Improving Tradecraft of Services Acquisition

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The Department of Defense (DoD) spent more than $156 billion in fiscal year (FY) 2014, or more than 55 percent of DoD's total contract obligations, buying contracted services. In other words, the DoD spent more money buying contracted services than it spent buying major weapons systems in FY 2014.

However, buying contract services does not have the structured governance and management oversight of the weapon systems acquisition process. That is why, since the introduction of Better Buying Power (BBP) 1.0 in 2010, the DoD has worked to improve contract services acquisition oversight throughout the services life cycle, from budgeting, requirements development, contract award and execution, through contract management and closeout.

The DoD recognizes that contractors perform vital services in support of the entire DoD mission and team. The DoD contracts for services to maintain our combat equipment, move our forces to and from areas of combat

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operations and provide life support at the contingency bases from which they operate, sustain our facilities and test ranges, and provide health-care services to members of the military and their families. With tightening budgets, and increased risk, there must be a greater focus on improving contracted services outcomes. To provide appropriate oversight for such a large component of its budget obligations, the DoD is implementing and executing a department-wide oversight structure for the management of contracted services requirements. This structure will strengthen contract management outside the normal acquisition chain and expand the capabilities in services requirements development and validation, improving contracted services and meeting the needs of all service requirements owners (customers and warfighters).

Each successive release of BBP has included a section on improving the tradecraft in the acquisition of services. For example, BBP 1.0 required each military department to designate a senior manager to oversee its services acquisitions. BBP 2.0 led to development of the DoD Instruction (DoDI) currently in final staffing.

BBP 3.0 builds on the successes of its predecessors and focuses on three areas: Strengthening contract management outside the normal acquisition chain—installations, etc.; improving requirements definition; and improving the effectiveness and productivity of contracted engineering and technical services. The first two are carryover initiatives from BBP 2.0 but require continued focus until the new DoD Instrucion (DoDI) is completed and the military departments begin implementing the new services acquisition guidance. The final focus area was added to ensure that, in its acquisition of engineering services, the DoD promotes innovation and maintains technological superiority

The overarching goal as the DoD works to improve the acquisition of contracted services is to align requirements (performance) with budget (cost) and schedule, resulting in benefit for not only the warfighter but the American taxpayer as well. We will do this by facilitating improvement in the following three areas:

1. **Service Acquisition Governance:** The scheduled new DoDI 5000.ac, "Defense Acquisition of Services," will complement the recently issued DoDI 5000.02, "Operation of the Defense Acquisition System" by focusing solely on services.
2. **Portfolio Management:** Uniform portfolio groups (Knowledge Based Services, Transportation Services, Logistics Management Services, Equipment Related Services, Electronics and Communication Services, Medical Services, and Facilities Related

Services) and Functional Domain Experts (FDEs) for each portfolio group provide enterprise-level oversight and policy across all DoD agencies within their respective portfolios.

3. **Training and Tools:** The DoD is identifying the training requirements for both Defense Acquisition Workforce Improvement Act (DAWIA) members and non-acquisition workforce for services acquisition training (including requirements development and oversight training) and is dedicated to providing these audiences with multiple training options.

execution to provide the best likelihood for services acquisition success. See Figure 1.

- Establish Service Categories (S-CATs), thresholds and decision authorities to allow appropriate level of oversight given overall size (and risk) of services acquisitions. Like major systems acquisition, the largest (defined as services acquisitions with a total value of more than $1 billion) will require higher-level reviews along with meeting Component approval requirements, but the smaller services acquisitions have oversight lower in the organization to provide maximum flexibility.
- Make services acquisitions "Commander's Business." The DoDI requires appropriate management of services acquisitions and links command structure and acquisition approval chains. The oversight function and decision authority are linked to the customer/warfighter and the acquisition community.
- Implement and strengthen the requirements validation process by utilizing a Services Requirements Review Board (SRRB). The SRRB requires review and approval focusing on requirements development, affordability, budget constraints, workforce analysis (military, civilian or contractor) and competing priorities as overseen by the command structure customer.
- Provide flexibility to military departments/defense agencies to develop specific procedures based on their own specific organizational resources and structure

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Improved Services Acquisition Governance

Most of the acquisition professional community (under DAWIA) is defined by its role in major acquisitions of weapon systems or information systems and is governed by DoDI 5000.02. Services acquisition differs in that many of the requirements, while in support of a larger mission capability, exist primarily as stand-alone requirements outside the governance of DoDI 5000.02. In other words, "Anyone with a dollar and a willing contracting officer can procure services." Therefore, to improve services oversight, without bogging it down in unnecessary bureaucracy, Under Secretary of Defense for Acquisition, Technology, and Logistics (USD[AT&L]) Frank Kendall drafted DoDI 5000.ac, titled "Defense Acquisition of Services," with issuance scheduled for June 2015. This new instruction establishes policy, assigns responsibilities and provides general procedures for DoD Components which can be tailored to their needs to provide effective and efficient management and oversight when acquiring contracted services. As much of the services spending is executed in smaller contracts, the DoD wishes to improve its oversight capabilities, develop an expert understanding of where services dollars are spent, and use the knowledge of services tradecraft to make strategic decisions about how to most efficiently meet the needs of the warfighter.

The DoDI 5000.ac will do the following for management and oversight of contracted services:

- Encourage using the Defense Acquisition University (DAU) Service Acquisition Process for standardization. This seven step, team-focused approach relies on market research, requirements definition and strategy development and

Portfolio Management

Services acquisitions are predominately decentralized. This means that each services acquisition recreates the information it needs each time, and the DoD loses the buying power of acting as a single buyer. To improve on these two issues, the USD(AT&L) appointed senior DoD officials as FDEs for specific portfolios (See Figure 2) and tasked each to actively oversee the life-cycle process of services acquisition within his or her portfolio. This includes forecasting and budgeting, requirements definition and validation, active procurement management, and oversight of contracted services. Full implementation varied among the portfolio groups due to the differing nature of the contracted services. The overarching focus areas are common to all, including requirements to:

- Identify contracted services requirements owners (customers), as well as the amount and appropriateness of

contracted services in the portfolio group. Issues to be assessed include why certain organizations contract for certain services at a different rate than elsewhere in the DoD, whether (and when) the DoD should contract for particular services, and whether there is a workforce balance issue regarding contracted services, etc.

- Develop policy to facilitate appropriate prioritization of contracted services requirements for trade-off discussions and decisions. Policies should take into account life-cycle management of the service requirement, risk, mission impact and workforce management.
- Identify functional expertise across the DoD to identify and export localized best practices in the acquisition and management of services to customers who are not as expert in services acquisition.
- Develop appropriate metrics and goals for actively managing and reporting improvements in services acquisition and mission support.

Figure 1. Services Acquisition Process

- Implement standardized processes in services acquisition life cycles (from budgeting through execution) to improve consistency and to facilitate year-to-year comparisons.
- Report regularly improvements in cost, schedule, and performance of contracted services within the portfolio groups.

Effective strategic management of services is the ultimate goal. The leadership provided by the portfolio FDEs executing the focus areas detailed above will directly contribute to helping achieve greater efficiency and productivity in defense spending as detailed in BBP 3.0.

Training and Tools

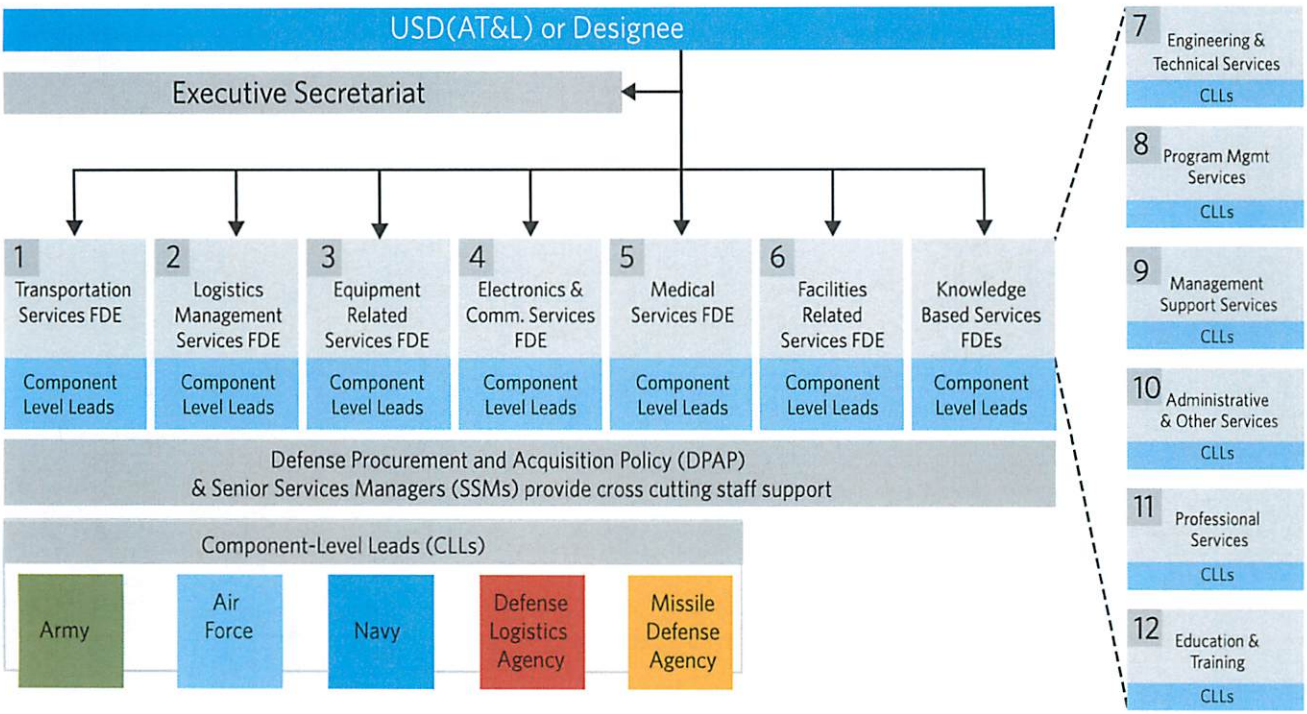
BBP 1.0 and 2.0 rightly noted that services are required and overseen by DoD personnel that often are not part of the DAWIA acquisition workforce. BBP 3.0 continues the work begun under its predecessors by focusing effort on development of all services acquisition stakeholders, not just those under DAWIA. The DoD is developing and disseminating training products and practical tools via a Services Acquisition Functional Integrated Product Team (FIPT) to support service acquisitions from requirements development to performance assessment. There is special, short-term, focus on methodologies that result in immediate, near-term improvement of specific acquisitions. The unique aspect of this FIPT is that the targeted workforce is comprised of both statutory DAWIA and non-DAWIA personnel.

A Functional Lead has been appointed by the USD(AT&L) to serve as the senior DoD subject-matter expert for services acquisitions. Differing from DAWIA career field management, the services acquisition Functional Lead is not focused on a DAWIA career field or certification, as there is none for services acquisition. Instead, the Functional Lead is tasked to assess the training and tools needed by personnel often assigned responsibilities relating to acquisitions for services but who do not meet criteria for full inclusion into the DAWIA workforce. DAWIA and non-DAWIA personnel are involved in defining requirements, shaping the acquisition decision-making process and overseeing services acquisitions, so the training curricula and tools must be available to, and meet the needs of, all who are engaged in services acquisition.

One of the primary challenges for this particular FIPT is to develop a process to identify personnel with acquisition-related responsibilities, especially to those outside the normal acquisition chain, to ensure they are trained properly to execute the duties required to adequately support effective services acquisitions. As observed by the Government Accountability Office (GAO) in its September 2011 report titled, "Defense Acquisition Workforce: Better Identification, Development, and Oversight Needed for Personnel Involved in Acquiring Services," this population is dispersed throughout the DoD and is represented by a variety of career fields. For many, their responsibilities for services acquisition are a one-time, secondary duty.

To address these requirements for the entire DoD workforce engaged in services acquisition, the FIPT is chartered to:

Figure 2. Functional Domain Expert (FDE)/Portfolio Structure



- Define learning requirements and training sources for required skills; determine availability of various training methods/media. Given the dispersed nature of the workforce, it is expected that virtual learning will be a substantial component.
- Review and maintain currency of training material information on the service acquisition website; share tools, resources and learning assets. This includes leveraging existing material—i.e., "avatar" training videos and continuous learning modules from Army and DAU, respectively.
- Assess and identify training capability gaps, define new requirements and oversee development of products to eliminate the gaps.
- Serve as a forum and clearinghouse for cross-cutting initiatives, lessons learned and issues of mutual interest and concern. This is in concert with, yet complementary to, the FDE capabilities detailed above.
- Provide a means for information and best practice sharing across the DoD acquisition of services community involved in education, training, development and planning for this diverse workforce. Much of the content developed to date can be found at the services acquisition webpage at http://www.acq.osd.mil/dpap/sa/index.html.

The Services Acquisition FIPT has identified some of the technical expertise and experience that will play a critical role in developing the requirements and documents for future services acquisitions. To provide multiple education and training opportunities to the services acquisition workforce (both DAWIA and non-DAWIA) the FIPT has partnered with multiple providers (including, but not limited to DAU and the U.S. Army Logistics University) to provide basic training in requirements development for services acquisition professionals. It is expected that the FIPT will continue to build on this capability to offer even more service acquisition training to the diverse workforce that will benefit from it.

Conclusion

In a time of declining budgets and an unrelenting focus on savings, the services acquisition environment, with more than half of the DoD's contract obligations, will be an area where efficiencies and further savings can be realized through analysis, oversight and process improvement, improved training and strategic management. A 10 percent savings in services would amount to $15.6 billion that could be applied to other priorities, including innovation in maintaining our technological edge. BBP 3.0 recognizes this opportunity and continues the BBP focus on improving tradecraft in services acquisition.

Requirements development, validation, prioritization and approval are critical to ensuring we buy only the services we need, and at the levels required. Processes, knowledge and metrics all will contribute to improving services acquisition. With the imminent issuance of the services acquisition-specific DoDI, FDEs oversight, including metrics and goals, and improved training and tools from the services acquisition FIPT, the DoD continues its improvement in effectively managing its services acquisitions for the benefit of the warfighter and the American taxpayer.

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