



# **Department of the Navy**

## **Navy Gold Coast Small Business Procurement Event**

July 8, 2012

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Executive Director, Deputy Assistant Secretary of the Navy  
Acquisition and Procurement**

Report Documentation Page				Form Approved OMB No. 0704-0188	
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1. REPORT DATE <b>AUG 2012</b>		2. REPORT TYPE		3. DATES COVERED <b>00-00-2012 to 00-00-2012</b>	
4. TITLE AND SUBTITLE <b>Department of the Navy</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>Deputy Assistant Secretary of the Navy Acquisition and Procurement, 1000 Navy Pentagon, Washington, DC, 20350-1000</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>					
13. SUPPLEMENTARY NOTES <b>Presented at the 2012 Navy Gold Coast Small Business Conference, 6-8 Aug, San Diego, CA.</b>					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT <b>Same as Report (SAR)</b>	18. NUMBER OF PAGES <b>14</b>	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			



# DON Senior Services Manager (SSM) organization in the Deputy Assistant Secretary of the Navy (Acquisition and Procurement) (DASN (AP)) office

## SSM OBJECTIVES

- **Establish SSM as Services Decision Authority (SDA) - \$250M to \$1B**
  - Establish authority, analogous to Milestone Decision Authority (MDA), with delegation authority
- **Improve Services Acquisition Costs / Performance**
  - Improve requirements definition (including minimizing “requirements creep”)
  - Improve market research
  - Improve use of optimal contract types
  - Increase competition
  - Reduce transaction costs (e.g., work hours, number of people)
  - Provide better contracting tools (e.g., SOW templates, portals, contracting vehicles)
  - Provide strategic management of DON Services Spend (e.g., leverage services spend across DON enterprise)
  - Identify demand management opportunities
- **Improve Schedule and Performance**
  - Improve use of appropriate contractor skill sets vis-à-vis requirements
  - Improve planning
    - Reduce “bridge” contracts
    - Improve meeting “required by” date
  - Improve contractor evaluations (i.e. CPARS) and uniform application of past performance data
- **Increase Transparency and Efficiencies Across the Services Lifecycle**
  - Increase scope and effectiveness of Strategic Sourcing
  - Optimize socio-economic spend
  - Improve services management as part of total force
  - Address A-76/in-sourcing, etc. as required
  - Apply uniform DOD services spend taxonomy



# SSM – Potential Small Business Impact

## SSM INITIATIVES IMPACTING SMALL BUSINESS UTILIZATION

- **Senior Management Oversight**
- **Portfolio Management**
- **Market Research Working Group**
- **Annual Services Forecasting**
- **Health Assessments**
- **Strategic Sourcing**



# SSM – Senior Management Oversight

- Establish services advocates across DON service providers
- Assess and Draft Policies
  - Assess existing acquisition related policies and determine alignment with SSM objectives
  - Draft new policies as required to meet SSM objectives
- Participate in contract action reviews at established value thresholds
- Participate in peer reviews at established value thresholds
- Monitor and analyze DON services spend
- Provide feedback to HCAs regarding:
  - Effective Competition
  - Small Business utilization
  - Contracting Strategy
- Conduct HCA-level health assessments



# Portfolio Manager

## Strategic



### MANAGE PORTFOLIO

- Review spend forecasts for new acquisition preparation
- Identify Small Business and strategic sourcing opportunities
- Knowledge Sharing (e.g., market intelligence, insight into other similar acquisitions) with acquisition community
- Portfolio metrics tracking
- Provide subject matter expertise
- Provide guidance and assistance at the portfolio level

## Tactical



### ACQUISITION OVERSIGHT

- Acquisition review to identify opportunities and risks and provide recommendations or requirements back to the acquisition team
  - May participate in the MOPAS 2 process
  - May participate in Peer Reviews
- Recommendations or required changes to an acquisition may include increasing competition, conducting more market research, increasing Small Business utilization, executing a different contract type)
- Collaborate with acquisition team

**Portfolio  
Manager**



# Market Intelligence

## Summary

- The Portfolio Managers are responsible for market intelligence for each of their Portfolios
- Market Intelligence will be used to advise acquisition teams on making acquisition decisions (e.g., contract type, socio-economic opportunities) and during the negotiation process

## Market Research Working Group

- DON, along with members from the Army, AF, and Defense Acquisition University (DAU) are working together to find ways to conduct and share market research across the Portfolios
- DAU's Service Acquisition Mall (SAM) may be used to house the research so it can easily be shared
- The team is still developing what they believe the ideal report should include and how it should be developed
- The Working Group meets approximately every 60 days to discuss ideas and develop processes

## Market Research

- The internal DON SSM team is developing a guide to conducting market research
- The guide includes:
  - FAR definition of Market Research
  - Methods for conduction market research (e.g., economic data, journals, RFIs)
  - Sources (e.g., DAU, Bureau of Labor Statistics, Contract Pricing Reference Guide)
  - List of Strategic Information Needs (e.g., cost drivers, market trends, market conditions, available suppliers, supply chain)
- The guide also includes a focus on how to interview a supplier to gather key information that can be used to develop requirements, develop a SOW, and even conduct negotiations
- The internal DON SSM will continue to develop capabilities and work along-side the Working Group members to enhance market research capabilities



# HCA Services Acquisitions Forecast

## Summary

- Each year the SSM organization will task the HCAs with providing two years worth of forecasted services acquisition data
- The Portfolio Managers will use the forecasts to identify strategic sourcing opportunities, market research opportunities, potential Small Business opportunities, other general insights, as well as plan their upcoming review schedule

## Notes

- The Portfolio Managers will leverage existing data and data calls to get forecasted data when available
- The Portfolio Managers will establish tracking mechanism for ongoing monitoring and performance measurements
- The SSM team will try to time the data request to allow for integration with other key processes (budget, inventory, etc)

## HCA Forecast Data

- Fiscal Year of buy
- New vs. Option Exercise
- Title of Acquisition
- Contract Number (if applicable)
- Task Order Number (if applicable)
- Projected Period of Performance
- Requiring Organization
- Portfolio
- Sub-Portfolio
- Estimated Spend
- Budgeted Spend
- Appropriation
- Projected Award Date
- Contract Type
- Socio-Economic Considerations
- Competitive vs. Sole Source
- Full Time Equivalents





# HCA Health Assessment

## Process Summary

- The SSM team conducts Command and HCA Health Assessments on strategically chosen service acquisitions in order to identify risks and opportunities in services acquisitions
- The team makes recommendations back to the Command and HCA on how to improve the services acquisition process based on SSM standards
- Positive Health Assessments may result in longer times between health assessments and delegated contracting authority

## Assessment Rating

- We are establishing a baseline and developing a multi-level assessment rating system that will provide a comprehensive snapshot rating demonstrative of the Command's overall Services Acquisition organization well being
- First year results will Baseline rating

## Assessment Considerations

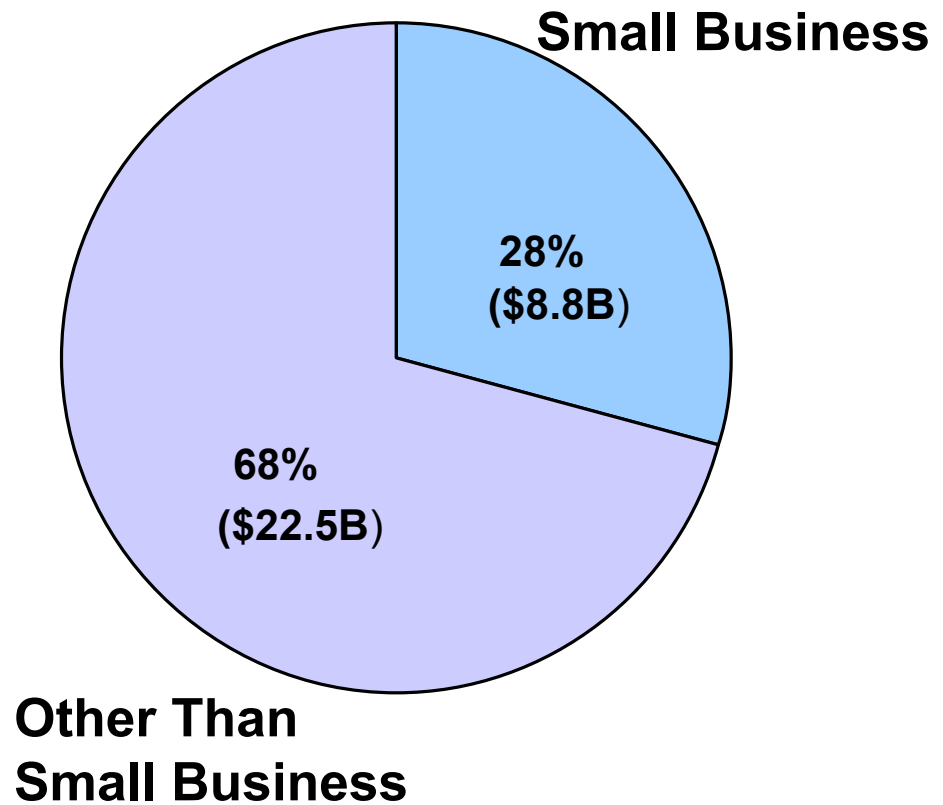
- Review cross section of contracts and determine if additional contract reviews are required
- Conduct Q&A sessions with leadership
- Conduct interviews with programs and staff
- Was appropriate consideration given to:
  - Pre-planning
  - Requirements development
  - Competition
  - Small Business opportunities
  - Contract type/strategy
- Provide feedback to command senior leadership on findings and recommendations



# Strategic Sourcing - Small Business (SB) Participation

**FY11 DON Services Contracts Spend = \$31.3B**

- **Services PSC spend only**
- **Includes the 6 SSM in-scope services portfolios**
- **\$8.8B in small business spend**
  - **\$4.9B was for set-asides**
  - **\$3.9B was for 8(A), HUBZONES, and SDVOSB**





# Strategic Sourcing - Small Business (SB) Participation

## Implementing Actions Increasing SB Participation

- **Clerical Services - 100% SB HubZone set-asides**
- **ILS Services - 100% SB participation**
- **Standard Program Management (Leverages SEAPORT-e and opportunities for SB set-asides)**
- **IT Dev & Support Services (drafting policy to leverage existing SB contract vehicles)**
- **Office Supplies - 50% of actions and dollars to SB**
- **Furniture -122 Navy BPAs with 75% to SB**



# Strategic Sourcing - Small Business (SB) Participation

## Focus Areas and Mitigating Impacts to SB

- **Portfolio management to better identify SB areas of opportunities**
- **Effective competition**
- **Market analysis and intelligence to improve acquisition strategies**
- **Organizational services health assessments**
- **Development of future services acquisition policies**



# Strategic Sourcing - Small Business (SB) Participation

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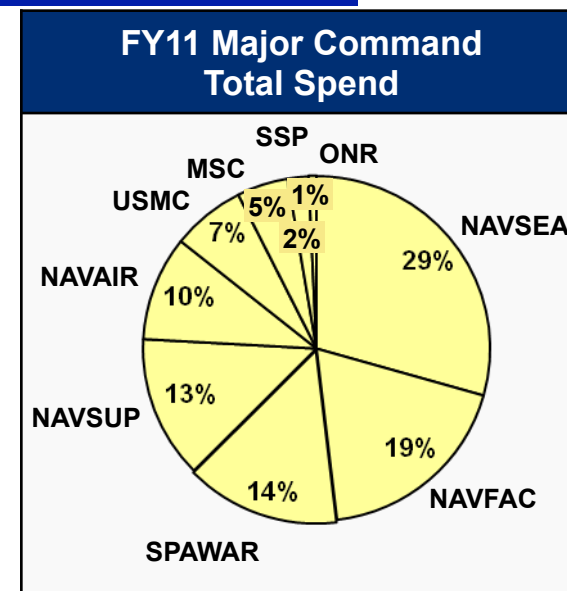
## Budget Reductions

- **Issue #50174 Strategic Sourcing: \$2.2B FYDP**
- **POM12 (FY12-16) Strategic Sourcing: \$251M FYDP**
- **Service Support Contractor Reliance Reduction: 10% x 3 year HQ support reduction**
- **OFPP 15% Reduction in 12 specific PSCs**



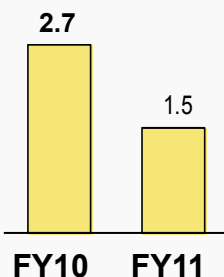
# DON - Services Spend Analysis Capabilities

- Analysis Supports SSM Processes
  - Provides Baselines
  - Focus Areas Requiring Attention
- Data Available for each SYSCOM
  - Health Assessment Roadmap
  - Actual, sanitized, SYSCOM Data below
- Multiple Sorts Available
  - Portfolio; SYSCOMS; etc.

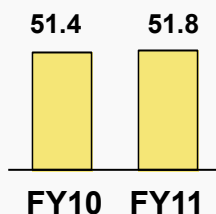


## Contract Type Comparison (%)

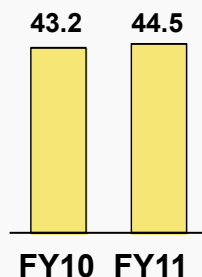
### T&M



### Cost and Cost-Plus

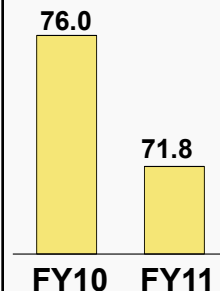


### Fixed Price

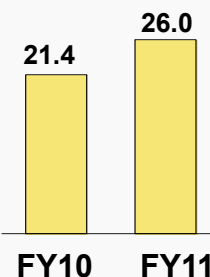


## Competition Comparison\* (%)

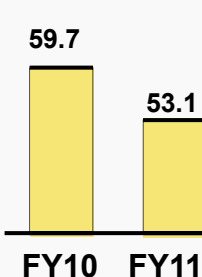
### Spend Competed



### Spend Competed with 1-Bid

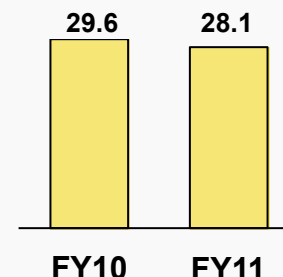


### Effective Competition



## Small Business (%)

### Small Business Utilization



Note: Spend does not include RDT&E or Construction

\*Competition Comparison %'s are based on new contract award spend only

Source: FPDS-NG FY10 & FY11 and DPAP

Note: FY10 and FY11 Competition percentages were calculated differently based on the level of data available. Differences are not as drastic as they appear.

DON



# Questions / Discussion