



Better Buying Power 2.0

*Obtaining Greater Efficiency and Productivity in
Defense Spending*

WORKING BRIEF

This briefing is marked, "Working Brief," to indicate more OSD updates will be coming, but the information contained herein is useful for understanding and implementing Better Buying Power

DAU OSD(AT&L) Better Buying Power Initiative



DEPARTMENT OF DEFENSE
Better Buying Power
Acquisition, Technology and Logistics

BBP PROGRAM SUCCESSES

Stryker

The Army generated considerable savings in the Stryker program by combining FY12 buys of 292 Double V-Hulls and 100 Nuclear BioChemical Reconnaissance vehicles into a single contract, gaining economies of scale, and is estimating up to 5 percent savings in its production of JTRS Handheld radios through incentives to incorporate commercial components and technologies.



F-22

The F-22 System Program Office realized a 15 percent efficiency during Increment 3.2A negotiations using Should Cost analysis. The Air Force successfully identified and implemented specific cost saving initiatives to address areas in the software development process that were above industry benchmarks. This effort resulted in a 15 percent reduction and \$32 million savings in cost for Increment 3.2A.



THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

OCT 7 2011

ACQUISITION TECHNOLOGY AND LOGISTICS

MEMORANDUM FOR ACQUISITION, TECHNOLOGY AND LOGISTICS WORKFORCE

SUBJECT: Initial Guidance from the Acting Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L))

USD(AT&L) Guidance

in the defense area, in or out of uniform and in or out of government, it is a great honor for me to have the opportunity to serve with and lead the men and women, military and civilian, who work daily to equip and support our Warfighters, address future threats, and ensure that the American taxpayers' interests are always protected. I have total confidence in our workforce's ability to implement and continuously improve on the initiatives Dr. Carter and I started, and to adapt to the challenging fiscal environment we confront.

As Dr. Carter's Principal Deputy, I worked closely with him on all of our initiatives, and you can expect continuity in our purposes and objectives. The need for Better Buying Power, realized through affordable and well-executed programs and improved efficiency in all that we do, is even greater in the budget environment we are now experiencing. My priorities as Acting USD(AT&L) are tightly aligned with the principles Secretary Panetta has expressed – maintain the best military in the world, avoid a hollow force, take a balanced approach to achieving efficiencies, and keep faith with our men and women in uniform – and they are unchanged from those priorities Dr. Carter and I have articulated consistently, with one addition brought on by the current budget situation.

forces who are engaged in Overseas Contingency Operations need timely and reliable logistics support, and efficient operational energy solutions are some of the ways we can best support our Warfighters.

The Department cannot continue the practice of... We will work with the requirements and... start have firm cost goals in place, appropriate... to keep our programs within affordable limits.

the essence of the Better Buying Power initiative, and... We will continue the never-ending quest to... ducts and services that provide the highest

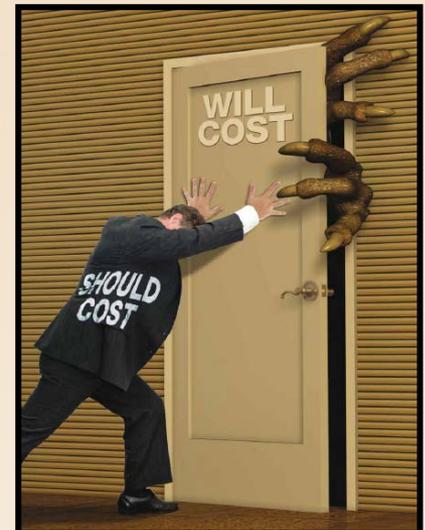
- **USD(AT&L) launched BBP in 2010 to restore affordability and productivity to Defense spending**
- **BBP Challenges the way we think about our programs to achieve greater efficiency**
- **BBP 2.0 builds on this beginning to further instill a culture of cost consciousness and increase procurement efficiencies**



Better Buying Power 2.0

A Guide to Help You Think

- **BBP 2.0 reflects the Department of Defense's commitment to continuous improvement – must make it part of our culture**
- **Overarching acquisition principles underlie BBP and all that we do**
 - Think
 - People Count
 - Start With the Basics
 - Streamline Decisions
- **BBP 2.0 encompasses 34 initiatives organized into seven focus areas**
 - Achieve Affordable Programs
 - Control Costs throughout the Product Lifecycle
 - Incentivize Productivity & Innovation in Industry and Government
 - Eliminate Unproductive Processes and Bureaucracy
 - Promote Effective Competition
 - Improve Tradecraft in Acquisition of Services
 - Improve the Professionalism of the Total Acquisition Workforce





Overarching Acquisition Principles

Stars to Steer By

- **Think**
 - Do not default to perceived ‘school solutions’
 - Apply our education, training and experience; be creative, informed, and thorough
 - Acquisition is a team sport – multifunctional teams can develop the best solutions
- **People Count**
 - Professional preparation to think well
 - Policies/processes of little use without acquisition professionals trained & supported
 - People and professionalism - Acquisition leaders drive results more than any policy
- **Start with the Basics – Acquisition Fundamentals Work**
 - Effective incentives to industry – especially competitive pressures
 - Understand and manage technical risk
 - Demonstrated progress before major commitments
 - Getting big early decisions right – particularly requirement tradeoffs
 - Using the right contract type for the job
- **Streamline decisions**
 - Streamline processes/oversight to provide value added
 - Directing differences of opinion to the *appropriate* decision makers
 - Allow managers to be more effective by protecting their most precious resource - time

These principles have always been valuable...and will increase in value as our acquisition environment becomes more volatile



Better Buying Power 2.0

- **Achieve Affordable Programs**
- **Control Costs Throughout the Product Lifecycle**
- **Incentivize Productivity & Innovation in Industry and Government**
- **Eliminate Unproductive Processes and Bureaucracy**
- **Promote Effective Competition**
- **Improve Tradecraft in Acquisition of Services**
- **Improve the Professionalism of the Total Acquisition Workforce**



BBP 2.0: Connecting a Few Dots...

Achieve Affordable Programs

- Mandate affordability as a requirement
- Institute a system of investment planning to derive affordability
- Enforce affordability caps

Control Costs Throughout the Product Lifecycle

- Implement “should cost” based management
- Eliminate redundancy within warfighter portfolios
- Institute a system to measure the cost performance of programs and institutions and to assess the effectiveness of acquisition policies
- Build stronger partnerships with the requirements community to control costs
- Increase the incorporation of defense exportability features in initial designs

Incentivize Productivity & Innovation in Industry and Government

- Align profitability more tightly with Department goals
- Employ appropriate contract types
- Increase use of Fixed Price Incentive contracts in Low Rate Initial Production
- Better define value in “best value” competitions
- When Lowest Price Technically Acceptable is used, define Technically Acceptable to ensure needed quality
- Institute a superior supplier incentive program
- Increase effective use of Performance-Based Logistics
- Reduce backlog of DCAA Audits without compromising effectiveness
- Expand programs to leverage industry’s IR&D

Eliminate Unproductive Processes and Bureaucracy

- Reduce frequency of higher headquarters level reviews
- Re-emphasize Acquisition Executive, PEO and PM responsibility, authority, and accountability
- Reduce cycle times while ensuring sound investment decisions

Promote Effective Competition

- Emphasize competition strategies and create and maintain competitive environments
- Enforce open system architectures and effectively manage technical data rights
- Increase small business roles and opportunities
- Use the Technology Development phase for true risk reduction

Improve Tradecraft in Acquisition of Services

- Assign senior managers for acquisition of services
- Measure productivity using the uniform services market segmentation
- Improve requirements definition/prevent requirements creep
- Increase small business participation, including through more effective use of market research
- Strengthen contract management outside the normal acquisition chain – installations, etc.
- Expand use of requirements review boards and tripwires

Improve the Professionalism of the Total Acquisition Workforce

- Establish higher standards for key leadership positions
- Establish increased professional qualification requirements for all acquisition specialties
- Increase the recognition and support of excellence in acquisition management
- Continue to increase the cost consciousness of the acquisition workforce – change the culture

Green are new in BBPi 2.0



Achieve Affordable Programs



Mandate Affordability as a Requirement

- Affordability means conducting a program at a cost constrained by the resources the Department can allocate for that capability
 - DoD has a history of starting programs we can't afford and later canceling them
 - Affordability is established by the Programmer Community based on the likely future budgets and available funding to acquire and sustain the product portfolio
- What's New
 - Affordability analysis will be conducted at the portfolio level and will result in "affordability goals" at MDD / MS A and "affordability caps" at pre-EMD / MS B
 - The requirements validation authority will validate the requirement – Capability Development Document (CDD) Validation decision – prior to Pre-EMD and MS B
 - Active engagement between the MDA and the requirements validation authority during the development and review of proposed requirements trades is essential to ensuring the requirement is technically achievable and affordable
 - Affordability caps set at Pre-EMD or MS B decision points for unit procurement and sustainment costs and are considered equivalent to a KPP



Mandate Affordability as a Requirement

- Key Implementers and Examples
 - Portfolio level affordability analysis processes being refined by DoD Components
 - Program level SE trade-off analysis guidance covered in new DAG Chapter 4
 - Joint Light Tactical Vehicle (JLTV)/TARDEC Advanced Concepts Lab use of System Modeling and Competitive Prototyping to inform key technical trades and achieve affordability goals for unit cost prior to EMD phase
- Key Takeaways
 - New DAG Chapter 4, Systems Engineering updated summer 2013
 - New DoDI 5000.02, 26 Nov 2013
 - Early phase systems engineering and close coordination with requirements developers are key enablers
 - If cost growth occurs, then requirements must be changed to stay within affordability caps – or the program will be terminated



Control Costs Throughout the Product Lifecycle



Implement “Should Cost” Based Management

- All acquisition managers should *routinely analyze all cost elements* and look at reasonable measures to reduce them with prudent considerations of risks
- Don't accept the ICE as a self-fulfilling prophecy
- Our job is not to spend the budget – it's to get all the value for the \$ we can
- What's New
 - PMs' performance evaluation should consider effective cost control including implementation of should cost
 - Should cost targets required for all ACAT I-III (services and products) programs
 - ACAT I PMs and PEOs report should cost progress in DAES and DAB reviews
- Key Implementers
 - Benchmark against similar programs
 - Promote Supply Chain Management to encourage competition and incentivize cost performance at lower tiers
 - Track cost/ schedule/ performance trends and identify ways to improve
 - Take full advantage of integrated DT/OT to reduce overall cost of testing



Implement “Should Cost” Based Management

- Examples

- Use of traditional continuous improvement and management tools to identify and prioritize cost reduction opportunities (AIM-9X Program)
 - Fishbone diagram to conduct root cause analysis and identify cost drivers
 - Combined Pareto and Business Case Analysis to identify and prioritize best cost reduction opportunities
 - Discrete Plan of Action and Milestones developed for each actionable cost reduction initiative
 - Establish measurable targets, consolidate into SC baseline, and monitor progress
- AIM-9X Active Optical Target Detector manufacturing improvements reduced unit production cost [AIM-9X](#)
- DDG 51 shifted from sole source to performance specification-based competition for Main Reduction Gear (MRG) [DDG-51](#)
- Guided Multiple Launch Rocket System (GMLRS) bundled FY12 and FY13 procurements [GMLRS](#)
- Stryker used a bundle buy concept to achieve economies of scale by combining order for 294 Double V-Hulls (FY11) with 100 NBCRVs (FY12) [Stryker](#)
- F-22 conducted Should Cost Reviews on vendor proposal to inform negotiations prior to major contract awards. [F-22](#)



Implement “Should Cost” Based Management

- Key Takeaways

- A continuous and sustainable Should-Cost estimating process is a vital program management tool
- Immediate short-term savings should not come at the expense of long-term degradation of effectiveness or suitability
- Investments that result in long-term returns in production or sustainment efficiency should be considered and are appropriate uses of should-cost savings
- Realized SC savings generally have been reinvested in the original program
- Savings from SC efforts often used to fund the inevitable program “unknowns”
- Stability of Will-Cost baselines are a challenge to effective SC management; Continuing Resolutions and budget cuts affect SC initiatives
- Program access to the right expertise is key to conducting SC activities
- Submitting SC proven practices and lessons learned provides valuable and worthwhile help to other programs – AND the Department!
- USD(AT&L) Memo, “Should Cost Management in Defense Acquisition,” Aug 6, 2013



Affordability or Should Cost?

“Affordability as a requirement” directs that we establish quantified goals for unit production cost and sustainment costs for our products, driven by what the Department or Service can pay. We should set these goals early and use them to drive design trades and choices about affordable priorities...

“Should-cost” asks us consciously to do something different...to continuously fight to lower all our costs, wherever that makes sense. Should-cost is a tool to manage all costs throughout the life cycle and it operates in parallel with the effort to constrain our requirements appetites...Should-cost is focused on controlling the cost of the actual work that we are doing and expect to do.

- USD(AT&L) Memo, “Should-cost and Affordability” Aug 24, 2011

Incentivize Productivity & Innovation in Industry and Government



Employ Appropriate Contract Types

- What's New
 - BBP 2.0, expands guidance to emphasize use of contract type(s) appropriate for the products or services being acquired
- Key Implementers
 - FAR/DFARS provide for a range of contract types for a reason (“one size does not fit all”)
 - Selected contract type should be a manifestation of risk
- Key Takeaways
 - Identify available & potential contract types
 - Consider commerciality of the requirement
 - Consider acquisition method (FAR Part 13-15, 17: Simplified; Sealed Bid; Negotiation; Special)
 - Consider cost risk associated with the contract action
 - Consider appropriate performance incentives
 - Consider the accounting system adequacy
 - Document contract type rationale and selection



Employ Appropriate Contract Types

Risk Considerations



Factors to Consider in Selecting Contract Type

- Price Competition
- Complexity of the requirement
- Urgency of the requirement
- Period of Performance (e.g. Prod Qty)
- Technology Maturity
- Adequacy of the contractor's accounting system
- Concurrent contracts
- Extent and future of subcontracting opportunities
- Acquisition history



CPAF* CPFF CPIF FPI (F) FPAF FFP (not all inclusive)

* - Use of CPAF requires extreme justification, to include lack of any objective criteria for incentive



Best Value in Competitively Negotiated Source Selections

- The objective of a competitively negotiated source selection is to select the proposal that represents the “best value” to the Government
- The FAR identifies two processes that can be used to conduct a competitively negotiated source selection: Tradeoff Source Selection Process and Low Priced Technically Acceptable Source Selection Process. *In both processes, offerors have to meet threshold technical acceptability*
 - Tradeoff Source Selection Process (see FAR 15.101-1) – allows for a tradeoff between non-cost factors and cost/price and allows the Government to accept *other than* the lowest priced proposal or *other than* the highest technically rated proposal to achieve a best-value contract award. Further, it describes various rating approaches to evaluating proposals when using a tradeoff process.
 - Lowest Price Technically Acceptable (LPTA) Source Selection Process (see FAR 15.101-2) – appropriate when best value is expected to result from selection of a technically acceptable proposal with the lowest evaluated price.
- FAR: *Using the term “best value” in a competitive source selection indicates:*
 - *The Gov’t is assessing all evaluation factors – not just cost – in relation to one another*
 - *Gov’t is open to paying more (to a point) than the minimum price bid for a product or service that provides more than the minimum needed performance*



Better Define Value in “Best Value” Competitions

- What’s New: Components are directed, where possible, to
 - Quantify the value, in terms of an increased premium they will pay, for proposals exceeding the threshold level of performance, and
 - Include this information in solicitations to industry
- Key Implementers
 - Clearly define and articulate - in the solicitation - the value associated with providing capability that is above minimum levels
 - Determine which evaluation factors support the overall intent of the RFP and if it will reward offerors should they provide a superior capability. Limit criteria to those that:
 - Add value
 - Clearly identify the basis of evaluation and award
 - Preserve the offerors’ flexibility to propose innovative solutions
 - Convey a clear understanding of the Government’s requirements
 - Specify areas where the offerors can make technical & cost tradeoffs in proposals
- Key Takeaways
 - AF has led a joint-service team to develop a Process Manual for how to objectively capture best value in source selections



Best Value Example

Combat Rescue Helicopter

- Six objective requirements from previous CRH program were important enough to warrant pursuit during source selection
- Affordability analysis proved that two of the six requirements would be too costly for any proposed platform; four objective requirements remained during the competitive process
- The “Goal Factor” methodology was then applied to the RFP to let potential bidders know the specific value of the Goal Factor capabilities and that exceeding a goal or proposing unrequested capabilities would not be rewarded

By clearly communicating Government objectives, offerors proposed higher capability solutions only on those objectives of value to the Government!





Best Value Example

KC-46 Tanker

- To focus potential offerors on the need for price competitiveness, the 'core' of the acquisition was based on pass-fail criteria applied to 372 mandatory mission capability requirements
- Each offeror's total proposed price was then adjusted by three factors in order to create an apples-to-apples comparison that included price, along with wartime effectiveness, and cost of ownership factors
- Additional non-mandatory factors would only be used in the source selection only if the total evaluated prices were within one percent of each other
- Emphasis on low price, adherence to mandatory requirements, and limited consideration of non-mandatory aspects of offerors' proposals
 - Evaluation strategy based on objective evaluation of criteria
 - Evaluation criteria "crystal clear" -- each offeror knew what it took to win

Objective criteria, reflecting factors of importance to the Government, and clearly communicated to industry, allowed the source selection team to select the offeror with the lowest evaluated price with meaningful value to the Government



When Lowest Price Technically Acceptable is Used, Define Technically Acceptable to Ensure Needed Quality

- **What's New**

- Industry is entitled to expect the Gov't will express requirements clearly and use the source selection technique appropriate to the solicitation
- Lowest Price Technically Acceptable (LPTA) technique should be used when the Government will not realize any value from a proposal exceeding the minimum technical or performance requirements

- **Key Implementers**

- When LPTA is used, Section M of the RFP must clearly describe the minimum requirements that will be used to determine technical acceptability of the proposal
- Well-defined standards of performance and quality of services should be available to support the use of the LPTA

- **Key Takeaways**

- When standards of performance and quality are subjective, do not use LPTA
- Professional services are often subjective



Increase Effective use of Performance-Based Logistics (PBL)

• Where Do We Stand?

- < 5% of DoD systems, sub-systems and components covered by PBL
- High Sustainment Costs – Financial incentives not aligned to life cycle affordability
- Dismal Reliability for Transactional Sustainment – *Availability Impacted*

• What's New

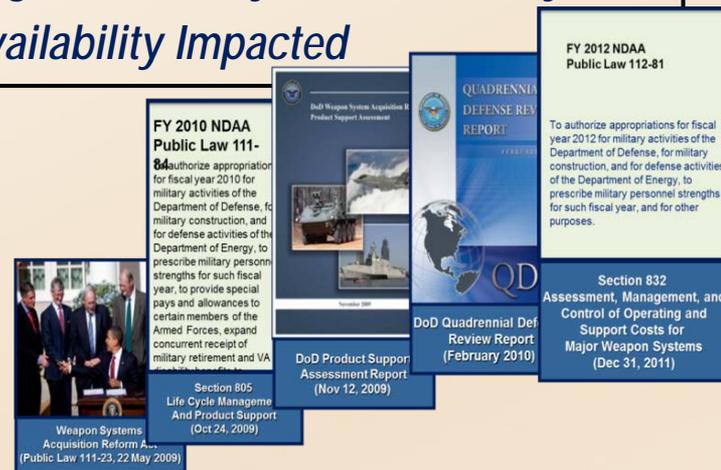
- BBP 2.0 PBL Requirement is New
 - *Why?* PBL delivers readiness at reduced cost by rewarding innovative cost reduction initiatives
 - *How?* PBL delivers performance versus parts

• DASD(MR) Proof Point Study (Nov 2011)

- Properly *structured* and *executed*, PBL reduces cost per unit-of-performance while driving up system, sub-system and component readiness
- Average annual savings for programs with generally sound adherence to PBL tenets is 5-20% over the life of the PBL arrangement compared to transactional support
- Annual DoD Logistics Spending is ~ \$185B* *and growing!*
 - \$85 B in maintenance
 - \$73 B in supply
 - \$27 B in transportation

These are the primary areas PBL can improve

* FY12 expenditure





Comparison of Product Support Strategies

Traditional/Transactional-Based Logistics	Performance Based Logistics (PBL)
Often separately organized support organizations	Support organizations linked via Product Support Arrangements (PSA)/Performance Based Agreements
Lack of top-level system integration function	Single PSM and PSI(s) provides integrating function
Work often under ID/IQ contract or T&M	Leverage fixed price or CPIF contracts
Transaction-based	Outcome-based
“More is better”	“Appropriate is better”
“Spares & repairs”	“Reliability, availability, maintainability & supportability”
Focus on discrete and potentially stove-piped performance, modifications, & modernization efforts risks sub-optimal support posture	Product & process improvements reduce demand, increase time-on-platform, decrease response time, and mitigate DMSMS & obsolescence risk
Risks facilitating adversarial “win-lose” focus	PSM-PSI-PSP alignment & partnerships facilitate synergistic “win-win” focus
Shifting priorities can drive risk-adverse behaviors	Clear metrics & incentives drive best-value outcomes
Near-term, budget-driven thinking	Long-term, warfighter-driven thinking
Transactional logistics risks incentivizing “more parts/repairs I sell, more profit I can make”	PBL support reverses vendor incentive, facilitating “less parts/repairs needed, more profit I can make”
Parts/Repair = Provider Revenue	Parts/Repair = Provider Cost
Leveraging existing infrastructure	Optimizing affordable readiness



Increase Effective use of PBL

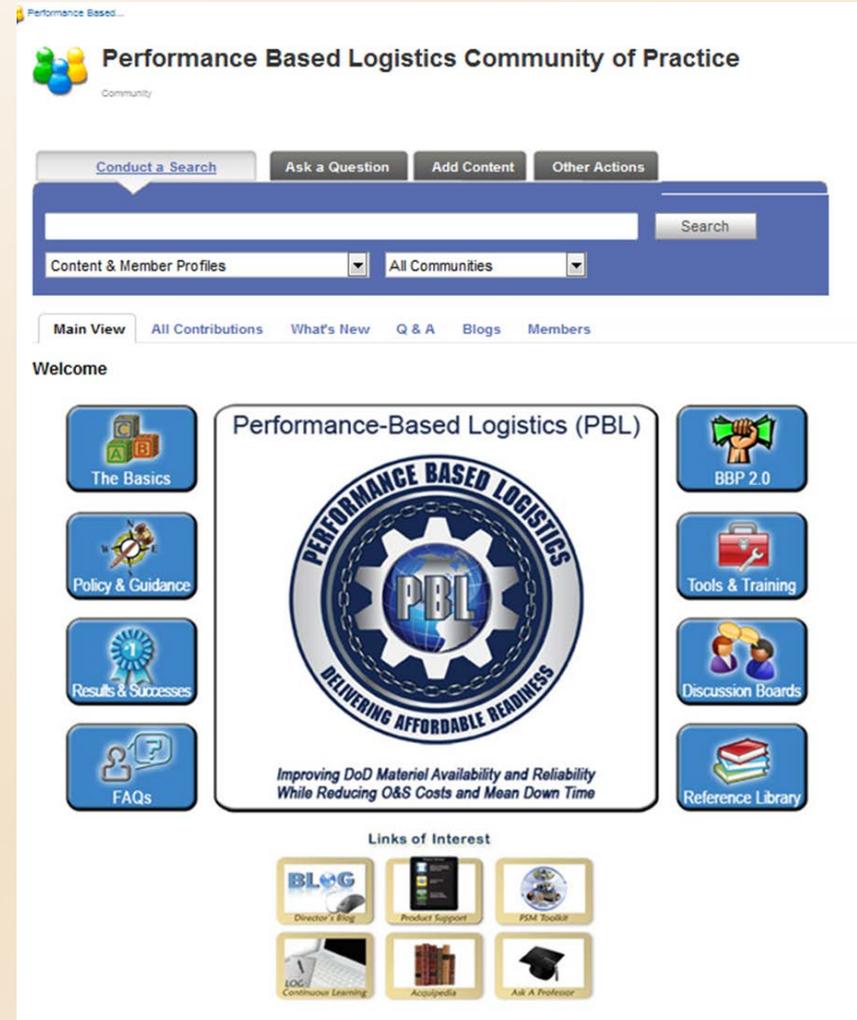
- Key Implementers

- Produce *OUTCOMES*, not *OUTPUTS*
- Performance is a package, vice transactional goods and services
- Document performance, support, resource requirements in Performance Based Agreements (PBAs)
- Establish Product Support Integrators (PSIs) to integrate and manage all (contract and organic) sources of support
- Establish incentives to promote “win-win” relationships and achievement of performance outcomes
- Leverage public-private partnerships (PPP) to make best use of organic and commercial capabilities in long-term collaborative relationships
- Contract terms provide for long-term (5+ years) relationships
- Funding provisions incentivize investment
- Contractor assumes higher risk but risk offset by flexibility and opportunities
- Metrics should be few, generally five or less

PBL Success = Focus on the “End-State” Performance – NOT the “How To”

• Key Takeaways

- New PBL Community of Practice launched 1 Feb 13 <https://acc.dau.mil/pbl>
- Cross-functional resource for PBL tools, processes and lessons-learned
 - Designed for Program Management, Contracting, Systems Engineering, Financial Management
 - Not just for Logisticians!
 - Government and Industry encouraged to participate
- **Contents**
 - *Key Tenets, Enablers & Stakeholders*
 - *Definition & Overview*
 - *Value Proposition & Benefits*
 - *Policy & Guidance*
 - *Award Winning Programs*
 - *Project Proof Point & BBP 2.0*
 - *Proven Practices & Service Initiatives*
 - *Tools & Training and Reference Library*



The screenshot shows the homepage of the Performance Based Logistics Community of Practice. At the top, it features the DAU logo and the title "Performance Based Logistics Community of Practice". Below the title are navigation buttons: "Conduct a Search", "Ask a Question", "Add Content", and "Other Actions". A search bar is present with a "Search" button. Below the search bar are dropdown menus for "Content & Member Profiles" and "All Communities". A "Main View" section includes links for "All Contributions", "What's New", "Q & A", "Blogs", and "Members".

The main content area is titled "Welcome" and features a central graphic for "Performance-Based Logistics (PBL)". The graphic includes a gear with "PBL" inside, surrounded by the text "PERFORMANCE BASED LOGISTICS" and "DELIVERING AFFORDABLE READINESS". Below the gear, it states: "Improving DoD Material Availability and Reliability While Reducing O&S Costs and Mean Down Time".

Surrounding the central graphic are several icons representing different content areas: "The Basics", "Policy & Guidance", "Results & Successes", "FAQs", "BBP 2.0", "Tools & Training", "Discussion Boards", and "Reference Library".

At the bottom, there is a "Links of Interest" section with icons for "BLOG", "Director's Blog", "Product Support", "PSM Toolkit", "LOC Continuous Learning", "Acqupedia", and "Ask A Professor".

PBL Success Stories

Figure 1. **Examples of PBL Cost Benefits**

Program	System Description	PBL Owner	Total Cost Benefit (\$M)
C-17	transport aircraft	Air Force	\$477
F/A-18	fighter/attack aircraft	Navy	\$688
AH-64	attack helicopter	Army	\$100
TOW-ITAS	integrated mobile missile and targeting system	Army	\$350
Sentinel AN/MPQ-64	mobile air defense radar	Army	\$302
CH-47 (UK)	cargo helicopter	UK Ministry of Defence	\$250

- All DoD Components seeing improvements
- Improvements are contract incentivized and continue over life of program

- More than 10 years of documented evidence now exists for PBL contracts
- Improvements are significant, not just a few percentage points

Figure 2. **Examples of PBL Performance Benefits**

Program	System Description	PBL Owner	Availability Improvement ¹	Cycle Time Reduction ²
F/A-18	fighter/attack aircraft	Navy	23%	-74%
Tires	aircraft tires	Navy	17%	-92%
F-22	fighter	Air Force	15%	-20%
UH-60 Avionics	utility helicopter	Army	14%	-85%
F404 Engine	jet engine for the F/A-18 aircraft	Navy	46%	-25%

1. Ready for tasking, operational readiness, mission capable, etc.
2. Logistics response time or repair turnaround time

Promote Effective Competition

“Nothing else works as well as competition to drive down costs.”

Honorable Frank Kendall, USD (AT&L)

BBP 2.0 Implementation Brief
Ft Belvoir, VA, 25 April 2013





- **What's New**

- **Enforce Open Systems Architecture (OSA) and effectively manage data rights:**

1. **Secure the necessary data rights for entire life cycle**
2. **Decompose monolithic systems into subsystems**
3. **Prevent and break vendor lock**
4. **Manage interfaces**
5. **Educate personnel on Government IP and data rights**
6. **Seek guidance from:**
 - **OSA Contract Guidebook**
 - **OSA Program Manager's Execution Workbook** (under construction)
 - **Government intellectual property Attorneys**

Sole Source J&A's will be reviewed more stringently

- Key Implementers

- OSA is a mechanism for invoking effective competition to improve early planning and execution

1. Business Model and Data Rights strategy
2. Implementation over life cycle

- Five Core Principles

(Business)

1. Strategic Use of Data Rights
2. Enterprise investment strategies
3. Life Cycle Sustainment Strategy (Plug and Play)

(Technical)

4. Modular designs with loose coupling and high cohesion
5. Lower Development Risk via System-Level Designs





- **Key Takeaways**

- **Begin Transformation**

- DoD OSA CLE 012
- DoD OSA Contract Guidebook <https://acc.dau.mil/osaguidebook>

- **Level the Competitive Field**

- CLE 068, Data Rights
- Data Rights Brochure: “Better Buying Power: Understanding and Leveraging Data Rights in DoD Acquisitions”
- Learn how to Break Vendor Lock

- **Move from “I believe” to “I know How”**

- CLE 041, Software Reuse
- OSA Targeted Training (under development)
- IP Strategy Guide (under development)

- **Be a Part of the Transformation**

- Use OSA Web Site <https://acc.dau.mil/osa>
- Contract Guidebook <https://community.forge.mil//group/osa-guidebook>

- Multi-Function Electronic Warfare (MFEW) prototyped by Office of Naval Research (ONR)
- ONR asserted Government Purpose Rights (GPR) on most hardware and software
- Surface Electronic Warfare Improvement Program (SEWIP)
 - Productionized MFEW
 - Provided MFEW GPR data as GFI with the RFP
- SEWIP RFP required priced option for data and data rights and included evaluation criteria on that option in the RFP
- Result: All offerors addressed data rights
- Some IRAD development offered as GPR by contractor



Government obtained a better price and performance by getting GPR rights very early in development and competitively priced data rights options in the production contract - before sole-source environment



Example of Open Systems Architecture Success: Anti-Submarine Warfare's (ASW) Advanced Processing Build/ Acoustic-Rapid COTS Insertion /Tactical Control System Programs

- **Performance**
 - Continuous competition yields best-of-breed applications (Better Quality Solutions/Capabilities)
 - Able to focus on war-fighter priorities
- **Schedule**
 - System integration of OA compliant software happens quickly
 - Rapid update deliveries driven by user operational cycles (tailored for war-fighter)
- **Cost avoidance mechanisms --\$500M for ASW programs**
 - Software –develop once, use often, upgrade as required
 - Hardware –use high volume COTS products at optimum price points
 - Training systems use same tactical applications and COTS hardware
 - Design for Maintenance Free Operating Periods (MFOP)
 - Install adequate processing power to support “failover” w/o maintenance
 - Schedule replacement with improved COTS vice maintaining old hardware
 - Reduced maintenance training required
 - Consolidate Development and Operational Testing for reused applications
- **Risk reduction**
 - Field new applications only when mature
 - Don't force the last ounce of performance
 - Deploy less (but still better than existing) performance or wait until next update



Increase Small Business Roles and Opportunities

- What's New
 - Increased focus on acquisition professionals identifying more opportunities for small businesses to participate and compete in DoD acquisitions
- Key Implementers
 - Emphasis on small business utilization in all competitive and non-competitive procurement actions through weighting factors in past performance and fee construct, and by adding small business past performance to source selection criteria for planned acquisitions
 - **Small Business Professional (SBP) sits on peer reviews** on acquisitions above \$500 million and each Service and Defense Agency small business director reviews all planned acquisitions above \$100 million. Small business directors also authorized to review all planned strategic sourcing actions for small business opportunities
 - **SBPs are now participating in Acquisition Strategy development** which is leading to increased contracting opportunities for small business and a faster infusion of technologies in which the department has made investments



Increase Small Business Roles and Opportunities

- Key Takeaways

- OSBP and DPAP issued guidance stressing the use of market research to identify the capabilities of small businesses and new entrants into the marketplace in order to increase the use of small business set-asides in Multiple Award Contracts and award to small business primes
 - 26 Jul 2012 DPAP Memo – Maximizing Small Business Utilization on Multiple Award Contracts
 - 10 Feb 2012 Deputy Secretary of Defense Memo – Advancing Small Business Contracting Goals in FY12



Improve Tradecraft in Acquisition of Services



Improve Requirements Definition/ Prevent Requirements Creep

- What's New
 - Multi-Functional Teams (MFTs) leading services acquisitions valued at \$1B or more will participate in a DAU Service Acquisition Workshop (SAW), or an equivalent program, prior to seeking acquisition strategy approval (Army: SAW required >\$250 Million for services)
 - SAW is an interactive workshop that helps teams apply performance-based techniques to develop Performance Work Statements – improves the quality of requirements documents, reduces costs, increases likelihood of effective competition, shortens acquisition lead times
- Key Implementers
 - Leadership support, MFT commitment, using available tools
- Key Takeaways
 - Acquisition Requirements Roadmap Tool (ARRT) at: <http://sam.dau.mil>
(Assists development of PWS and QASP documents using standard formats)
 - Reference: Director, DPAP Memo - Service Acquisition Workshops, 6 December 2012



Service Acquisition Workshops

- **SAW history/successes**
 - First SAW conducted in 2009
 - 100+ SAWs conducted to date
 - Estimated \$75B worth of programs have completed a SAW workshop
 - Acquisitions ranging from relatively simple installation services up to complex MDAP-level programs
 - Tailored DAU facilitation teams that integrate professors from contracting and functional areas as SMEs, depending on the acquisition
 - Conducted series of SAWs for Missile Defense Agency (MDA) in Huntsville, AL
 - \$3B+ IDIQ contract for engineering support services covering multiple programs
 - Very satisfied customer –
 - Requested multiple service acquisition workshops for key players in the acquisition
 - Provided overview of SAW to MDA senior leadership



Service Acquisition Workshops

- SAW history/successes (continued)
 - Defense Information Services Agency
 - SAWs used on several major IT requirements
 - Establishing internal SAW facilitators and has adopted ARRT for their PWS development
 - Air Force Space Command
 - Comments from Program Manger: “Conducted robust GPS Service Acquisition Workshop (SAW) resulting in a powerful PWS”—praised by both Space & Missile Center’s (SMC) Solicitation Review Board as “the model for all PWS’s SMC-wide.” Lauded by GPS GCS Program Manger, who said “Thanks to DAU’s vigilance, we have never seen so few technical challenges from industry in an RFP.”
 - Resources
 - <https://acc.dau.mil/CommunityBrowser.aspx?id=252669&lang=en-US> - SAW link
 - <https://acc.dau.mil/CommunityBrowser.aspx?id=21990&lang=en-US> - Best Practices
 - <https://acc.dau.mil/CommunityBrowser.aspx?id=466940&lang=en-US> - Guidebook for the Acquisition of Services



Increase Small Business Participation Through More Effective Use of Market Research

- What's New

- Emphasis on market research to look at areas where there is a healthy SB industrial base and where competition can lead to efficiencies and productivity

- Key Implementers

- Start market research and communication with small businesses early, as soon as the requirement is identified
- Employ the use of SD-5 Market Research document dated Jan 2008 coupled with the DoD Market Research Report Guide dated May 2012 (Included in revised ACQ 265 Course)
- Acquisition members review or take CLE 028 (Market Research for Engineers and Technical Personnel) and CLC 004 (Market Research)
- Contact federal and non-federal resources, such as the Small Business Administration, state and local governments, and university small business centers – sources of information for potential SB providers



Increase Small Business Participation Through More Effective Use of Market Research

- Key Takeaways

- Tools

- Small Business Maximum Practicable (MaxPrac) Opportunity Analysis Model at: <http://www.acq.osd.mil/osbp/gov/index.shtml#MaxPrac>
 - Market Research/Market Intelligence
http://www.acq.osd.mil/dpap/cpic/cp/market_research.html

- References

- 13 March 2012 USD (AT&L) Memo Improving Small Business & Competition Opportunities in Services Acquisitions
 - 11 July 2012 Joint DPAP/SBP Memo Increasing Opportunities for Small Businesses through Small Business Set-asides under the Simplified Acquisition Threshold



Small Business Initiatives

- Use of Government-wide acquisition contracts (GWACs) set aside exclusively for small businesses
 - For information technology-related products and services
- DoD Office of Small Business Programs (OSBP) developed tool:
 - Small Business Maximum Practicable Opportunity (MAXPRAC) analysis tool to assist components to achieve small business goals
 - <http://www.acq.osd.mil/osbp/>
 - <https://extranet.acq.osd.mil/osbp/maxprac.html/>
- The Department of the Navy used MAXPRAC to gain insight in several areas where they were underperforming. MAXPRAC allowed them the opportunity to identify areas not seen in prior years, resulting in increased small business utilization
- Small Business Resources
 - <http://www.gsa.gov/portal/content/202261> - GSA Schedule website focused on SB
 - <http://www.gsa.gov/portal/content/104964> - Alliant SB GWAC website for IT requirements
 - <http://www.gsa.gov/portal/content/105243> - 8(a) STARS II GWAC website for IT requirements solely from 8(a) firms

Improve the Professionalism of the Total Acquisition Workforce



Establish Higher Standards for Key Leadership Positions (KLPs)

- What's New
 - Joint KLP Qualification Boards to certify Acquisition Workforce personnel as qualified by career field (PM, Engineering, Test, Contracting, Life Cycle Support) in order to foster a fully qualified, more prestigious and professional acquisition workforce
- Key Implementers
 - Establishing appropriate qualifications standards for personnel assigned to KLPs
- Key Takeaways
 - KLP Boards are *not* a precursor to promotion or command boards; they will simply certify individuals as professionally qualified for KLPs
 - KLP Board certification *is* expected to be a factor in service promotion processes
- Specific Actions (DoD and Services)
 - ASD(A) with Director, Human Capital Initiative (HCI) and CAEs will provide policy memo to define mandatory KLPs, establish core position requirements & qualifications, and detail the KLP Boards process to the BSIG
 - ASD(A) with Director, HCI and CAEs will establish Joint KLP Qualification Boards to certify acquisition personnel as qualified for KLPs in PM, Engineering, Test, Contracting, Life Cycle Support by the end of CY13



Establish Increased Professional Qualifications Requirements for all Acquisition Specialties

- What's New
 - Current DAWIA certification process establishes minimum requirements for each functional area, but does not adequately ensure workforce members are fully qualified
 - We need new standards for our workforce that include qualification through hands-on experience in roles of increasing responsibility
- Key Implementers
 - Need to go beyond certification based on course attendance and assignments in acquisition-related organizations
- Key Takeaways
 - On-the-job tools and processes will be used to develop individual qualifications plans for all members of the acquisition workforce – performance will be linked to these plans
- Specific Actions (DoD and Services)
 - Functional Leads with Director, HCI and Components will define and finalize competencies (skill sets) for each functional area
 - DAU will translate the competencies into on-the-job tools and processes in order to develop individual qualifications plans by 1 July 14
 - Components will develop and execute a plan to implement the qualification tracking and planning tools



Increase the Recognition and Support of Excellence in Acquisition Management

- What's New
 - Increased emphasis on recognition for excellent performance and active management of workforce professional development
- Key Implementers
 - Leadership must oversee the process and be involved to provide relevant and realistic incentives and professional distinction and recognition opportunities
- Key Takeaways
 - Recognition is right thing to do and key to incentivizing workforce members to excellence
- Specific Actions (DoD and Services)
 - Director, HCI with Components will review current recognition and rewards programs and recommend improvements to the BSIG
 - Director, HCI with Components will develop strategic communication plan describes acquisition workforce awards and recognition by team and individuals to the BSIG
 - Components will establish a process to identify and develop the most promising military and civilian acquisition professionals
 - Process will ensure opportunities to develop and prepare for increased responsibility
 - Components will brief their talent management process to BSIG



Continue to Increase the Cost Consciousness of the Acquisition Workforce – Change the Culture

- What's New

- A continued commitment to controlling cost
- Increasing productivity
- Providing greater value to the warfighter and the taxpayer

} These commitments animate everything in BBP 1.0 and 2.0

- Key Implementers

- These same commitments have to animate all of us in order to improve acquisition outcomes

- Key Takeaways

- Spending the budget is *not* the goal
- Don't fixate on meeting obligations rates *over* value received
- Don't worry *more* about spending the budget than whether you can spend it *efficiently*

- Specific Actions (All)

- Practice and reward behaviors that benefit the taxpayer and warfighter by obtaining the best value possible for the dollars entrusted to us



Last Thoughts...

BBP 2.0

- Reemphasizes proven acquisition best practices
- Is a continuation of the process begun by BBP 1.0 to drive down costs and receive the best value for each dollar spent
- Identifies acquisition methods and practices that can help us better provide our customers
 - the capability they need
 - for the resources available
- Is a living process of vigorous implementation and further refinement – *it has to become routine in our programs*
- Requires innovative and thoughtful planning and execution
 - Encourages the acquirer to creatively adapt to the specific circumstances of their program
- Intent is to increase the cost consciousness of the workforce – to *change the culture*