



# ***Department of Defense Procurement Initiatives***

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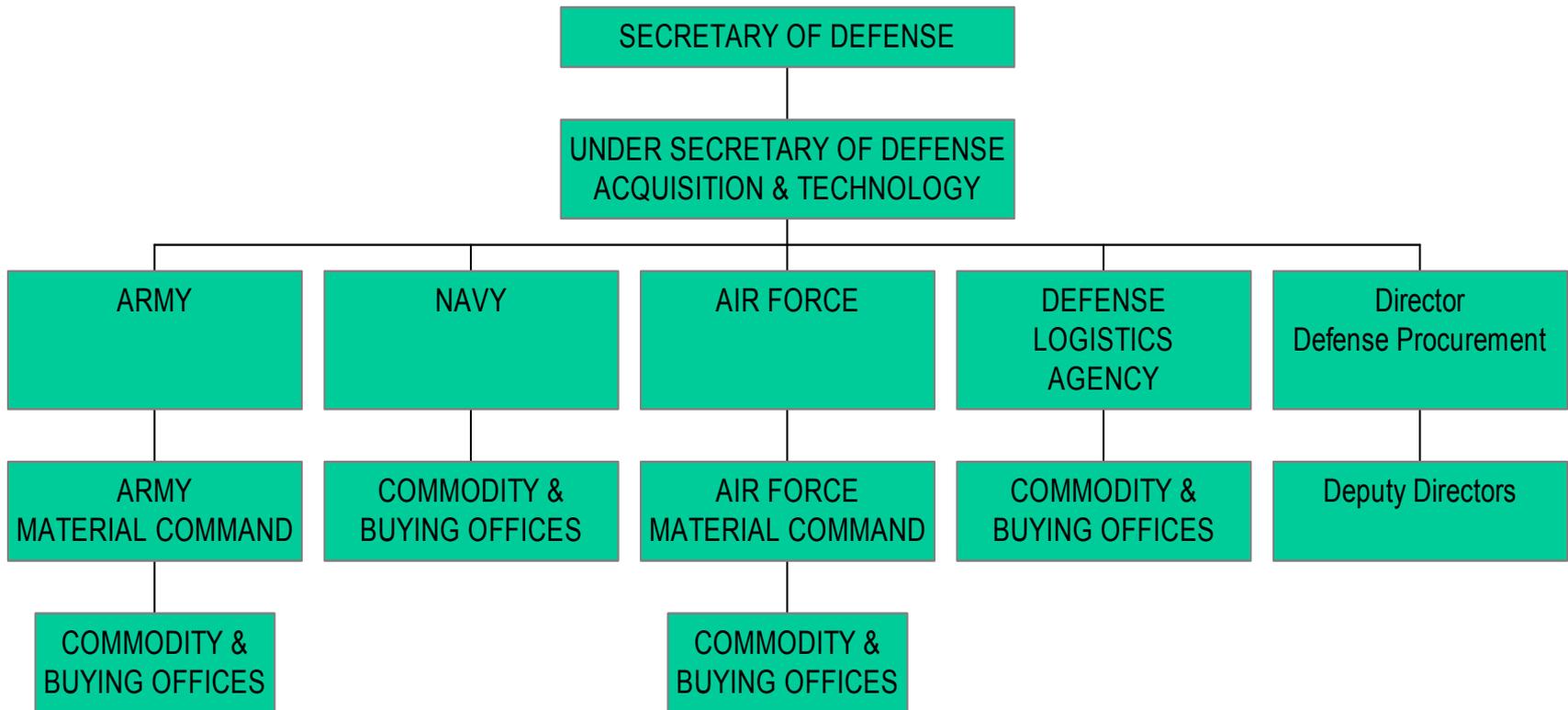
# Agenda

- Guiding Principles
- Procurement Organization
- Current Procurement Initiatives
- Summary

# **DoD Procurement System-- Guiding Principles**

- Promote opportunities for all to compete for government procurements
- Select sources impartially based on objective criteria (cost, technical considerations, past performance, etc.)
- Third party bid protest system available to all of industry
- Implement certain social programs via the procurement system

# Procurement Organization



# Procurement Organization

- Centralized, uniform procurement system
  - Laws, regulations, and guiding principles are the same for all procurement offices
- Decentralized procurement offices
  - Army, Navy, Air Force, Defense Logistics Agency, and other Defense agencies have individual commodity and procurement offices in different locations around the country.

# Procurement Initiatives

- Outreach
- Workforce Initiatives
- Acquisition of Services
- Multiple Award Task Order Contracts
- Health of the Industrial Base
- Small Business
- E-business

# Outreach

- DDP is available to assist you with business problems relating to procurement
- We want you to share innovative approaches to procurement and ideas on how to improve the procurement system
- We want to hear your views on our initiatives

# Workforce

- More portable workforce and new business paradigms requires us to adjust our skills.
- Procurement training being revamped to provide a total learning environment.
  - More interactive distance learning options
  - Continuous learning--80 hours of training every 2 years. Electives targeted toward job performance.
  - Training developed with policy not after

# Workforce

- Hiring & Retention
  - Greater publication of career opportunities
  - Provide more developmental assignments within DoD as well as with civilian agencies and industry
  - Seek greater flexibility in personnel rules. Monitor the Acquisition Personnel Demonstration program which includes pay-banding and greater flexibility for promotions.
  - New hires must comply with sec. 808: College degree and 24 credit hours of business courses

# Acquisition of Services

- Increased emphasis on service acquisition
  - Acquire capability versus equipment
  - Commercial practices
  - Greater outsourcing
- Services now addressed in DoD Directive 5000.1 and oversight is increasing.
- Performance Based Services Acquisition (PBSA) means telling contractors what we want (outcome) and not how to provide it.

# Acquisition of Services

- Policy issued April 2000 that directed 50% of services be performance-based by 2005.
- DoD issued a new Guide for Performance Based Services Acquisition (PBSA) in January 2001.
- Because of the difficulty to define some services in performance or outcome basis, templates are being developed.

# Multiple Award Task Order Contracts

- Multiple award, task order contracts have proliferated (GWACs, MACs, etc.).
- Multiple award task order contracts offer significant benefits such as increased competition and reduced lead time .
- Industry spends considerable money obtaining such contracts. However, many are not used very much.

# Multiple Award Task Order Contracts

- Steps being taken to ensure we obtain the full benefit of multiple award task order contracts:
  - Preparing and posting a list of all such contracts on the DP web-site;
  - Establishing a policy to post such contracts on the web-site; and
  - Ensuring contracting professionals receive proper training on the use of the contracts.

# Health of the Industrial Base

- New USD(AT&L) policy issued May 16, 2001, discourages requiring contractors to make corporate investment in DoD programs or contracts.
- Profit policy being revised to emphasize performance risk and de-emphasize investments in facilities. Contractors will also be eligible for up to 4% cost efficiency factor.
- Progress payment rate for large businesses will increase on October 1, 2001.

# Small Business (SB)

- USD(AT&L) memorandum of May 16, 2001, established a program to provide report cards on acquisition officials' performance in meeting challenging SB goals.
- Contract consolidation needs to be done in a way that doesn't result in unnecessarily excluding SB from participation.
- The entire acquisition community needs to place emphasis on ensuring that prime contractors meet challenging SB goals.

# E-business

- Implementation of end-to-end paperless acquisition process--from requirements to contract close-out. Will improve the process and the financial data from that process.
- Standard Procurement System is an electronic procurement system. Deployed to 50% of contracting offices. System is being upgraded to meet the requirements of the weapon systems contracting offices.
- FEDBIZOPPS becomes mandatory in October 2001. A single, web-based, point for companies to find contracting opportunities.

# SUMMARY

- Guiding Principles
- Current Initiatives
- QUESTIONS?