Department of Defense

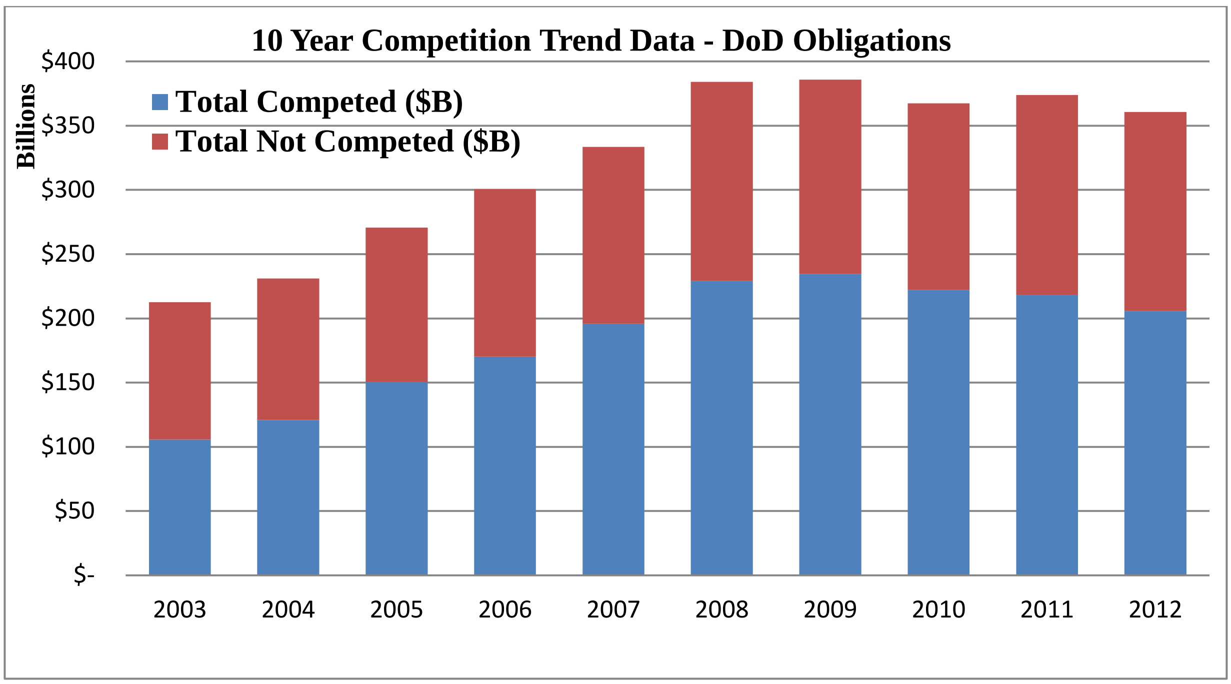
Competition Report

For FY 2012

I. Competition Trends

The Department of Defense (DoD) total dollars obligated decreased from $374 Billion (B) in Fiscal Year (FY) 2011 to $361 B in FY 2012 with an overall competition rate of 57%. The total dollars obligated has stabilized over the past five years to an average of $375 B. The ten year average competition rate is 57%, ranging from a high of 61% in FY 2009 to a low of 50% in FY 2003. The competitive dollars obligated decreased from $218 B in FY 2011 to $206 B in FY 2012, while the non-competitive dollars obligated decreased slightly from $156 B to $155 B. Figure 1 below represents the ten year trend for competitive and non-competitive dollars obligated.[1]

Figure 1 – DoD Dollars Competed and Not Competed ($ in Billions)



Overall Competition

Table 1 on the following page summarizes competition achievements for the Department and Components. The competition rates for the Components vary depending upon the mission and type of product or service being procured. The

[1] The source of FY 2003-2012 data is the DoD Competition Report from FPDS-NG, dated March 18, 2013. In FY 2008, the Army mistakenly obligated approximately $13B on a contract and then corrected the mistake via a de-obligation modification in FY 2009. Figure 1 represents the corrected dollar amounts for FY 2008 and FY 2009.

competition report tracks obligation and actions based on data from Federal Procurement Data System – Next Generation (FPDS-NG). The report also tracks whether fair opportunity is provided at the order level and only counts orders as competed if fair opportunity is provided to more accurately capture competition achievements on orders under multiple award contracts (MACs) and federal supply schedules (FSS). Based on this methodology, the table below illustrates how the level of competition varied by Component in FY 2012.[2]

Table 1 – FY 2012 Overall Competition Report by DoD Component

Contracting Agency	Total Dollars	Competed Dollars	% Competed Dollars	% Competed Dollar Goal
DEPT OF THE ARMY	$ 108,270,030,051	$ 68,308,562,500	63%	64%
DEPT OF THE NAVY	$ 93,850,037,708	$ 42,928,798,027	46%	49%
DEPT OF THE AIR FORCE	$ 69,770,435,738	$ 25,763,587,914	37%	43%
DEFENSE LOGISTICS AGENCY	$ 43,111,948,308	$ 35,912,031,874	83%	84%
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY	$ 750,153,620	$ 677,944,875	90%	90%
DEFENSE COMMISSARY AGENCY	$ 6,443,995,147	$ 1,361,421,478	21%	20%
DEFENSE CONTRACT MANAGEMENT AGENCY	$ 266,434,975	$ 42,935,329	16%	68%
DEFENSE FINANCE AND ACCOUNTING SERVICE	$ 191,298,844	$ 113,603,473	59%	48%
DEFENSE HUMAN RESOURCES ACTIVITY	$ 164,572,973	$ 97,041,534	59%	56%
DEFENSE INFORMATION SYSTEMS AGENCY	$ 5,201,300,967	$ 4,284,914,980	82%	84%
DEFENSE MEDIA ACTIVITY	$ 144,485,408	$ 114,901,813	80%	89%
DEFENSE MICROELECTRONICS ACTIVITY	$ 822,511,462	$ 713,261,820	87%	81%
DEFENSE SECURITY COOPERATION AGENCY	$ 59,795,532	$ 49,173,040	82%	83%
DEFENSE SECURITY SERVICE	$ 93,522,523	$ 85,957,142	92%	98%
DEFENSE THREAT REDUCTION AGENCY	$ 1,041,814,998	$ 870,344,177	84%	86%
DEPT OF DEFENSE EDUCATION ACTIVITY	$ 269,550,767	$ 226,208,640	84%	92%
JOINT IMPROVISED EXPLOSIVE DEVICE DEFEAT ORG.	$ 30,467,629	$ 13,295,826	44%	N/A
MISSILE DEFENSE AGENCY	$ 6,769,417,977	$ 3,184,108,300	47%	66%
TRICARE MANAGEMENT ACTIVITY	$ 11,861,151,219	$ 10,672,989,755	90%	90%
U.S. SPECIAL OPERATIONS COMMAND	$ 2,690,730,035	$ 1,967,099,666	73%	67%
USTRANSCOM	$ 7,800,328,131	$ 7,765,308,064	100%	98%
WASHINGTON HEADQUARTERS SERVICES	$ 1,029,073,733	$ 732,657,460	71%	83%
Total	**$ 360,633,057,746**	**$ 205,886,147,688**	**57%**	**60%**

In FY 2012, $206 B was competitively obligated for an overall competition rate of 57% ($206 B/$361 B). This is consistent with the ten year average noted earlier and represents a one percent drop from the FY 2011 competition rate of 58% ($218/$374).

[2] The source is the FPDS Competition Report from January 14, 2013. Figures contained in the Military Department’s and Defense Agency’s Competition Reports vary if the Competition Report was run on any other day since FPDS is a dynamic system. The Department of Army’s competition report was prepared on January 23, 2013 and reflects a competed dollar amount of $71B for a $3B difference from the table above. When the competition report was validated, the correct amount for competed dollars was $68B. The Defense Commissary Agency’s competed dollar amount excludes obligations of “brand name commercial items” authorized for resale that are not subject to competition. The Defense Contract Management Agency’s (DCMA) total and competed dollar amounts reflect contract administration office obligations/de-obligations in support of other components. The DCMA Procurement Centers achieved a competition rate of 68%. The Joint Improvised Explosive Device Defeat Organization was added during FY2012 and no competition goal was established.

The level of competition achieved by contracting organizations varies widely based upon the mission and type of supply or service being procured. Generally, those contracting organizations whose mission/function includes installation and/or depot level maintenance services are better suited to competition and achieve the higher competition rates. This is also true for contracting organizations heavily involved in services, commercial and construction procurements. The competitive percentages are lower in organizations that buy major systems, specialized equipment, or spares and upgrades that may need to be purchased from the original equipment manufacturer (OEM) or supplier. These programs may require sole source extensions of contracts that were originally competed because the programs have moved past the stage in their lifecycle where competition is economically viable. These sole source extensions are made in accordance with long-standing laws and regulations that recognize one responsible source.

Consistent with the above, the Department procured supplies accounting for approximately 48% of total obligations with services making up the balance of obligations at 52%. The Department's competition rate for supplies including major systems and specialized equipment was 41%, while the competition rate for services was 72%. The increase in non-competitive obligations is due to high dollar sole source acquisitions where there is not a competitive market due to the lack of technical data packages and proprietary data rights for mature and aging aircraft programs like the F-22, C-17, JSF, P-8, and satellite programs like the AEHF, WGS, and EELV. Also a factor for the Air Force is a significant increase in Foreign Military Sales (FMS) obligations for F-15 and F-16 aircraft procurements.

It is also worth noting the Department's competition rate is based on dollars obligated, however, if measured in contract actions competed, the competition rate was 85%, up from 83% in FY 2011, reflecting improved competition for lower dollar value contract actions.

Effective Competition

Effective competition was a new measure of competition introduced in the FY 2011 Competition Report based on the Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L's)) Better Buying Power Initiative. The measure tracks acquisitions using competitive procedures in which only one offer is received. In FY 2012, the Department continued to emphasize effective competition. On June 29, 2012, a final rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to address acquisitions using competitive procedures in which only one offer is received was published in the Federal Register.

Defense Procurement and Acquisition Policy (DPAP), in coordination with Defense Manpower Data Center (DMDC), converted the previously Ad Hoc FPDS Report "Competed with Only One Offer" to a standard report so Components can more easily run the report to measure contract obligations where competition was sought but only one offer received.

As noted above, the Department's "Total Competed Dollars" decreased to $206 B in FY 2012 with approximately $176 B in "Effective Competed Dollars" and $30 B in "Only One Offer Competed Dollars" for an "Effective" competition rate of 85%. This reflects a $5 B decrease in "Effective Competed Dollars" and an $8 B decrease in "Only One Offer Competed Dollar" from FY 2011 amounts for a 2% improvement in the effective competition rate to demonstrate continued improvement under the USD (AT&L) BBP Initiative for promoting competition. Table 2 below provides a summary of the effective competition achievements for the Department and each Component in FY 2011.[3]

Table 2 – FY 2012 Effective Competition Report by DoD Component

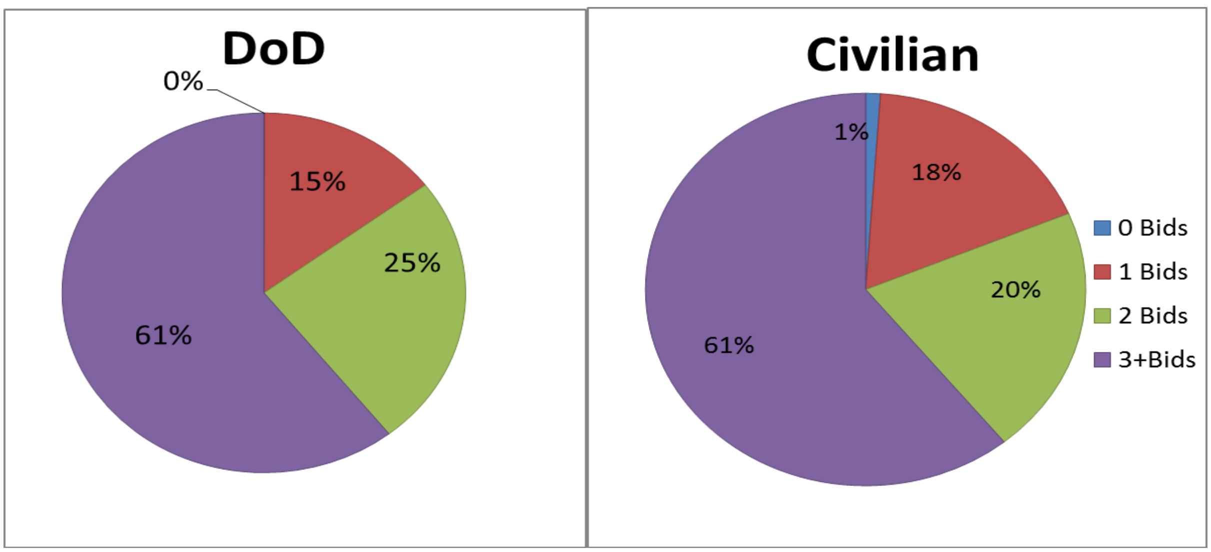
Contracting Agency	Total Competed Dollars	Only One Offer Competed Dollars	Effective Competed Dollars	% Effective Dollars Competed
DEPT OF THE ARMY	$ 68,308,562,500	$ 11,146,379,169	$ 57,162,183,331	84%
DEPT OF THE NAVY	$ 42,928,798,027	$ 9,081,685,205	$ 33,847,112,822	79%
DEPT OF THE AIR FORCE	$ 25,763,587,914	$ 3,638,092,003	$ 22,125,495,911	86%
DEFENSE LOGISTICS AGENCY	$ 35,912,031,874	$ 2,871,503,780	$ 33,040,528,094	92%
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY	$ 677,944,875	$ (0)	$ 677,944,875	100%
DEFENSE COMMISSARY AGENCY	$ 1,361,421,478	$ 11,894,813	$ 1,349,526,666	99%
DEFENSE CONTRACT MANAGEMENT AGENCY	$ 90,295,261	$ 23,415,306	$ 66,879,955	74%
DEFENSE FINANCE AND ACCOUNTING SERVICE	$ 113,603,473	$ 23,087,900	$ 90,515,573	80%
DEFENSE HUMAN RESOURCES ACTIVITY	$ 97,041,534	$ 14,320,217	$ 82,721,316	85%
DEFENSE INFORMATION SYSTEMS AGENCY	$ 4,284,914,980	$ 1,127,463,053	$ 3,157,451,927	74%
DEFENSE MEDIA ACTIVITY	$ 114,901,813	$ 8,741,223	$ 106,160,590	92%
DEFENSE MICROELECTRONICS ACTIVITY	$ 713,261,820	$ 699,466,563	$ 13,795,257	2%
DEFENSE SECURITY COOPERATION AGENCY	$ 49,173,040	$ 14,385,381	$ 34,787,659	71%
DEFENSE SECURITY SERVICE	$ 85,957,142	$ 5,260,777	$ 80,696,365	94%
DEFENSE THREAT REDUCTION AGENCY	$ 870,344,177	$ 145,867,845	$ 724,476,332	83%
DEPT OF DEFENSE EDUCATION ACTIVITY	$ 226,208,640	$ 47,984,405	$ 178,224,235	79%
JOINT IMPROVISED EXPLOSIVE DEVICE DEFEAT ORGANIZATION	$ 13,295,826	$ 62,853	$ 13,232,973	100%
MISSILE DEFENSE AGENCY	$ 3,184,108,300	$ 1,071,991,448	$ 2,112,116,852	66%
TRICARE MANAGEMENT ACTIVITY	$ 10,672,989,755	$ 17,105,074	$ 10,655,884,680	100%
U.S. SPECIAL OPERATIONS COMMAND	$ 1,967,099,666	$ 114,538,455	$ 1,852,561,211	94%
USTRANSCOM	$ 7,765,308,064	$ 244,621,430	$ 7,520,686,634	97%
WASHINGTON HEADQUARTERS SERVICES	$ 732,657,460	$ 130,256,818	$ 602,400,641	82%
Total	**$ 205,886,147,688**	**$ 30,390,763,788**	**$ 175,495,383,901**	**85%**

[3] The source is the FPDS Competed with Only One Offer Report run on January 14, 2013. Figures contained in the Military Department's and Defense Agency's Reports may vary if the Competed with One Offer Report was run on any other day since FPDS is a dynamic system.

Number of Offers

The Department also analyzed of the number of offers received on competitive awards compared to civilian agencies. The "number of offers" is used in conjunction with the "Effective Competition" report described above to provide more detail on the number of offers received under solicitations using competitive procedures. Figure 2 below provides a comparative analysis between DoD and Civilian Agencies on the number of offers received under competitive solicitations based on dollars obligated in the FPDS.

Figure 2 – Number of Offers on Competitive Award Dollars[4]



The percentage breakout of offers/bids are comparable except for "single bid" obligations that are 15% of obligations for DoD compared to 18% for the Civilian Agencies. The DoD share of single bid obligations at 15% reflects a two percent drop from 17% in FY 2011 and continued improvement in effective competition.

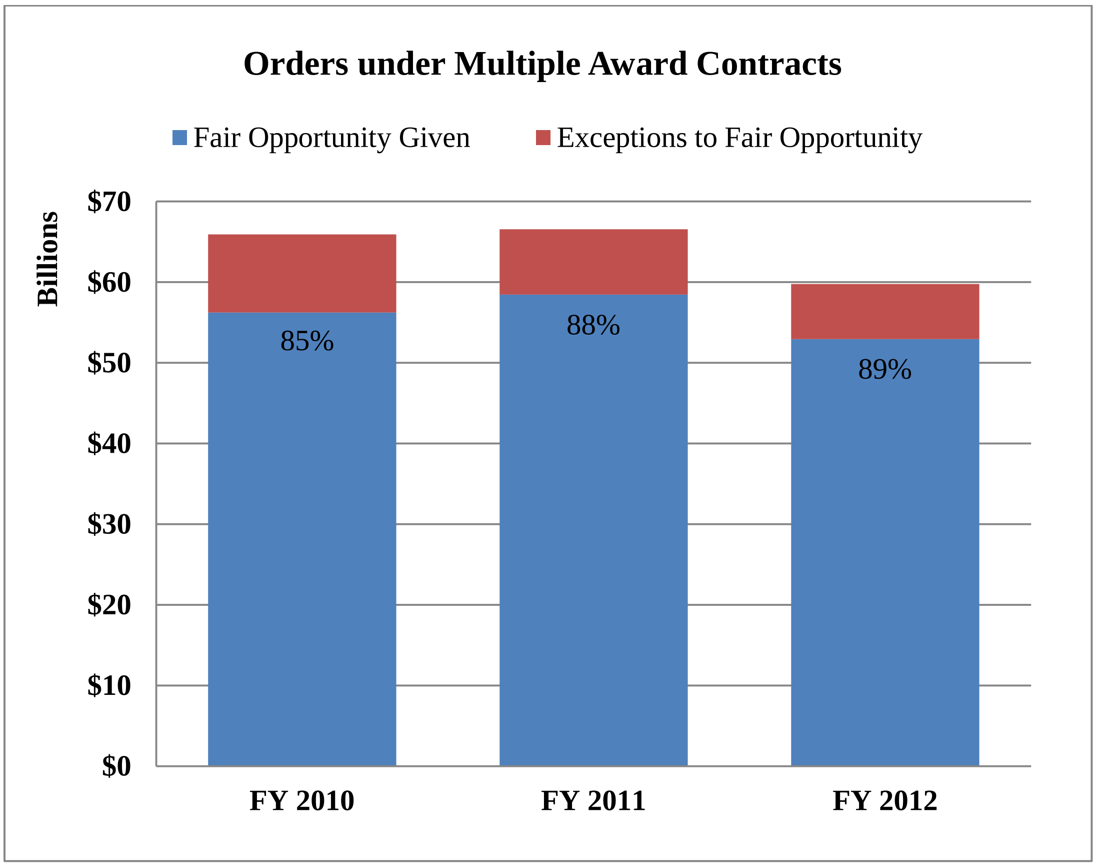
Fair Opportunity

Federal Acquisition Regulation (FAR) 16.505(b)(1) requires fair opportunity be provided for each delivery/task order issued under multiple award contracts (MAC), except for limited circumstances that require a written determination justifying the exception. The determinations for exceptions to fair opportunity require the same level of approval as non-competitive justification and approval (J&A) documents. The

[4] Source of data is FPDS as of March 12, 2012. The "0" bids represent BOAs, BPAs, FSS, and GWACs contract actions that do not report number of offers and are included in the zero bid category..

Department began tracking this element of competition in FY 2009, and continues to report on fair opportunity using the FPDS-NG, Fair Opportunity Workflow under the Competition Report. Chart 3 below illustrates the fair opportunity trend for DoD from FY 2010 through FY 2012. Consistent with the decrease in total competed obligations, the total dollars subject to fair opportunity decreased from $67 B in FY 2011 to $60 B in FY 2012, yet the rate of fair opportunity competition increased slightly from 88% to 89%.[5]

Chart 3 – FY 2010 to FY2012 Fair Opportunity Trend Data



In addition to the Fair Opportunity Workflow in the Competition Report, Defense Manpower Data Center (DMDC) provides an adhoc report that identifies the extent of fair opportunity achievement by the various types of MACs. Specifically, whether a DoD order is placed against a DoD awarded multiple award task or delivery order contract, GSA Federal Supply Schedule (FSS), Government-wide Acquisition

[5] The source for the FY 2010, 2011, and 2012 fair opportunity statistics are the FPDS-NG Competition Reports utilizing the fair opportunity workflow "frozen data" as of January 7, 2011, January 6, 2012 and January 14, 2013, respectively.

Contract (GWAC), or a multiple award task or delivery order contract awarded by another non-DoD activity. Table 3 below summarizes DoD fair opportunity achievements for FY 2012 based on the type of multiple award contract[6].

Table 3 – Fair Opportunity by Type of Multiple Award Contract

	Total Obligations Under MACs	DoD MACs	GSA FSS	GWAC	Non-DoD MACs
Obligations	$ 59,778,070,454	$ 50,720,145,111	$ 6,998,958,798	$ 1,645,999,517	$ 412,967,028
% of Total Order Obligations	100%	85%	12%	3%	1%
Fair Opportunity Given	$ 52,969,624,863	$ 46,045,097,679	$ 5,162,093,577	$ 1,401,408,190	$ 361,025,417
% of Fair Opportunity Given (Obligations) by Type of Multiple Award Contract	89%	91%	74%	85%	87%

As noted above, the extent of fair opportunity competition achieved increased slightly to 89% in FY 2012 with a 2% increase in fair opportunity for DoD MACs, which comprise 85% of the Department's MAC task/delivery order obligations. The other categories dropped slightly but the lower dollar obligations minimize the impact on fair opportunity given.

Non-Competitive Obligations

The competition report includes a summary of the non-competitive obligations from FY 2012. Table 4 below reflects total dollars obligated, total dollars competed, null values for extent competed and total dollars not competed. In FY 2012 total dollars not competed decreased from $156.4 B in FY 2011 by $1.9 B to $154.5 B. The report shows non competed "orders with exceptions to fair opportunity" decreased by $1.3 B to $6.8 B in FY 2012 from $8.1 B in FY 2011, and non-competitive contract obligations authorized by Justification and Approval (J&A) authority decreased $0.6 B from $148.3 B in FY 2011 to $147.7 B in FY 2012.

The percentage breakout for the non-competitive FAR based J&A exceptions remained consistent with previous years. The majority (72%) of non-competitive dollars obligated were under FAR 6.302-1 "Only One Source." As noted in the overall competition section above, much of the non-competitive contract obligations are for weapon systems and specialized equipment that are important investments in support of our national security strategy. These programs may have been originally competed, but now require sole-source contract extensions because the programs have moved past the stage in their program lifecycle where competition is economically viable. The Department continues to take steps to increase competition for major systems by

[6] Source of data is FPDS-NG as of March 24, 2013.

introducing competition during the sustainment phase of a product's life cycle through the use of open systems and open architectures.

Table 4 – Non-Competitive Details[7]

Total Dollars Obligated		**$ 360,633,057,746**	**% of Total Dollars**
Total Dollars Competed		$ 205,886,147,688	57.1%
Null Values and Report Delta		$ 200,735,903	0.1%
Total Dollars Not Competed		$ 154,546,174,155	42.9%
Orders with an Exception to Fair Opportunity	$ 6,795,645,787	4.4%	1.9%
Contract Actions Authorized by J&A Authority	$ 147,750,528,368	95.6%	41.0%
Breakout of Various J&A Authorities		**% of J&A Authorities**	**% of Total Dollars**
FAR 6.302-1 "Only One Source"	$ 106,672,617,935	72.2%	29.6%
FAR 6.302-2 "Urgency"	$ 3,880,445,467	2.6%	1.1%
FAR 6.302-3 "Mobilization, Essential R&D"	$ 3,116,149,685	2.1%	0.9%
FAR 6.302-4 "International Agreement"	$ 12,004,408,454	8.1%	3.3%
FAR 6.302-5 "Authorized or Required by Statute"	$ 15,771,742,046	10.7%	4.4%
FAR 6.302-6 "National Security"	$ 3,984,949,682	2.7%	1.1%
FAR 6.302-7 "Public Interest"	$ 286,132,306	0.2%	0.1%
Not Competed Using SAP	$ 1,625,556,505	1.1%	0.5%
Null value for reason not competed	$ 408,526,288	0.3%	0.1%
Total	$ 147,750,528,368	**100.0%**	**41.0%**

The non-competitive dollars obligated under the next highest J&A authority was for contracts awarded under FAR 6.302-5 "Authorized or Required by Statute" in support of socio-economic programs such as 8a, HUBZone, Federal Prison Industries, Unicor, NIB/NISH, and Service Disabled Veteran Owned Small Business. The remaining J&A authorities decreased slightly with the exception of contracts awarded under FAR 6.302-4 "International Agreements," representing contracts awarded on behalf of a foreign government (i.e., Foreign Military Sales) that increased from $4.5 B in FY 2011 by $7.5 B to $12.0 B in FY 2012.

Contingency Contracting

A new measure of competition was introduced in FY 2012 based on the requirements of Section 844 (a) of the National Defense Authorization Act for FY 2012, which established contingency contracting competition goals for actions supporting Operation Enduring Freedom (OEF). On February 17, 2012, DPAP issued a memorandum establishing the Components OEF contingency contracting goals at the

[7] Source is FY12 FPDS "Frozen Data" from January 14, 2012.

same rates as the overall and effective competition goals along with the requirement to track and report on OEF competition achievements in their competition reports. The Components with obligations in support of OEF addressed the results in their competition reports. The table below summarizes the Department and Component level contingency contracting dollars obligated, competed and effective dollars obligated and resulting competition rates for FY 2012.

Table 5 – Contingency Contracting Competition Details[8]

Contracting Agency	Total Contingeny Contracting Dollars	Contingency Competed Dollars	% Contingency Competition	Effective Competed Dollars	% Effective Competition
DEPT OF THE ARMY	$ 3,805,508,610	$ 3,077,278,125	80.9%	$1,257,611,965	40.9%
DEPT OF THE NAVY	$ 559,969,458	$ 96,758,583	17.3%	$ 51,639,842	53.4%
DEPT OF THE AIR FORCE	$ 275,932,790	$ 268,383,755	97.3%	$ 253,994,994	94.6%
DEFENSE LOGISTICS AGENCY	$ 10,574,894	$ 8,860,601	83.8%	$ 8,767,118	98.9%
DEFENSE CONTRACT MANAGEMENT AGENCY	$ (260,660)	$ (122,597)	47.0%	$ -	100.0%
DEFENSE INFORMATION SYSTEMS AGENCY	$ 18,109,631	$ 17,979,657	99.3%	$ 637,340	3.5%
DEFENSE MEDIA ACTIVITY	$ 43,222	$ 43,222	100.0%	$ 36,022	83.3%
DEPT OF DEFENSE EDUCATION ACTIVITY	$ 79,875	$ -	0.0%	$ -	0.0%
JOINT IMPROVISED EXPLOSIVE DEVICE DEFEAT ORG	$ 10,212,459	$ 3,162,643	31.0%	$ 3,162,643	100.0%
USTRANSCOM	$ 4,556,369,540	$ 4,556,369,540	100.0%	$4,430,440,946	97.2%
WASHINGTON HEADQUARTERS SERVICES	$ 25,201,999	$ 7,372,168	29.3%	$ -	0.0%
TOTAL	**$ 9,261,741,819**	**$ 8,036,085,698**	**86.8%**	**$6,006,168,274**	**74.7%**

II. Initiatives

The Department continues to emphasize Better Buying Power (BBP) by building on the success achieved since the initiatives were introduced in FY 2010. Promoting competition focuses on creating strategies and activities in acquisitions and procurements to create/maintain competitive environments throughout the life cycle of the program. As noted earlier under Effective Competition, the Department has improved competition as demonstrated by increasing the effective competition rate to 85% for competition procurements that receive two or more offers.

In addition USD (AT&L) issued a memorandum on "Improving Small Business and Competition Opportunities in Services Acquisitions," dated March 13, 2012, seeking improvements in competition and small business participation for Knowledge Based Services, Electronic and Communication Services, and Facility Related Services portfolio groups. Components provided status on the execution of their plans in their competition reports. The Component’s Competition Reports address many initiatives to increase competition. A representative sampling is provided below.

[8] Source is FY12 FPDS “Frozen Data” from January 14, 2012.

Examples of Component Initiatives

- Require annual competition training and encourage the use of the Defense Acquisition University (DAU) CLC 055 Course - Competition Requirements for DoD Acquisition for contracting and acquisition personnel;
- Provide additional competition, market research, and commercial training opportunities throughout the year to include workshops for small business competition and FPDS CAR coding;
- Conduct on-site or road show training and develop/provide user handbooks on market research, competition, commercial items and performance-based acquisition for acquisition professionals and contracting officer representatives.
- Increase competition and small business participation across the entirety of the Services portfolio by adding a professional market research specialist to the acquisition team;
- Emphasize competition in small business subcontracting and technology development efforts under the Small Business Innovative Research Program;
- Set aside Advisory and Assistance type services contracts for small businesses, previously awarded to large businesses, when market research indicates small business capability;
- Work with strategic sourcing experts, DAU faculty, and private consulting firms to better understand and commercial practices;
- Investigate use of commercial databases and tools to obtain key company and industry information to understand and pursue links between market research, strategic sourcing, business intelligence principles and best practices;
- Promote acquisition workshops to inform, educate, and train the acquisition workforce on current and relevant acquisition and procurement policies and procedures to create/enhance awareness of Federal and DoD procurement trends, issues and challenges;
- Train non-acquisition professionals to ensure performance work statements are clearly written and not overly restrictive with metrics that favor the incumbent contractor;
- Continued education of requirements organizations in writing functional, outcome-based requirements statements for requirements;
- Utilize contract action boards to review market research for sources and quality and level of competition;
- Use DAU’s Automated Requirements Roadmap Tool to more accurately define requirements and properly construct a performance work statement;
- Initiate web-based interactive tools that allow users to prepare improved and timely requirements documents to enhance competition throughout the acquisition lifecycle;

- Consider component level breakout of weapon systems acquisitions where applicable and elements of services acquisition that can be broken out to enhance the degree of competition on "parts of the whole";
- Conduct Industry Days for services acquisitions to share information and foster better communication with industry to expand the "industrial base" for upcoming acquisitions;
- Conduct (or Hold) Draft RFPs and Pre-solicitation Conferences to minimize appearance of requirements being generated with a specific target in mind.
- Designate a Task/Delivery Order Ombudsman to ensure orders issued under multiple award contracts are properly planned and compliant with FAR/DFARS 8.405 and 16.505;
- Measure compliance with ordering requirements using management internal control checklists to ensure contracting officers are adhering to the FAR/DFARS requirements;
- Institute Competition Awards/Recognition Programs that promote competition for individual(s) and team(s) that demonstrate innovations in competition to recognize outstanding performance;
- Brief Acquisition Executives on competition metrics achievements;
- Monitor competition performance on a monthly basis, via agency metric that track agency and supply chain competition against the goals, and provided updates during monthly metrics reviews and senior levels in the component;
- Create tool for actions that require a J&A for other than full and open competition to track and report on plans to advance competition;
- Challenge brand name or military unique specifications to minimize non-competitive contract awards.
- Increase leadership oversight on "bridge" contracts to minimize use and insure adequate steps are taken to award follow-on competitive using predictive scheduling tools;
- Continue focus on ensuring accuracy of data reported in the Federal Procurement Data System;
- Continue Peer Reviews and Program Management Reviews to encourage more competition and continuous process improvement.

Under BBP 2.0, the Department continues to emphasize how vital it is to create and maintain competitive environments in acquiring both products and services. Such an environment is essential to motivate industry to deliver cost effective solutions for the Department. For weapon systems, acquisition strategies must address how program managers will realize and maximize competition from program inception through sustainment. Strategies to be considered include: competitive prototyping, dual sourcing, leader-follower arrangements, open systems architecture that enables competition for upgrades, acquisition of technical data packages, and competition at the subsystem level. In acquiring services, thorough market research is essential to inform how requirements may be logically broken out into segments to maximize competition. The Director of Defense Procurement and Acquisition Policy will lead a multi-functional team to identify the full range of potential actions and publish guidelines that program managers and contracting officers should consider in order to create and maintain a competitive environment. These guidelines will include examples of how such techniques have been successfully employed in the past.

III. Barriers to Competition

The Department continues making efforts to improve competition. Aside from the product/service mix discussed in Section I, the Components Competition Reports provide additional impediments to competition, some of which are summarized below.

- Reduction in new starts and major programs and reliance upon noncompetitive follow-on procurements for mature systems and aging weapon systems;
- Unique/critical mission or technical requirements with proprietary rights for items developed at private expense for legacy systems, software, telecommunications/satellite equipment and services;
- Expiration of the FAR 13.5 Test Program for Certain Commercial Items resulted in an additional barrier to competition for actions greater than the simplified acquisition threshold;
- Technical data packages that do not state requirements in terms of functions to be performed, performance required, or essential physical characteristics;
- High Dollar directed source Foreign Military Sales (FMS) procurements using the exception at FAR 6.302-4 International Agreement;
- Approval process and substantial investment/testing required for alternate sources for critical items and maintenance capability.
- Workload reductions and transition of contracting personnel associated with Base Re-alignment and Closure activity.
- Extended Continuing Resolutions necessitating sole source “bridge” contracts to avoid program disruptions;
- Classified Requirements using the exception at FAR 6.302-6 National Security;
- Noncompetitive and limited/single source actions in support of socio-economic programs under FAR Parts 8 and 19.

IV. Recommendation to the Defense Acquisition Executive

As the DoD Competition Advocate, the Director, DPAP works with Component Competition Advocates throughout the year and meets quarterly with the Competition Advocate to emphasize competition and review metrics results. These meetings also provide a forum for best practices and initiatives to be discussed. DPAP and DMDC partner with Component Competition Advocates to enable visibility and assist in the analysis of overall, effective and contingency competition as well as fair opportunity achievements.

System of Accountability

In FY 2012, the Department used the competition report in FPDS-NG to track overall competition statistics. The Department uses the same report to track fair opportunity competition on task/delivery orders under multiple award contracts. As described in the Effective Competition section previously, DPAP uses the FPDS-NG report entitled "Competitive but Only One Offer" to track and report effective competition for the Department and Components in FY 2012. The Number of Offers and Contingency Contracting information are based on Ad Hoc FPDS reports. Collectively these reports are used to track competition at the quarterly competition advocate meetings and to prepare the annual competition reports.

DOD Competition Goals

In FY 2012, the Department's achievement of an overall competition rate of 57% fell short of the goal of 60%. As noted above, the military departments drive the Department's competitively awarded dollar obligations, and the reduction in obligations and increases in noncompetitive contact obligations are the primary source for the shortfall. Barriers to competition from noncompetitive procurements for major systems, foreign military sales, statutory requirements, and limited new starts of programs in the current budget environment are expected to continue in FY 2013.

As a result, the Department's overall competition goal remains at 60% with the effective competition goal increase to 94% for FY 2013. In response to discussions at the Competition Advocates Meeting, the Components' goals for overall and effective competition are stated in competition dollars obligated rather than percentages. The overall competition goals for the components were calculated by incorporating a three percent improvement over the FY 2012 competition dollars obligated and the effective competition goals by incorporating a 10% improvement over FY 2012 achievements. The contingency contracting goals will match the Component's overall and effective competition rates resulting from the calculations.

Recommendation

The USD (AT&L) continues to stress the importance of increased competition. The recent rollout of Better Buying Power 2.0 policies and initiatives highlight the Under Secretary's commitment to improving the Department's Overall and Effective Competition rates.

Attachments:
Army Report
Department of the Navy Report
Air Force Report
Defense Logistics Agency Report

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

SAAL-ZP

FEB 14 2013

MEMORANDUM FOR DIRECTOR, DEFENSE PROCUREMENT AND ACQUISITION POLICY

SUBJECT: Army Competition Report for Fiscal Year 2012 (FY12)

1. Enclosed is the Army's FY12 Competition Report containing analysis of trends, fair opportunity results, as well as efforts taken to overcome barriers and impediments to competition. I am pleased to report that Army achieved 65.67 percent in dollars competed against the assigned Army goal of 64 percent for FY12.

2. The Army contracting enterprise is fully committed to using competitive procedures to deliver quality products and services at the best value for the taxpayer and the Warfighter. Even in the face of fiscal constraints and budget uncertainties, our commitment to competition has never been stronger.

3. The point of contact for this memorandum is Mr. Jonathan Long, (703) 617-0289, or e-mail: jonathan.d.long8.civ@mail.mil.

Encl

Kim D. Denver
Deputy Assistant Secretary
of the Army (Procurement)

ARMY COMPETITION REPORT

Fiscal Year 2012

Army Contracting: One Community Serving Our Soldiers, Serving our Nation.

Army Competition Report 2012

In accordance with the report outline found in AFARS 5106.502, the following is the U.S. Army's competition report for FY12 including an analysis of trends, fair opportunity results, impediments and efforts to enhance competition. The Army pulled data for FY12 as of 23 Jan 2013 from the Federal Procurement Data System-Next Generation database as directed by the Office of the Under Secretary of Defense and in coordination with the other Department of Defense agencies.

1. **Competition Achieved Against the Goal.**

   The Army exceeded its fiscal year 2012 (FY12) competitive obligation goal in dollars achieving 65.67% measured against the Army's goal of 64%. The two largest procurement commands impacting our competition performance are the Army Contracting Command (ACC) and the United States Army Corps of Engineers (USACE) which together represent 85% of all dollars competed by the Army. While this report will summarize all Army procurement, our primary focus will seek to explain the challenges and accomplishments within these two commands as the area where we can make the most impact.

   a. ACC competed $39B dollars which represents 53% of their total procurement budget. The ACC includes the Mission and Installation Contracting Command (MICC), the Expeditionary Contracting Command (ECC) and six regional contracting commands supporting the 12 Army Program Executive Offices (PEO) and other programmatic and fielding requirements.

   b. USACE competed $18B dollars which represents 86% of their total procurement budget. This organization includes 3 reporting Principal Assistants Responsible for Contracting (PARC) which support 9 Divisional offices and forty-five districts.

      Figure 1 below displays the top-level breakout of Competition by Dollars. These totals were extracted from the FPDS-NG database on 23 January 2013. In spite of the fact that there were approximately 14% less contracting dollars awarded by Army in FY12 ($6.2B) versus FY11 ($46.5B), Army was able to not only meet, but exceed the assigned FY12 competition goal of 64%.

Figure 1: Competition by Dollars FY12

Competition Base (Dollars)	Competed (Dollars)	% Competed (Dollars)
$ 108,629,66179	$71,336,939,720	65.67%

c. Figure 2 shows that the percentages for actions competed are higher than total dollars. While total dollars competed is 65.67%, more than 80% of all the actions Army contracting organizations procured were competed.

Figure 2: Competition by Actions FY12

Total Army Actions	Competed (Actions)	% Competed (Actions)
319,243	255,646	80.08%

d. Follow-On to Competition procurements are summarized in Figure 3 below. This category decreased in FY12 from nearly 6,000 actions to only 22 actions. Follow-on to competition actions equate to $16.5M, which represents less than 0.02 % of total dollars obligated in FY12.

Figure 3: Follow-On to Competition FY12

Follow-On to Competed Actions (Dollars)	% Follow-On to Competed Actions (Dollars)	Follow-On to Competed Actions (Actions)	% Follow-On to Competed Actions (Actions)
$16,559,113	.02%	22	.01%

e. While the Army met its competitive goal for FY12, legacy system support continues as a barrier to competition and reduces total contract opportunities. Examples of these legacy systems are sustainment for and reset of the large-system programs for Stryker and the 155mm Lightweight Howitzer; government unique munitions procurements supporting the Precision Guidance Kit and Projectile Parts for the M795 Grenade Launcher; and legacy communications systems which lack government- owned technical data packages.

f. Actions reported as "not available for competition" are no longer removed from the "competition base" and counted as "not competed" as directed by the Office of Federal Procurement Policy. In the past these actions were removed from the baseline because statues, regulation and other agreements prevented competitive procurement. The majority of the contract actions that comprise this category include those required by statue such as awards to Federal Prison Industries, se t asides for Ability One and Small Business programs or directed awards for Foreign Military Sales (FMS).

Figure 4 below reflects the "Not available for Competition" dollars and actions which is defined as procurement actions which are mandated by statues, regulation and other agreements which prevent competitive procurement.

Figure 4: Not Available for Competition

Not Available for Competition (Dollars)	% Not Available for Competition (Dollars)	Not Available for Competition (Actions)	% Not Available for Competition (Actions)
$ 6,231,001,414	7.24%	23,116	5.74%

g. Figures 5a details the Army's statistics (by actions and dollars) resulting from "fair opportunity" competitions on multiple-award task order contracts, and reflects newly awarded contracts captured in FPDS-NG. Figures 5a also includes the task and delivery orders that are competed among Indefinite Delivery Indefinite Quantity (IDIQ) award holders such as the Improved Outer Tactical Vest procured on behalf of the Army's Program Executive Office Soldier.

Figure 5a: Eligible Fair Opportunity/Limited Sources

Exception	Actions	% Actions	Dollars	% Dollars
Fair Opportunity Given	46,626	82%	$22,336,900,485	88%
Statutory Exception to Fair Opportunity	9,907	18%	$3,038,529,906	12%
Total Eligible Fair Opportunity/Limited Sources	56,533		$25,375,430,390	

h. Figure 5b details the exceptions to fair opportunities that are driven by statutes.

Figure 5b: Statutory Exception to Fair Opportunity

Exception	Actions	% Actions	Dollars	% Dollars
Minimum Guarantee	564	1.00%	$98,605,684	0.39%
Only One Source	3,995	7.07%	$1,037,845,306	4.09%
Urgency	133	0.24%	$61,356,841	0.24%
Follow-on DO Following Comp Initial Order	4,190	7.41%	$1,498,449,386	5.91%
Other Statutory Authority	1,025	1.81%	$342,272,690	1.35%
Total Exceptions to Fair Opportunity	9,907		$3,038,529,906	

i. Figure 5c below, details actions procured which did not utilize full and open competition. Two exceptions, comprising 70% of the total non-competitive procurements were used for these justifications: :

1) A statute authorizes or directs the procurement source (Federal Prison Industry, Ability One, or other mandatory sources; and

2) Only one responsible source met the requirement such as proprietary weapons systems, unique munitions, technical data packages, or justified brand name.

Figure 5c: Details of Other Than Full and Open Competition

Details of Other Than Full and Open Competition	Actions	% Actions	Dollars	% Dollars
Authorized by Statute	17,725	27.56%	$4,478,610,543	11.69%
Authorized Resale	62	0.10%	$817,077	0.00%
Brand Name Description	376	0.58%	$84,335,191	0.22%
Follow-On Contract	1,169	1.82%	$1,320,342,836	3.45%
International Agreement	1,678	2.61%	$1,535,100,017	4.01%
Mobilization, Essential R&AMPD	614	0.95%	$1,649,933,290	4.31%
National Security	355	0.55%	$807,547,586	2.11%
Only One Source - Other	19,923	30.98%	$21,944,580,141	57.26%
Patent/Data Rights	170	0.26%	$50,707,924	0.13%

Public Interest	52	0.08%	$220,043,036	0.57%
SAP Non-Competition	11,495	17.88%	$299,775,484	0.78%
Standardization	81	0.13%	$5,617,601	0.01%
Unique Source	2,472	3.84%	$3,519,293,778	9.18%
Unsolicited Research Proposal	11	0.02%	$4,628,121	0.01%
Urgency	1,679	2.61%	$1,949,898,428	5.09%
Utilities FAR 41.2	6,443	10.02%	$453,654,867	1.18%
Total	64,305		$38,324,885,921	

2. **Significant Actions Taken to Improve Competition**

a. Army Contracting Command (ACC) instituted the following:

1) Use best value source selection procedures for all systems acquisitions.

2) Employ commercial contracting wherever practicable to take advantage of the competitive marketplace and cost efficiency of commercial items and services.

3) Use multiple awards IDIQ contracts versus single award IDIQ contracts.

4) Utilize draft RFPs and pre-solicitation conferences to enhance market research maximizing and fostering competition.

5) Conduct industry outreach events focused on building partnerships and allowing timely and relevant dialog with industry.

b. United States Army Corps of Engineers (USACE) instituted the following actions:

1) Conduct a mid-year review to identify barriers to competition and ensure viable set-aside programs were in place to balance set-aside types.

2) Utilize industry days, pre-notification, and sources sought announcements to ensure industry is aware of upcoming business opportunities.

3) Ensure requirements documents are constructed to allow for full and open competition.

c. United States Medical Command (MEDCOM) instituted the following actions:

1) Continue to conduct industry days and small business outreach programs to build competition: small business is currently 58% of all MEDCOM actions.

2) Require all contracting personnel to complete the Basic Contracting for GSA Schedules (FAC023) Course to ensure best utilization of the GSA tool.

d. National Guard Bureau (NGB) instituted the following action:

1) Work within the 147 National Guard contracting organizations to ensure all personnel are trained and understand the importance of well-written statements of work, acquisition planning and lead-time.

e. Program Executive Office Simulation Training and Instrumentation (PEO STRI) instituted the following action:

1) Conduct an annual Training Simulation Industry Symposium (TSIS) to communicate upcoming PEO STRI requirements and draft acquisition strategies/milestones to industry.

f. CENTCOM Joint Theater Support contracting Command (C-JTSCC) instituted the following actions:

1) Establish 4 contracting integration offices throughout Afghanistan in support of Operation Enduring Freedom (OEF) to ensure requirements packages are written to promote competition.

2) Institute local policy to ensure competition for all actions exceeding $30,000 which limits other than full and open competition awards.

g. United States Army Intelligence and Security Command (INSCOM) established the following actions:

1) Increase competition and develop additional sources for services and supplies by issuing draft solicitations and holding industry days.

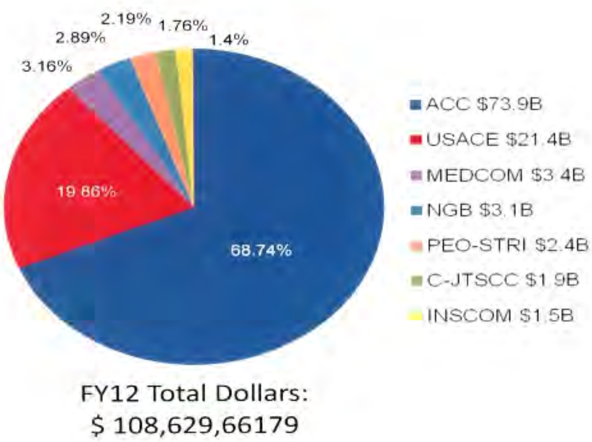
2) Conduct outreach programs to small businesses co-hosted with the Office of Small and Disadvantaged Business.

3) Challenge and scrutinize brand name requests and if not supported, reject and require more detailed descriptions of salient characteristics.

3. Mitigating Factors Affecting Goal Achievement

All Army contracting offices are aligned among 6 command structures and 1 PEO. Army Contracting Command (ACC), United States Army Corps of Engineers (USACE), Medical Command (MEDCOM), National guard Bureau (NGB), CENTCOM Joint Theater Support contracting Command (C-JTSCC), United States Army Intelligence and Security Command (INSCOM), and Program Executive Office Simulation Training and Instrumentation (PEO STRI). Figure 6 below shows the overall total dollars awarded by each organization.

Figure 6: Total Obligated Dollars by Command FY12



The two largest Commands, ACC and USACE, represent 85% of all total Army contracting dollars and 84% of all competitive dollars. As such, the impediments to competition faced by these two organizations as well other Army contracting organizations are reflected as follows:

a. Army Contracting Command (ACC)

ACC, whose mission includes procuring all major program systems for the Army, is traditionally the most challenged in meeting competition goals. ACC competed 52.76% of its dollars against its assigned goal of 62% in FY12. This command oversees contracting for the Mission and Installation Contracting Command (MICC), the Expeditionary Contracting Command, and 6 regional contracting offices supporting the 12 Program Executive Offices responsible for all Army equipment, weapons, ground combat and transportation vehicles, aviation, communications and electronics, and ammunition purchases. Examples of FY12 barriers to competition for the ACC are summarized below:

1) PEO Ammunition – mission requirements continue to rely on existing fielded weapon systems such as the 155mm Lightweight Howitzer; the Precision Guidance Kit for 155-mm and 105-mm artillery projectiles; and M795 Projectile Metal Parts, where there is only one source available.

2) PEO Ground Combat Systems – legacy system upgrades for the Abrams Tank and Bradley Fighting Vehicle and modifications for the Stryker family of vehicles limit competition to the original equipment manufacturer.

3) PEO C3T – communications systems lack government-owned technical data packages so follow on support must be procured from the original equipment manufacturer.

4) PEO Aviation –Foreign Military Sales (FMS) directed procurement for Apache, CH-47, and utility helicopters limited FY12 competition to the original equipment manufacturer.

5) MICC – Continuing Resolution funding limitations leads to limited planning and response time restricts competition because non-competitive bridge contracts are required to continue critical services.

b. United States Army Corps of Engineers (USACE)

USACE has a broad world-wide mission responsibility area. USACE had an aggressive goal of 91% due to the normally competitive nature of the construction business. However, an increase in R&D awards ($320M) for which there was only one source and an unplanned $80M sole source award for Afghanistan, caused USACE to fall short of its desired goal.

c. United States Medical Command (MEDCOM)

MEDCOM has two operational commands: US Army Medical Command (MEDCOM) and the US Army Medical Research and Material Command (USAMRMC). While one entity met its subordinate competition goal, MEDCOM overall fell short of reaching the desired competition target. Examples of barriers to competition for MEDCOM are summarized below:

1) Maintenance on certain high dollar complex equipment was limited to original equipment manufacturer (OEM) required to keep equipment under warranty.

2) Procurement for invasive devices (surgical implants, stents, pacemakers, specialty artificial limbs, implantable contacts, and prosthetics) limited by surgeon needs.

3) Unique requirements increased for Wounded Warriors for which there is only one source.

4) "Bridge" and interim contracts for urgent mission requirements necessitated non-competitive contract awards.

d. National Guard Bureau (NGB) surpassed its assigned competition goal of 80% for FY12 reaching 81.05%.

e. Program Executive Office Simulation Training and Instrumentation (PEO STRI) also exceeded its assigned competition goal of 71% for FY12 and achieved 86.87%.

f. CENTCOM Joint Theater Support Contracting Command (C-JTSCC) surpassed their competitive goal of 85% for FY12 reaching 97.59%.

g. United States Army Intelligence and Security Command (INSCOM) additionally exceeded assigned competition goal of 90% for FY12 reaching 97.43%.

4. Plan for Competition

In FY13, the Army Competition Advocates will continue their stellar efforts and will undoubtedly surpass FY12 accomplishments by continuing to challenge requirements that do not maximize competition. The Army plans to reduce acceptance of only one bid responses to solicitations, by changing existing market research procedures, revamping requirements, as well as expanding and targeting outreach opportunities to identify multiple sources qualified to meet Army requirements. While this effort may initially entail increased lead-time upfront as work statements and other adjustments are made, the savings achieved through the competitive process will no doubt make the additional time required worthwhile.

a. Army contracting organizations will continue to emphasize the need to conduct market research and use available tools such as conducting local industry days, issuing draft Request for Proposals (RFP), Requests for Information (RFIs), and publishing sources sought synopses to ensure industry is aware of upcoming business opportunities.

b. Continue the preference for Multiple Award Task Order Contracts (MATOCs) over Single Award Task Order Contracts (SATOCs) so that competitive pricing is received on individual orders.

c. Figure 7 below provides an historical statistical perspective of trends in Army competition dollars and actions, from 2000 through 2012. FY12 data represents only slight variations in competition results when compared to competition percentages over the past 12 years, which ranged from 77 to 90% for actions and 64 to 70% for dollars.

Figure 7: Army Competition Trends 2000-2012 (Percent Competed)

FY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Actions	88	90.9	87.5	85.8	81.7	81.5	83	84	81	80	77	59	80
Dollars	69.1	69.6	66.7	65.1	67.4	68.7	70	66	65	66	64	63	65

5. Activities and Accomplishments

The Army conducted the following activities and issued the following policies in FY12:

1) ACC Qatar and USACE co-hosted a vendor conference with the US Air Force and the US Embassy in Qatar bringing together nearly 300 vendors from across the region to understand and prepare for future business opportunities.

2) The ECC, 409th Contracting Support Brigade (CSB) instituted reverse auction bidding for Information Technology which resulted in robust competition and competitive pricing.

3) ECC, 411th CSB participated in and supported Korea Public Procurement Service industry day meeting and interacting with more than 225 Korean companies.

4) Throughout the Army, Commanders and PARCs completed numerous activities and issued the following policies in FY12 such as:

    i. Appointed fulltime Competition Advocates at all contracting offices which award contracts over the one-million dollar threshold and at least a part-time person for contracting offices under that dollar threshold.

    ii. Trained contracting personnel for correct coding of contracts in FPDS-NG. The Army FPDS-NG System Administrator will host training for contracting personnel to correct Contracting Action Reports for "null value" contracts and new updates associated with Blanket Purchase Agreements. Coding contracts correctly in FPDS-NG will ensure all Competition percentages are correctly captured.

iii. Added the requirement to improve market research tools and historical procurement evaluations to determine why a single bid or offer award resulted from a competitive procurement.

iv. Applied Better Buying Power Initiatives and adopted best practices and for improving efficiencies that will ensure competition and increase cost savings in services acquisitions.

v. Distributed to all Army Commands a Secretary of the Army approved Optimization of Services Acquisition Implementation Plan and Interim Army Regulation Guidance that describes a detailed organizational structure and integrated process to establish Commander oversight and accountability for services acquisition. This plan launched a new way of doing the business of services acquisition through a portfolio management approach and incorporates competitive procedures to help achieve projected savings.

6. Competition Goal

The Army's goal for FY13 is established as 63.5% of total procurement dollars which is 3.5 percentage points higher than the overall Department's goal of 60%. Within the environment of continued fiscal constraints, there will undoubtedly be significant impacts that will continue to reduce the Army's overall contracting execution workload. Many current contracts will require incremental funding and the potential for an increase in the number of bridge contracts needed to ensure continuity of operations for services and equipment as the Army maintains critical support to War-fighters in Afghanistan and around the world, as well as sustainment needs of the Army infrastructure.

Predictions are that funding will lag for new contract starts which will likely jeopardize the ability to award comprehensive follow-on contracts to replace those expiring. Left unchecked, a greater number of bridge contracts and extensions to existing will be required. While competitive procedures will be the first priority, mission and funding constraints may unavoidably result in an increase in non-competitive actions in FY13; thus potentially decreasing the Army's ability to achieve its competition goal. Because of this anomaly and with workload trending downward, Army has adjusted accordingly all of its enterprise goal and targets based upon these mitigating circumstances.

Rest assured, the Army highly values the competitive process and recognizes the direct impact the competitive environment has on saving taxpayer dollars. Our resolve and commitment to competition are firmly anchored in our core business processes. As such, even in the face of fiscal uncertainty, there is no question that the Army will continue its aggressive approach to competition and maintain its stronghold as a "competition powerhouse" within the Department of Defense.

DEPARTMENT OF THE NAVY
THE COMPETITION ADVOCATE GENERAL
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

APR 18 2013

MEMORANDUM FOR DIRECTOR, DEFENSE PROCUREMENT AND ACQUISITION POLICY

SUBJECT: Department of the Navy Fiscal Year (FY) 2012 Competition Report

Reference: (a) Director, Defense Procurement and Acquisition Policy Memorandum dated December 20, 2012, Subj: Request for Fiscal Year (FY) 2012 Competition Report

In accordance with reference (a), the Department of the Navy FY 2012 Competition Report is attached.

My points of contact are Ms. Robbin Bruce at Robbin.Bruce@navy.mil or 703-693-3998 and Mr. Dwayne Weaver at Dwayne.Weaver@navy.mil or 703-693-4073.

Elliott B. Branch

Elliott B. Branch

Attachments:
As stated

DEPARTMENT OF THE NAVY

FISCAL YEAR 2012 COMPETITION REPORT

In accordance with the Director, Defense Procurement and Acquisition Policy (DPAP) Memorandum dated December 20, 2012, the Deputy Assistant Secretary of the Navy (Acquisition and Procurement (DASN (AP), as the Competition Advocate General for the Department of the Navy (DON), hereby submits the DON Competition Report for Fiscal Year (FY) 2012.

The Department of the Navy continues pursuing the Secretary's governing principles for Navy and Marine Corps acquisition, which entail improving capability delivered to the fleet with a clear focus on affordability while minding the health of the industrial base. During FY 2012, the DON successfully continued its quest for significant improvements in effective competition on several fronts with improved producibility of designs, increasing use and application of open architecture solutions, effective application of should cost techniques and appropriate incentives for cost reductions, and increasing use of service contract review boards as cornerstones. Additionally, we continue strengthening our workforce core competencies in technical, program management, quality assurance, contracting and cost estimating.

This foundation led to successful acquisitions in our ship, aircraft and weapon system programs during FY 2012 as well in acquisitions across the DON for other hardware, services, construction, maintenance and repair. For example, the DDG 51 Arleigh Burke Destroyer program successfully conducted an effective competition for three ships and initiated a follow-on competition for additional ships which is planned to be awarded in FY 2013. Additionally, the DON successfully conducted a full and open competition for the Ship-to-Shore Connector by providing a design that allowed mid-tier builders without air-cushioned experience to compete for the detail design and construction contract. Among our aircraft programs, we successfully negotiated and awarded contracts for continued low rate initial production of the F-35 Joint Strike Fighter (JSF) and for initial production of the P-8A Poseidon during FY 2012. While dollars obligated in the production phase will be appropriately coded as non-competitive actions the DON is seeking opportunities for increasing competition under these programs. For JSF the DON conducted a successful three day engagement with Industry to assess the types of businesses that can fulfill current and future sustainment requirements and to obtain competition. Also during FY 2012 under the P-8A program, the DON conducted a component breakout competition for common 737 aircraft commercial and spare parts.

On the weapon systems front, the DON's continued work and implementation in Naval Open Architecture resulted in a robust competition for the AEGIS Combat System Engineering Agent (CSEA) as well as significant progress laying the foundation for converting several sole source requirements such as the Ship Self Defense System (SSDS) CSEA, MK 41 Vertical Launch System (VLS) Launcher Production and the AEGIS Ship Integration and Test (SI&T) requirements to full and open competition. Additionally, the DON is conducting a robust competition for the Air and Missile Defense Radar (AMDR) which will bring improved and cost effective capability for ordnance on target to the fleet; and, the Consolidated Afloat Network Enterprise System (CANES) remains on track with an open system design and a cost effective competitive solution throughout the life cycle.

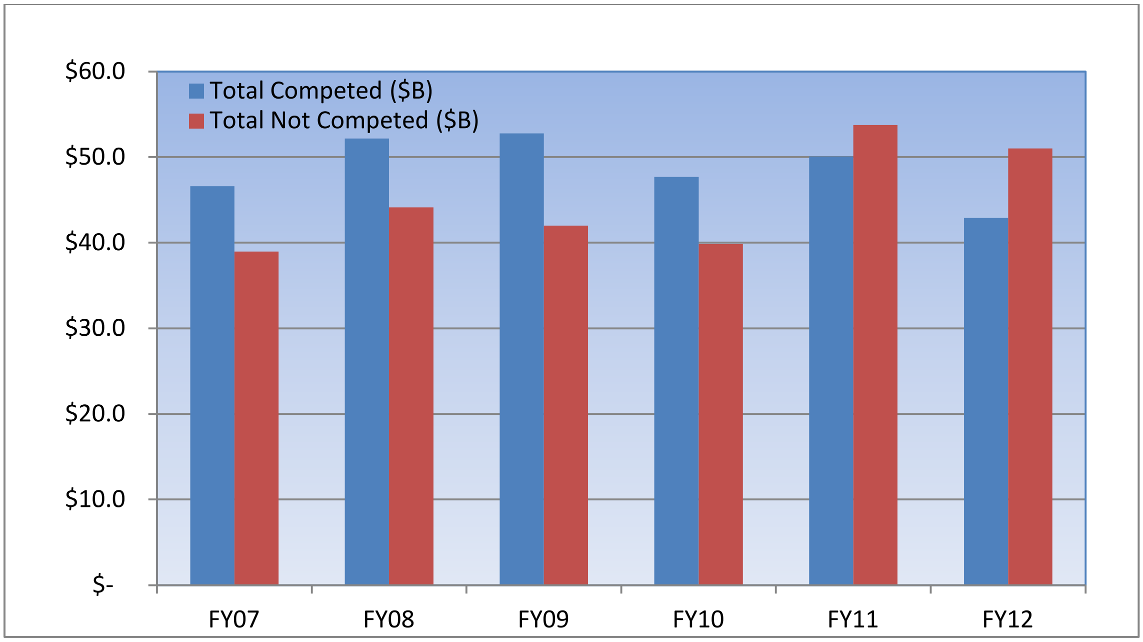
In the Services arena, the DON's Director for Services Acquisition continues pursuing improved tradecraft in services, including increased competitive opportunities in the services portfolio. During FY 2012, the DON continued a trend seen in FY 2011 by awarding increased numbers of Multiple Award Contracts for services, which establishes a foundation for improved fair opportunity competition through the award of competitive task and delivery orders. Additionally, Service Requirements Review Boards implemented across the DON are validating services requirements early in the process to improve use of performance based contracting, avoid duplication of services in the Enterprise, and to provide increased opportunity for small business and increased competition.

The DON will continue engaging our program managers to seek increased competition and small business opportunities in their portfolios and will continue seeking improvement in effective competition and fair opportunity to ensure more than one offer is received. Furthermore, the DON will continue encouraging our prime contractors to apply the same rigors of effective competition and small business opportunity throughout their respective supply chains.

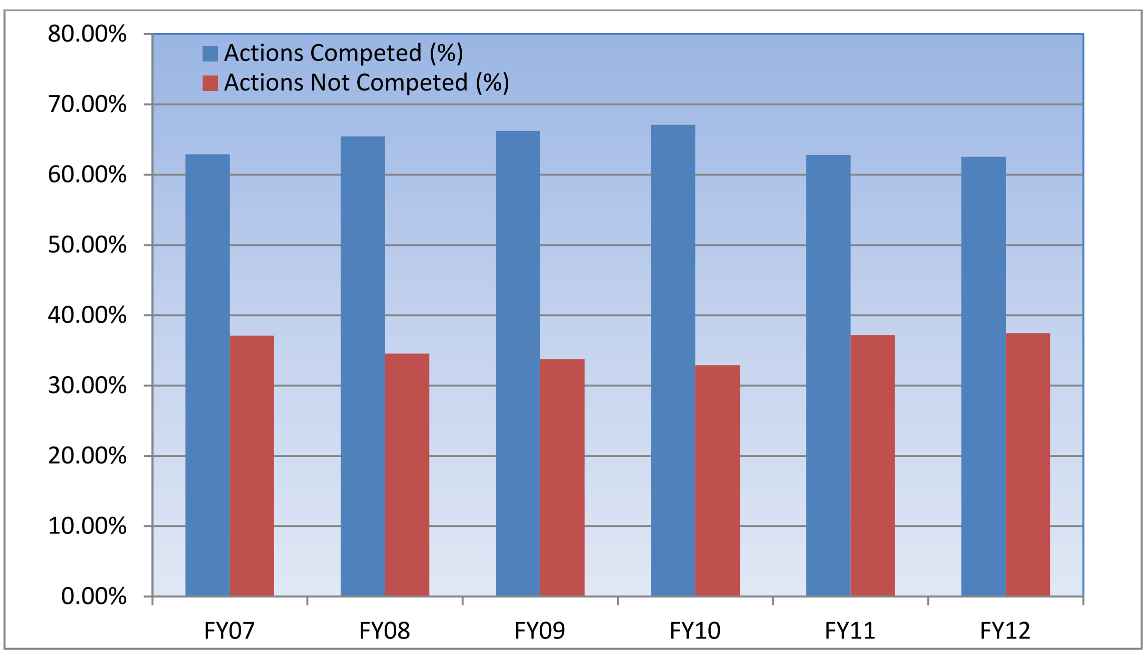
Members of the DON Competition Advocate and Director for Services Staff are proactively engaged with Department of Defense (DOD) level panels sharing best practices and lessons learned, and seeking improvements in effective competition.

DON Competition Achievement

The DON FY 2012 competition goal was established at 49.3 percent. The DON extracted FY 2012 data from the Federal Procurement Data System for this report on January 8, 2013. The total DON obligated dollars decreased from $103.8 billion in FY 2011 to $93.9 billion in FY 2012 due, in part, to Continuing Resolution and budget constraints. For FY 2012, DON competitive dollars obligated decreased by $7.18 billion to $42.9 billion, which is 45.7 percent of overall obligated dollars. The DON's trend in competition rates achieved based on dollars obligated has ranged from 54.5 to 45.7 percent for the period from FY 2007 to FY 2012. The chart below shows the trend in competitive and non-competitive obligated dollars for FY 2007 to FY 2012.



In comparison, the DON's trend in competition rates achieved based on the number of contract actions recorded in the Federal Procurement Data System has ranged from 62.89 percent in FY 2007 to 62.81 percent in FY 2011. In FY 2012, the DON competition rate based on number of contract actions was 62.5% based on 309,496 total actions recorded. The chart below shows the trend in rate for competitive and non-competitive actions for FY 2007 to FY 2012.



In accordance with the December 20, 2012 DPAP guidance, the DON's FY 2013 goal for overall competition was established at 48.6 percent and reflects a three percent increase over the DON's FY 2012 achieved rate based on dollars obligated. Additionally, the DON's FY 2013 goal for effective competition was established at 89.4 percent and reflects a 10 percent improvement over the FY 2012 achieved rate based on competed dollars obligated. The DON is committed to improving competitive and small business opportunities, and continues to improve competitive opportunity through open architecture solutions and improved tradecraft in services. However, the continued investment and increasing production quantities for JSF and P-8A aircraft will continue to negatively affect the DON's competition rate in FY 2013. The planned obligations for construction of the CVN 79 will be appropriately coded as a non-competitive action and will also negatively affect the DON's competition rate in FY 2013. Furthermore, the anticipated total obligations for service contracts in FY 2013 will decrease which is likely to adversely impact the competition percentage.

In past Competition Reports, the DON has reported on the trend in fair opportunity in task and delivery order contracts under multiple award contracts. The table below illustrates the DON rate achieved for fair opportunity from FY 2009 through FY 2012.

FY 2009	FY 2010	FY 2011	FY 2012
84%	84%	87%	88%

In keeping with initiatives to improve real competition (i.e., cases where more than one offer was received), FY 2012 was the second year where goals for 'effective competition' were established. The DON's goal for effective competition in FY 2012 was established at 85.5 percent of competed dollars obligated, an 8 percent increase over the FY 2011 achieved rate of 77.7%. The table below shows the DON rate achieved for effective competition from FY 2010 through FY 2012.

FY 2010	FY 2011	FY 2012
77.3%	77.7%	79.4%

The DON has consistently improved its effective competition rate over the last three years, with FY 2012 yielding an improvement of 1.7%. The DON is committed to increasing competition where possible and to obtaining improvements in real competition, including effective competition at the task or delivery order level. The trend in DON toward increased numbers of multiple award contracts is establishing a foundation for improvements in fair opportunity and effective competition at the task or delivery order level. Additionally, the DON achieved an overall competition rate of 17.4 percent in FY 2012 for contingency contracting actions in support of Operation Enduring Freedom (OEF).

The Federal Acquisition Regulation (FAR), Subpart 6.5 Competition Advocates, requires agency and procuring activity competition advocates to promote competition and improve competitive opportunity across their portfolio of acquisitions; and, to provide oversight of competition in the contracting operations of the agency. As a result, the DoN's Competition Advocate requires each of its major Commands to assess and submit their achievements on an annual basis in accordance with the reporting requirement at FAR 6.502, duties and responsibilities. A summary of the results and actions taken follows.

Opportunities and actions taken, including any new initiatives, to acquire Commercial Items (CI) to meet the needs of the agency:

The DON contracting competency continues to screen incoming requirements to maximize the use of commercial contracts. Contracting Officers continue to release Requests for Information (RFIs) and Sources Sought notices in FedBizOpps in search of commercially available items that meet customer requirements. A few of the many examples cited in Command reports are below.

The Naval Sea Systems Command (NAVSEA) competency regularly uses DoD's Enterprise Software Initiative (ESI) to further increase commercial competition.

The Marine Corps Systems Command (MARCORSYSCOM) recently implemented the Internal Business Assessment (IBA) program, which allows Contracting Competency Leads to monitor their workforce (through file reviews) to ensure that commercial items are being utilized to the fullest extent possible. Any shortfalls identified during the review are addressed via training. In FY12, the Contracting Competency Manager sponsored Kapstone Training entitled "Market Research Techniques and Commercial Item Fundamentals" in order to improve results in this area.

The Military Sealift Command (MSC) increased reliance on market surveys and continues to increase pre-solicitation engagements with industry using events like "Industry Days" and draft Request for Proposals (RFP) for commercial items, to broaden the pool of potential offerors. These focused exchanges helped identify restrictive non-mandatory DoD/Government requirements which could be transitioned into less restrictive commercial standards. MSC also refined its distribution network requirement the commodities contracts so they were aligned with commercial practices.

The Naval Air System Command's (NAVAIR's), Naval Air Warfare Center Aircraft Division (NAWCAD) Lakehurst developed a web-based tool in 2011 that allows purchase card customers to access BPA's with local small businesses for frequently ordered commodities. These BPAs are limited to small businesses and the volume of actions and dollars being processed through them has grown substantially due to their ease-of-use. In FY12, numbers of purchase card buys using this tool grew significantly to 1200 buys valued at $3.5M compared with 618 buys valued at $1.4M in FY11. NAVAIR also issued several new multiple award IDIQ contracts with an aggregate value of just over $24M competed as 100% small business set-asides for the acquisition of commercial items. In FY12, NAVAIR issued over 400 orders under existing Multiple-Award IDIQ Contracts for the procurement of commercial items with an aggregate value of more than $2.5M.

MCI West uses a variety of enterprise-level contracting vehicles to acquire commercial supplies and services to include the NAVSUP Global Business Solutions contract for temporary labor, and Government Wide Acquisition Contracts (GWAC) from the National Institute of Health's NITAAC and GSA's STARS II contracts. Of note, Parris Island Contracting Office awarded 99% of all actions and MCI Pacific Contracting Officer procured 100% of all actions using commercial procedures.

Opportunities and actions taken, including any new initiatives to achieve/increase full and open competition in the contracting operation of the agency:

The DON is committed to leveraging competition and has challenged its program managers to increase competition in their respective portfolios. All of the DON commands note the use of Industry Days and Long Range Acquisition Forecasts as useful tools to foster and increase competition. A few of the many examples cited in Command reports are below.

The Space and Naval Warfare Systems Command (SPAWAR) and the Military Sealift Command (MSC) have successfully continued their initiatives to increase the use of Multiple Award Contracts (MACs) and improve effective competition. For example, SSC Atlantic is in the process of awarding 24 competitive capability-focused Pillar Contracts, 6 large business and 18 small business MACs and MSC converted a single award IDIQ contract to two lots, competing one as a large business MAC and the second as a small business MAC.

The Office of Naval Research (ONR) uses Broad Agency Announcements, Small Business Innovative Research (SBIR)/Small Business Technology Transfer Research (STTR) solicitations, the Seaport-e portal extensively for 90% of ONR's requirements.

MCFCS works closely with customers early in the acquisition cycle to remove restrictive specifications that restrict competition and conducts market research to maximize sourcing and promote competition. In terms of achieving increased competition and promoting effective competition, SPAWAR has implemented Better Buying Power 2.0. As part of this initiative, SPAWAR has taken numerous steps to improving the acquisition of products and services, through the implementation of Better Buying Power initiatives, such as effectively managing technical data rights and emphasizing the importance of competitive strategies.

NAVSUP has created/maintained competitive strategies and environments in the following major areas: Strategic Sourcing (e.g., wireless, GBS contracts require each order to be competed among the MAC holders), Seaport-e services (task orders competed among the MAC holders; sole source orders are not allowed on the program), and Reverse Auctions (utilize an on-line website with thousands of registered vendors that compete for each requirement). In each of these areas, competition is an integral element in the process.

Also, NAVSUP and NAVSEA implemented an enterprise-wide “Contract Court” designed to review and validate requirements, increase competition and increase small business opportunities and participation. .

MSC has expanded use of the SeaPort-e IDIQ vehicle for a variety of services acquisitions, encouraging participation from vendors, which had previously not participated in MSC procurements. To the maximum extent practicable and in conformance with DoD policy, MSC continued to shift existing single award IDIQ contracts to multiple award IDIQ contracts.

NAVSEA cites several examples where competition is being achieved for items that have been sole source for many years Due to open architecture and the purchase of competitive data packages the following requirements are currently in various stages of competition: AEGIS Combat Systems Engineering Agent, the Ship Integration and Test requirements, MK 41 Vertical Launch System (VLS) Launcher Production, VLS Canisters and Associated Equipment, and Ship Self Defense Systems (SSDS) CSEA Requirements. Another example is MSC’s $500M ship charter, which was previously sole source. As a result of focused research, MSC found there were multiple capable vendors interested in participating; therefore a competitive acquisition plan has been established to meet the requirement. Other similar examples are NAVAIR’s ongoing requirements for (a) Contracted Air Services using contractor owned and operated business jets and twin engine propeller aircraft to support USN and DoD training missions (estimated at $175M) and (b) Air Anti-Submarine Warfare (ASW) Systems Program (estimated at $862M).

Actions taken to challenge requirements that are not stated in terms of functions to be performed, performance required or essential physical characteristics. New initiatives to ensure requirements are stated in terms of functions to be performed, performance required or essential physical characteristics.

All of the DON commands routinely work with the requiring activities and program offices during the acquisition planning phase to ensure requirements are clearly defined and not overly restrictive. Most of the commands cited use of a formal acquisition team body to review requirements and ensure they are stated in performance based terms; and, have put in place tools and guide books to enable their acquisition teams to better prepare performance based actions. The commands cite formalization of a Procurement Planning Strategy board or similar meeting early in the procurement cycle as an initiative that has helped better define requirements in performance based terms. A few of the many examples cited in Command reports are below.

NAVSEA, via the institution of a PPSM in FY11, continues to emphasize requirements review and discussions pursuant to performance-based statements of work early in the acquisition strategy process, allowing Contracting Officers the ability to challenge, at the beginning of the acquisition process, any non-performance-based statements of work. NAVSEA continues to emphasize performance-based statements of work in the intern boot camp and COR training programs. Guidance documents, checklists and templates continue to be utilized and updated as necessary to stay current and relevant.

The Strategic Systems Program (SSP) requires the formation of a “Contracts Working Group” that looks at each requirement to maximize services or in the case of hardware, the use of essential physical characteristics. This allows the formation of a Statement of Work that emphasizes the performance required vice the delivery of just “man-hours”. For each new procurement, the requiring activity must justify why an effort for services is not “performance based.” Depending on the procurement amount, the Head of Contracting or the Division Director will review and approve the justification at time of the PR. Additionally since SSP includes performance and/or delivery incentives in many of the contracts, this drives contractors to focus on objective measures of performance.

The SPAWAR utilized Lean Six Sigma to ensure they work to improve the requirements generation process. These improvements are then instituted across the Claimancy.

Any condition or action that has the effect of unnecessarily restricting the acquisition of commercial items or competition in the contract actions of the agency. Any barriers to the acquisition of Commercial Items or Competition that remain:

As with past years, DON commands note challenges in introducing competition for fielded systems because of the lack of necessary technical data and/or data rights. DON recognizes these challenges and remains committed to working toward reducing or eliminating these barriers to competition. Some commands cite Congressional Earmarks directed to a specific source and direction of a foreign government under the Foreign Military Sales (FMS) program as unnecessarily restrictive. Contractor teaming arrangements sometimes limit competition unexpectedly.

The DON commands and program offices continue seeking breakout opportunities and resolution of data rights issues in order to foster increased competition.

<u>Other ways in which the agency has emphasized the acquisition of Commercial Items and Competition in areas such as acquisition training and research.</u>

The DON commands continue using formal and informal training for the contracting and requirements communities to ensure focus on competitive and small business opportunities. Several of the DON commands have established contracts competency training on a recurring basis, including structured ‘boot camp’ training for trainees and interns; and, training focused on improving competencies in market research, commercial item acquisition, pricing and cost estimating, performance based contracting, source selection and evaluation, open systems, and quality assurance and surveillance.

Awareness training, specifically DAU course CLC-055, on current competition policy and guidance, the benefits of competition, and opportunities to increase competition in Government acquisitions was made mandatory for program managers, program executive officers, logistics managers, and contracting personnel. The DON commands have implemented additional refresher training for Contracting Officer Representatives to improve quality assurance and surveillance. Additionally, the DON commands provide training in use of improved tools for procurement document preparers.

The Marine Corps Field Contracting System uses an active vendor outreach program, administered by Small Business Specialists, to increase competition and identify sources for purchase of commercially available items.

MARCORSYSCOM’s Procurement Performance Management Assessment Program (PPMAP) is an effective process for ensuring that acquisition personnel are acquiring commercial items to the fullest extent (PPMAP special interest item).

<u>Initiatives that ensure task and delivery orders over $1,000,000 issued under multiple award contracts are properly planned, issued, and comply with 8.405 and 16.505.</u>

As with past reports, the DON commands have established review procedures during the pre and post solicitation stages as well as the pre-award stage to ensure task and delivery orders over $1M issued under multiple award contracts are properly planned, issued, and comply with FAR Subparts 8.405 and 16.505. The Commands who use task and delivery order contracts are using Peer Reviews and/or Contract Review Boards to provide insight and guidance to improve multiple award contracts and fair opportunity competitions. Command Competition Advocate and Office of Small Business Programs representatives are engaged early in procurements to ensure compliance with current regulations and policies for task/delivery order competitions under multiple award contracts with emphasis on fair opportunity, requirement description, evaluation factors, and basis of award.

MSC maximizes competition under all of its MAC contracts and FSS orders by planning for task/delivery orders early, issuing advance notices, similar to synopses, which allowing a longer period for companies to respond to a Request for Quote; closely examining the Performance Work Statement to ensure it is not restricting competition; and holding pre-quote conference calls with all the multiple award contractors as a group to share information in order to help increase competition.

All NAVSUP multiple award contract holders are afforded the opportunity to compete on all task orders issued under NAVSUP MACs unless one of the four exceptions identified in FAR 16.505 (b)(2) apply and is properly justified in accordance with DFARS 216.505-70(b) and FAR 8.405-6. As an example, Navy activities placed over 400 competitively procured delivery and task orders against the NAVSUP Fleet Logistic Center (FLC) San Diego Global Business Solutions (GBS) contract in FY12.

SPAWAR's SSC Atlantic used SeaPort "O" portal to conduct a majority of the in-house multiple competitions, which is a more efficient means of conducting task order competitions and provides increased visibility into competition metrics, efficiency data, etc.

NAVSEA continues using SeaPort-e to competitively award multiple award contracts for services under FAR 16.505. Advance Notices of procurements give SeaPort-e partners more time to become familiar with individual requirements; more time to form partnerships, teams and alliances with other Seaport contractors; and more time to put together complete and accurate proposals. All of these factors have had the effect of enhancing the competitive environment.

NAWCWD awarded an additional five (5) MACs awarded in FY12 all 100% small business set-asides. Additionally, NAWCWD awarded a total of 425 orders using fair opportunity procedures. NAVAIR awarded three (3) new Unmanned Aircraft System (UAS) Intelligence, Surveillance and Recognizance (ISR) Services IDIQ MACs. This competition expanded the number of vendors providing ISR services and immediately resulted in cost savings of 40% on land-based task orders.

Several of the other DON Commands use SeaPort-e where task orders are competed and provide fair consideration/opportunity to all offerors in the appropriate zone. Additionally, the Commands report that GSA orders are placed through the e-buy, electronic quote system, and provided fair opportunity when awarding orders against the Federal Supply Schedule contracts through GSA. Requirements are posted to e-buy for competition among the GSA/FSS holders to maximize competition.

Summary and Conclusion

During FY 2012, the DON successfully improved competition across our portfolio of acquisitions and worked across DON and Industry to better understand what our systems, hardware and services should cost in order to make every dollar count while minding the health of the industrial base. Additionally, we continue reviewing the requirements in our major non-competitive acquisitions for opportunities to introduce competition, for example, through component breakout, advances in open architecture solutions and securing data rights appropriate for future competition.

Also during FY 2012, the DON Commands continued to place greater scrutiny on the requirements and practices for acquiring services with increased emphasis on early engagement to ensure performance based work descriptions, small business opportunity and improvement in effective competition. The DON Commands continued moving away from single award task and delivery order contracts where possible and replacing them with multiple award contracts. These initiatives help establish a foundation for continuing improvement in fair opportunity and effective competition.

The DON will continue building on our accomplishments and continue making progress in strengthening our core competencies in technical, program management, quality assurance, contracting and cost estimating. And, we will continue working across DON and Industry to understand what our ships, aircraft and weapon systems should cost in pursuit of affordability in both competitive and non-competitive actions.

AIR FORCE COMPETITION REPORT

FISCAL YEAR 2012

February 2013

INTRODUCTION

In accordance with the Office of the Under Secretary of Defense (Acquisition, Technology & Logistics (OUSD (AT&L))/Defense Procurement and Acquisition Policy (DPAP) memo dated 20 Dec 2012, *Request for Fiscal Year 2012 Competition Report and Establishment of FY2013 Competition Goals*, and Headquarters Air Force (HAF) Mission Directive (MD) 1-10, as the Air Force Competition Advocate General, SAF/AQC submits the Air Force (AF) Competition Report for Fiscal Year 2012 (FY12). This report discusses AF efforts to achieve its FY12 overall competition goal of 43% and its effective competition goal of 93.5%, and acknowledges the Fiscal Year 2013 (FY13) dollarized competition goals established in the 20 Dec 2012 DPAP memo referenced above. The AF FY13 goal of $26,417,523,414 competition dollars obligated is based on the DPAP methodology of a three percent improvement over the FY12 actual competition dollars obligated. The AF FY13 goal of $24,404,149,057 effective competition dollars obligated is based upon a 10% improvement over FY12 actual effective competition dollars obligated. However, the AF recommends that modifications be removed from the effective competition calculation as it is inconsistent with the Better Buying Power Initiative to increase effective competition since a modification to an existing contract does not result from a competitive solicitation wherein the receipt of two or more offers is possible. Regardless, the AF will continue to pursue efforts to increase effective competition.

COMPETITION EFFORTS

All Major Commands (MAJCOMs), Direct Reporting Units (DRUs), and Field Operating Agencies (FOAs) (hereafter referred to as Commands) are designated as procuring activities in AF Federal Acquisition Regulation Supplement (AFFARS) section 5306.501, and must have a competition advocate. Competition advocates are responsible for the competition and commercial advocacy program within their respective organizations, and track and report competition results pulled from the Federal Procurement Data System (FPDS). They also promote and support full and open competition and commercial practices in acquisition programs managed by their Commander or associated Program Executive Officers (PEOs). AF Policy Directive 63-3 and AFFARS Mandatory Procedure MP5306.50 require competition advocates to improve overall competitive performance, including effective competition, and to increase the use of commercial practices by overcoming barriers, such as overly restrictive requirements, policies, procedures, and/or decisions that restrict competition and/or commercial practices. Competition advocates identify potential opportunities for full and open competition and effective competition as well as commercial opportunities by participating in acquisition strategy planning through forums such as the Acquisition Strategy Panel (ASP) process, coordination on or approving Justification and Approval (J&A) documents, reviewing acquisition planning (AP) documents, and approving exceptions to fair opportunity. They ensure market research demonstrates that competitive and commercial opportunities were considered, develop annual competition plans, establish procedures to monitor the performance of their respective activities, and take necessary action to meet or exceed assigned competition goals to the maximum extent possible.

The competition advocates maintain a program that identifies and monitors actions to remove obstacles to competition and commercial practices through advocacy, awareness, and oversight. They promote source development programs which assist potential sources with identifying business opportunities and becoming qualified sources. They work with government and industry alike to investigate and eliminate barriers to competition, to promote the acquisition of commercial items, to scrutinize and challenge requests for single-source or non-commercial items, and to identify potential competition or commercial conversion opportunities through component breakout during J&A and AP document reviews. The competition advocates ensure that program requirements are stated in the least restrictive terms to permit effective competition and utilization of commercial practices. Specifically to reinforce that competition is the rule and not the exception, the competition advocate at Air Force Materiel Command (AFMC) emphasizes this philosophy regularly in bi-monthly Enterprise Process Board telecoms, and at AFMC Contracting Director's calls and conferences. Similar forums occur throughout the AF on a regular basis to discuss competition achievements with the contracting community and with customers, and to stress that competition is the standard.

The AF relies on cross-functional teams during the acquisition planning process to challenge requirements that are not stated in terms of the functions to be performed, performance required, or essential physical characteristics. Command teams engaged in market intelligence activities to analyze the market and reveal details of who is buying and who is selling similar requirements within both the Government and Industry, how they are doing so, and if there is a potential for effective strategic sourcing or breakout opportunities to increase competition. Potential markets are engaged via pre-solicitation outreach events such as trade shows and conferences, site visits and Industry Days to exchange information with new and existing suppliers and to obtain industry perspective during the acquisition planning phase. For instance, AF Global Strike Command (AFGSC) participates in community outreach events offered by local, state, and federal entities to increase visibility into upcoming acquisitions. They also collaborate with local Chambers of Commerce, Government Procurement Centers, Small Business Development Centers, as well as the Small Business Administration offices in their areas to increase visibility into upcoming acquisitions. Through robust market research efforts, including the issuance of requests for information and industry briefings, the AF Operational Test and Evaluation Center (AFOTEC) successfully segregated requirements on the Engineering and Test Services multiple award contract into a competitive, small business set-aside. AFOTEC also participates in the Annual Professional Aerospace Contractor's Association Briefing for Industry to advertise its upcoming requirements. One of the most valuable tools the AF has to communicate with industry regarding future mission requirements is the Long Range Acquisition Estimates (LRAE) tool, which assists with planning requirements and locating additional sources of supply. This tool allows vendors to easily search for and preview current and future acquisitions (construction, supplies, services, research and development), and defines requirements to facilitate both competition and increased use of commercial products and services. Moreover, it meets the intent of the Small Business Act requirement to prepare a forecast of expected contract opportunities; thus, the tool is a critical resource for small businesses interested in doing business with the AF.

FY12: COMPETITION

THE DATA

The AF pulled FY12 data for this report from FPDS on 25 Jan 2013 using the standard competition report, ad hoc reports, and the "Competitive Procedures, but Only One Offer Report," to report on "effective competition" for contract obligations in which competition was sought but only one offer was received. The AF finished the year with a competition rate of 37%

as compared to the DPAP assigned FY12 competition goal of 43%. Although the AF suggested an effective competition goal of 90%, the AF was assigned an effective competition goal of 93.5%, and achieved a rate of 87% (inclusive of contract modifications) as compared to an 85% achievement in FY11. With modifications removed from the calculation, the AF exceeded the goal and ended FY12 with an effective competition rate of 95%. Since modifications do not result from a competitive solicitation, the latter achievement more accurately reflects AF performance in this area.

TREND ANALYSIS

In FY12, the AF awarded a total of 179,474 actions, valued at approximately $69.7B. 135,023 (75%) of total actions were competed and were valued at approximately $25.7B. In FY11, the AF awarded 208,905 actions valued at approximately $65.4B, of which 159,842 were competed actions (77%) valued at approximately $27.6B. While the AF obligated approximately $4.3B more in FY12 than in FY11, total actions decreased by 29,431. The vast majority of this decrease in actions occurred within Commands whose missions are more conducive to competition. Total obligations for these Commands decreased over $1B from FY11 to FY12 resulting in over 19,000 fewer actions, contributing, in part, to the decrease in percentage of competed dollars. At the United States Air Force Academy (USAFA), for instance, the loss of a large tenant customer resulted in $6.5M fewer competed contract dollars. Additionally, USAFA experienced a $10M decrease in obligations for construction straddle projects as a result of fewer fallout dollars at the end of the fiscal year. Air Combat Command (ACC) also experienced reductions in funding for construction projects during FY12. Conversely, the systems Commands' percentage of total AF obligations has increased from 84% in FY10 to 87% in FY11 to 90% in FY12. In fact, AFMC now accounts for 75% of total AF obligations, up from 72% in FY11. This reflects the current AF environment in which the AF obligates the vast majority of its dollars to maintain its high dollar value, long-standing, sole-source weapon system contracts, has experienced a reduction in the number of new starts/programs, and continues to see an increase in its directed-source Foreign Military Sales (FMS) contracts ($15B in FY12 within AFMC as compared to $5B in FY11).

AF Historical View of Competed and Not Competed Dollars and Percentages

	FY10	FY11	FY12
Total Dollars	65,570,338,088	65,495,033,031	69,769,189,399
Competed Dollars	33,153,399,941	27,669,066,499	25,762,115,689
Percentage of Competed Dollars (Competition Rate)	51%	42%	37%
Total Actions	195,746	208,905	179,474
Total Competed Actions	151,664	159,842	135,023
Percentage of Total Competed Actions to Total Actions	77%	77%	75%

Table 1

The AF has two primary missions which include operational and systems acquisition: 1) the operational Commands typically award contracts for installation support; and 2) the system Commands, AFMC and Air Force Space Command (AFSPC), procure weapon systems and logistics support. The operational mission lends itself to more robust competition and commercial opportunity, whereas the weapon systems and logistics missions rely more on the Original Equipment Manufacturers (OEMs) who designed, developed, and produced the systems. OEMs often remain the sole supplier capable of providing additional system acquisitions and sustainment in an efficient and timely manner, thus driving long-term contractual relationships with little opportunity for competition. While challenging in the current fiscal environment, the AF continues to pursue opportunities for acquiring the technical and data rights for its major systems and subsystems from OEMs with upfront planning and budgeting for component breakout and competition of major subsystems. AFMC has actively engaged data rights experts within the legal community to investigate and explore data rights issues for specific acquisitions. In FY12 the AF successfully accomplished three subcomponent competitions within the B-2 program. Other techniques include the use of “insurance buys” to contract with the OEM for continued program sustainment while allowing a competitively selected alternate source to prove its’ capability to compete with the OEM in the future.

Despite these obstacles, the AF continues to pursue competition by engaging competition advocates early in the acquisition process, utilizing *FedBizOpps* to ensure widest dissemination of contract opportunities and program information to business and industry, even when its use is not mandated. In addition, the AF is engaged in a collaborative and structured strategic sourcing process whereby spend analysis is utilized to make business decisions about acquiring commodities and services more efficiently and effectively. The AF awards multiple-award, indefinite-delivery/indefinite-quantity (IDIQ) contracts where appropriate; emphasizes robust market research; challenges overly restrictive requirements; uses industry days, sources sought notices, and requests for information to convey general and specific program needs to increase industry participation and feedback, and to identify additional sources of supply. Furthermore, the AF works very closely with the small business community, including small business specialists early and often during the acquisition planning process to identify opportunities for small businesses in addition to participation in small business trade fairs and outreach events.

The AF requires annual competition training and encourages the use of the Defense Acquisition University (DAU) CLC055 course, *Competition Requirements for DoD Acquisition*. Many Commands have made this specific course mandatory for all of their contracting personnel in addition to providing further competition, market research, and commercial training throughout the year targeted to both acquisition personnel and their customers. For instance, AF Reserve Command held a workshop in January 2012 covering small business, competition, FPDS CAR coding, and market research topics. The United States Air Forces in Europe (USAFE) Competition Advocate conducted competition training at the Command Contracting Training Conference in April 2012. Additionally, during their annual Business Information Meeting, USAFE provided training on the FedBizOpps system, Central Contractor Registration/System for Award Management (CCR/SAM) registration, and acquiring Dun & Bradstreet numbers and Commercial and Government Entity Codes, which are all very important to the commercial vendor base in the overseas environment. On 28 Nov 2012, AFMC hosted a training webinar on data rights with 368 personnel in attendance and plan to host another such webinar in April 2013. During FY12, all Air Mobility Command (AMC) contracting personnel received training utilizing the slides from “Better Buying Power Initiative: Remove Obstacles to Competition.”

AFGSC has enhanced their Contracting Officer Representative (COR) training to emphasize the benefits of writing government contracts to mirror commercial practices for building requirements.

FY12 Competition Goals and Achievement

COMMAND	PERCENT OF TOTAL AF DOLLARS	FY12 GOAL	FY12 ACTUAL
USAFE	.7	94%	95%
ACC	2.6	89%	85%
AFRC	.4	82%	82%
AFOTEC	.02	69%	81%
AFSOC	.3	62%	76%
AETC	2.1	82%	75%
AFDW	.6	87%	74%
AFISRA	.4	73%	71%
AMC	1.4	70%	71%
AFGSC	.4	69%	70%
USAFA	.3	76%	69%
PACAF	1.4	62%	63%
AFSPC	14.1	41%	37%
AFMC	75.4	37%	31%

Table 2

As illustrated in Table 2, seven operational Commands met or exceeded their assigned competition goals. As evidenced by the percentage of total AF dollars obligated by Command, operational Commands have a minimal impact on overall AF performance. Conversely, expenditures at AFMC and AFSPC have a major impact on AF performance. The percentage of total AF dollars obligated by these two Commands increased from 87% in FY11 to 90% in FY12 and was, and continues to be, a major contributing factor in the decrease in the overall AF competition rate.

BARRIERS TO COMPETITION

While stressing increased competition, the AF continues to experience significant barriers to competition. Single source actions in support of socio-economic programs, the reduction in new starts and major programs, and the reliance upon noncompetitive follow-on procurements for mature systems continue to be major factors in reduced opportunities for competition. Since the AF's performance is primarily impacted by AFSPC and AFMC, this section focuses specifically on the barriers faced by these two Commands.

AFSPC continually seeks strategies to eliminate barriers to competition; however, the nature of the cyber and launch mission dictates the use of specific vendors. The industrial base for procuring and sustaining satellites, launch vehicles, and satellite/launch support hardware/software/services is extremely limited. Past decisions concerning the purchase of data rights has restricted opportunities for competition. This limiting factor accounts for 78% of AFSPC's noncompetitive obligations. Specifically, $6.2B was obligated on two single-source contracts for the Advanced Extremely High Frequency (AEHF) Satellite Program and the Wideband Global Satellite Communications (WGS) Program. Both of these programs have reached full production status. $1.7 B was obligated on a single source contract for the Evolved Expendable Launch Vehicle program. $864M was obligated on a single source annual Federally Funded Research and Development Contract to The Aerospace Corporation. $623M was obligated on a single source contract for Space-Based Infrared System (SBIRS) space vehicle production lots. $177M was obligated on two single-source contracts for the Remote Tracking Station (RTS) Block Change (RBC) modernization and sustainment, and the Standard Space Trainer (SST). Although not all-inclusive, these are the primary factors affecting AFSPC's noncompetitive obligations. These noncompetitive actions will continue to affect AFSPC's competition rate in FY13 and beyond as these complex systems move to full production. As the commercial space industry continues to evolve and expand, and as the philosophical shift to procure data rights takes hold, opportunities to increase competitive acquisitions in space assets have potential to improve. Additionally, international agreements also negatively impacted AFSPC's competition rate. The $114M Base Maintenance Contract for Thule AFB, Greenland, continues to impact AFSPCs total not competed dollars as the agreement between the United States and the country of Denmark remains intact and only Danish firms may compete and be awarded contract work in support of Thule AFB.

AFMC continues to aggressively convey the philosophy that competition is the rule, not the exception. However, the Command fell short of its FY12 competition goal of 37% due to the large dollar single-source acquisitions in support of mature and aging systems for which there is no commercial market or suppliers due to lack of technical/re-procurement data packages to include proprietary data rights (F-22, C-17, etc.), and a tremendous increase in FY12 FMS obligations that accounted for $15B, or 29%, of their total obligations of $52.6B. If FMS obligations were excluded from the competition rate calculation and labeled "Not available for Competition," AFMC's adjusted competition rate would be 44% [total competed dollars of $16.5B divided by (total obligations minus FMS of $37.6B) which is 7% higher than their FY12 competition goal of 37%. By excluding FMS obligations, the AF's adjusted competition rate would be 47%, an increase of 10% over the reported 37% competition rate. The AF would then have exceeded its FY12 overall competition goal by 4% (47% adjusted rate compared to the goal of 43%). Since FMS obligations are almost entirely sole source directed by the FMS country through the Letter of Offer and Acceptance (LOA) (historically 96%), there is little opportunity to increase competition for these acquisitions. This trend is expected to continue in the coming years with approximately $10B in additional FMS obligations per year for the directed-source, Saudi Arabian F-15 program.

As stated above, AFSPC and AFMC obligation dollars accounted for 90% of total AF FY12 obligations; thus, the significant barriers to competition faced by these two Commands explains why the AF did not meet its FY12 competition goal.

Because of these significant barriers, the AF is aggressively exploring new opportunities for competition to include reviewing competitive acquisition strategies for potential component breakouts and generating Business Case Analyses to support decisions regarding the acquisition of data rights. Delving into market intelligence is leading to better defined requirements and a broader understanding of the market relating to the requirement, and more effective strategic sourcing.

Even with ongoing efforts to increase competition, the dollars obligated against weapon systems, subsystems, and FMS programs are so substantial that it is likely to be years before the AF realizes any meaningful increase in its competition rate. Clearly, FMS is, and is expected to continue to be, a major contributing factor to the declining competition rate. This is important to note as FMS obligations were not previously counted against the AF competition rate in the reporting system that preceded FPDS.

AF Significant Barriers to Competition

	FY10	FY11	FY12
Total Dollars	65,570,338,088	65,495,033,031	69,769,189,399
Total Not Competed Dollars	31,205,948,890	37,638,220,407	43,829,256,601
Percentage of Total Not Competed Dollars to Total Dollars	48%	57%	63%
Other Than Full and Open Competition Authorities			
Only One Source (FAR 6.302-1)	16,877,893,605	27,597,289,550	25,991,820,181
Urgency (FAR 6.302-2)	1,292,141,493	2,274,009,218	1,116,073,259
Industrial Mobilization (FAR 6.302-3)	557,707,848	609,328,430	993,874,526
International Agreement (FAR 6.302-4)	3,157,866,281	1,879,871,981	9,472,158,267
Authorized or Required by Statute (FAR 6.302-5)	1,848,236,059	1,391,161,968	1,324,915,775
National Security (FAR 6.302-6)	4,465,579,731	2,428,069,148	3,452,105,490
Public Interest (FAR 6.302-7)	4,065,763	$0	2,434,695
Reason Not Competed – Simplified Acquisition Procedures or Null	1,723,468,767	85,743,582	186,106,387
Total Not Competed Excluding Total Exception Dollars to Fair Opportunity*	29,926,959,547	36,265,473,877	42,539,488,580

Table 3

**See Table 6 for additional breakout of Exception Dollars to Fair Opportunity*

TASK AND DELIVERY ORDERS GREATER THAN $1M

The AF properly plans, issues, and complies with FAR Parts 8.405 and 16.505 for task and delivery orders over $1M. All multiple award contract holders are afforded the opportunity to compete on all task and delivery orders issued unless one of the exceptions applies. Contracting activities follow established procedures in the acquisition planning phase to ensure compliance. In addition, the AF performs both pre-award reviews and post-award inspections; the latter via Staff Assistance Visits and Unit Compliance Inspections. These inspections emphasize fair opportunity, requirements description, evaluation factors and basis for award.

THE DATA

The AF pulled FY12 data from FPDS on 25 Jan 2013. Table 4 illustrates the FY12 results for task and delivery orders issued over $1M, and shows a 5% increase from FY11 to FY12.

Task and Delivery Orders>$1M

	FY10	FY11	FY12
Total Task & Delivery Orders>$1M	29,015,404,855	27,651,226,082	29,100,184,444
Total AF Dollars	64,911,017,944	65,507,701,301	69,769,189,399
Percentage of Total Task and Delivery Orders Greater than $1M to Total Dollars	44%	42%	41%

Table 4

FAIR OPPORTUNITY

For task or delivery orders over $3,000 issued against multiple award contracts, the AF applies fair opportunity procedures in accordance with FAR 16.505(b) unless one of the exceptions applies. AF policy is that the use of the exceptions to fair opportunity should be a rare occurrence. For task or delivery orders exceeding $150,000, the AF complies with DFARS 216.505-70. The AF ensures a description of the supply or service and the basis for source selection are clearly defined for each order. Further, the AF ensures that all contractors responding to the fair opportunity notice are provided an opportunity to submit an offer and that the offer will be fairly considered. The competition advocates review proposed task and delivery orders during the acquisition planning phase. When one of the exceptions at FAR 16.505-2 applies, the AF complies with the requirement for a justification that is prepared and approved in accordance with FAR 8.405-6. The competition advocate reviews the determination, validating that it includes the information required at FAR 8.405-6(g), and that it is approved in accordance with FAR 8.405-6(h). Orders over $650,000, but not exceeding $12.5M, are approved by the competition advocate. Orders below $650,000 are approved by the contracting officer. In order to provide additional oversight and control over the use of exceptions to fair opportunity, the AFFARS requires justification approval for orders exceeding $12.5M, but not exceeding $85.5M, by the Senior Contracting Official (SCO) or the Senior Center Contracting Official (SCCO) who meets the criteria in FAR 8.405-6(h)(3)(ii). If a Command SCO/SCCO does not meet the criteria in FAR 8.405-6(h)(3)(ii), the justification must be approved by the AF Head of the Contracting Activity (HCA), which is SAF/AQC. For orders exceeding $85.5M, the Senior Procurement Executive approves the placement of the order. In addition, Commands provide periodic training on the topic.

THE DATA

The AF pulled its FY12 data from FPDS on 25 Jan 2013. Table 5 demonstrates that, notwithstanding a continuing decline in total actions and dollars subject to fair opportunity, the AF did very well in applying fair opportunity in the placement of task or delivery orders against multiple award contracts in FY12. A total of over $29B in task and delivery orders over $1M were awarded in FY12; $7.1B was subject to fair opportunity and $5.8B of orders were given fair opportunity, which equates to 82% of dollars obligated under fair opportunity and 85% of actions awarded under fair opportunity (Table 5). Table 6 illustrates instances where fair opportunity was not applied, with the majority being split between Only One Source and Follow-on Delivery Order to Competitive Initial Order. In FY12, there was an increase in exceptions to fair opportunity from 16% in FY11 to 18% in FY12, but a decrease in the total dollar value of those fair opportunity exceptions. The increase in exceptions to fair opportunity is attributable to a $61M single source award in support of the Evolved Expendable Launch Vehicle Program due to industry limitations, recurring test and evaluation services, particularly those for the F-22/A and classified programs, short-term orders placed against FSS contracts for services and interim short-term contract extensions to allow for completion of competitive contract evaluations, orders placed under the mandatory AF NETCENTS (netcentric and information technology products and services) contract and the Army Desktop and Mobile Computing contract, and an additional $47.6M in minimum guarantee orders placed to meet contractual requirements under new multiple-award IDIQ contracts.

AF Fair Opportunity on Orders against Multiple Award Contracts

	FY10	FY11	FY12
Total Subject to Fair Opportunity Dollars	9,077,941,807	8,613,381,193	7,172,888,372
Total Fair Opportunity Given Dollars	7,818,053,803	7,275,892,115	5,881,975,528
Percentage of Total Fair Opportunity Given Dollars to Total Subject to Fair Opportunity Dollars	86%	84%	82%
Total Actions Subject to Fair Opportunity	40,284	40,297	34,011
Total Actions Given Fair Opportunity	34,071	34,055	28,783
Percentage of Total Fair Opportunity Given Actions to Total Subject to Fair Opportunity Actions	85%	85%	85%

Table 5

Exceptions to Fair Opportunity on Task or Delivery Orders

	FY10	FY11	FY12
Total Exception Dollars to Fair Opportunity	1,250,602,792	1,338,249,730	1,289,768,021
Urgency (FAR 8.405-6(b)(3) or 16.505(b)(2)(i) Actions	89,006,686	67,832,636	50,485,351
Only One Source Other (FAR 8.405 6(b)(1) or 16.505(b)(2)(ii) Dollars	650,367,144	557,452,756	460,813,413
Follow-on Delivery Order to Competitive Initial Order (FAR 8.405(b)(2) or 16.505(b)(2)(iii))Actions	380,100,662	468,625,779	476,727,081
Minimum Guarantee (FAR 16.505(b)(2)(iv)) Actions	33,125,732	126,772,484	174,416,148
Other Statutory Authority	98,002,568	117,566,075	127,326,029
Percentage of Total Fair Opportunity Exception Dollars to Total Subject to Fair Opportunity Dollars	14%	16%	18%

Table 6

COMPETITION AND EFFECTIVE COMPETITION GOALS

The AF established its Command FY13 competition goals based upon trend analysis, barriers to competition, and the overall AF goal (Table 7). During FY12, major programs were reorganized for life-cycle management into PEO portfolios. The AF will use FY13 to allow the portfolios to settle, such that in FY14, competition goals may be allocated by PEO. In the meantime, within the major programs with little opportunity for competition, the AF will continue to focus on subsystem competition opportunities. Further, the AF will continue to embrace multiple-award IDIQ structures with on-ramps to continue and enhance the competitive environment, while ensuring data rights are claimed that will, at a minimum, enable competitive sustainment arrangements. For existing sole-source sustainment programs, the AF will examine opportunities to challenge contractor claims to proprietary data and assert government rights where possible in order to enable subsequent competitions.

AFMC's goal was increased above their FY12 performance to incentivize the Command to explore every opportunity to promote competition. Pacific Air Forces' (PACAF) goal was held relatively constant due to the percentage (17%) of PACAF's total dollars awarded under a long-term, master labor contract under International Agreement that are unavailable for competition and artificially deflate PACAF's true competition efforts. The same methodology was generally applied in developing the remaining Commands goals as was used by DPAP in establishing AF goals, notwithstanding the expected impact of ongoing budget uncertainties associated with the continuing resolution and potential sequestration. Additionally, as noted above, AFMC is the predominant driver of AF performance; therefore, if the FMS obligations mirror or exceed FY12 obligations, significant challenges face AFMC and the AF in achieving assigned FY13 goals.

AF FY12 Competition Results and FY13 Dollarized Competition Goals
(Percentage of Total Dollars Competed)

Contracting Activity	FY12 Competition Goal	FY12 Competition Actual	FY13 Competition Goal
AFOTEC	**69**	**81**	**$10,298,933 (81)**
USAFA	**76**	**69**	**$128,469,951 (70)**
AFGSC	**69**	**70**	**$174,035,909 (70)**
AFSOC	**62**	**76**	**$186,331,568 (78)**
AFISRA	**73**	**71**	**$206,866,371 (73)**
AFRC	**82**	**82**	**$229,704,348 (84)**
AFDW	**87**	**74**	**$341,440,242 (76)**
USAFE	**94**	**95**	**$461,335,249 (96)**
PACAF	**62**	**63**	**$644,793,476 (64)**
AMC	**70**	**71**	**$690,272,787 (72)**
AETC	**82**	**75**	**$1,111,965,091 (77)**
ACC	**89**	**85**	**$1,576,503,554 (88)**
AFSPC	**41**	**37**	**$3,729,032,624 (38)**
AFMC	**37**	**31**	**$17,353,240,345 (33)**
Total AF Goal	**43**	**37**	**$26,417,523,414 (38)**

Table 7

In FY12, all Commands were assigned the AF's FY12 effective competition assigned goal of 93.5%. Actual achievements by Command and for the AF overall are reflected in Table 8. As previously noted, with modifications removed from the calculation, the AF exceeded the goal and ended the year with an effective competition rate of 95%. Since modifications do not result from a competitive solicitation, the latter achievement more accurately reflects AF performance in this area. Command goals for FY13 have been assigned to support the AF goal (Table 8).

AF FY12 "Effective Competition" Results and FY13 Dollarized Goals
(Percentage of Total Dollars Competed)

Contracting Activity	FY12 Goal	FY12 Actual	FY13 Goal
AFOTEC	93.5	59	$9,516,214 (92.4)
USAFA	93.5	98	$118,706,235 (92.4)
AFGSC	93.5	92	$160,809,180 (92.4)
AFSOC	93.5	89	$172,170,369 (92.4)
AFISRA	93.5	79	$191,144,527 (92.4)
AFRC	93.5	90	$212,246,817 (92.4)
AFDW	93.5	71	$315,490,784 (92.4)
USAFE	93.5	95	$426,273,770 (92.4)
PACAF	93.5	80	$595,789,172 (92.4)
AMC	93.5	88	$637,812,055 (92.4)
AETC	93.5	94	$1,027,455,744 (92.4)
ACC	93.5	94	$1,456,689,284 (92.4)
AFSPC	93.5	95	$3,445,626,145 (92.4)
AFMC	93.5	84	$16,034,394,079 (92.4)
Total AF	93.5	87	$24,404,149,057 (92.4)

Table 8

COMMERCIAL

The AF strongly supports the use of commercial procedures whenever feasible. Market research is the key to the acquisition workforce understanding the commercial marketplace. Therefore, industry days, vendor capability briefings, sources sought announcements, and FedBizOpps are used to engage industry to assist in ensuring acquisitions reflect commercial practices. For strategic sourcing decisions, the AF employs a market intelligence approach to help teams understand the marketplace and then mirror the marketplace in their strategies (e.g., modular furniture).

Commands regularly procure commercial items and use requests for information to obtain information from business and industry to determine if items are commercially available. For instance, the majority of the awards made at AFSOC and AFOTEC at or below the simplified acquisition threshold, were determined to be commercial and were competed using multiple-award contracts such as General Services Administration (GSA) schedules as well as AFWay for purchasing information technology hardware, software, and related services. AMC and the Air Force Intelligence, Surveillance and Reconnaissance Agency (AFISRA) utilize multi-functional teams at lower dollar thresholds to emphasize the need for competition and commercial practices and to challenge every noncompetitive or noncommercial attribute of a requirement. Further, the Commands use FedBizOpps and GSA E-buy to promote maximum industry participation and commercial practices. USAFA requires leadership approval not to use commercial procedures for all purchases other than construction, which has dramatically reduced the number of non-commercial actions. In addition, the Command provides annual training on commerciality and competition goals, with the most current training being provided in August 2012. Although AFMC's mission generally lends itself to non-commercial practices, due to the specific military requirements of the aircraft and systems, commercial practices are utilized whenever feasible. Specifically, AFMC specifications are written broadly enough to allow commercial offerors to propose commercial solutions to their requirements. Operational units within AFMC and AFSPC utilize commercial contracts to the maximum extent practicable. A success story within AFSPC is the acquisition of the Standard Space Trainer, currently in Phase II of a Small Business Innovative Research project that will create a single space trainer employing the use of commercial-off-the-shelf software and hardware to ensure future competitive requirements. Market research workshops are conducted on a continuing basis for new acquisition teams with complex, large dollar value requirements.

The AF will continue to promote the use of and explore new opportunities for utilizing commercial practices, but is increasing due diligence in challenging contractors commercial claims and distinguishing true "commercial" items from "of a type" items.

MAXIMIZING SMALL BUSINESS OPPORTUNITIES

The AF fully supports all SBA socio-economic programs, as well as the Ability-One program. Small businesses account for the vast majority of contract work performed in the operational commands; however, the AF continues to seek opportunities to increase small business participation in other mission areas. In addition to reviewing all acquisitions greater than $10,000 and making recommendations regarding the use of small businesses, Small Business Specialists at the local and Command levels participate on Acquisition Strategy Panels to provide small businesses input into acquisition strategies. AF Small Business Specialists also work with small businesses to provide training at vendor fairs and other outreach events on how to conduct business with the Government to expand the vendor base. Leveraging DoD's "MaxPrac" tool, the AF maintains an enhanced tool to assist in identifying small business opportunities. Information in this tool may be used as an early indicator of small business capabilities in the marketplace based on a five-year spend history by NAICS/PSC code.

The AF Small Business Office, SAF/SB, implemented an AF Small Business Improvement Plan in February 2012. The plan has three goals: 1) partner with key stakeholders to deliver the right prime and subcontract small business solutions to accomplish the AF mission; 2) partner with key stakeholders to develop Better Buying Power (BBP) strategies that maximize small business opportunities to provide solutions to AF mission challenges; and, 3) develop and maintain a small business professional workforce and operational environment, ensuring compliance with all applicable laws and regulations. The results of this plan are reviewed quarterly and adjusted as necessary to provide for maximum practicable opportunity for small business participation.

In June 2012, a SAF/AQ-level policy memo was issued to emphasize regulatory requirements for setting aside efforts for small business, increasing posting time for sources sought notices, and requiring, to the maximum extent possible, set-asides for small business under multiple-award, IDIQ contracts when two or more small businesses are included in the pool of contractors.

During FY 12, Air Force District of Washington (AFDW), in partnership with ACC, awarded a multiple-award, IDIQ contract, strategically sourced, Contract Advisory and Assistance Services IV (CAAS-IV) contract vehicle with an estimated value of $4.7B. 18 small and 11 large businesses are represented in the total mix of IDIQ contracts, and to the maximum extent practicable, task orders are first set aside for competition among the small businesses. Twenty-nine task orders to small business contract holders have generated an average 34% savings over historical and independent government estimates. AETC's $31M Center Runway Repair contract was successfully competed and awarded to a small business. Additionally, AETC's sole source 8(a) procurements totaled $143M in FY12 which accounted for 40% of their noncompetitive obligations. Contracts to Ability-One (authorized by statute) accounted for another $57M. 54% of noncompetitive actions within USAFA were directed to existing (pre-FY12) sole-source 8(a) contracts. Within AMC, $75M (7.74% of total obligations) was directed to contracts with Ability-One. Air Force Reserve Command (AFRC) awarded over $10M in construction projects to 8(a) firms noncompetitively in FY12. AFSPC is consistently identifying and awarding contracts to businesses authorized per FAR 6.302-5. Authorized by Statute obligations accounted for $90M, or 1% of AFSPC's total not competed dollars. This represents a 9% decrease from FY11 to FY12, a direct result of a push to award more sub-category small business contracts competitively, when regulations allow. AFSPC supports, and will continue to support, the Ability-One Program and small business programs whenever a requirement can be fulfilled by such a company; it is always the AF preference to do so competitively whenever regulations allow.

The AF PEO for Combat and Mission Support (AFPEO/CM) is leading efforts to increase competition and small business participation across the entirety of the Services portfolio by:

1. Applying necessary pressure to ensure robust market research is performed to identify viable competition opportunities;

2. Adding a professional market research specialist to the AFPEO/CM team;

3. Investigating commercial databases and tools to obtain key company and industry information;

4. Pursuing links between market research, strategic sourcing business intelligence principles, and best practices;

5. Working with RAND strategic sourcing experts, DAU faculty, and private consulting firms to better understand commercial practices and where they may be applicable in the AF;

6. Setting aside Advisory and Assistance type services contracts for small businesses, previously awarded to large businesses, when market research indicates small business capability;

7. Increasing leadership oversight of the use of bridge contracts including a required discussion of details pertaining to award of the follow-on competitive contract;

8. Utilizing predictive scheduling tools to properly plan for follow-on contracts;

9. Decreasing re-competition timelines in both new contract actions and in task order actions so that those over three years, including all options, either have on-ramps or senior level permission/awareness;

10. Utilizing DAU's Automated Requirements Roadmap Tool to accurately define requirements and properly construct a performance work statement;

11. Training non-acquisition professionals to ensure performance work statements are clearly written and not overly restrictive with metrics that favor the incumbent contractor or are too risky from a performance or pricing perspective for other than the incumbent, and that sufficient time is provided for a contractor to write an effective proposal;

12. Considering elements of a services acquisition that could be broken out in an effort to enhance the degree of competition on "parts of the whole"; and,

13. Focusing on small business subcontracting and technology development efforts (e.g., Small Business Innovative Research Program).

The AF continues to look for innovative ways to improve competition and small business participation in all Product Service Codes (PSC) to include the specific Knowledge Based Services, Electronic and Communications Services, and Facility Related Services portfolio groups reflected in Table 9. Prime contracts are being systematically reviewed for potential awards to small business in FY13, specifically in the areas of engineering, professional and facility support services. To ensure the AF has an accurate accounting of its service contract obligations, the AF plans to standardize alignment of Element of Expense/Investment Codes (EEICs) to specific PSCs. This will help AF identify where they are spending their valuable resources, and facilitate management of these obligations by PSC. AFPEO/CM is finalizing a new Air Force Instruction (AFI) that addresses the acquisition of services, to standardize processes across the entire AF and will help mission owners become more demanding customers. Further, the draft AFI defines overall services management oversight responsibilities including requirements reviews, approvals, periodic requirement revalidation, and performance expectations of all participants responsible for acquiring services in a Better Buying Power (BBP) environment. The underlying expectation is to increase competition and utilization of small businesses in the contracted services arena while ensuring the exacting delivery of contractor-promised performance. Over time, the AF is confident that the combination of these efforts will maximize effective competition and increase small business participation at the prime contract level across all services portfolio groups, notwithstanding budget reductions aimed at services requirements.

AF Competition Achievements in Specific Product Service Codes

Knowledge Based Services PSC	FY10	FY11	FY12
Competitive (SB)	$1,991,738,485.94	$1,889,455,966.70	$1,667,736,140.76
Non-Competitive (SB)	$443,979,611.70	$465,226,618.10	$527,105,093.83
Competitive (Other than SB)	$4,191,068,765.60	$4,444,880,929.70	$3,695,442,949.34
Non-Competitive (Other than SB)	$3,946,350,025.50	$3,694,272,351.70	$5,259,008,064.57
TOTAL	$10,573,136,888.70	$10,493,835,866.20	$11,149,292,248.50
Electronic and Communication Services PSC	**FY10**	**FY11**	**FY12**
Competitive (SB)	$678,387,619.83	$594,579,074.33	$547,007,070.09
Non-Competitive (SB)	$201,790,476.38	$182,588,405.16	$180,423,112.69
Competitive (Other than SB)	$1,873,532,319.20	$2,035,755,264.90	$1,894,910,275.20
Non-Competitive (Other than SB)	$662,288,134.80	$707,578,233.30	$693,488,949.40
TOTAL	$3,415,998,550.20	$3,520,500,977.70	$3,315,829,407.38
Facility Related Services PSC	**FY10**	**FY11**	**FY12**
Competitive (SB)	$1,695,282,374.79	$1,619,831,019.42	$1,696,131,306.10
Non-Competitive (SB)	$631,588,639.52	$574,296,119.12	$550,366,060.69
Competitive (Other than SB)	$3,011,480,294.90	$2,387,571,465.4	$2,004,909,722.60
Non-Competitive (Other than SB)	$722,605,376.84	$915,608,605.80	$749,757,644.00
TOTAL	$6,060,956,686.10	$5,497,307,209.70	$5,001,164,733.40

Table 9

OPERATION ENDURING FREEDOM (OEF)

The AF competed 98% of all contingency contract actions, and effectively competed 94% in FY12 and fully expect this trend to continue.

AF Operation Enduring Freedom – FY12

Total AF OEF Dollars	$284,736,733
Total AF OEF Competed Dollars	$279,031,453
AF OEF Percentage of Competed Dollars (Competition Rate)	98%
Total AF OEF Competed, but Only Received One Offer Dollars	$15,685,077
Total AF OEF Effectively Competed Dollars	$263,346,377
AF OEF Percentage of Effectively Competed Dollars (Effective Competition Rate)	94%

Table 10

SUMMARY

Although the AF did not achieve its FY12 overall competition goal of 43%, the AF is committed to the Competition and Commercial Advocacy Program, the use of full and open and effective competition and commercial practices. AF contracting professionals at every level remain engaged and cognizant of the current policies and procedures to affect the optimum end result. Commands will continue to stress with their customers that competition is the standard and any proposed single-source action will be highly scrutinized, balanced with efforts to also meet small business/socio-economic program goals which are legitimate competing interests. With the anticipated continued increase in FMS obligations and expected declining budgets, FY13 will be another extremely challenging year for the AF. However, the AF will continue to strive to meet assigned goals despite the significant barriers it faces.

Fiscal Year 2012 Competition Advocate Report

Defense Logistics Agency (DLA)

Matthew R. Beebe - DLA Competition Advocate
1/31/2013

DLA submits this annual report in accordance with FAR 6.502(b)(2) and DPAP memorandum dated Dec 20, 2012, Subject: Competition Report for Fiscal Year (FY) 2011.

I. Fiscal Year 2012 (FY12) Competition Rate Achieved

DLA achieved a competition rate of 83.3% of total dollars obligated against an overall goal of 84.3% and for effective competition, achieved 92.1% of total procurement dollars against a goal of 97.6%. The FY12 competition base in terms of total dollars was $43.1 billion with $35.9% billion obligated competitively. This is improved achievement from FY11, where we experienced an achievement rate for percentage of dollars obligated of 82.4% and $29.6 billion. DLA consists of thirteen supply chains/activities that have established goals and reportable achievements, as identified in Table 1. Three activities met/exceeded their goal for overall competition, and another five were within 5 percent of their goal. Fiscal year 2012 was the second year measuring effective competition by both DoD and DLA and our goal was to increase effective competition by 10% over the FY11 achieved rate of 88.85%. Achieved performance for FY12 for effective competition was 92.1%. DLA certified the FPDS-NG data on Dec 5, 2012. The data was obtained from FPDS-NG on January 11, 2013 and reflects the most accurate information available.

Supply Chain/Activity	Overall Competition FY 12 Goal	Overall Competition FY 12 Result	Effective Competition FY 12 Baseline/Goal	Effective Competition FY 12 Result
DLA Aviation	51.55%	38.06%	63.70%	57.37%
DLA Land	80.03%	72.32%	59.15%	57.66%
DLA Maritime	76.31%	75.54%	76.20%	72.11%
DLA TS - Subsistence	95.43%	92.61%	97.60%	99.11%
DLA TS - Medical	99.00%	96.53%	97.60%	96.37%
DLA TS - C&T	72.00%	66.43%	82.52%	84.48%
DLA TS - C&E	94.00%	87.98%	97.60%	93.66%
DLA Document Svs	93.41%	92.20%	82.64%	86.47%
DLA Contracting Svs	84.00%	74.32%	58.45%	45.52%
DLA Distribution	88.00%	91.20%	95.00%	96.86%
DLA Strategic Matls	71.80%	81.49%	97.60%	48.68%
DLA Disposition	90.25%	87.67%	97.60%	91.19%
DLA Energy	90.00%	92.31%	97.60%	98.02%
Total DLA	**84.30%**	**83.30%**	**97.60%**	**92.02%**

Table 1. DLA activities FY 12 competition goals and achievements

II. Advocate's Activities

At the Headquarters level, DLA Acquisition continues to monitor competition performance on a monthly basis via agency metric for tracking the Agency and Supply chain competition against the OSD goal. The agency competition advocate (COMPAD) provided updates to the Director of DLA Acquisition and the Supply Chain Acquisition Executives during the monthly metrics review. These briefings emphasized the importance of competition within DLA and provided an opportunity for discussion of performance at the senior levels of acquisition. Discussion also focused on areas of interest to DPAP, such as emphasis on competition of services. These metrics were also discussed with the supply chain COMPADs on a routine basis.

The agency COMPAD hosted several DLA wide conference calls with the supply chains' COMPADs to discuss competition. Also discussed were ways to influence actions to promote real competition. In addition, the headquarters COMPAD staff maintains an ongoing dialogue with the field activities' COMPADs, discussing specific issues, competition trends, FPDS reporting and input, and feedback from the quarterly DPAP meetings.

FY12 focused on an emphasis by the DLA Director to break out sole source items to enhance competition and drive down material costs. In June 2012, the agency COMPAD hosted a competition advocate summit attended by all supply chain COMPADs and COMPADs from the primary DLR sites. The summit was held for 1 and ½ days, and included training on topics such as the role of the COMPAD, overarching guidance by OFPP/OMB/DPAP/DLA on competition, effective competition (definition/ways to increase), and ways to promote the break out of sole source items. A group workshop was also held, providing the COMPADs an opportunity to share best practices, lessons learned and discuss barriers to competition. Upon completion of the summit, the general framework of an Agency level competition plan was developed that would focus on ways to increase breakout of sole source items, remove barriers, increase overall competition, and improve effective competition.

Throughout FY12, many of the supply chains focused on the Source Approval Request (SARs) to break out sole source items as a way to increase competition. DLA Aviation implemented a major initiative to streamline the SAR process by minimizing the length of time necessary to process a SAR and by eliminating unnecessary SARs where it would fail the cost effectiveness test. For Aviation, Source Approval Requests (SARS) increased significantly at the Richmond site from 672 in FY11 to 844 in FY12 (up 25%) and 344 SAR approvals occurred during the year. DLA Aviation expects that efforts such as break-out initiates and SAR approvals resulted in savings in excess of $50M for FY12.

DLA Land & Maritime also devoted much time and energy in refining their process to track, monitor, and follow-up on all SARs. They fielded 305 SARs, with 103 referrals for Value Engineering assessment, 26 resulting in Engineering Service Activity (ESA) referrals and 9 ESA approvals. They have realized savings of $7M from the top five SARs approved in 2012.

III. New Initiatives to increase the acquisition of commercial items

At the Agency level, when Limited Source Justifications or Justifications and Approvals are submitted for approval, significant emphasis is placed on the performance period of the sole source effort, and also on the need to do extensive market research and analysis to identify alternative acquisition strategies in an effort to transition to a competitive process if at all practicable. Timelines may be reviewed as part of the package for bridge actions to allow sufficient planning for follow-on acquisitions to eliminate the need for these type of actions in the future.

DLA Aviation conducts additional research into instances where competition was once a reality with certain items but has since been procured on a sole source basis because of a coding change. In those instances, manufacturers may have taken back the data rights which effectively change the status of those items from competitive to sole source. DLA Aviation is looking for ways to reverse this so that the items can return to a commercially available status.

Many of DLA Troop Support - Clothing &Textile's (C&T) items are military-unique and still require specifications, but technical and acquisition personnel are actively engaged in buying commercial items wherever practical or possible. C&T has moved towards buying commercial items on several product lines such as footwear and underwear. In addition, C&T issued an acquisition for commercial shelters indicating award will be made to all offerors whose products were determined to meet the Statement of Work at fair and reasonable prices. After award is made, offerors are required to submit Product Data Sheets which will serve as salient characteristics enabling the Government to compete delivery orders for brand name products requisitioned by the customers.

The majority of services and supplies procured by DLA Contracting Services Office (DCSO) are commercial. Frequently the requirements received from customers include the use of brand names. A DCSO policy memorandum regarding the use of brand name specifications has been issued to the field and Contracting Officers are encouraged to question the necessity for brand name items or services, ensure that justifications for the use of a brand name meet the requirements of FAR and to use "brand name or equal" whenever possible.

IV. <u>New Initiatives to Increase Competition</u>

At the Agency level, significant attention has been placed upon the use of sole source bridge contracts. DLA has struggled with a large number of bridge contracts in 2012 across all supply chains. DLA Acquisition instituted a metric to track the number of bridge contracts and implement a bridge reduction plan. For 2013, a new bridge metric of a 50% reduction in the number of bridges has been implemented. Data for this metric is collected and analyzed on a quarterly basis, has the attention of the DLA Director and will continue to be a topic of discussion amongst senior leaders. In addition, the DLA Director has directed DLA Acquisition to develop a plan to require the field activities to make award of major contracts within 365 days after issuance of solicitation. For less complex or smaller buys, the goal is less than days, as appropriate. A study was completed and milestones are being identified that will assist in determining a path forward to achieving this goal. In addition, DLA policy has been revised to implement this timeframe.

Document Services was recently designated by the Department of the Navy as the mandatory provider for all reproduction equipment due to the substantial savings

achieved by using a combination of competitive open market contracts, Indefinite Delivery, Indefinite Quantity (IDIQ) contracts and competitive GSA Advantage E-Buy task orders.
In FY13, DLA Troop Support – Construction & Equipment (C&E) will review all sole source coded items with an annual demand value greater than $150,000, in an attempt to locate multiple sources for future competitive procurements. These breakout situations will provide opportunities for competing future requirements and generate cost savings as a result of having multiple sources of supply for these single source items.

DLA Energy - Aerospace will continue re-engineering of acquisition strategies for products that historically have had extremely narrow industrial bases. The use of Industry Forums and other methods of increasing competition will be utilized. Upcoming procurements in FY13 that have possible increase in competition include Liquid Oxygen for Rancho Cardova, Liquid Nitrogen for Point Magu and Edwards AFB and High Pressure Cylinder Assemblies requirement.

In the Equipment Branch of DLA Troop Support – Subsistence, there are two large dollar value programs that are currently non-competitive – The Modern Burner Unit (MBU) and the Tray Ration Heater (TRH). Subsistence is working with the Engineering Support Activity at Natick in an effort to reverse engineer both of these items and their related parts, with the goal of developing technical changes that will increase the number of potential offerors and foster competition.

V. <u>Performance Based Requirements</u>

Examples of practices and initiatives where requirements are stated in terms of functions to be performed, performance required, or essential physical characteristics are included below:

Several C&T items are procured against specifications that cite performance criteria, such as the Advanced Combat Helmet, Lightweight Helmet, MOLLE (Modular Lightweight Load-carrying Equipment), Lightweight Maintenance Enclosure (LME), and Enhanced Side Ballistic Inserts.

All DLA Document Services equipment requirements are specified in terms of functional requirements. Requirements for services utilize performance based statements of work.

Within DCSO, most of the acquisitions are for services. Solicitations include Performance Work Statements which detail requirements in terms of functions to be performed and required outcomes. Resultant awards for services are typically fixed price, performance based with payments tied directly to deliverables/outcomes or a specified level of performance.

VI. Barriers and Challenges

Within all the supply chains, the balance between supporting Government wide socio-economic initiatives and programs and the need to increase competition continues to be a challenge. The dollars and actions that are included in the competition base but awarded under the statutory authority of FAR 6.302-5 (sole source 8(a) /sole source HUBZone/ sole source Ability One/UNICOR) contribute to reduced achievement percentages. For 2013, DLA is focusing on improved planning and realistic timelines that will allow us to target competition within the small business set-aside arena.

As mentioned earlier, DLA focuses a great deal of attention on getting new sources approved as a way of increasing competition. Frequently, when an original equipment manufacturer sees that another source has been approved, they may reduce their price to undercut the new source. The new source has invested money to develop their alternate item but won't recoup anything unless they receive an award. Our activities are looking for ways to make an award to these recently approved sources as a way to encourage the vendor to seek approval on other items. This also allows them opportunity to demonstrate that they can manufacture the item at a fair and reasonable price.

Our customers often prefer and request brand name items and continued service from incumbent firms. The requirement for, and value of competition is continually emphasized to them in an effort to move from this long standing practice. The importance of thorough market research is stressed to help overcome this barrier. If unchallenged, the customer has no incentive to attempt to develop alternate sources of supply. As mentioned earlier, our contracting officers are questioning the need for brand name and working with the customer to determine if a brand name or equal would meet their needs.

An obstacle for DLA Energy has been the need for pipeline mission support in overseas countries. In the United States, the distribution of fuel through pipeline is not controlled by one company. Pipelines for fuel delivery are shared amongst competitors and allows for the competitive awarding of pipeline delivery contracts. This is not the case several of the mid-eastern countries that DLA Energy provides mission support. The pipelines are owned by single entity and do not allow competitors to utilize their pipelines.

Subsistence’s greatest barrier to competition continues to be the large number of sole-source bridge contracts for both CONUS and OCONUS customers. The OCONUS bridge contracts are expected to end midway through FY13 and the number of CONUS bridge contracts are expected to decline significantly in FY13. Also, as mentioned earlier, we have a bridge reduction plan in place to reduce the number of bridge contracts by 50% of FY13.

Numerous bridge actions awarded by DCSO were needed to cover many former Business Transaction Activity (BTA) contracts transferred to DLA and DCSO. During FY12, the bridges were necessary due to the short time-frames for expiration of the contracts. For example, a solicitation for the Defense Travel System (DTS) contract was issued as a sole-source bridge action with an obligation of almost $10 million in FY12. DCSO is in the process of soliciting the follow-on requirement on a full and open competition basis in FY13. Emphasis on planning and reduced milestones (as discussed earlier) will also reduce the need for bridges in FY13.

VII. Other Ways Competition is Emphasized

Industry Days were held by DLA Aviation, DLA Energy, DLA Troop Support and DLA Strategic Materials and provide an opportunity for vendors to meet with DLA acquisition personnel and current and potential suppliers in a group setting.

In addition, many field level competition advocates have been working with the small business specialists to attend roadshows, industry forums, etc. to also provide an opportunity to identify vendors and encourage submission of source approval requests.

VIII. Effective Competition

In FY12, DLA's approach to increase effective competition was to focus on actions to be taken to improve real competition. Such actions included use of less restrictive specifications, more extensive market research and advertising, and a review of all high dollar sole source acquisitions through the DLA Acquisition Strategy Review Panels. During these panel discussions, senior leaders encourage our contracting activities to break out any competitive items from larger sole source contracts whenever possible. In addition, a metric for effective competition was established and briefed monthly to the Director, DLA Acquisition and supply chain Acquisition Executives. Performance was reviewed periodically with both the supply chain COMPADs as well as the Chiefs of the Contracting Office (CCOs).

For FY12, we achieved a rate of 92.1%. Although below our goal of 97.6%, we made significant progress over FY11 achievement rate of 88.85% for effective competition. We will continue to emphasize this metric and work with the field COMPADs to ensure that more than one bid is achievable.

IX. Fair Opportunity (FO)

FY 12: For FY12, DLA had 18,386 actions and $1.429 billion subject to FO requirements and of that amount, 15,006 actions or 81.6%% and $1.194 billion or 83.6% provided for FO. Our performance has historically been very strong in this area and while no goal is required, ideally we strive for providing for FO to the maximum extent. Of the exceptions to FO, "Urgency" constitutes the majority of excepted actions and dollars. Of the 3,380 actions and $234 million in exceptions to FO, the "urgency" category is 2,451 actions or 72.51% and $69.8 million or 29.84% of the dollars. This is consistent with FY11 where urgency also constituted the majority of exceptions to FO. FY12, "only one source" was secondary in number of actions by first in dollars, comprising 49% of the exceptions to FO. DLA is reviewing FO statistics to evaluate this change and determine if this is a systemic change or unique circumstance. Table 2 contains the full data on exceptions FO. It was obtained from FPDS-NG on January 11, 2013 and reflects the most accurate FY12 data available.

FY12 Fair Opportunity	**Actions**	**% of Total**	**Dollars**	**% of Total**
Subject to Fair Opportunity	18,386	N/A	$1,428,684,899	N/A
Fair Opportunity Provided	15,006	81.62%	$1194,637,371	83.62%
Total Exceptions to Fair Opportunity	3,380	18,38%	$234,047,527	16.38%
-Urgency	2,451	72.51%	$69,846,889	29.84%
- Only one source – other	506	14.97%	$115,378,685	49.30%
- Follow-on Delivery Order	280	8.28%	$38,974,492	16,65%
- Minimum Guarantee	15	0.44%	$30,000	0.01%
- Other Statutory Authority	128	3.79%	$9,817,461	4.19%

Table 2. DLA Fair Opportunity Data (source FPDS 12/28/11)

Historical Data: A comparison of the dollars subject to FO and dollars where FO was provided shows DLA has a fairly consistent performance from FY10, FY11, and FY12, ranging between 83.62% and 92.15%. We are looking for determine the reason in the reduction of fair opportunity given over FY12. Table 3 contains the historical data.

Fiscal Year	**Total $ Subject to FO**	**$ FO Provided**	**% FO Given**
FY10	$1,554,861,789	$1,432,858,053	92.15%
FY11	$1,650,083,758	$1,457,521,867	88.33%
FY12	$1,428,684,899	$1,194,637,371	83.62%

Table 3. Historical DLA Fair Opportunity Percentage of Dollars (Sources: FY12 data came from FY12 FPDS-NG on 1/11/13. FY11 data came from FY11 FPDS-NG on 12/28/11, and FY10 data came from FPDS-NG on 12/29/10.)

X. <u>Trend Analysis and FY12 Competition Goals</u>

A trend analysis using historical data from FY10, FY11 and FY12 shows the competition achievement rate (based on dollars obligated) has gradually improved over the past three years and this positive trend is expected to continue into FY13.

	FY10	FY11	FY12
Total Dollars Obligated	$34,686,474,934	$35,928,071,915	$43,105,521,949
Dollars Competed	$27,326,546,489	$29,610,603,964	$35,905,570,167
% Competed Total Dollars	**78.78%**	**82.42%**	**83.3%**
Dollars Subject to Fair Opportunity	$1,554,861,789	$1,650,083,758	$1,428,684,899
-Fair Opportunity Provided	$1,432,858,053	$1,457,521,867	$1,194,637,371
-Exceptions and Null Values	$122,000,694	$191,832,234.43	$234,047,527

Table 4 Historical DLA Fair Opportunity Percentage of Dollars (Sources: FY12 data came from FY12 FPDS-NG on 1/11/13. FY11 data came from FY11 FPDS-NG on 12/28/11, and FY10 data came from FPDS-NG on 12/29/10.)

Reasons not competed: Over 76% of the actions and 79% of the dollars not competed were a result of sole source procurements. This is consistent with the obstacles faced in the weapon system oriented supply chains, Aviation, Land, and Maritime and the mandated sole source procurement of certain fuels from overseas state-owned entities by DLA Energy. DLA is looking at ways to break out many sole source items, which, when successful, will reduce our sole source procurements. The complete data is included at Table 5.

FY 12 Not competed	Actions	% of Total	Dollars	% of Total
Total not competed	95,410	N/A	$7,199,033,769	N/A
Only one source (6.302-1)	70,904	76.74%	$5,538,312,022	79.28%
Urgency (6.302-2)	1,062	1.15%	$93,641,725	1.34%
Mobilization and R&D (6.302-3)	36	.04%	$16,528,744	.24%
International Agreement (6.302-4)	22	0.02 %	$174,938,701	2.5%
Authorized/required by Statute (6.302-5)	7,120	7.71	$874,254,731	12.52%
National security (6.392-6)	1	0.00%	$0	0.0%

Table 5. FY 12 Reason Not Competed (source FPDS-NG new report pulled on 1/11/13)

FY13 Goal:

For FY13, the DLA goal assigned by DPAP is in terms of dollars rather than a percentage. In FY12, DLA obligated a total of $42,971,604,129 and of that, $35,785,078,436 was competitive. For FY13, DPAP has assigned a goal of $36,858,630,789 for competitive acquisitions, which equates to a 3% increase over FY12 achieved dollars.

For effective competition, we achieved a value of $32,958,057,240 obligated dollars for FY12. Consistent with the DPAP direction that that components that achieved an effective rate of 90% or better (we achieved 92.1%) are to maintain the same obligated amount for FY13, our goal for effective competition for FY13 is set at $32,958,057,240. We will continue to identify ways to promote real competition and will require quarterly analysis of improvements by the field level COMPADs. We will also continue to place great emphasis on the need to provide for Fair Opportunity under multiple award contracts and ensure the FPDS coding is correct.

Meeting our FY13 competition goal will require DLA Contracting Activities to limit the number and duration of bridge contracts awarded in 2013 and adhere to milestone plans to ensure competitive awards are made in a timely manner. In FY12, DLA's total dollars obligated were significantly higher than in the previous two years (see table 4). Since the goal for FY13 is now expressed in a firm dollar amount rather than a percentage, if DLA does not obligate approximately the same dollar amount in FY13 as was obligated in FY12, our ability to meet the dollar goal may be compromised. However, we do expect the 3% increase will be achieved.