



Department of the Navy Strategic Sourcing Program Update

July 2014



DON Strategic Sourcing Program Overview

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- Steps Being Taken by the DON SSPMO to Accomplish the Goals
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- Strategic Sourcing Accomplishments



DON Strategic Sourcing Objective and Goals

The overall objective of the DON Strategic Sourcing is to identify opportunities for making better procurement decisions across the DON by focusing on analysis of how the DON generates spend, how it develops requirements, and how it sources those requirements. (Sean J. Stackley ASN(RD&A) Memo of 21 Dec 2011)

The Goals of DON Strategic Sourcing:

- Provide visibility of strategic sourcing opportunities with the DON.
- Involve all stakeholders in the initial selection, development and execution of strategic sourcing initiatives to align requirements and achieve efficiencies.
- Mandate collaboration and use of approved sourcing strategies and best practices to achieve savings.
- Promote streamlined, standardized, and efficient processes, such as but not limited to, reducing cycle times, enhancing business practices, improving services acquisitions, and reducing non-productive processes.
- Align opportunities with customer mission needs.
- Achieve higher socio-economic goals.

Achievement of these goals leads to increased competition, more efficient processes and savings.



Steps Being Taken by the DON SSPMO to Accomplish the Goals

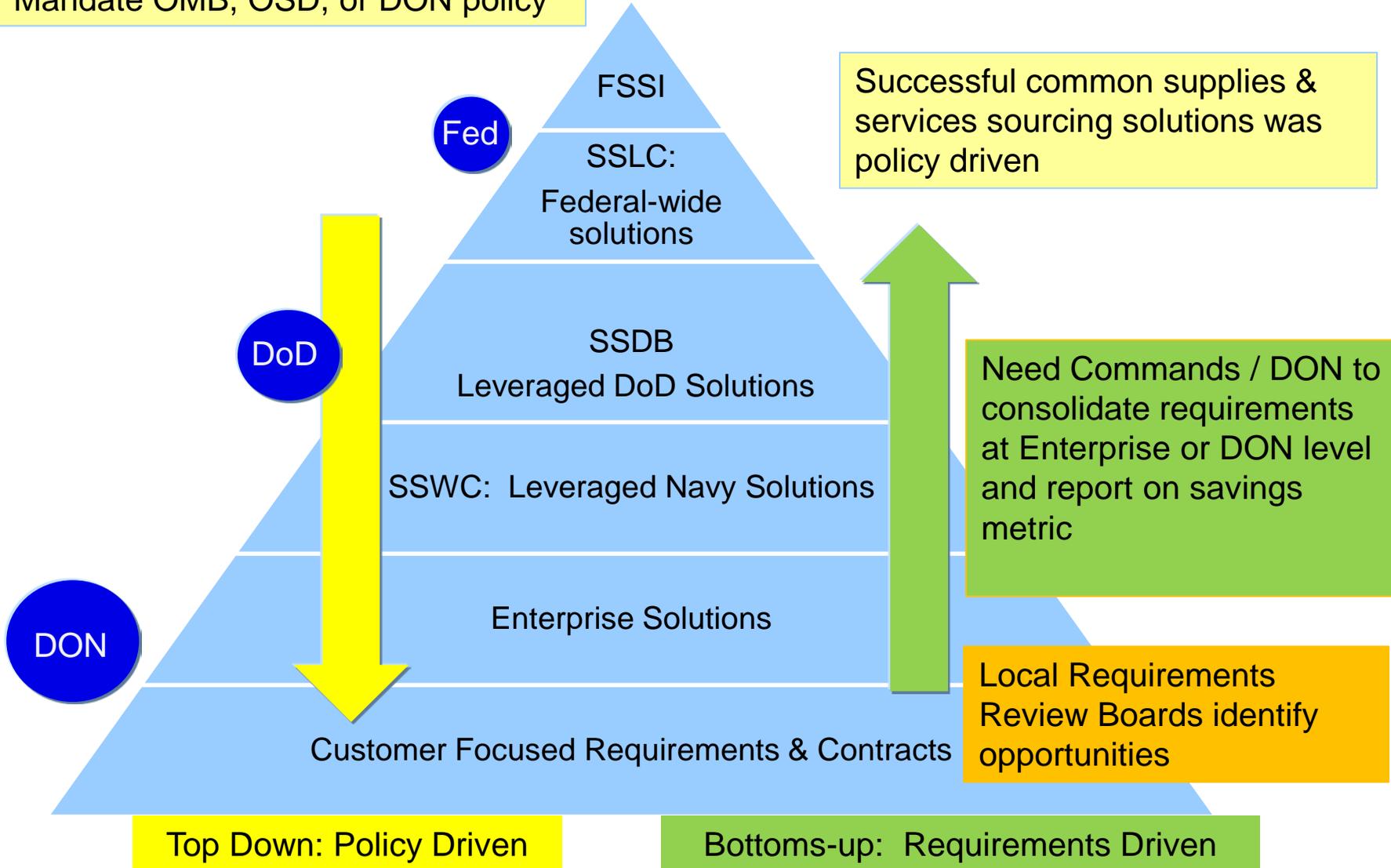
- Improve coordination and collaboration across the Department of Navy (DON), the Department of Defense (DOD) and the entire Federal Government.
- Leverage (maximize use of) existing contract vehicles, such as SEAPORT, GSA OASIS, and NAVSUP Global Business Solutions IDIQs to reduce duplication of contracting effort and achieve reduced Procurement Administrative Lead Time (PALT).
- Award/Issue new contract vehicles such as IDIQs and BPAs for use by all DOD to reduce duplication of contracting efforts and achieve improved vendor relationships.
- Work with requirements generators to increase aggregation of requirements.
- Reduce redundant IDIQ contracts by eliminating IDIQs awarded supporting only a single requirements generator.
- Eliminate the need for bridge contracts and modifications to existing contracts extending the period of performance on a sole source basis while a competitive procurement is conducted.

Efficiencies generated by promoting Small Business, managing requirements, increasing competition, and reducing lead time.



Strategic Sourcing Pyramid

Mandate OMB, OSD, or DON policy





SSPMO Challenges

SSPMO Strategic Challenges

- Perception of adverse effect within financial/acquisition/requirements community
- Change Management – need new way of thinking
- Similar requirements entered into multiple contract offices by region, program office, AOR, Contracting Offices
- Requirement Support - Successful solutions begin with managed requirements
- MOPAS documentation addresses Strategic Sourcing but approval process doesn't require Strategic Sourcing input or review
- Strategic Sourcing desired outcomes are an Enterprise Approach; however Execution slants toward regional, program, or customer needs.
- Strategic Sourcing resources are all within one HCA, NAVSUP. Hard to get buy in when participation is voluntary, internally funded, and have own areas of responsibility.
- Program requires structure, accountability, and a common desired result of initiative via management by POAM to be effective

Policy, Education, and Enforcement



Current DON Strategic Sourcing Projects

Commodity	Initiatives & Spiral Solutions	FY13 Efficiencies/Savings
Office Supplies	Federal-wide Office Supplies BPA	\$3.3M; efficiencies in ordering against established vehicles
Navy Furniture	Navy-wide Office / Dorm and Quarter Furniture BPAs in place. Policy established. Using NAVFAC specifications to begin standardization	\$4.9M; efficiencies in ordering against established vehicles; ability to track and calculate spend based on vendor reporting
Janitorial Supplies	DON Janitorial Supplies contracts in place / FSSI vehicles are in development	.44M; vehicles for incidental janitorial supplies; efficiency achieved using leveraged vehicles hosted on DOD EMALL
Maintenance, Repair and Operating Supplies	Air Force BPAs for a wide range of repair items from consumable supplies to fasteners, etc. are hosted on DOD EMALL in Navy Corridor	.2M identified; efficiency achieved using leveraged vehicles hosted on DOD EMALL
General IT and Development Services	DON IT Services policy recommends use of established suites of contracts vehicles	8.7M identified; efficiencies achieved using leveraged vehicles hosted on DOD EMALL
Standard Program Management	Commodity team recommended use of SEAPORT / GSA OASIS	\$5.4M identified; efficiencies achieved using leveraged vehicles
SCA Services GBS Contract	DON Global Business Solutions Contract - savings and improved order placement (follow-on will be open to DOD) Final Business Case Posted in OMB Max for follow-on contract.	\$14.5M identified; efficiencies achieved using leveraged vehicles

 Current initiatives

 FSSI

 FSSI Candidate



Current DON Strategic Sourcing Projects

Commodity	Initiatives & Spiral Solutions	Efficiencies/Savings
Enterprise Software Licenses	ESI agreements are in place with over 30 software and service providers including Microsoft, Adobe, Oracle, SAP and many others	Savings tracked by DON CIO; efficiencies in ordering, leveraged pricing, preferred terms and conditions
Engineering Management	Commodity Team established in Sept. 2012 to look at unmanaged spend (Outside the DOD 5000 series). Recommendation included better use of SEAPORT and using other existing contracts	Efficiencies in task order award, increasing levels of competition and reducing "1 bids"; most order Cost Type and specific savings not calculated
Wireless Services	Continued use of Navy-wide Wireless Services Contract. Share the wireless aggregation tool.	Efficiencies in ordering; Navy CIO actively tracks usage, savings
Aircraft maintenance	Leveraging the Air Force CFT Contracts	Efficiencies in Air Force ordering; high levels of competition, significant levels of FFP orders. Specific savings not actively tracked
DON Conferences	Commodity Team established to support DON AA with review of contract sources, existing Government facilities, etc. Project has expanded to include other DOD components. Expectation is suite of BPAs to capture OSD's attendance, registration data requirements by mid 2014	Efficiencies will be in task order placement and increased visibility for reporting
Education and Training	Commodity Team established in Nov. 2012 and currently developing BPAs for Education Support (instructors) and Curriculum Development. Award expected in late 2014. Final Business Case posted in OMB MAX.	Vehicles will provide some initial discounts at the BPA level/ savings/ efficiencies will be at task order
Galley Services	Standardize PWS and leverage national contract	Efficiencies in leveraging buying power



Contract Solutions in the DOD Taxonomy under Portfolio Groups

Research and Development

- SEAPORT

Electronic & Communication Services

- SEAPORT
- GSA/ Federal Supply Schedules
- DON Wireless Contracts
- GSA Alliant / GSA Alliant SB
- SPAWAR Pillar Contracts

Facility Related Services

- NAVFAC Base Operation Support contracts
- NAVFAC DOD EMALL Contracts

Knowledge Based Services

- SEAPORT
- OASIS / OASIS SB
- GSA / Federal Supply Schedules
- Global Business Solutions (SB)

Equipment Related Services

- SEAPORT
- Navy Husbanding Contracts
- Global Business Solutions (SB)

Construction Services

- NAVFAC Contracts

Logistics Management Services

- Global Business Solutions (SB)

Medical Services

- MATOs

Transportation Services

- TRANSCOM Overnight delivery contracts

**Product and Service Codes Organized into
9 Services Portfolio Groups and 40 Services Portfolios ...**



Contract Solutions in the DOD Taxonomy under Portfolio Groups

Aircraft, Ships/Submarines & Land Vehicles

- PBLs

Weapons & Ammunition

Electronic & Communication Equipment

- GSA / Federal Supply Schedules
- Army Chess/ ITES

Sustainment S&E

- GSA / Federal Supply Schedules
- Maintenance and Repair Operations Supplies (MRO) BPAs

Facilities S&E

- GSA / Federal Supply Schedules
- Navy Furniture BPAs
- Office Supply BPAs

Clothing, Textiles, and Subsistence S&E

- DLA & NEX
- DLA ECAT system

Miscellaneous S&E

- GSA / Federal Supply Schedules

... and 7 S&E Portfolio Groups and 30 S&E Portfolios



DON Strategic Sourcing Tools

1. Contract Solution by Portfolio: Market Research Tool
2. Web based small business review form DD 2579
3. Expiring list of contracts
 - Assess opportunities to transition to established vehicles
 - Reduce redundant Contracts
 - Eliminate dependency on bridge contract actions
4. Reverse Auction tool
5. Wireless aggregation tool
6. Acquisition milestone tool
7. “Strategic Sourcing Shorts”
8. DON Strategic Sourcing Web Page:
<https://www.navsup.navy.mil/portal/page/portal/nss>
9. Strategic Sourcing Subscription Email:
<https://www.navsup.navy.mil/navsup/news/neds>



DON Strategic Sourcing Mandatory Use Policies

DON-wide policies mandating or recommending use:

1. SEAPORT-E MACs
2. DON Wireless contracts
3. DON Furniture policy for use of DON BPAs
4. DON Office Supply policy (DOD EMALL / FSSI vehicles)
5. DON IT Services policy (use of Alliant, ITES, CHESS)

NAVSUP policies mandating or recommending use:

1. Reverse Auction- Commercial Supplies < \$150K
2. Service Contract Act - GBS



Strategic Sourcing Accomplishments

FY13 Savings: \$59M / on investment of \$5M

	FY12 TOC Projects			Navy Furniture Program	Office Supplies	Wireless Services	Maritime Coatings	Janitorial	Reverse Auction	MROS	Grand Total
	Standard Program Mgmt	Integrated Logistics Support	Gen IT Dev & Support								
FY10 Spend	1,396.7	776.0	1,774.3	183.0	105.6	50.0	15.2	3.2			4,304.0
FY11 Spend	1,247.1	700.9	1,873.5	134.3	158.2	103.4	13.4	4.2			4,235.0
FY12 Spend	1,251.5	715.6	1,804.4	119.2	134.8	69.3	2.7	7.3	33.2		4,138.0
FY13 Spend	1,127.0	629.4	1,591.1	55.5	106.8	60.1	3.3	6.4	99.3	2.3	3,681.2
Savings (CY\$M)											
	*Standard Program Mgmt	Integrated Logistics Support**	Gen IT Dev & Support	Navy Furniture Program	Office Supplies	Wireless Services	Maritime Coatings	Janitorial	Reverse Auction	MROS	Grand Total
											Total
FY09 Actual	-	27.8	-	0.6	2.6	4.0	-	-			35.0
FY10 Actual	-	23.7	-	0.8	3.5	2.4	0.3	-			30.7
FY11 Actual	-	24.0	-	1.6	2.5	11.7	0.2	-			40.0
FY12 Actual	4.2	19.9	22.4	4.7	1.7	12.4	0.3	**	4.4		70.0
FY13 Actual	5.4	14.5	8.7	4.9	3.3	13.8	0.3	0.4	7.1	0.2	58.6
FY12- FY16 Projection	69.0	58.9	107.0	5.1	6.4	4.8	0.3	0.4			TOC Total 251.9

*Savings are based on commodities where IGE was available and does not include all actions

**ILS: FLC Jax orders placed against the Global Business Solutions Contract



Details on Specific Key Contracts



SEAPORT-e Contracts

Background:

SeaPort-e is the Navy's enterprise solution and preferred method to acquire support services across 22 functional areas, predominantly in the area of engineering, financial and program management support services. Through the SeaPort electronic platform, DoN Ordering Activities competitively solicit, award, and administer Task Orders awarded to SeaPort-e Multiple Award Contract (MAC) holders. Approximately \$5-6B is obligated annually against SeaPort-e Task Orders. Approximately 300+ new Task Orders are competed and awarded annually.

3,276 prime contractors (89% small business) with basic IDIQ MACs

100% of task orders are competed among MAC holders within 7 geographical zones under Fair Opportunity (FAR 16.505). There are NO exceptions to Fair Opportunity allowed within SeaPort-e

Task Orders may include both fixed price or cost reimbursement CLINs

Allows for all types of small business set-aside competitions within SeaPort-e

Annual rolling admissions allows for new contractors to win MACs or expand into other geographical zones.



SEAPORT-e Contracts

Efficiencies and Indirect Savings:

100% Competition saves \$. SeaPort-e has also significantly reduced its 1-bid statistics to achieve effective competition. In the last three fiscal years (FY11-FY13), the number of one bid's has successively dropped from 29.3% to 20.1% to 18.1% in FY13.

No Fees – SeaPort-e program operational costs are approximately \$5M annually, which is shared across Navy Ordering Activities, significantly less than any current fee structures applied to \$5-6B annually.

Reduced Contractor Bid & Proposal Costs – SeaPort-e electronic portal provides a single process for electronic proposal submissions for all SeaPort-e solicitations across the DoN.

SeaPort-e Concept of Operations and its Governance Board helps maximize common methods and process management across procurements, without eliminating ordering activity HCA responsibility and flexibility.



Global Business Support (GBS)

- GBS contracts are for a wide range of non-professional support services (primarily subject to the Service Contract Act)
- Contractors provide services for direct labor, supervision, management, and materials in 14 functional areas:
 - Administrative Support and Clerical Services;
 - Quarters Management Services;
 - Healthcare Services (excl. doctors, nurses and physician assistants);
 - Information and Arts;
 - Information Technology;
 - Maritime Material Handling;
 - Mechanics and Maintenance and Repair;
 - Plant and System Operation;
 - Engineering/Technical Support;
 - Mobile Equipment Operation;
 - Financial Management;
 - Specialized Technology;
 - Industrial Services; and
 - General Services and Support.



Global Business Support (GBS)

25 Contracts in Four (IV) Geographic Regions 8 Awardees: 1-8A, 3-SDVOSB, 1-SB, 1-VO, 2-WO

Area II-Navy Region NW & SW

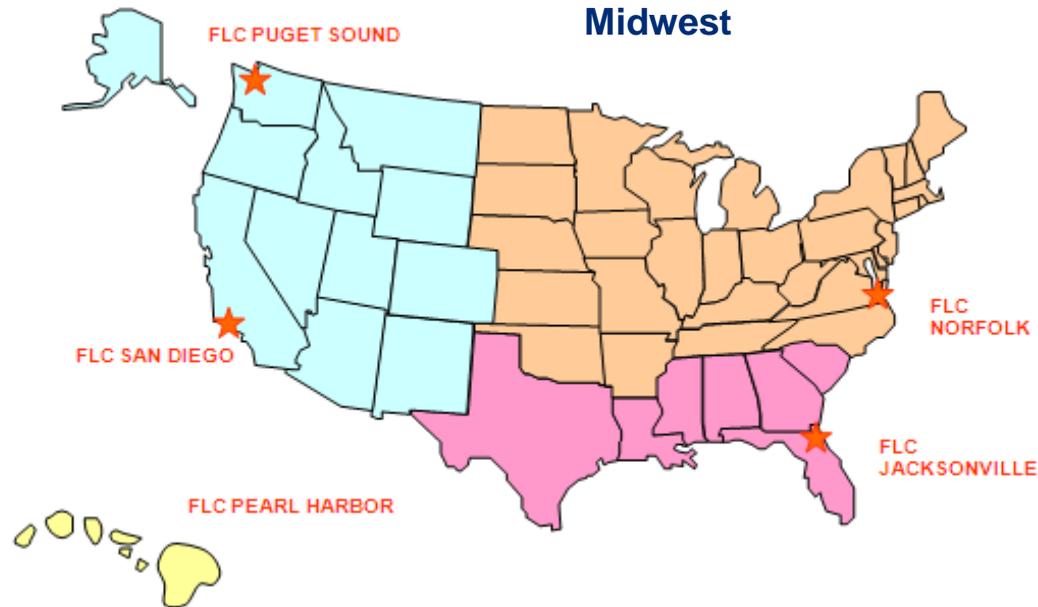
- Aluttiq (LO&M)
- Coastal Mgmt Solutions
- Logistics Support, Inc
- Quantell
- Stellar Support Services
- Symtech Corp.
- Tek Source USA, Inc.

Area I-Navy Region HI

- Coastal Mgmt Solutions
- Logistics Support, Inc
- Quantell
- Stellar Support Services
- Tek Source USA, Inc.
- Zenetex, LLC

Area IV-Navy Region Washington, Mid-Atlantic & Midwest

- Aluttiq (LO&M)
- Coastal Mgmt Solutions
- Quantell
- Stellar Support Services
- Symtech Corp.
- Tek Source USA, Inc.



Area III-Navy Region SE

- Coastal Mgmt Solutions
- Logistics Support, Inc
- Quantell
- Stellar Support Services
- Symtech Corp.
- Tek Source USA, Inc.



Strategic Sourcing GBS Metrics

Global Business Support (GBS)

- FY11 Award of \$730M IDIQ MACs (Aug 11)
- 25 Awards 100% SBSA
- An Avg. of 4 responses per request for TO proposal
- Spend & Savings are tracked on a weekly basis
- FY11 Savings \$680K (1 mo.); Spend \$2M
- FY12 Savings \$22.2M; Spend \$80.4M
- FY13 Savings \$14.5M; Spend \$78.8M



GBS Follow-On Status & Award Timeline

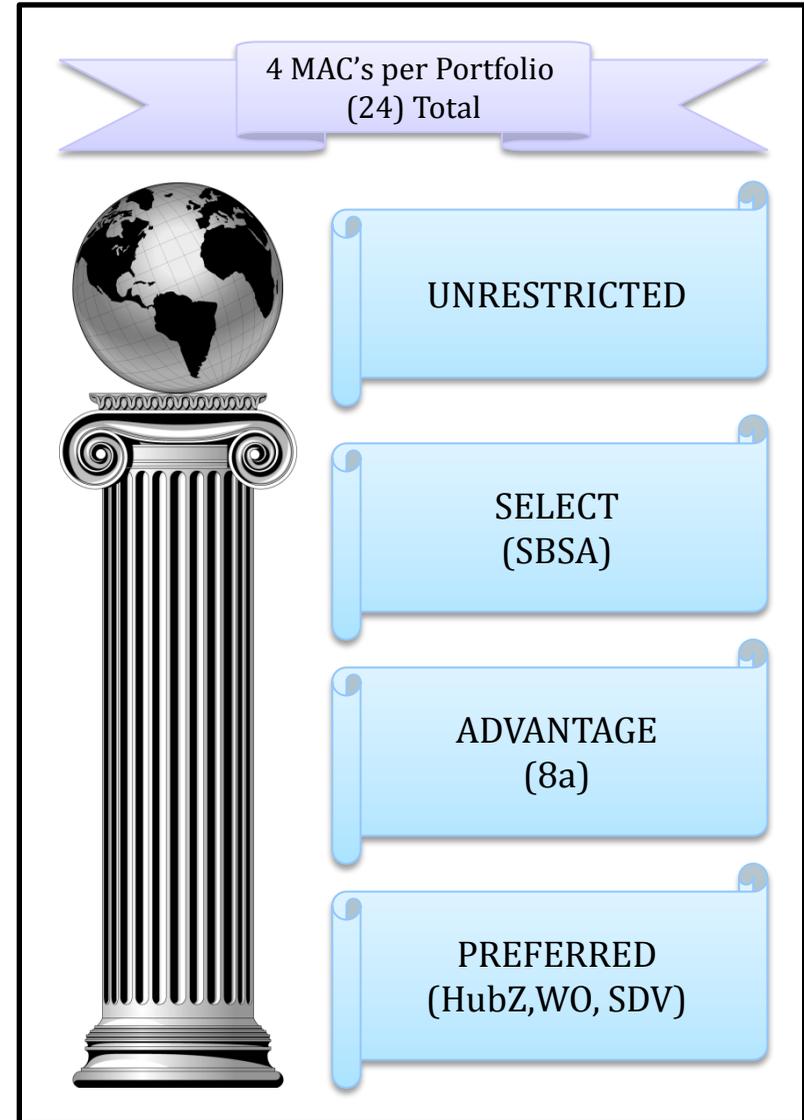
Global Business Support (GBS) Follow-On

- Pre-Solicitation Acquisition Strategy Pkg. in review
- FY15 Award (Feb 2015) of \$750M IDIQ MACs
- Will be 100% SBSA
- Open to DoD
- New Focus to satisfy requirements--
 - NAICs 561210 Facilities Support Services
 - NAICs 561320 Temporary Help Services
- Two solicitations issued for the Follow-on; similar w/a couple of exceptions:
 - Solicitation for Area I (Hawaii): PWS specific to Hawaiian hours for customer support/problem resolution
 - Section L of solicitation will require offerors to address meeting identified requirements in a timely manner



SPAWAR's Pillar Strategy

- ▼ Why is a new strategy needed?
 - Legacy Bottom-up Strategy Unsustainable
 - Current # of contracts Un-executable with Current Contract Staffing Levels
 - Confusing to Industry
 - Previous Strategy based on old organizational model
- ▼ What is the new strategy?
 - Command wide contracts
 - Decrease # of niche contracts
 - Increase use Other Navy and DoD contracts
- ▼ Build “Capability Focused” Contracts
 - 6 Portfolios - 4 Contracts Per Portfolio
 - Term 5 years with “pause” after 2-1/2
- ▼ Create a more *Optimal Competition Environment*
 - Large Number of Opportunities for Large and Small Businesses
 - Target Awards to Industry Leaders in Portfolio Related Technologies
 - Advantages of Multiple Award Contracts
 - Supports Acquisition Efficiency & Strategic Sourcing Initiatives





SPAWAR's Pillar Strategy

Pillars are “Capability Focused Contracts” That Target The Mission Capabilities Delivered By SSC Atlantic

6 Business and Technology Areas - 4 Contracts Per Area (Unrestricted, SBSA, 8(a), Other Preference Programs) – 24 Contracts Total

Creates Optimal Competition Environment

- Large Number of Opportunities for Large and Small Businesses
- Basic Contract Awards Made to Industry Leaders in Each Business and Technology Area on a Best Value Basis
- Optimal Number of Awardees Per Contract for Manageable Task Order Competitions

Multiple Award Indefinite Delivery Indefinite Quantity

CPFF, FPIF & FFP CLINs

1 Year Base Period plus 4 Option Years

Ramp-on Provisions Included to Ensure Sustained Competition



Pillar Business and Technology Areas

Battlespace Awareness	Business & Force Support	Decision Superiority	Integrated Cyber OPS	Transport & Computing Infrastructure	Production, Installation & In-Service Support
BA Advantage (8a) \$99M	BFS Advantage (8a) \$99M	DS Advantage (8a) \$99M	ICO Advantage (8a) \$99M	TCI Advantage (8a) \$99M	PII Advantage (8a) \$99M
BA Preferred (HubZ, WO, SDV) \$99M	BFS Preferred (HubZ, WO, SDV) \$99M	DS Preferred (HubZ, WO, SDV) \$99M	ICO Preferred (HubZ, WO, SDV) \$99M	TCI Preferred (HubZ, WO, SDV) \$99M	PII Preferred (HubZ, WO, SDV) \$99M
BA Select (SBSA) \$250M	BFS Select (SBSA) \$250M	DS Select (SBSA) \$250M	ICO Select (SBSA) \$250M	TCI Select (SBSA) \$250M	PII Select (SBSA) \$250M
BA Unrestricted \$900M	BFS Unrestricted \$900M	DS Unrestricted \$900M	ICO Unrestricted \$900M	TCI Unrestricted \$900M	PII Unrestricted \$900M
SIGINT & EW Direction Finding Threat Warning Tagging/Tracking Locating Imagery Biometrics Information Operations	Software Development of Business Solutions Non-Tactical Business Solution Network Support for DoD & Other Gov Agencies Hosting and Data Center Operations	Command and Control Tactical System and Application Dev and Support Command and Operation Centers Tactical Data Links Cloud Services	Information Assurance Cyber Security Computer Network Defense, Exploitation And Network Attack Cloud Security	Local, Wide Area & Wireless Networks Data Center Design Terrestrial-Based Communications Satellite Comms Software Defined Radios	Large scale C5ISR integration efforts 1 <ul style="list-style-type: none"> • Surface • Sub-Surface • Shore Sites Foreign Military Sales CASREPS ISEA Supp / Tech Assist Shipboard Grooms E2C & Integrated Systems Testing / Test Events



Overview of Pillar Proposals and Awards

W VIII

	PII	ICO	BFS	BA	DS	TCI
8(a) Set-aside (\$99M)	Awarded 4/23/12	Awarded 6/12/12	Awarded 8/28/12	Awarded 11/2/12	Awarded 7/17/13	Awarded 11/26/12
	5 Offerors 5 Awardees	14 Offerors 14 Awardees	21 Offerors 12 Awardees	7 Offerors 4 Awardees	13 Offerors 6 Awardees	10 Offerors 8 Awardees
Preferred Set-aside (\$99M)	Awarded 8/27/12	Awarded 11/7/12	Awarded 9/28/12	Awarded 6/12/13	Awarded 12/14/12	Awarded 10/23/12
	8 Offerors 7 Awardees	19 Offerors 14 Awardees	22 Offerors 8 Awardees	11 Offerors 4 Awardees	19 Offerors 13 Awardees	17 Offerors 10 Awardees
Small Business Set-aside (\$250M)	Awarded 7/12/12	Awarded 3/6/13	Awarded 2/14/13	Awarded 8/16/12	Awarded 12/20/12	Awarded 4/11/13
	8 Offerors 6 Awardees	20 Offerors 10 Awardees	27 Offerors 13 Awardees	8 Offerors 4 Awardees	16 Offerors 13 Awardees	21 Offerors 10 Awardees
Unrestricted (\$900M)	Awarded 12/18/12	Awarded 7/16/13	Awarded 5/8/13	Awarded 11/15/12	Award 4/3/13	Award 10/3/13
	15 Offerors 7 Awardees	19 Offerors 13 Awardees	19 Offerors 15 Awardees	9 Offerors 7 Awardees	16 Offerors 15 Awardees	21 Offerors 14 Awardees



Air Force Contract Field Teams maintenance contracts

Air Force's CFT contracts (open to DOD)

- The Contract Field Teams (CFT) Program accomplishes depot and organizational level inspection, maintenance, modification and repair at operational Government locations worldwide.
- The program supports Air Force requirements at each of the Air Logistics Centers (ALCs), Air Combat Command (ACC), Air Mobility Command (AMC), Air Force Reserves (AFRES) and Air National Guard (ANG).
- CFT contracts are also used to support requirements generated by the Army, Navy, Coast Guard, Federal Aviation Administration (FAA) and other Federal agencies.
- The solution is a group of indefinite delivery/indefinite quantity contracts for a maximum of \$10.12 billion.
- Competition requirement – consistently receiving 4 or more offers on task orders

FY13 Navy Orders: \$193M (of which \$145M were FFP)



Naval Facilities Contracts for Base Operation Support

- NAVFAC IDIQ Contracts for facility support contracts hosted on DOD EMALL
 - Competitively awarded contracts and established by geographic location
 - FFP clins
 - Allows orders to be placed locally
 - Efficient vehicles for customer commands
 - Usage / spend information on individual customer / line item available from DOD EMALL Business Objects Reports

Over 4000 orders for \$11M placed in first 8 months of FY14