



Department of the Navy

Navy Gold Coast Small Business Procurement Event

July 8, 2012

Rear Admiral Althea H. Coetzee, SC, USN
Executive Director, Deputy Assistant Secretary of the Navy
Acquisition and Procurement

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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

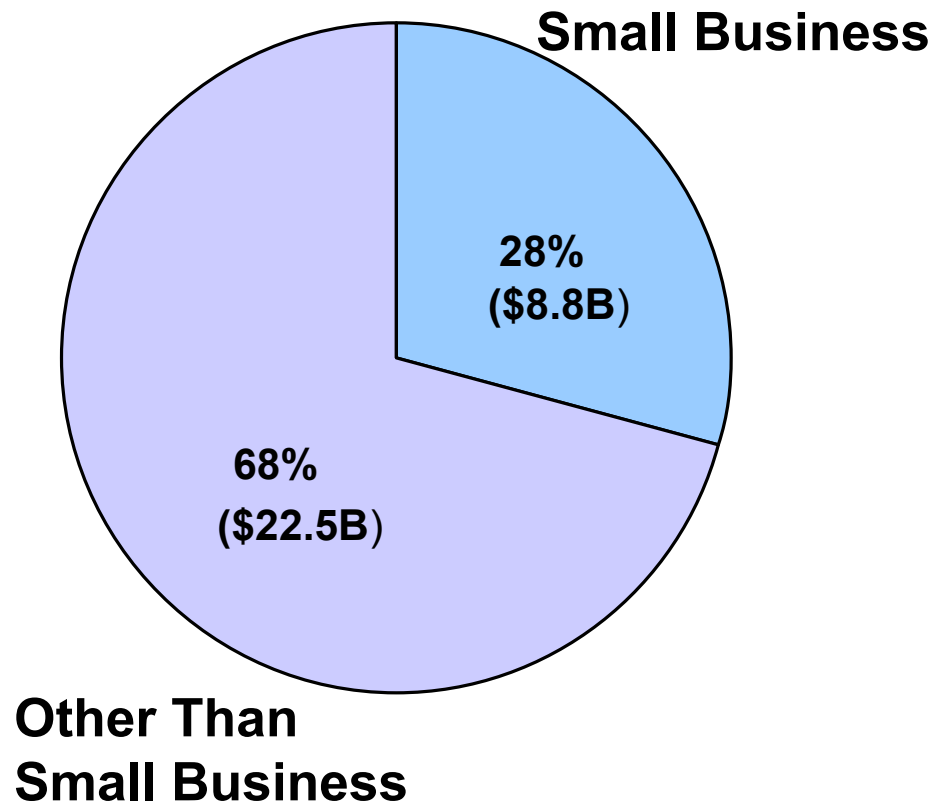
- Review cross section of contracts and determine if additional contract reviews are required
- Conduct Q&A sessions with leadership
- Conduct interviews with programs and staff
- Was appropriate consideration given to:
 - Pre-planning
 - Requirements development
 - Competition
 - Small Business opportunities
 - 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

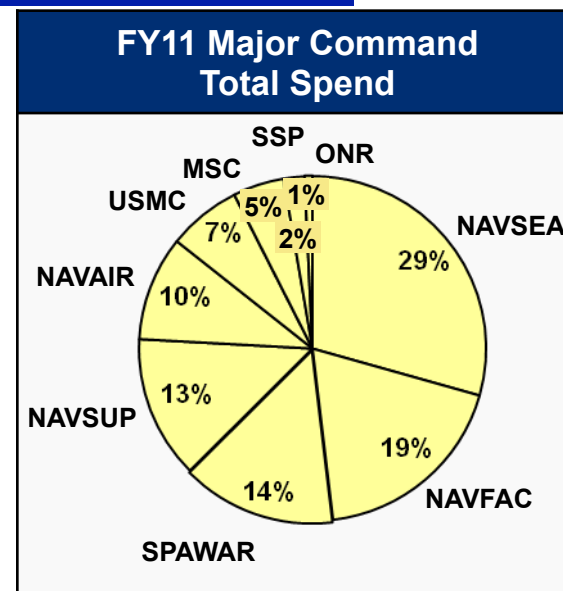
Budget Reductions

- **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**

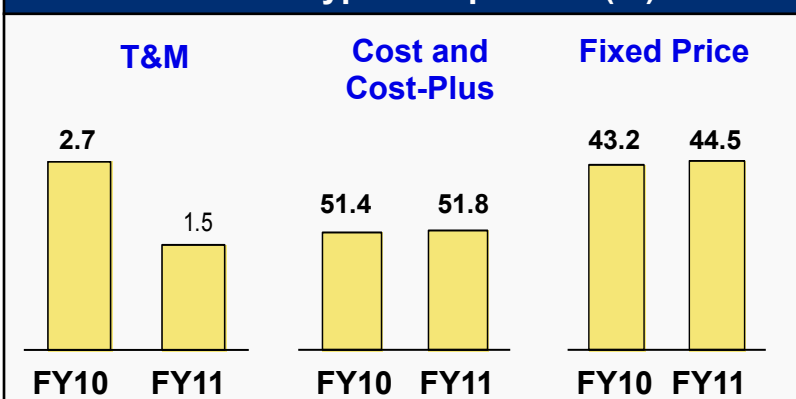


DON - Services Spend Analysis Capabilities

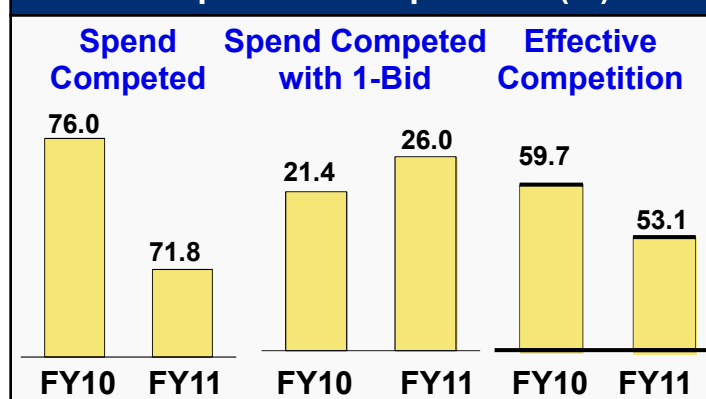
- Analysis Supports SSM Processes
 - Provides Baselines
 - Focus Areas Requiring Attention
- Data Available for each SYSCOM
 - Health Assessment Roadmap
 - Actual, sanitized, SYSCOM Data below
- Multiple Sorts Available
 - Portfolio; SYSCOMS; etc.



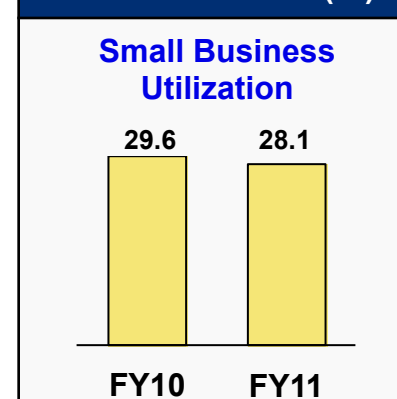
Contract Type Comparison (%)



Competition Comparison* (%)



Small Business (%)



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