

Acquisition Reform Across the Government

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The Environment

- **Why now?**

- Downward budgetary pressure forcing a review of the costs of the process as well as outcomes.
- Fear that the Federal acquisition process is not producing sufficient technological innovation in a timely manner.

- **Why might it be different this time?**

- Useful information and lessons from many past efforts is at hand for both successes and failures.
- Converging thinking in Congress, DoD, OFPP.
 - Rep. Thornberry is focused on incentives for all stakeholders, rather than processes.
 - Sec. Kendall is undertaking parallel set of initiatives in Better Buying Power process.
 - Senator McCain is attempting to drive greater accountability into the process, especially for major programs.
- Tools emerging to enable more evidence -based policy decisions.

NDIA Acquisition Reform Initiative

- **The Process**

- March 31, 2014, letter from HASC & SASC formalizing Jan. 7 Thornberry request made to the NDIA Procurement Division.
- Apr-Nov 2014: NDIA member engagement, research, writing, review, and submission of final report.
- Nov 2014-Apr 2015: Briefed the report in meetings with HASC, SASC, USD(AT&L), SAEs, OFPP, and key AT&L policy makers and influencers.
- Positive feedback from the stakeholder community.

- **Main Focus Areas**

- Give program managers and others authority to make decisions and hold them accountable for the outcomes of those decisions.
- Match the requirements levied on the process to the workforce and other resources provided to meet those requirements.
- Use evidence and data to make decisions, not anecdotes or guesswork.
 - “In God we trust, all others bring data.”

- **Focus: Clearly actionable recommendations tied to specific findings.**

- Legislative changes
- Funding
- Oversight

Current Efforts - Defense

- **DoD BBP 3.0 – April 9, 2015**
 - Achieve Affordable Programs
 - Increase intelligence community role in acquisition strategy
 - Cybersecurity in all aspects of acquisition decision-making
 - Incentivize Productivity in Industry and Government
 - Shift to cost and performance incentive contracts
 - Incentivize Innovation in Industry and Government
 - Increase modular open systems architecture
 - Improve management of IR&D
 - Eliminate Unproductive Processes and Bureaucracy
 - Reduce program oversight layers
 - Promote Effective Competition
 - Improve DoD outreach for technology and products from global markets
 - Improve Tradecraft in Acquisition of Services
 - Improve the Professionalism of the Total Acquisition Workforce
 - Establish stronger professional qualification requirements for all acquisition specialties, including IT

Current Efforts - Defense

- **National Defense Authorization Act for Fiscal Year 2016 (HR 1735)**
 - The bill is in House –Senate conference committee for resolving differences
 - Over 120 acquisition policy provisions between the House and Senate versions of the bill in titles II, III, V, VIII, IX , X, XI and XVI
 - Difference in philosophy:
 - House- measured, smaller steps over a longer term process
 - Senate – significant changes in first round
 - Major issues areas;
 - Commercial item acquisition
 - Intellectual property
 - Management of major defense acquisition programs
 - Penalties for program cost overruns
 - IT/Cyber
 - Contract audit
 - Counterfeit parts
 - Acquisition workforce
 - Role of the service chiefs in the acquisition process
 - Authorities for innovative, non-traditional acquisition
 - Small business
 - Comprehensive statutory and regulatory review

Highlights in HR 1735

- **The services versus USD(AT&L) in the oversight of major defense acquisition programs (Senate section 843)**
 - Effective October 1, 2016
 - Establishes the SAEs as Milestone Decision Authority (MDA) for major defense acquisition programs, unless the Secretary of Defense designates another official to serve as MDA
 - The SecDef may designate an alternative MDA where:
 - SecDef determines the program addresses a joint requirement;
 - SecDef determines that the program is best managed by a defense agency;
 - The program has unit cost threshold significant or critical breach;
 - The program has failed to develop an acquisition program baseline within two years of program start;
 - The program is critical to a major interagency requirement or technology development effort, or has a significant international partner involvement ; or
 - The SecDef certifies that an alternative official serving as the milestone decision authority will best position the program to achieve desired cost, schedule, and performance outcomes.
 - For SAE programs, no documentation requirements outside of the service may be imposed unless statutorily required or associated with DOT&E approval of the TEMP
- **Penalty for cumulative cost overruns (Senate section 849)**
 - Covers major programs with program baseline estimates set after May 2009
 - Reduction in service RDT&E accounts equal to 3% of cumulative overrun

Current efforts - OFPP

- **Transforming the Marketplace: Simplifying Federal Procurement to Improve Performance, Drive Innovation, and Increase Savings – December 4, 2014**
 - Buying as One Through Category Management
 - Deploying Talent and Tools Across Agencies and Growing Talent Within Agencies to Drive Innovation
 - Building Stronger Vendor Relationships
 - Creating Better Interfaces for Government-Industry Interactions
 - Removing Regulatory Barriers to Innovation
 - Vendor Feedback
 - Enterprise-Wide Vendor Managers

What next?

- **Conference version of the FY16 NDAA will set the stage next steps for some issues**
 - Commercial item acquisition
 - Intellectual property
 - Management of major defense acquisition programs
 - Comprehensive statutory and regulatory review
 - Other studies (Bid protest, LPTA)
 - Human capital planning process and the acquisition workforce
- **Possible directions for new initiatives**
 - Expanding the concepts of value in the delivery of capabilities
 - Examination of the impact of current budget and resource allocation processes on stakeholder incentives, culture, and allowable acquisition approaches. Are there alternatives?
- **Emerging incompatibilities**
 - Increasing outreach to non-traditional players
 - Limiting commercial item exceptions to TINA cost or pricing requirements
 - Increasing regulation of traditional suppliers (IR&D, labor requirements)
- **When and how does the focus of comprehensive acquisition transformation move from DoD to the entire Federal government ?**

QUESTIONS?