Mission-Focused Services Acquisition

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Mission-Focused Services Acquisition

Why are we here?

- The acquisition of services plays a vital role in advancing and maintaining the mission capability of the DoD.
- Services acquisitions cover a broad spectrum of requirements from research and development, medical, advisor support, information technology support to maintaining equipment and facilities.
- DoDI 5000.74, Defense Acquisition of Services, the Services Acquisition Mall, AART, and Services Acquisition training are all provided to help you improve your tradecraft in the acquisition of services.
New Thinking

➢ How are you currently assessing your services contract(s)?

“The significant problems we face cannot be solved at the same level of thinking we were at when we created them.”

Albert Einstein

➢ All of these tools are designed to enable you to think differently about how you acquire services.
Changing Landscape

- Contractors perform vital services in support of entire DoD mission and team
  - Maintain combat equipment
  - Move forces to and from combat operations
  - Provide life support at contingency bases
  - Sustain facilities & test ranges
  - Provide health care services
Significance of Services Acquisition

- More than half of all DOD contracting dollars spent in acquiring services to support the warfighter
- Touches everyone – home station or deployed, services contractors support the mission
- Interest area of Congress, GAO, and IGs
- Emphasized by senior leadership
Significance of Services Acquisition (cont)

- Life Cycle of Services – procurement of services is **buying and monitoring**, unlike procurement of supplies which may end in just buying.

  - Shift in focus over the past several years on Services Acquisition in DoD due to the growing amount of money spent on services.
  - Improving the Acquisition of Services was one of the seven focus areas under USD (AT&L) Better Buying Power initiative.
  - DoDI 5000.74, *Defense Acquisition of Services* established Director, DPAP as staff-level lead for Services Acquisition.
"In fiscal year 2014, we spent $145 billion buying things -- jets, tanks, ships, etc. We spent $155 billion buying services," Alan Estevez, Principal Deputy Under Secretary of Defense for Acquisition, Technology and Logistics, told the audience at a June 8 Professional Services Council conference. "We spend more on services than we spend buying what people think of as direct combat capability."

But products, he said, go through extensive reviews. They have program managers, program executive officers and Defense Acquisition Board meetings, Estevez noted.

"That is not how we manage services," he said. "I'm spending that $155 billion without the same level of oversight and scrutiny."
DoD Services Acquisitions - 53% of Spend in FY15

Source: Business Intelligence Tool data from 12 Nov15

Numbers may not add due to rounding
Concerns over Services Contracts

House Armed Services Committee Report excerpts:

- …challenges with the requirements process are a major factor in poor acquisition outcomes. Most concerning was the fact that the requirements process for the acquisition of services...is almost entirely ad hoc.
- …In many cases the user community …not accustomed to thinking of themselves, or operating, as requirements generators. …not staffed or trained to perform these responsibilities, and for this reason, requirements for services contracts are often poorly written.
- …the Panel remains concerned that professional-level training courses for services program managers continue to be lacking.
Concerns over Requirements Definition

1. "I'll need to know your requirements before I start to design the software.
2. First of all, what are you trying to accomplish?
3. I'm trying to make you design my software.
4. I mean what are you trying to accomplish with the software?
5. I won't know what I can accomplish until you tell me what the software can do.
6. Try to get this concept through your thick skull: the software can do whatever I design it to do!
7. Can you design it to tell you my requirements?

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OSD Policy Guidance

“Better Buying Power - Dr. Carter Sep 14, 2010 Memo” – 5 Key Initiatives

• Target Affordability and Control Cost Growth
• Incentivize Productivity & Innovation in Industry
• Promote Real Competition
• Improve Tradecraft in Services Acquisition
  – Create a senior manager for acquisition of services
  – Adopt uniform taxonomy for different types of services
  – Address causes of poor tradecraft in services acquisition
  – Enhance competition
  – Limit use of Time & Material and award fee contracts
  – Contracts exceeding $1B must contain cost efficiency objectives
  – Increase small business participation
• Reduce Non-Productive Processes and Bureaucracy
Better Buying Power 3.0

Achieving Dominant Capabilities through Technical Excellence and Innovation

Achieve Affordable Programs
- Continue to set and enforce affordability caps

Achieve Dominant Capabilities While Controlling Lifecycle Costs
- Strengthen and expand “should cost” based cost management
- Anticipate and plan for responsive and emerging threats by building stronger partnerships of acquisition, requirements and intelligence communities
- Institutionalize stronger DoD level Long Range R&D Program Plans
- Strengthen cybersecurity throughout the product lifecycle

Incentivize Productivity in Industry and Government
- Align profitability more tightly with Department goals
- Employ appropriate contract types, but increase the use of incentive type contracts
- Expand the superior supplier incentive program
- Ensure effective use of Performance-Based Logistics
- Remove barriers to commercial technology utilization
- Improve the return on investment in DoD laboratories
- Increase the productivity of corporate IRAD

Incentivize Innovation in Industry and Government
- Increase the use of prototyping and experimentation
- Emphasize technology insertion and refresh in program planning
- Use Modular Open Systems Architecture to stimulate innovation
- Increase the return on and access to small business research and development funded concept definition
- Provide draft technical requirements to industry early and involve industry
- Provide clear and objective “best value” definitions to industry

Eliminate Unproductive Processes and Bureaucracy
- Emphasize acquisition chain of command responsibility, authority and accountability
- Reduce cycle times while ensuring sound investments
- Streamline documentation requirements and staff reviews
- Remove unproductive requirements imposed on industry

Promote Effective Competition
- Create and maintain competitive environments
- Improve DoD outreach for technology and products from global markets
- Increase small business participation, including more effective use of market research

Improve Tradecraft in Acquisition of Services
- Strengthen contract management outside the normal acquisition chain – installations, etc.
- Improve requirements definition for services
- Improve the effectiveness and productivity of contracted engineering and technical services

Improve the Professionalism of the Total Acquisition Workforce
- Establish higher standards for key leadership positions
- Establish stronger professional qualification requirements for all acquisition specialties
- Strengthen organic engineering capabilities
- Ensure development program leadership is technically qualifies to manage R&D activities
- Improve our leaders’ ability to understand and mitigate technical risk
- Increase DoD support for STEM education

Continue Strengthening Our Culture of:
Cost Consciousness, Professionalism, and Technical Excellence
DoDI 5000.74, Defense Acquisition of Services

### Table 1. Acquisition of Services Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Threshold</th>
<th>Decision Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services Category I</td>
<td>Any acquisition of services with an estimated total value of $1 billion or more than $300 million in any one year</td>
<td>USD(AT&amp;L) or designee, or Military Department Service Acquisition Executive (SAE) or designee</td>
</tr>
<tr>
<td>Special Interest</td>
<td>As designated by the USD(AT&amp;L)</td>
<td>USD(AT&amp;L) or designee</td>
</tr>
<tr>
<td>Services Category II</td>
<td>Acquisitions of services with an estimated total value of $250 million or more, but less than $1 billion</td>
<td>USD(AT&amp;L) or designee, or Military Department SAE or designee</td>
</tr>
<tr>
<td>Services Category III</td>
<td>Acquisitions of services with an estimated total value of $100 million or more, but less than $250 million</td>
<td>Senior Services Manager (SSM) or designee</td>
</tr>
<tr>
<td>Services Category IV</td>
<td>Acquisitions of services with an estimated total value of $10 million or more, but less than $100 million</td>
<td>SSM or designee</td>
</tr>
<tr>
<td>Service Category V</td>
<td>Acquisitions of services with an estimated total value of the SAT or more, but less than $10 million</td>
<td>SSM or designee</td>
</tr>
</tbody>
</table>


2: The Special Interest designation is typically based on one or more of the following factors: technological complexity; congressional or administration interest; a large commitment of resources; or whether the program is critical to the achievement of a capability or set of capabilities, part of a system of systems, or a joint program.
DoDI 5000.74, Defense Acquisition of Services

Enclosures:

- **1**: References
- **2**: Responsibilities
- **3**: Oversight of Contracted Services Portfolios
- **4**: Key Services Acquisition Management Roles and Responsibilities
- **5**: Services Acquisition Requirements Development, Validation and Oversight *(Services Requirements Review Boards)*
- **6**: Data Collection, Reporting, and Inventory of Contracted Services
- **7**: Acquisition Considerations for IT Services *(Including IT As-A-Service)*
Enclosure 3: Oversight of Contracted Services Portfolio

Oversight through the Functional Domain Expert (FDE) structure, except R&D and Construction Services

9 Services Portfolio Groups, 40 Services Portfolios
DoD Portfolio Management Taxonomy

- **Research and Development**
  - Systems Development
  - Operational Systems Development
  - Technology Base
  - Commercialization

- **Knowledge Based Services**
  - Engineering and Technical Services
  - Program Management Services
  - Management Support Services
  - Administrative & Other Services
  - Professional Services
  - Education & Training

- **Logistics Management Services**
  - Logistics Civil Augmentation Program
  - Logistics Support Services

- **Electronic & Communication Services**
  - IT Services
  - Telecom Services
  - Equipment Maintenance
  - Equipment Leases

- **Equipment Related Services**
  - Maintenance, Repair and Overhaul
  - Equipment Modification
  - Installation of Equipment
  - Quality Control
  - Technical Representative Services
  - Purchases & Leases
  - Salvage Services

- **Facility Related Services**
  - Architect/Engineering Services
  - Operation of Government-Owned Facilities
  - Machinery & Equipment Maintenance
  - Building & Plant Maintenance
  - Natural Resources Management
  - Utilities
  - Housekeeping & Social Services
  - Purchases & Leases

- **Construction Services**
  - Structures & Facilities
  - Conservation & Development Facilities
  - Restoration Activities

- **Medical Services**
  - General Medical Services
  - Dentistry Services
  - Specialty Medical Services

- **Transportation Services**
  - Transportation of Things
  - Transportation of People
  - Other Travel & Relocation Services
Key Portfolio Management Participants

- **DoD Components**
  - Will ensure that services are acquired efficiently and with increased productivity
  - Ensure services acquisitions use performance-based requirements to maximum extent possible ...

- **Functional Domain Experts (FDE)**
  - OSD Component head will designate an individual within his/her OSD Office/Defense Agency/DoD Field Activity.
  - FDEs serve as the DoD-level lead reporting thru his/her Component head to USD (AT&L)

- **Component-Level Leads (CLLs)**
  - CLLs are senior functional leaders within the DoD Component functional communities aligned with the FDE structure.
Key Service Acquisition Management Roles & Responsibilities

➢ Acquisition Chain of Command
  • From PM/FSM to designated decision authority for S-CAT and ends with Service / Component Acquisition Executive.

➢ Other Key Roles & Responsibilities

➢ Program Manager or Functional Service Manager
  • PM or FSM should lead multi-functional team

➢ Senior Services Managers (SSMs)
  • Service Acquisition Experts and decision authorities

➢ Portfolio-Specific Commodity Managers (PSCMs)
  • Staff assistants to SSMs
Services Requirements Review Board

- **SRRB Process:**
  - Will be used for services acquisition ≥ $10 million annually
  - SSRB authority will be commensurate with complexity, contract value, and performance risk associated with the service requirement.
  - Requirements development and review process informed by:
    - Current and accurate mission needs
    - Cost analysis for anticipated quality levels
    - Market research
Enclosure 5: SRRB Process (cont)

- SRRB Considerations
  - Mission Needs
  - Workforce Analysis
  - Strategic Alignment
  - Relationship to Other Requirements
  - Prioritization
  - Market Research

- Requirements approval should be obtained from SRRB Chair before any acquisition action is initiated.
- SRRB approval documented in the acquisition plan.
Services Acquisition Mall (SAM)

Aligns with DPAP Service Taxonomy

http://sam.dau.mil
Services Acquisition – 7-Step Process
Services Acquisition Process – Notional Timeline

**Mission Requirement**

1. Form the Team
   - Leadership Support
   - Build the Team

2. Review Current Strategy
   - Conduct Historical Analysis
   - Define Stakeholder & Customer needs

3. Market Research
   - Analyze Market
   - Identify suppliers

4. Requirements Definition
   - Draft Requirements Roadmap
   - Build the PWS and QASP

5. Acquisition Strategy
   - Business Strategy
   - Acquisition Strategy

6. Execute Strategy
   - Select Right Contractor
   - Award Contract
   - Roll out strategy

7. Performance Management
   - Build & Manage Relationship
   - Assess Performance

**Mission Results**

**Plan**

- **Day 0**: Process starts with Team Identification & Organization
- **Day 60**: Conduct Historical Analysis
- **Day 120**: Define Stakeholder & Customer needs
- **Day 210**: Define Stakeholder & Customer needs
- **Day 270**: Define Stakeholder & Customer needs
- **Day 390**: Conduct Historical Analysis
- **Day 450**: Define Stakeholder & Customer needs

**Execute**

**Develop**
Step 1 – Form the Team

Service Acquisition Process

1. Form the Team
2. Review Current Strategy
3. Market Research
4. Requirements Definition
5. Acquisition Strategy
6. Execute Strategy
7. Performance Management

Sub-elements

- Ensure senior management involvement and support
- Form the Team and Team Charter
- Identify & analyze stakeholders, nurture consensus
- Develop communication plan
- Develop & maintain knowledge base over the project life
- Plan and Schedule topical team training (Risk, COR, etc)
Step 2 – Review the Current Strategy

Service Acquisition Process

1. Form the Team
2. Review Current Strategy
3. Market Research
4. Requirements Definition
5. Acquisition Strategy
6. Execute Strategy
7. Performance Management

Mission Requirement
Mission Results

Sub-elements
- Identify current initiatives/contracts
- Review and document current performance (cost, quality, schedule)
- Begin program risk identification
- Document current processes
- Determine Status of GFP/GFM/Facilities
- Stakeholder submits current and projected requirements forecast
- Review current /statutory requirements
- Define (at a high level) desired results.
- Review current performance and desired results with stakeholders and users
- Refine desired results and validate with stakeholders
Step 3 – Market Research

Service Acquisition Process

1. Form the Team
2. Review Current Strategy
3. Market Research
4. Requirements Definition
5. Acquisition Strategy
6. Execute Strategy
7. Performance Management

Sub-elements

- Take a team approach to market research
- Determine data sources
- Develop a standardized interview guide
- Conduct market research (include both providers and consumers)
- Request information from service providers (informal or formal)
- Analyze market research
- Document market research and trends
Step 4 – Requirements Definition

Service Acquisition Process

1. Form the Team
2. Review Current Strategy
3. Market Research
4. Requirements Definition
5. Acquisition Strategy
6. Execute Strategy
7. Performance Management

Sub-elements
- Conduct Performance Risk Analysis
- Conduct a Requirements Analysis
- Build Requirements Roadmap
- Standardize requirements where possible to leverage market influence
- Develop the PWS or SOO
- Develop the QASP
- Develop Independent Government Estimate (IGE) based on projected demand forecast
- Establish stakeholder consensus
Step 5 – Acquisition Strategy

Service Acquisition Process

1. Form the Team
2. Review Current Strategy
3. Market Research
4. Requirements Definition
5. Acquisition Strategy
6. Execute Strategy
7. Performance Management
Step 6 – Execute the Strategy

Service Acquisition Process

Mission Requirement

1. Form the Team
2. Review Current Strategy
3. Market Research
4. Requirements Definition
5. Acquisition Strategy
6. Execute Strategy

Mission Results

1. Performance Management

Sub-elements

- Issue request for proposal (RFP) or MIPR
- Conduct source selection
- Pre-Award approval documents
- Contract award
- Debrief unsuccessful offerors
- Finalize Quality Assurance Surveillance Plan
- Post Award implementation / transition
Step 7 – Performance Management

Service Acquisition Process

1. Form the Team
2. Review Current Strategy
3. Market Research
4. Requirements Definition
5. Acquisition Strategy
6. Execute Strategy
7. Performance Management

Sub-elements

- Transition to Performance Management
- Manage and administer overall program
- Manage Performance Results
- Conduct quarterly supplier and key stakeholders performance reviews
- Evaluate effectiveness of strategy
- Formulate plan for managing continuous improvement

Results
Improving the Tradecraft

➤ Classes
• ACQ 165 – Defense Acquisition of Services (online)
• ACQ 265 – Mission Focused Services (Classroom)

➤ Workshops
• Services Acquisition Workshops (SAW) – intact team training

➤ Web-based
• Services Acquisition Mall (SAM)
  – Training, Tools, Templates, Knowledge
  – ARRT (Automated Requirements Roadmap Tool)
• Continuous Learning Modules
  – CLC 013 Service Acquisition
ARRT Review

The Requirements Definition tool of the Acquisition Requirements Roadmap Tool (ARRT) is an automated job assistance tool used to write performance-based requirements following the Requirements Roadmap process. This tool helps you create Performance Work Statements (PWS), Quality Assurance Surveillance Plans (QASP), and Performance Requirement Summaries (PRS).
Excerpts from an actual GAO Report

- “The contractor did not install ... because the contracting officer’s representative did not effectively monitor the contractor’s performance”
- “Mold/mildew accumulated ... because (acquiring agency) officials did not include a requirement in the contract to prevent and remove mold/mildew
- (Acquiring) officials did not incorporate the clause for safety of facilities, infrastructure, and equipment ... because (acquiring) officials mistakenly omitted the clause from the contract;
- “did not develop appropriate requirements in the contract for ...”
- “officials did not create a reliable process to track repairs”
- “officials were not effectively overseeing the contractor’s performance.”
Summary

- Get requirements right from the start
- Make sure the contractor is delivering the right requirements at the right time and place and in the right configuration

- Questions????