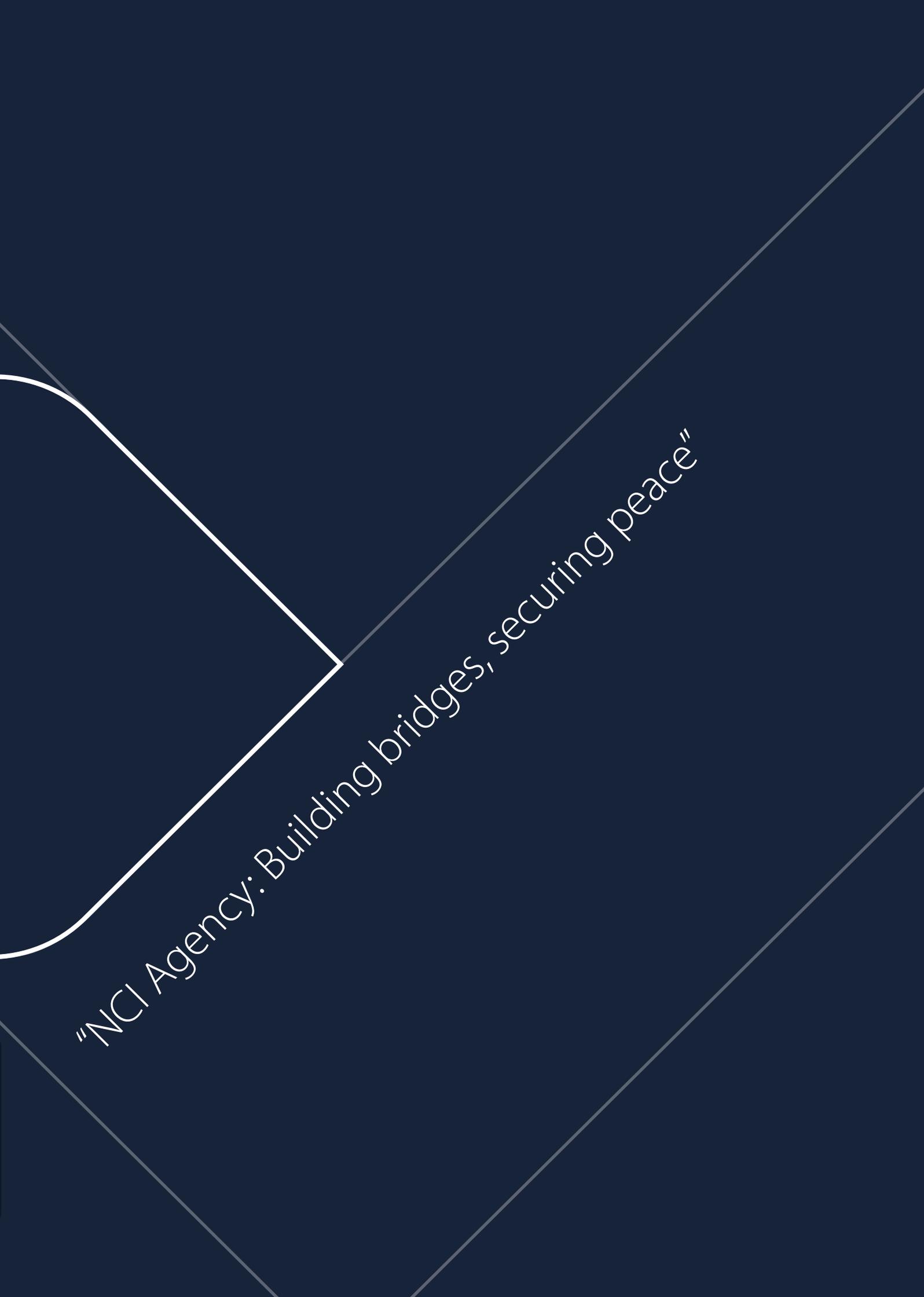
8. Outlook and challenges

- At the 2022 Madrid Summit, Alliance leaders made an unambiguous commitment to upholding NATO's technological edge. As NATO's principal C3 capability deliverer and CIS service provider for the full range of its entitled requirements holders and customers, we are committed to playing our part in helping to realize these commitments.
- Throughout this report, we have reflected on the accomplishments of the year 2022, but the end of the year witnessed a significant influx of new and emerging requirements for NCI Agency support stemming from, among other things, a marked uptick in ambitions for digital transformation, bringing both opportunities and challenges to the Agency.
- The recent launch of new common funded requirements under NATO 2030 brought concerns about a lack of capacity to commit to the full breadth of stakeholder requirements. The need to reprioritize requirements, adapt our capacity planning and compensate the lack of growth of our workforce in 2022, required new measures to close the gap between our capacity and demands.
- To prepare for the mountain of demand ahead of us, the Agency is pursuing a trifecta of measures, each of them complementary to each other: 1) prudent and anticipatory organic workforce growth, 2) the operationalization of our new sourcing strategy, and 3) optimizing and boosting the efficiency and effectiveness of the capacity already available today.
- We are committed to closing this gap and effectively adapt to the Alliance's evolving requirements, in close partnership and transparency with our governance boards and strategic partners.
- Looking at 2023, the NCI Agency stands ready to embrace the opportunities and challenges that lie ahead in the pursuit of a safer Alliance. The key to our success will be – as always – our skilled, dedicated, and motivated people. Their expertise and commitment are instrumental in driving the Agency's operations and ensuring the Alliance's readiness to face emerging challenges.

MGEN Hans Folmer
Chief of Staff



"One of the Agency's key strategic goals is to achieve excellence in delivery. I have personally witnessed the team's collective dedication and efforts in this regard. We are only successful if our partners are successful."



"NCI Agency: Building bridges, securing peace"



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