

Aeronautical Systems Center

Dominant Air Power: Design For Tomorrow...Deliver Today



Emerging Policy

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Report Documentation Page

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Overview



- **Acquisition Policy**
 - **Contract Type**
 - **Proposal Adequacy**
 - **Head of Contracting Activity**
 - **IPT Pricing**
 - **MIRT Reviews**
 - **Source Selection Policy**

- **Changes to the Defense Acquisition Management System**



Acquisition Policy



- **Contract Type**
 - **Award Fee contracts only if no other contract type applies**
 - **Award Fee contract with subjective criteria requires HCA approval**
 - **Cost Plus Fixed Fee and Time & Material to be used rarely if at all**
 - **Incentive contracts must have measureable criteria tied to cost, schedule technical performance**
 - **Move towards hybrid contracts**
 - **For example, Cost Plus Incentive Fee with Objective Performance Incentives**



Acquisition Policy



- **Proposal Adequacy**
 - AFMC Command requirement to include Proposal Adequacy Checklist with all sole-source RFPs
 - Assists contractors in preparing and submitting an adequate and compliant cost proposal
- **Head of the Contracting Activity (HCA)**
 - Deputy Assistant Secretary for Contracting (Mr. Scott Correll) for AFMC, AFSPC, and all PEO programs – was AF/PEO



Acquisition Policy



- **Integrated Product Team (IPT) Pricing**
 - **Shift from IPT Pricing to “Traditional” pricing**
 - **IPT Pricing**
 - **Concurrent process accomplished by contractor and Government jointly**
 - **Traditional Pricing**
 - **Serial process accomplished by contractor and Government independently**
 - **Government defines requirements, requests proposal, evaluates proposal, establishes negotiation position**



Acquisition Policy



- **Multi-functional Independent Review Team (MIRT)**
 - SAF/AQC mandated Multi-functional Independent Reviews for all competitive acquisitions greater than or equal to \$50M
 - Subject matter experts provide an independent review of the source selection to ensure: highest standards of excellence, open communication with industry, and a structured outcome with exit criteria at defined decision points
 - Consists of cross-functional team: Technical, Legal, Contracting, Small Business, Audit/Cost Analysts, etc.
 - Each MIRT requires 5 separate “Critical Data Points” (CDP) reviews for each competitive acquisition
- **PEER Review**
 - DoD “MIRT-type” reviews for acquisitions \geq \$1B



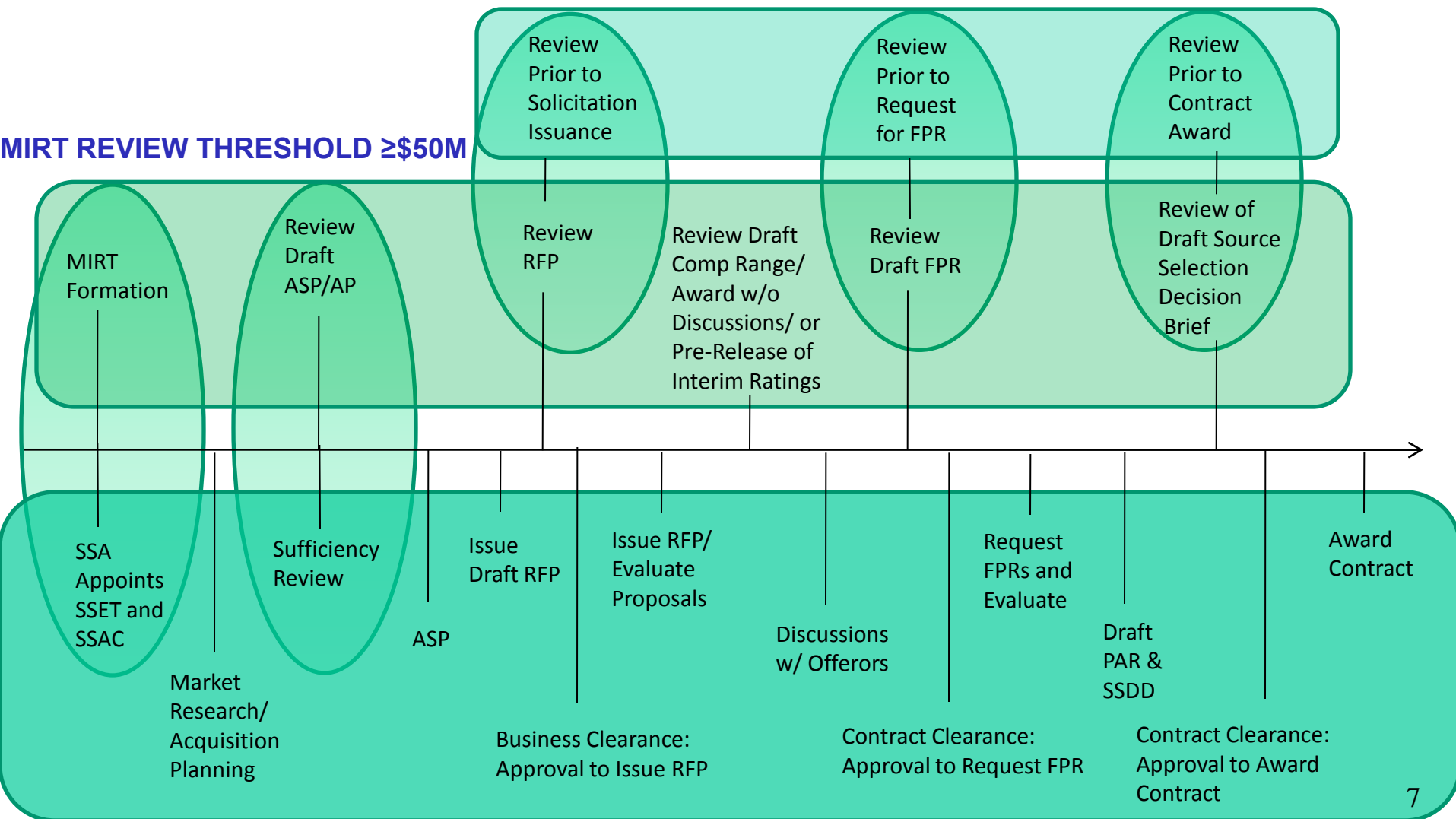
Milestone Reviews: Standard Source Selection

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PEER REVIEW THRESHOLD ≥\$1B

MIRT REVIEW THRESHOLD ≥\$50M



STANDARD SOURCE SELECTION MILESTONES



Acquisition Policy



- **Source Selection Policy**
 - **Simplify!**
 - **More Low Price Technically Acceptable (LPTA) and Performance Price Trade-off (PPT) vs Full Trade Off**
 - **Event driven process vice schedule driven timelines**
 - **Simpler past performance evaluations**
 - **Ensure traceability of requirements from program → acquisition strategy → acquisition plan → Section L Instruction to Offerors → Section M Evaluation Factors for award → contract incentive → performance evaluation metrics**



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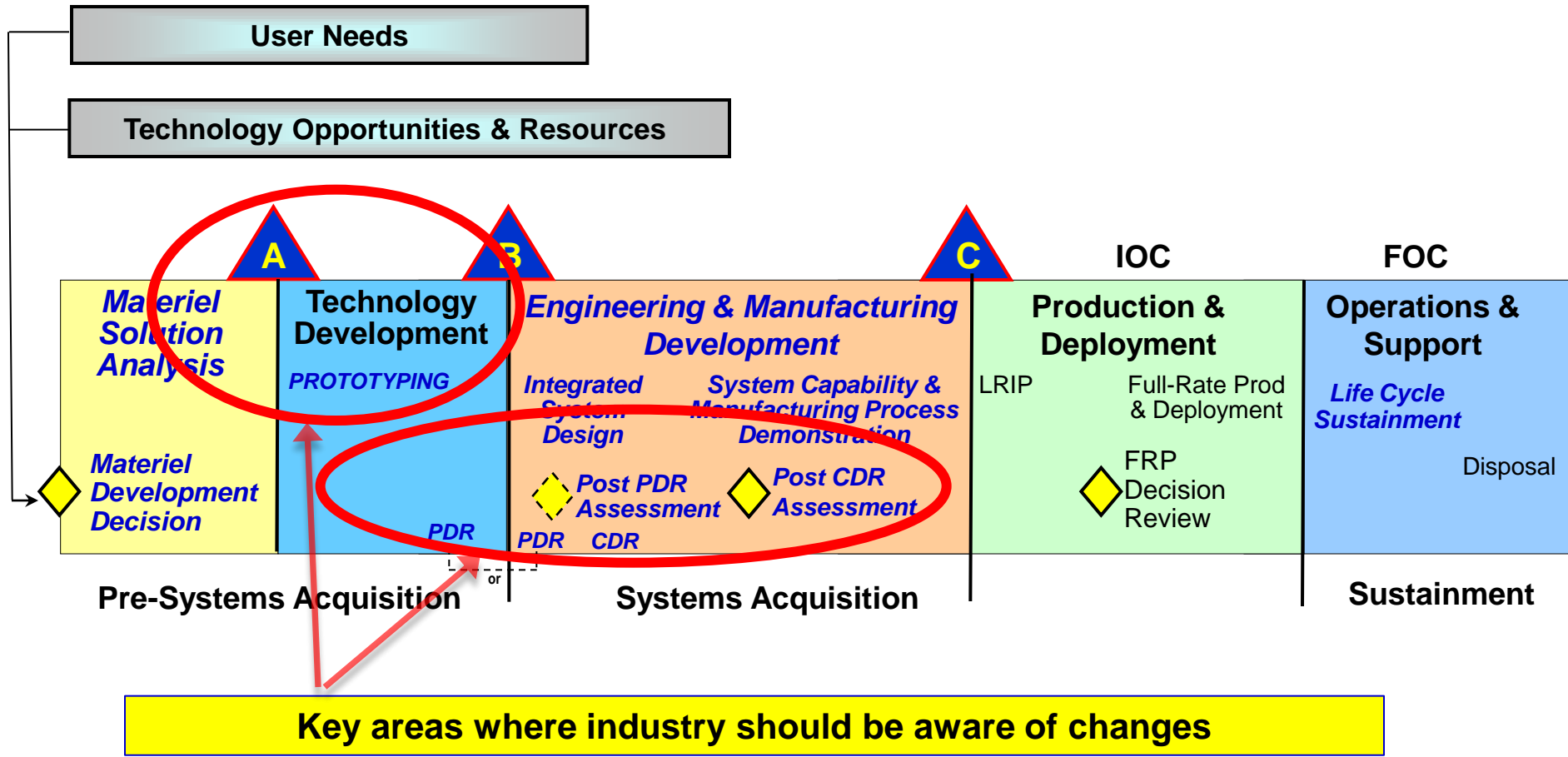


Changes to the Defense Acquisition Management System



The Defense Acquisition Management System 2008

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New in *bold blue italics*



Technology Development



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Purpose: Reduce Technology Risk, *Demonstrate Critical Technology on Prototypes, Complete Preliminary Design*

Enter: MDA *approved materiel solution* and TDS; *funding for TD phase activities*

Activities: *Competitive prototyping; Develop RAM strategy; conduct Preliminary Design Review (PDR)*

Guided by: ICD & TDS *and supported by SE planning*

Exit: Affordable increment of military-useful capability identified; technology demonstrated in relevant environment; manufacturing risks identified; *PDR conducted for candidate solutions*; system or increment ready for production within short time frame (normally less than 5 years *for weapon systems*)

New terms/requirements in *bold blue italics*



Milestone A/Technology



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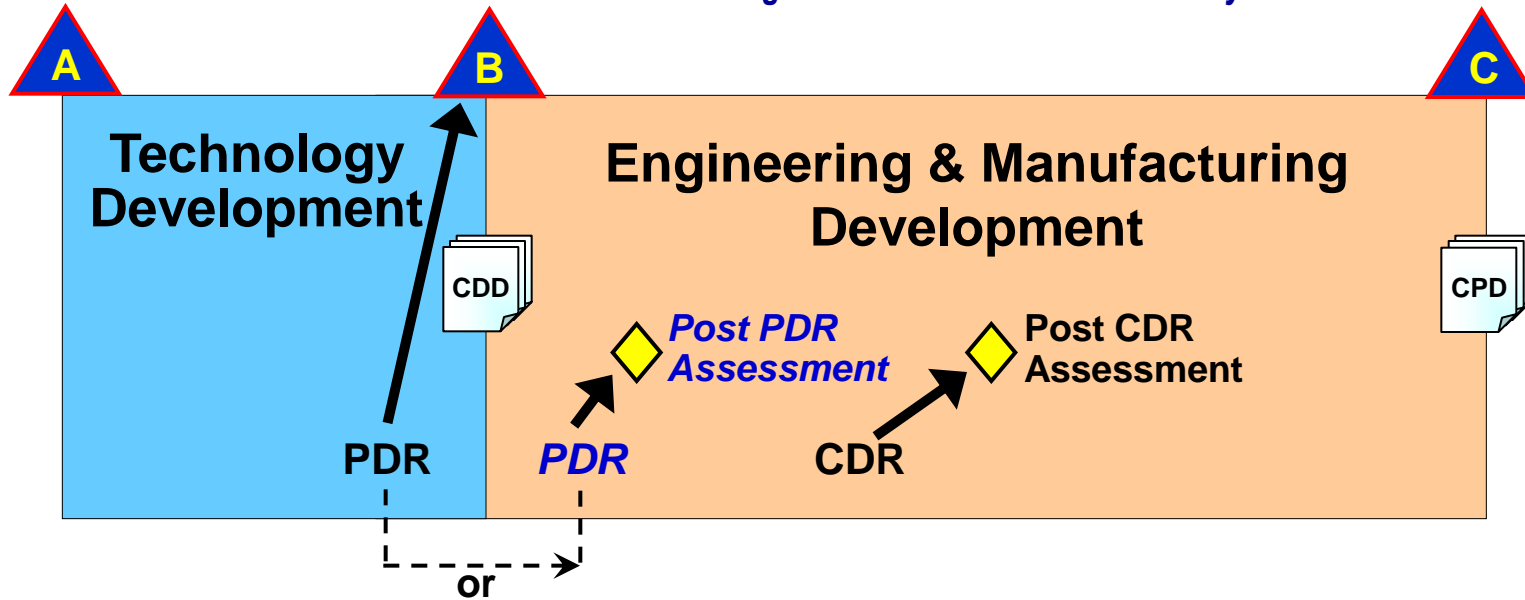
When would program enter phase of Technology Development?

- When technology development is required
- When competitive prototypes and PDR are planned before MS B
- On complex programs that require extensive integration of technologies and/or subsystems
 - LAIRCM
- Programs that require extensive trades studies and refinement of requirements
- When cost and schedule have a high degree of uncertainty
- Development efforts for new systems that involve significant new code development, significant software reuse, or significant COTS integration
 - Does not apply to recurring OFP upgrade programs



Design Reviews

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Design reviews under new 5000.02:

- Program conducts review
- Program generates a report
- MDA conducts a formal assessment



What does this mean to industry?



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- **More competitions where two or more are taken through technology development/prototyping**
 - **Down selects based on some variation of prototype demonstrations and Preliminary Design Review results**
- **Even if there is no competition, successful completion of PDR is now Technology Development phase exit criteria (when PDR is conducted prior to Milestone B)**
- **Emphasis is to limit cost plus contracts to Technology Development phase**
 - **Expectation is post-PDR efforts should be fixed price except under extenuating circumstances**

The Acquisition Warrior

Questions?

