

Alternative purchasing for the GWOT

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Alternative purchasing for the GWOT.
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Marine Corps purchasing authorities waste precious time and resources by not taking full advantage of alternate purchasing processes. The acquisition system is governed by the Federal Acquisition Regulation (FAR), which is the primary document and various agency directives that implement or supplement the FAR. The commercial off the shelf (COTS) alternate acquisitions processes has successfully proven the most efficient purchasing process for the federal government's Urgent Universal Need Statements (UUNS). To meet the needs of the Global War on Terrorism the United States Marine Corps must take full advantage of COTS items on a greater scale which will provide better prices, responsive delivery, and prearranged logistics programs.

To understand why purchasers are often late in getting equipment to the field, you must first understand the standard process. Congress defined the requirements, policies, and procedures for federal acquisition by all executive agencies. The Department of Defense issued the DoD Federal Acquisition Regulation Supplement (DFARS) and the Department of the Navy issued the Navy and Marine Corps Acquisition Regulation Supplement (NMCARS). These regulations detail the procedures that purchasers within

the Departments must follow for all programs of record and urgent procurements. One of the latest supplements to the FAR concerns the purchase of COTS items and how the purchase of COTS items can bypass certain steps in the DoD acquisition process.

The acquisition process requires the Marine Corps to have a defined need prior to submitting a budget request. The need is defined by the joint military requirements generation system as detailed in the Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 3170.01 series on Joint Capabilities Integration and Development System (JCIDS). The result of the JCIDS process is an Initial Capabilities Document (ICD) that defines a need for the Marine Corps. The ICD replaced the Statement of Need (SON) as the document that establishes the need for a material approach to fill a gap in capabilities in the Marine Corps. All new equipment purchase must meet the needs stated on an ICD in order for a purchasing agent to issue a Marine Corps contract.

After an ICD has been signed by Marine Corps Combat Development Center (MCCDC) the program manager must request funding for the procurement through the Program Objective Memorandum (POM) cycle of the Planning, Programming, Budgeting, and Executing (PPBE) system where, if it

competes successfully, a new product will be designed purchased and fielded in several years. This is the traditional purchasing process, but in recent years with War Plus-ups and Urgent Universal Need Statements (UUNS) the purchasing process has been streamlined to put new products in the hands of Marines on the frontlines. Two of these new processes are COTS and Non-Developmental Items (COTS/NDI). COTS and NDI refer to equipment that is developed for non-military, but may have military applications. These products range from items such as engines, pens, or weapon systems that are currently being used by the Armed Forces. The COTS/NDI name misleads most, because these items can be developmental programs that are based on current commercial products as defined below.

- (1) Any item, other than real property, that is of a type customarily used by the general public or by non-governmental entities for purposes other than governmental purposes, and--
 - (i) Has been sold, leased, or licensed to the general public; or,
 - (ii) Has been offered for sale, lease, or license to the general public;
- (2) Any item that evolved from an item described in paragraph (1) of this definition through advances in technology or performance and that is not yet available in the commercial marketplace, but will be available in the commercial marketplace in time to satisfy the delivery requirements under a Government solicitation;
- (3) Any item that would satisfy a criterion expressed in paragraphs (1) or (2) of this definition, but for--

- (i) Modifications of a type customarily available in the commercial marketplace; or
- (ii) Minor modifications of a type not customarily available in the commercial marketplace made to meet Federal Government requirements. Minor modifications means modifications that do not significantly alter the nongovernmental function or essential physical characteristics of an item or component, or change the purpose of a process. Factors to be considered in determining whether a modification is minor include the value and size of the modification and the comparative value and size of the final product. Dollar values and percentages may be used as guideposts, but are not conclusive evidence that a modification is minor;¹

The Global War on Terrorism flooded the market with American entrepreneurs looking for their product niche. Most found their way to the clothing and tactical nylon fields producing an abundance of new ideas and manufacturers to provide the military with new equipment. One result in the tactical nylon field was the shift from three major manufacturers in 2001 to approximately ten manufacturers in 2005. The new ideas and separate production facilities have produced a strong competition amongst industry bidding for government contracts. This entrepreneurial drive has also affected the way the U.S.

¹ United States Federal Government, Federal Acquisition Regulation (FAR), FAR Reissue 2005. Oct 2005. <http://www.acqnet.gov/far/>

government conducted its business in terms of providing money up front for research and development.

Multiple bidders allow the government to use competitive contracting with businesses that are interested in providing specific equipment, vice the older scenario that had a single company manufacturing the product while the government funded the research and development efforts. This competition allows the government to save money on research and development and speed up the procurement cycle by forcing the manufacturers to produce a product up front that will be tested against the requirement. COTS items also reduce costs for updates in technology without annual contracting. Strong competition in the current military market forces manufacturers to constantly update their product line with new technology to remain competitive and keep up with industry standards.

COTS purchasing practices have also reduced the production and developmental times in key government purchasing venues. One recent application in the Marine Corps that shows this clearly is the purchase of body armor. The Marine Corps and the Army began fielding SAPI plates to all individual soldiers and Marines during Fiscal Year 2000. The replacement for this equipment SAPI-E began fielding in Fiscal Year 2005, as the change in enemy

tactics techniques and procedures pushed US forces to the need for equipment that stopped armor piercing rounds. These ballistic plates (SAPI-E) were developed by the manufacturer at his own expense to compete quickly on the COTS joint contract. This short turn around was only possible due to the use of urgent need statements and commercial off the shelf purchasing rather than the traditional JCIDS and PPBE cycles. Another commercial contract for government body armor allowed Special Operations Command to purchase armor piercing body armor in Fiscal Year 2003, which exceeds SAPI-E requirements, before the need was recognized by the main stream armed forces. These examples also show that in many cases industry is producing the ninety percent solution before requirement documents are finished. These quick responses to needs and the use of common government contracting practices such as Sole Source Justification and Approval and the General Service Administration Schedule (GSA) allow quicker contracting, procurement, and fielding times across the board.

COTS items will reduce the Total Ownership Cost (TOC) or Life Cycle Cost (LCC) of programs by shortening the acquisition pipeline and eliminating R&D investments. These costs and information "includes not only acquisition

program direct cost but also the indirect cost attributable to the acquisition to the acquisition program (i.e., costs that would not occur if the program did not exist.)”² One example of such a circumstance would be the purchase of a diesel engine for military use. Diesel engines provide the power for boats, cars, and trucks used everyday in the many civilian work places and homes. With multiple reputable engine manufacturers in the United States it does not make sense for the government to purchase an unproven item. This research into the commercial field also allows the government to see a long history of reliability, availability, and maintainability data.

The use of COTS contracting allows the government to streamline logistics by researching usage data for equipment before purchasing it along with the repairs needed throughout its life cycle. With this information the Marine Corps can negotiate prearranged spare/repair part blocks from the manufacturer during the negotiations for the end item. These items could then be shipped directly to units reducing the lines of supply and on hand storage at some unit levels. These rotating spare/repair blocks may not have to be stored internal to the Marine

² Michael W. Boudreau and Brad R. Naegle, Defense Acquisition Review Journal, “Total Ownership Cost Considerations In Key Performance Parameters and Beyond” February/ March 2005 Vol. 12 No 1.

Corps supply systems, but may be stored external to the government system and delivered on an on call basis. These non-traditional storage bins allow the Marine Corps to establish systemized rotation cycles to update equipment easily as technology becomes available or military necessity arises.

COTS items not only speed up the purchasing process, but also save the government money in the short and long term. They provide better pricing by eliminating the large research and development funds necessary for some programs. COTS items allow the manufacturers to meet the needs of the consumers quickly by using manufacturing lines that are already operating. Manufacturers can provide the government reliability and mean time between failure data that can only be gained over long-term usage data. This allows the Marine Corps to collect and package spare and repair blocks accordingly. The use of COTS and COTS/NDI will continue to be the Marine Corps best purchasing weapon to meet the needs of the Marines in the field as long as the Global War on Terrorism continues.

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