Department of Defense

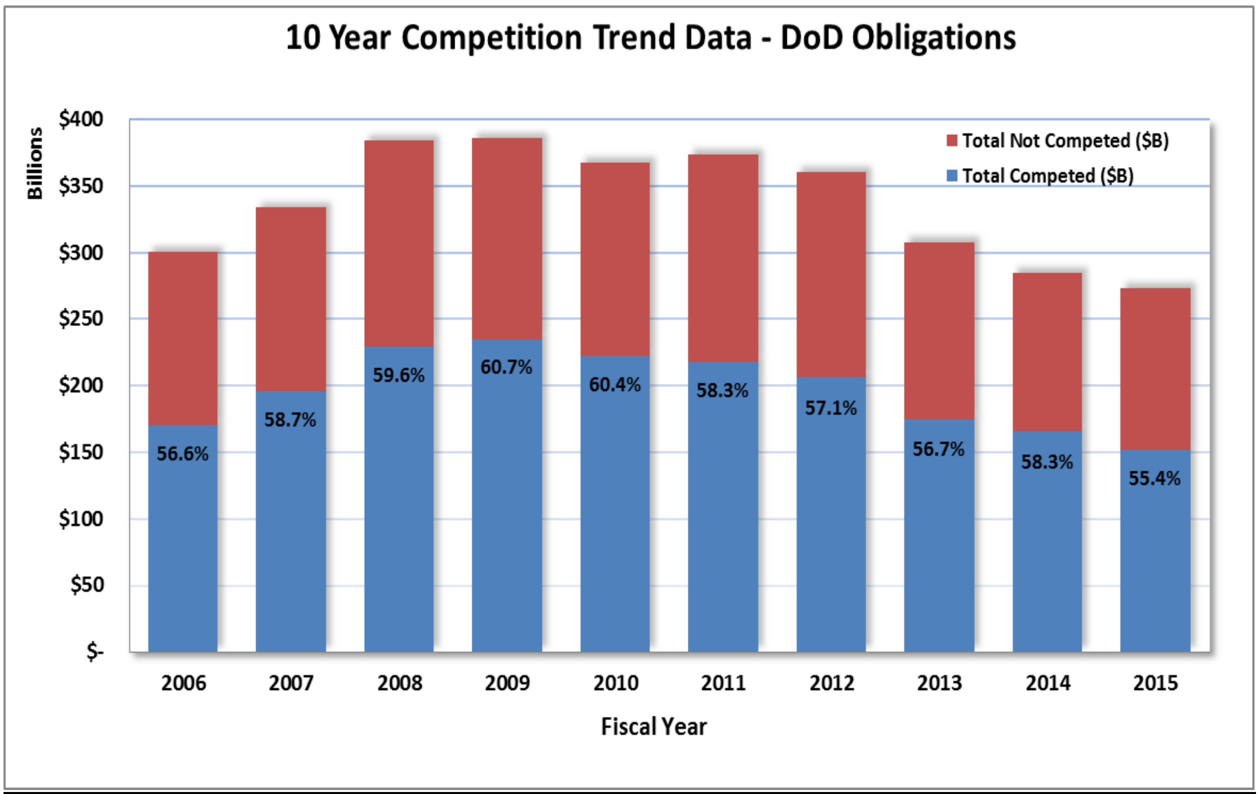
Competition Report

For FY 2015

I. Competition Trends

The Department of Defense (DoD) total dollars obligated decreased from $285 Billion (B) in Fiscal Year (FY) 2014 to $273 B in FY 2015, representing an 4% drop in total obligations for the year. The overall competition rate decreased from 58.3% in FY 2014 to 55.4% in FY 2015, which is lower than the ten year average rate of 58.2%. The FY 2015 overall competition rate of 55.4% did not meet the FY 2015 Agency Priority Goal of 59%. During the ten year period the competition rate has ranged from a high of 60.7% in FY 2009 to a low of 55.4% in FY 2015. The competitive dollars obligated decreased from $166 B in FY 2014 to $151 B in FY 2015 and non-competitive dollars obligated increased from $118 B to $121 B. Chart 1 below represents the ten year trend for competitive and non-competitive dollars obligated.[1]

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



Overall Competition

[1] There are three sources for this data. The first is for the FY 2006-2012 data from the FPDS-NG Competition Report, dated March 18, 2013. The second is for the FY 2013 and FY 2014 data from the FPDS-NG DoD Competition Reports, dated January 29, 2014 and August 20, 2015 respectively. The FY 2015 data is from the FPDS-NG Competition Report, dated February 24, 2016. 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. Chart 1 represents the corrected dollar amounts for FY 2008 and FY 2009.

Table 1 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 competition report tracks obligation and actions based on data from Federal Procurement Data System – Next Generation (FPDS-NG). The report measures competition and fair opportunity provided at the contract and order level. Orders are only counted as competed if fair opportunity is provided, in order to more accurately capture competition achievements on 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 2015.[2]

Table 1 – FY 2015 Overall Competition Report by DoD Component

Contracting Agency	Total Dollars	Competed Dollars	% Competed Dollars	% Competed Dollar Goal
DEPT OF THE ARMY	$ 72,610,207,072	$ 43,020,509,798	59.2%	66.6%
DEPT OF THE NAVY	$ 84,802,172,960	$ 37,038,231,189	43.7%	45.2%
DEPT OF THE AIR FORCE	$ 52,886,869,716	$ 20,711,504,376	39.2%	44.4%
DEFENSE LOGISTICS AGENCY	$ 29,987,741,783	$ 24,987,242,927	83.3%	85.7%
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY	$ 946,935,422	$ 712,373,139	75.2%	86.4%
DEFENSE COMMISSARY AGENCY	$ 262,015,569	$ 142,664,378	54.4%	92.4%
DEFENSE CONTRACT MANAGEMENT AGENCY	$ (63,064,276)	$ 70,319,235	-111.5%	71.0%
DEFENSE FINANCE AND ACCOUNTING SERVICE	$ 200,344,309	$ 155,657,240	77.7%	87.6%
DEFENSE HEALTH AGENCY	$ 12,046,455,487	$ 10,623,662,704	88.2%	90.2%
DEFENSE HUMAN RESOURCES ACTIVITY	$ 269,630,794	$ 128,899,842	47.8%	51.2%
DEFENSE INFORMATION SYSTEMS AGENCY	$ 4,946,208,949	$ 3,391,544,344	68.6%	78.3%
DEFENSE MEDIA ACTIVITY	$ 69,976,023	$ 48,052,050	68.7%	72.9%
DEFENSE MICROELECTRONICS ACTIVITY	$ 505,116,823	$ 447,091,452	88.5%	96.0%
DEFENSE SECURITY COOPERATION AGENCY	$ 65,337,503	$ 42,002,521	64.3%	69.8%
DEFENSE SECURITY SERVICE	$ 94,966,965	$ 66,486,944	70.0%	81.2%
DEFENSE THREAT REDUCTION AGENCY	$ 932,844,303	$ 818,603,900	87.8%	87.3%
DEPT OF DEFENSE EDUCATION ACTIVITY	$ 250,969,090	$ 205,657,226	81.9%	73.4%
JOINT IMPROVISED EXPLOSIVE DEVICE DEFEAT ORG	$ 58,050,013	$ 42,127,136	72.6%	86.1%
MISSILE DEFENSE AGENCY	$ 4,695,984,129	$ 2,303,514,981	49.1%	42.7%
U.S. SPECIAL OPERATIONS COMMAND	$ 2,914,329,328	$ 2,219,309,601	76.2%	76.4%
UNIFORMED SERVICES UNIVERSITY OF THE HEALTH	$ 45,328,137	$ 23,421,077	51.7%	98.0%
USTRANSCOM	$ 3,370,662,702	$ 3,333,200,002	98.9%	65.9%
WASHINGTON HEADQUARTERS SERVICES	$ 1,337,510,472	$ 764,587,083	57.2%	60.3%
Total	**$ 273,236,593,274**	**$ 151,296,663,144**	**55.4%**	**59.0%**

In FY 2015, $151 B was competitively obligated for an overall competition rate of 55.4% ($151 B/$273 B). The drop in the competition rate of approximately three percentage points could be attributed to a subsequent decline in the DoD total obligation. As previously

[2] The source is the FPDS-NG FY2015 Competition Report from February 24, 2016. 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 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 an overall competition rate of 72.7%.

mentioned, competition achievement by contracting organizations varies widely based upon the mission and type of supply or service being procured. Generally, those contracting organizations supporting installation mission/function requirements and/or depot level maintenance services requirements which are better suited to competition, typically achieve 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, (including weapons, automated information systems and Foreign Military Sales), specialized equipment, 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 procurements mandated by statue, regulations or other agreements that authorize one responsible source.

Consistent with the above, the non-competitive obligations are the result of 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-16, F-22, C-17, KC-10, UH-60 Utility Helicopter, the 107 Stryker vehicle, and satellite programs like the Advanced Extremely High Frequency (AEHF), Evolved Expendable Launch Vehicle (EELV), and Space-Based Infrared System (SBIRS). The Navy's non-competitive obligations increased due to continued investments and increased production quantities for the F-18, F-35, V22 and P-8 aircraft. Foreign Military Sales (FMS) procurements for the F-16 aircraft continued to be a significant driver of non-competitive contracts for the Air Force.

The competition rate above is based on dollar obligations. However, if based on contract actions, the competition rate is 97%, which is consistent with the FY 2014 result.

Effective Competition

The Department continues to track effective competition, which was a measure of competition under the Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L's)) Better Buying Power (BBP) Initiative. The measure tracks acquisitions using competitive procedures in which only one offer is received. Defense Procurement and Acquisition Policy (DPAP), in coordination with Defense Manpower Data Center (DMDC), used the standard report "Competitive Procedures, with Only One Offer" to measure contract obligations where competition was sought but only one offer received.

As noted previously, the Department's "Total Competed Dollars" decreased to $151 B in FY 2015 with approximately $132 B in "Effective Competed Dollars" and $20 B in "Only One Offer Competed Dollars" resulting in an "Effective" competition rate of 87%, remaining constant with the FY 13 rate. Table 2 below provides a summary of the effective competition achievements for the Department and each Component in FY 2015.[3]

[3] The source is the FPDS-NG FY2015 Competed with Only One Offer Report run from February 24, 2016. 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. The DCMA dollar amounts reflect obligations/de-obligations for

Table 2 – FY 2015 Effective Competition Report by DoD Component

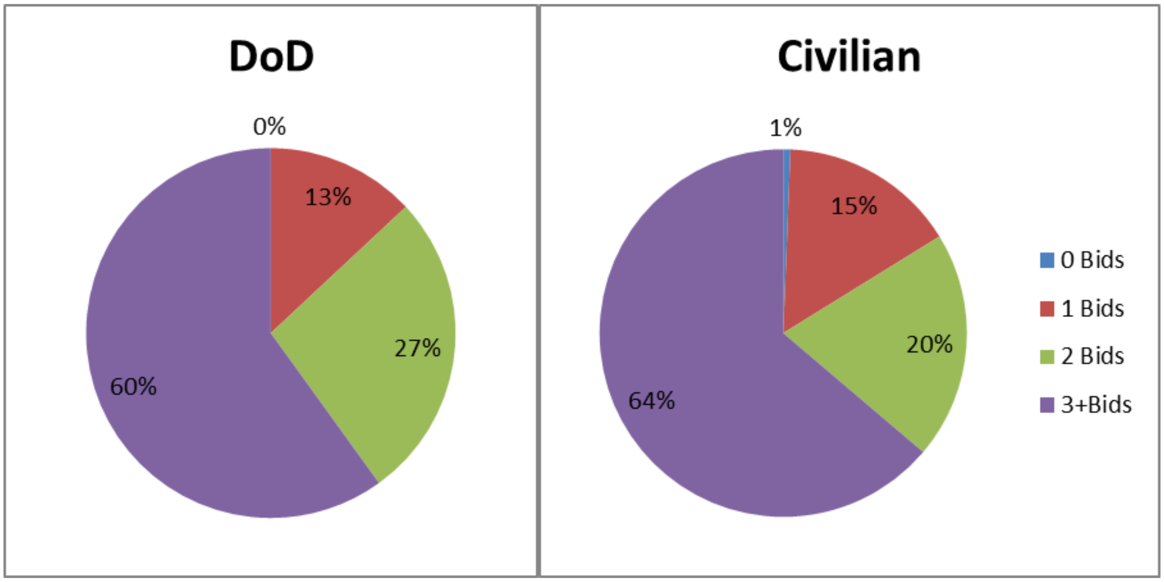
Contracting Agency	Total Competed Dollars	Only One Offer Competed Dollars	Effective Competed Dollars	% Effective Dollars Competed
DEPT OF THE ARMY	$ 43,020,509,798	$ 5,317,323,262	$ 37,703,186,536	88%
DEPT OF THE NAVY	$ 37,038,231,189	$ 6,549,827,232	$ 30,488,403,957	82%
DEPT OF THE AIR FORCE	$ 20,711,504,376	$ 2,938,204,525	$ 17,773,299,852	86%
DEFENSE LOGISTICS AGENCY	$ 24,987,242,927	$ 2,533,547,255	$ 22,453,695,671	90%
DEFENSE ADVANCED RESEARCH PROJECTS AGENCY	$ 712,373,139	$ 29,986,375	$ 682,386,764	96%
DEFENSE COMMISSARY AGENCY	$ 142,664,378	$ 8,267,536	$ 134,396,842	94%
DEFENSE CONTRACT MANAGEMENT AGENCY	$ 70,319,235	$ (29,517,136)	$ 99,836,372	142%
DEFENSE FINANCE AND ACCOUNTING SERVICE	$ 155,657,240	$ 28,617,864	$ 127,039,375	82%
DEFENSE HEALTH AGENCY	$ 10,623,662,704	$ 118,648,442	$ 10,505,014,261	99%
DEFENSE HUMAN RESOURCES ACTIVITY	$ 128,899,842	$ 20,449,494	$ 108,450,348	84%
DEFENSE INFORMATION SYSTEMS AGENCY	$ 3,391,544,344	$ 627,282,958	$ 2,764,261,386	82%
DEFENSE MEDIA ACTIVITY	$ 48,052,050	$ 14,516,548	$ 33,535,502	70%
DEFENSE MICROELECTRONICS ACTIVITY	$ 447,091,452	$ 434,744,485	$ 12,346,966	3%
DEFENSE SECURITY COOPERATION AGENCY	$ 42,002,521	$ 5,215,828	$ 36,786,693	88%
DEFENSE SECURITY SERVICE	$ 66,486,944	$ 1,233,100	$ 65,253,844	98%
DEFENSE THREAT REDUCTION AGENCY	$ 818,603,900	$ 116,964,809	$ 701,639,091	86%
DEPT OF DEFENSE EDUCATION ACTIVITY	$ 205,657,226	$ 34,440,174	$ 171,217,052	83%
JOINT IMPROVISED EXPLOSIVE DEVICE DEFEAT ORGANIZA	$ 42,127,136	$ 474,790	$ 41,652,346	99%
MISSILE DEFENSE AGENCY	$ 2,303,514,981	$ 498,385,555	$ 1,805,129,426	78%
U.S. SPECIAL OPERATIONS COMMAND	$ 2,219,309,601	$ 76,589,323	$ 2,142,720,278	97%
UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIEN	$ 23,421,077	$ 5,519,287	$ 17,901,790	76%
USTRANSCOM	$ 3,333,200,002	$ 128,573,261	$ 3,204,626,741	96%
WASHINGTON HEADQUARTERS SERVICES	$ 764,587,083	$ 182,793,034	$ 581,794,050	76%
Total	**$151,296,663,144**	**$19,642,088,000**	**$131,654,575,144**	**87%**

Number of Offers

The Department also analyzed 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. Chart 2 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.

contract administration office in support of other components. The DCMA Procurement Centers achieved an effective competition rate of 58.4%.

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



There are minor differences between the "single bid" obligation rate for DoD at 13% compared to the civilian agencies at 15%, and the three bids obligation rate of 60% for DoD and 64% for civilian agencies. The largest percentage difference is in the two offers/bids obligations rate at 27% for DoD compared to 20% in the civilian agencies. The overall number of offer rates for DoD and the civilian agencies are comparable to the FY 2015 rates.

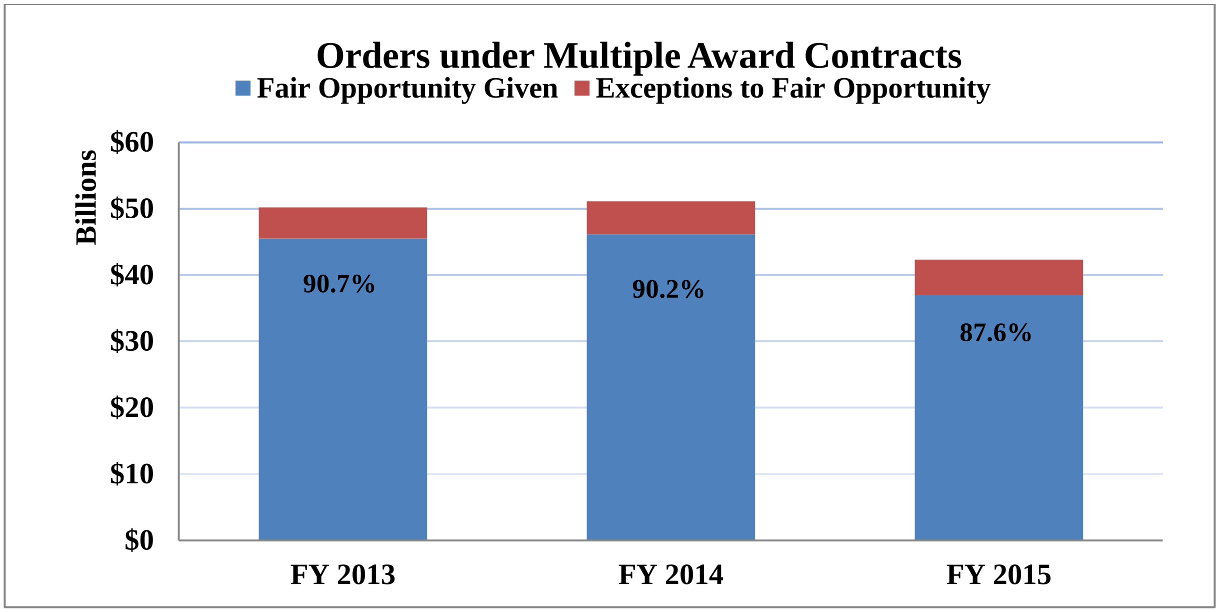
Fair Opportunity

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 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. The "Fair Opportunity Given" value includes "Competitive Set-Aside" orders. Chart 3 below illustrates the fair opportunity trend for DoD from FY 2013 through FY 2015. Consistent with the decrease in total competed obligations, the total dollars subject to fair opportunity or competitive set-asides decreased from $51 B in FY 2014 to $42 B in FY 2015, with the rate of fair opportunity given or competitive set-aside competition dropping from 90.2% to 87.6%.[5]

[4] The source of data is from the FPDS-NG run from as of September 7, 2016. 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.

[5] The source for the FY 2013, 2014, and 2015 fair opportunity statistics are the FPDS-NG Competition Reports utilizing the fair opportunity workflow as of January 29, 2014, March 12, 2015, and February 24, 2016, respectively.

Chart 3 – FY 2013 to FY2015 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 a breakdown of DoD orders placed against DoD awarded multiple award task or delivery order contracts, GSA and VA Federal Supply Schedules (FSS), Government-wide Acquisition Contracts (GWAC), or multiple award task or delivery order contracts awarded by another non-DoD activity. Table 3 summarizes DoD fair opportunity achievements for FY 2015 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 and VA FSS	GWAC	Non-DoD MACs
DoD Obligations	$ 42,287,454,109	$ 33,665,898,827	$ 5,401,062,818	$ 2,428,222,721	$ 792,269,744
% of Total DoD Order Obligations Under MACs	100.0%	79.6%	12.8%	5.7%	1.9%
Fair Opportunity Given or Competitive Set-Aside	$ 37,027,416,837	$ 30,436,018,824	$ 4,034,527,996	$ 1,872,750,493	$ 684,119,525
% of Fair Opportunity Given / Competitive Set-Aside (Obligations) by Type of Multiple Award Contract	87.6%	90.4%	74.7%	77.1%	86.3%

As noted above, the extent of fair opportunity competition achieved decreased by two and half percent to 87.6% in FY 2015 with a corresponding decrease in fair opportunity obligations for DoD MACs that comprise 79.6% of the Department's MAC order obligations. The GSA and VA FSS saw an slight increase in the rates of fair opportunity given, while the GWAC rate dropped by three percent. DoD obligations for GSA/VA FSS, GWAC and non-DoD MACs also increased slightly.

[6] The source of this data is FPDS-NG Fair Opportunity Report run from July 27, 2016

Non-Competitive Obligations

This competition report includes a summary of the non-competitive obligations for FY 2015. Table 4 reflects total dollars obligated, total dollars competed, null values for extent competed and total dollars not competed. The total dollars not competed increased $3.1 B from $118.8 B in FY 2014 to $121.9 B in FY 2015. This report shows non-competed "orders with exceptions to fair opportunity" increased $305 Million (M) from $4,984 M in FY 2014 to $5,289 M in FY 2015. Non-competitive contract obligations authorized by Justification and Approval (J&A) authority increased $2.8 B from $113.8 B in FY 2014 to $116.6 B in FY 2015.

The percentage breakout for the non-competitive FAR based J&A exceptions remained fairly consistent with previous years. The majority (76.1%) of non-competitive dollars obligated were under FAR 6.302-1 "Only One Source." As noted in the overall competition section above, many 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 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		**$ 273,236,593,274**	**% of Total Dollars**
Total Dollars Competed		$151,296,663,144	55.4%
Null Values and Report Delta		$6,227,225	0.00%
Total Dollars Not Competed		$ 121,933,702,905	44.6%
Orders with an Exception to Fair Opportunity	$ 5,289,557,257	4.3%	1.9%
Contract Actions Authorized by J&A Authority	$ 116,644,145,648	95.7%	42.7%
Breakout of Various J&A Authorities		**% of J&A Authorities**	**% of Total Dollars**
FAR 6.302-1 "Only One Source"	$ 88,732,612,551	76.1%	32.5%
FAR 6.302-2 "Urgency"	$ 1,696,658,029	1.5%	0.6%
FAR 6.302-3 "Mobilization, Essential R&D"	$ 1,327,055,056	1.1%	0.5%
FAR 6.302-4 "International Agreement"	$ 9,387,575,988	8.0%	3.4%
FAR 6.302-5 "Authorized or Required by Statute"	$ 8,009,847,529	6.9%	2.9%
FAR 6.302-6 "National Security"	$ 3,872,417,907	3.3%	1.4%
FAR 6.302-7 "Public Interest"	$ 5,220,071	0.0%	0.0%
Not Competed Using SAP	$ 3,547,128,167	3.0%	1.3%
Null value for reason not competed	$ 65,630,350	0.1%	0.0%
Total	**$ 116,644,145,648**	**100.0%**	**42.7%**

[7] The source is FY 2015 FPDS-NG run from February 24, 2016.

The non-competitive dollars obligated under the next highest J&A authority was for contracts awarded under FAR 6.302-4 "International Agreement," representing contracts awarded when a contemplated acquisition is to be reimbursed by a foreign country that requires that the product be obtained from a particular firm or when the services to be performed or supplies to be used, in the sovereign territory of another country and the terms of the treaty or agreement specify or limit the sources to be solicited, increased $2.9 B from $6.4 B in FY 2014 to $9.4 B in 2015. The remaining J&A authorities either decreased slightly or remained consistent with the FY 2014 values.

Contingency Contracting

DPAP continued to track competition for actions in support of Operation Enduring Freedom (OEF), established under Section 844 (a) of the FY 2012 National Defense Authorization Act. OEF ended on December 31, 2014 and transitioned to Operation Freedom's Sentinel (OFS) on January 1, 2015. Operation United Assistance (OUA) and Operation Inherent Resolve (OIR) were initiated in September 2014. Table 5 summarizes the Department and Component level dollars obligated, competed, effective competed dollars obligated, and the resulting competition rates for FY 2015 under the contingency procurement authorities for the National Interest Action codes. The total contingency contracting dollars decreased $144 M from $3.1 B in FY 2014 to $2.9 B in FY 2015, consistent with reduced actions in support of OEF. The contingency contracting competition rate decreased slightly from 78% in FY 2014 to 77% in FY 2015. The effective competition rate increased from 87% in FY 2014 to 99% in FY 2015.

Table 5 – Contingency Contracting Competition Details[8]

Contracting Agency	Total National Interest Action Contracting Dollars	National Interest Action Competed Dollars	% Competition	Ineffective Competed Dollars	Effective Competed Dollars	% Effective Competition
Dept of the Army	$ 1,491,793,561	$ 1,009,395,506	68%	$ (3,325,093)	$ 1,012,720,599	100%
Dept of the Navy	$ 32,526,024	$ 8,999,460	28%	$ 2,022,397	$ 6,977,063	78%
Dept of the Air Force	$ 74,036,072	$ 68,965,436	93%	$ 1,787,354	$ 67,178,082	97%
Defense Logistics Agency	$ 65,474,075	$ 60,855,540	93%	$ 2,505,455	$ 58,350,085	96%
Defense Information Systems Agency (DISA)	$ 7,510,849	$ 7,510,849	100%	$ -	$ 7,510,849	100%
Defense Contract Management Agency (DCMA)	$ (1,780)	$ -	0%	$ -	$ -	N/A
Defense Commissary Agency (DeCA)	$ 8,618	$ 8,618	100%	$ -	$ 8,618	100%
Defense Finance and Accounting Service (DFAS)	$ (9,380)	$ (9,380)	100%	$ -	$ (9,380)	100%
Defense Threat Reduction Agency (DTRA)	$ 20,944,330	$ 11,061,187	53%	$ -	$ 11,061,187	100%
U.S. Special Operations Command (USSOCOM)	$ 2,122,635	$ 1,391,129	66%	$ -	$ 1,391,129	100%
USTRANSCOM	$ 634,122,506	$ 631,271,456	100%	$ 12,128,183	$ 619,143,272	98%
Washington Headquarters Services (WHS)	$ (1,799,807)	$ (1,799,807)	100%	$ (1,743,658)	$ (56,149)	3%
TOTAL	**$ 2,326,727,703**	**$ 1,797,649,994**	**77%**	**$ 13,374,639**	**$ 1,784,275,355**	**99%**

[8] The source is from FY 2015 FPDS-NG run from July 28, 2016.

II. Initiatives

The Department continues to emphasize BBP and builds upon the success achieved since the initiatives were introduced in FY 2010. On November 13, 2012, the USD (AT&L) issued BBP 2.0. The guidance encompasses 36 initiatives organized into seven focus areas. The area under, "Promote Effective Competition" provides the following guidance:

- Emphasize competition strategies and creating and maintaining competitive environments
- Enforce open systems architectures and effectively manage technical data rights
- Increase small business roles and opportunities
- Use the Technology Development phase for true risk reduction

In FY 2015, DPAP and the components continued to promote competition by creating strategies and activities in acquisitions and procurements that enable a competitive environment throughout a program/product/service's life cycle. The Department also continues to take steps to increase competition for major systems by introducing competition during the sustainment phase of a product's life cycle through the use of open systems and open architectures. As a Better Buying Power initiative, competition continued to be a recurring agenda item at Business Senior Integration Group (B-SIG) meetings. The B-SIG meetings in FY 2015 highlighted competition measures to increase visibility and accountability, and also focused on emerging tools, trends and guidance useful for the military departments and defense agencies to increase competition and overcome barriers to competition. This senior leaders focus and attention on competition at B-SIG meetings will continue in FY 2016. DPAP is also continuing to work with component competition advocates to identify areas that lend themselves to improved competition with procurement of services as a focus area..

In FY 2015, DPAP published quarterly competition metrics that were distributed to the Military Departments and Defense Agencies as well as posted on the DPAP website: http://www.acq.osd.mil/dpap/pdi/eb/monthly_contract_distribution_metrics.html. The competition metric provides a comparison of FY 2015 quarterly achievements to the Component goals for FY 2015, and the corresponding FY 2014 quarterly achievement, respectively. In FY 2016, DPAP plans to streamline communication and improve enterprise-wide visibility and compliance by publishing DPAP's quarterly metrics for competition, contractor past performance and the use of Defense Federal Acquisition Regulation Supplement (DFARS) Clause 252.204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting compliance into a single "The Acquisition Compliance Scorecard."

Other examples of initiatives to promote competition from the Component's Competition Reports follow:

- DLA Aviation hosted industry day events to improve alliances and support suppliers targeting some of the top non-original equipment manufacturer (non-OEM) suppliers.

- Several agencies ensured J&As for major strategic initiatives were thoroughly reviewed and questioned to assure competition was not impeded and to verify the performance and engineering requirements for performance based contracts type initiatives were clearly stated.
- The Naval Supply Systems Command developed a comprehensive training package to strengthen the focus of their customers on defining requirements in terms of functions to be performed/performance required or essential characteristics. To avoid unnecessary restricting the acquisition of commercial items or competition in the contract actions of the agency.
- The Air Force has instituted the Predictive Scheduling Tool for service acquisitions greater than $100 million. This tool provides an automated schedule for acquisition events to facilitate timely execution and avoid the need for a non-competitive bridge contract.
- The Army Corps of Engineers included competition as a measurable factor in all its Commander's appraisals.
- The United States Transportation Command (USTRANSCOM) modified all ten Category (CAT) A II indefinite delivery, indefinite quantity contracts to add controlled narcotics as a shipment commodity under the contracts. The modifications were accomplished as a result of an administrative change to the Defense Transportation Regulation (DTR) allowing flexibility to ship controlled narcotics commercially even when military airlift options are available. The controlled narcotic shipments under the CAT A II contract are estimated at $781K. With the addition of this new commercially available service, it is anticipated that competition amongst the ten contract holders will garner significant savings to the Government.
- USTRANSCOM Cape Canaveral Stevedoring & Related Terminal Services (S&RTS) was previously solicited as a sole source procurement, the contracting officer determined through market research competition could be generated as a full and open requirement under the Master S&RTS Solicitation. Competitive proposals resulted in the award of a five year (Base + Four Options) fixed price indefinite delivery, indefinite quantity contract valued at $3M, 60 percent lower than the prior sole source contract of $7.29M.
- The United States Special Operations Command (USSOCOM) held the Special Operations Forces Industry Conference in which they provided training to prospective contractors on how to submit successful proposals.
- The Defense Human Resources Activity (DHRA) will employ the services of a Federally Funded Research and Development Center (FFRDC) to conduct a study to review the entire the acquisition process within DHRA. This study will begin in February 2016 and the results from this study will be used to emphasize the acquisition chain of command responsibility, authority and accountability and to identify and remove unproductive processes within DHRA to achieve efficiencies and effectiveness in DHRA's acquisition program.
- DHRA has a requirement to utilize service contracts with periods of performance not to exceed three years, to promote more frequent competitions.

III. Barriers to Competition

As noted above, the Department continues making efforts to improve competition. Aside from the product/service mix discussed in Section I, the Component's Competition Reports provide additional impediments to competition, some of which are summarized below:

- Reduction in new starts and major programs and reliance upon non-competitive follow-on procurements for mature systems and aging weapon systems;
- 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 falling under 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;
- Classified Requirements using the exception at FAR 6.302-6 National Security;
- Non-competitive and limited/single source actions in support of socio-economic programs under FAR Parts 8 and 19;
- Unique/critical mission or technical requirements with proprietary rights for items developed at private expense for legacy systems, software, telecommunications/satellite equipment and services;
- Budget constraints make it difficult to identify funding for the purchase of technical data packages;
- Extended Continuing Resolutions necessitating sole source "bridge" contracts to avoid program disruptions; and
- Service life extensions of legacy systems where technical data was not acquired at award, resulting in a longer than anticipated duration of sole source procurements.
- DHRA faced an increased and more complex workload with stagnant staffing levels due to hiring limitations. Furthemore, DHRA lost half of their contract specialists in the past year and half of the senior procurement support office intend to retire by the end of 2016.

IV. Recommendation to the Defense Acquisition Executive

As the DoD Competition Advocate, the Director, DPAP works with Component Competition Advocates throughout the year to emphasize competition and review metrics results. 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 2015, 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 2015. The Number of Offers and Contingency Contracting information are based on Ad Hoc FPDS reports. Collectively these reports are used to track competition and to prepare the annual competition reports.

DOD Competition Goals

In FY 2015, the Department's overall competition rate achieved 55.4% which did not meet the goal of 59%. Barriers to competition from non-competitive 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 2016.

For FY 2016, the Department's overall competition goal is set at 57.0%. The overall competition goals for the components were calculated by incorporating a two percent improvement over the FY 2015 achievements; components that achieved a FY 2015 rate greater than 90% will maintain the rate as their goal. The effective competition goal for the Department will remain as been 87%, consistent with the achieved rate over the past three years. Component effective competition goals were not set. The contingency contracting goals match the component's overall and effective competition rates.

Recommendation

The USD (AT&L) continues to focus on the importance of increased competition. The rollout of BBP 3.0 policies and initiatives highlight the Under Secretary's commitment to improving the Department's overall competition rate.

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

MAR 09 2016

SAAL-ZP

MEMORANDUM FOR DIRECTOR, DEFENSE PROCUREMENT AND ACQUISITION POLICY

SUBJECT: Fiscal Year 2015, Army Competition Report

1. Enclosed is the Army fiscal year (FY) 2015 Competition Report containing analysis of trends, fair opportunity results, efforts taken to overcome barriers, and impediments to competition. This report is provided in response to your request, undated, with the subject: Establishment of Fiscal Year 2016 Competition Goal and Request for Fiscal Year 2015 Competition Report.

2. In FY15, the Army achieved a 59.25 percent competition rate for all contract obligations. This is below the assigned Army goal of 66.6 percent. The Army contracting enterprise is fully committed to using competitive procedures to deliver quality products and services and to obtain the best value for the taxpayer and the Warfighter.

3. My point of contact for this action is Mr. Martin R. Tillman, (703) 617-0303, or e-mail: martin.r.tillman.civ@mail.mil.

Harry P. Hallock

Encl

Harry P. Hallock
Deputy Assistant Secretary
of the Army (Procurement)

ARMY COMPETITION REPORT

Fiscal Year 2015

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

ARMY FISCAL YEAR 2015 COMPETITION REPORT

TABLE OF CONTENTS

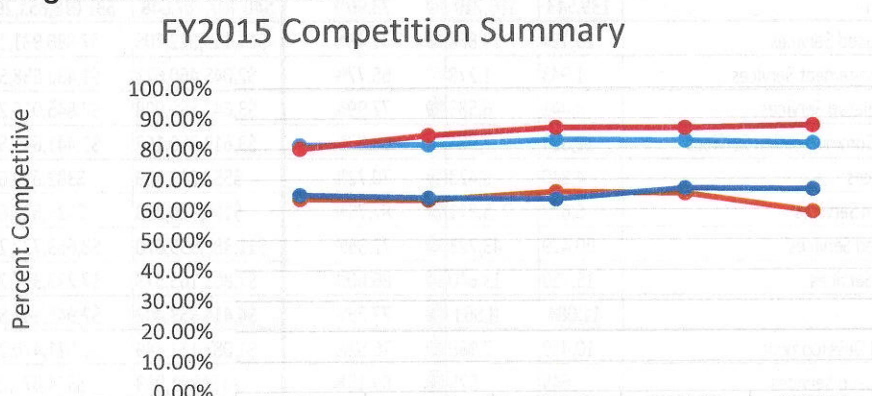
Army Competition Report 2015

1. Introduction.

This report is provided in response to the Director of Defense Procurement and Acquisition Policy's (DPAP) memorandum, undated, subject: Establishment of Fiscal Year 2016 Competition Goal and Request for Fiscal Year 2015 Competition Report. It complies with Federal Acquisition Regulation (FAR) 6.502(b) and includes an analysis of procurement trends, fair opportunity results, impediments to competition, and new initiatives intended to enhance competition in FY16. Unless otherwise noted, the data used in this report comes from the Federal Procurement Data System-Next Generation (FPDS-NG) database on 2 February 2016.

2. Competition Summary.

The Army competed 59.25 percent (%) of its contract obligations in fiscal year (FY) 2015, falling short of the DPAP goal of 66.6% by approximately 7.35 percentage points (see Figure 1). The competition rate improves more than 15 percentage points when weapons and other goods and services unavailable for competition are excluded from the calculation. At the same time, the Army's effective competition rate, the percentage of competitive acquisitions less those receiving only one bid or response to the solicitation, hit an all-time high of 87.55%, indicating a higher quality of competition. These results serve to reflect multiple, large, sole-source procurements needed to extend the life of existing systems, purchases of additional systems, a surge in foreign military sales during FY15, and the Army's response to a turbulent budget cycle. The Army fully supports all Department of Defense efforts to expand the use of competition when procuring it's goods and services.



	FY2011	FY2012	FY2013	FY2014	FY2015
% Competition w/Exclusions*	81.41%	81.46%	83.16%	82.76%	81.73%
% Effective Competition	80.15%	84.53%	87.03%	86.89%	87.55%
% Competition	63.62%	63.25%	65.83%	65.29%	59.25%
Competition Goal (%)	65.00%	64.00%	63.50%	67.00%	66.60%

* These percentages are taken from the DPAP business intelligence tool on 2 February 2016 and excludes all records where (1) the Product Service Code (PSC) is related to major weapon system, (2) where Foreign Funding (FMS or non-FMS) is indicated, (3) where the reason for Other than Full and Open Competition is "International Agreement" or "Authorized by Statute", and/or (4) Fair Opportunity/Limited Sources is "Sole Source".

Figure 1: Competition Summary

3. Impediments to Competition.

a. Restrictive Data Rights. Analysis of the Army's FY15 obligations by portfolio group and as compared with the assigned 66.6% competition goal (Table 1) indicates four key areas with a strong resistance to competition: Aircraft, Ships/Submarines and Land Vehicles; Weapons and Ammunition; Electronic and Communication Equipment; and Sustainment Supplies and Equipment (S&E). All four portfolio groups are known for their reliance on items with restrictive data rights and license requirements. Restrictive data rights are most prevalent in the Army's procurement of additional legacy systems such as the 107 Stryker vehicles ($188million (M)) and the 159 UH-60 Utility Helicopters ($1.9 billion (B)) bought in FY15, sole-source modifications to those systems, such as the Stryker enhanced engine, suspension and vehicle network system, and their sustainment ($48M). Software components and business systems such as the Global Combat Support System-Army (based on a SAP software platform) and the Integrated Personnel and Pay System-Army (based on a PeopleSoft platform) represent a similar challenge with information technology products that are heavily dependent on licenses and use rights often procured under a sole-source contract.

Date of Report: 10 Nov 2015 Category	Total Actions	Competed Actions	Percent Competed Actions	Total Dollars Obligated	Competed Dollars	Percent Competed Dollars
SUPPLY	111,460	86,492	77.60%	$27,675,253,369	$9,022,976,998	32.60%
1. Aircraft, Ships/Submarines & Land Vehicles	3,307	1,721	52.04%	$8,653,503,750	$834,695,620	9.65%
2. Weapons & Ammunition	4,552	2,688	59.05%	$7,345,573,962	$1,707,219,031	23.24%
3. Electronic & Communication Equipment	26,931	19,522	72.49%	$5,188,521,244	$2,945,595,456	56.77%
4. Sustainment S&E	13,872	9,704	69.95%	$3,789,513,923	$1,565,462,416	41.31%
5. Facilities S&E	39,443	33,818	85.74%	$1,965,789,242	$1,454,364,934	73.98%
6. Clothing, Textiles & Subsistence S&E	13,374	9,077	67.87%	$661,571,364	$445,206,502	67.30%
7. Miscellaneous S&E	9,981	9,962	99.81%	$70,779,884	$70,433,039	99.51%
SERVICES	139,543	103,210	73.96%	$40,407,707,648	$31,018,851,266	76.76%
2. Knowledge Based Services	29,194	20,868	71.48%	$11,119,022,705	$7,880,931,114	70.88%
3. Logistics Management Services	1,943	1,278	65.77%	$2,045,460,673	$1,432,858,576	70.05%
4. Equipment Related Services	8,441	6,583	77.99%	$3,642,589,908	$2,845,018,297	78.10%
5. Electronic & Communication Services	12,324	7,884	63.97%	$3,613,350,167	$2,441,645,549	67.57%
6. Medical Services	4,840	3,423	70.72%	$557,239,329	$382,690,618	68.68%
7. Transportation Services	6,622	5,811	87.75%	$184,320,223	$138,627,673	75.21%
8. Facility Related Services	60,429	43,723	72.35%	$11,380,559,070	$8,663,722,231	76.13%
9. Construction Services	15,750	13,640	86.60%	$7,865,165,573	$7,233,357,208	91.97%
R&D	11,084	8,563	77.26%	$4,414,353,402	$2,946,147,502	66.74%
1. Research and Development	10,439	7,988	76.52%	$4,087,111,449	$2,621,470,272	64.14%
2. Knowledge Based Services	645	575	89.15%	$327,241,953	$324,677,230	99.22%
GRAND TOTAL	262,087	198,265	75.65%	$72,497,314,419	$42,987,975,766	59.30%

Source: FPDS-NG (OSD BI Tool), 10 Nov 2015

Legend: **Green** ≥ 66.6%, **Amber** <66.6% to ≥ 63.27%, **Red** <63.27%

Table 1, FY15 Contract Competition By Portfolio Groups

b. Foreign Military Sales. Foreign military sales (FMS) likewise fall into this category as most of the Army's FMS purchases are for U.S. weapons systems and their sustainment. Typically and as indicated above, additional weapons and information technology systems and their modifications can only be procured from the original equipment manufacturer or vendor using a sole-source type arrangement. Army FMS jumped 78.36% in FY15 to an approximate $7.8B total.

c. Procurements Not Available for Competition. Army competition efforts were further impeded in FY15 by procurements mandated by statute, regulation or other agreement. These are usually awards to the Federal Prison Industries, set-asides for AbilityOne, and procurements made through the Small Business Administration for Small Business programs. These type procurements totaled $6.6B in FY15 or 9.07% of the Army's total contract obligations. Without those actions included in the calculation the Army's competition rate would have been approximately 65.16%.

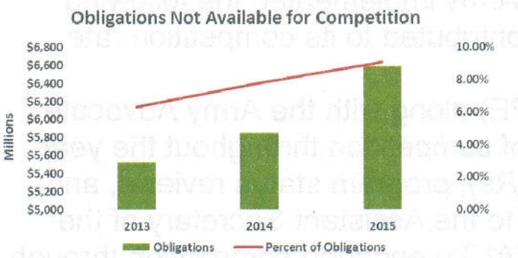


Figure 2

d. Lack of Advanced Planning. It is apparent from the contracting activity's input to this report that there was a lack of advanced planning by the Acquisition community resulting in a greater number of bridge contracts and 8(a) direct source purchases. Bridge contracts are generally sole-source, short term contracts or extensions of existing contracts to meet requirements while a competitive or follow-on contract is being awarded. Section 8(a) of the Small Business Act allows for a sole-source award to qualifying small businesses. These type contracts and are a useful tool for quick purchases such as at the end of the fiscal year. The Army's contracting activities often cited a late receipt of requirements, delays in source selection, and protests as the reason for these type non-competitive contract actions. It should also be noted that standardization of items across the Army are necessary for efficiency and sustainment savings, yet due to the rights and license issue discussed in paragraph one, the Army is forced to buy from the original source. It is not always possible to plan for all contingencies.

e. Funding Turbulence. In addition to the Army having $2.4B less funds available for acquisition in FY15 ($75.0B in FY14 versus $72.6B in FY15), funding was delayed due to the late approval of the National Defense Authorization Act. The off-schedule disbursal of funds reduces the amount of time available for planning competition strategies and often results in contracting officers having to extend existing contracts sole-source, or to go directly to 8(a) small businesses as stated above in a directed source arrangement. The reduction in funds available reduced the number of new contracts available to compete.

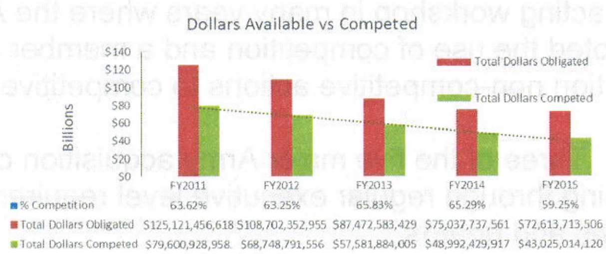


Figure 3

f. Extending/Changing Requirements. Some requirements cannot be forecasted. For example, an immediate need for linguists in Iraq materialized with the declaration of

Operation Inherent Resolve. This requirement could only be met in a timely manner by extending the current linguist contract on a sole-source basis. The same is true of the medical community, life and limb situation are often unplanned and require immediate procurement support.

4. Efforts to Improve Competition. In FY15, the Army implemented the following new initiatives and continued previous efforts that contributed to its competition rate.

a. The Army Senior Procurement Executive (SPE) along with the Army Advocate for Competition monitored the status and progress of competition throughout the year using quarterly Contracting Enterprise Reviews (CERs), program status reviews, and special competition briefings. The Principal Deputy to the Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA(ALT)) engaged competition through regularly scheduled Better Buying Power briefings with the Under Secretary of Defense (Acquisition, Technology and Logistics). These meetings served to measure progress towards assigned goals, to confront barriers to success with the appropriate leaders, and to provide timely guidance.

b. The Office of the Deputy Assistant Secretary of the Army (Procurement) (ODASA(P)) coordinated a revised Army Regulation (AR) 715-31, Army Competition Advocacy Program, with all Army Commands and requested that they begin supporting the new policies contained within. The current AR has been in effect since June 1989. The update is expected to be finalized by FY17.

c. The Army improved management of its Competition Advocacy Program using automation to track progress, collect quarterly reporting requirements, oversee its Justifications and Approvals, and task it's Advocates for greater involvement.

d. The U.S. Army Corps of Engineers included competition as a measureable factor in all its Commander's appraisals.

e. The National Guard Bureau hosted it's first Principal Assistant Responsible for Contracting workshop in many years where the Army Advocate for Competition promoted the use of competition and a member of his staff provided training on ways to transition non-competitive actions to competitive actions.

f. Three of the five major Army acquisition commands improved their acquisition planning through regular executive level requirements and acquisition strategy panel reviews and boards.

g. Each major Army contracting command worked with their customers to identify key non-competitive contracts/requirements for transition to competition that they believe will enhance their competition rates. This sometimes led to prepositioning indefinite delivery indefinite quantity type contracts or Blanket Purchase agreements to meet short fused requirements.

5. Select Topics of Interest.

a. Actions Competed. Coincidental with the obligations described above, the Army competed 76.13% of all its contractual actions in FY15, a 9.7 percent decrease from FY14 and a 40.26% reduction in the number of actions over a five year period (see Table 2).

Year	Total Army (Actions)	Competed (Actions)	% Competed (Actions)	Delta (Yearly)
FY2011	465,744	357,839	76.83%	0.22↓
FY2012	420,009	320,399	76.28%	0.55↓
FY2013	345,063	264,355	76.61%	0.33↑
FY2014	304,466	234,579	77.05%	0.44↑
FY2015	278,217	211,820	76.13%	0.91↓

Table 2: Competition in Actions

b. Army Major Commands. Table 3 provides a comparison of FY14 and FY15 competition rates by Army major contracting command. The Corps of Engineers was the only Army major command to exceed its FY15 competition goal.

Comparison of FY2014 and FY2015 Awards

	Fiscal Year 2014			Fiscal Year 2015		
Commands	**Dollars Competed**	**% Dollars Competed**	**FY14 Goal**	**Dollars Competed**	**% Dollars Competed**	**FY15 Goal**
AMC	$29,975,819,411	**57.33%**	54%	$26,638,937,893	**50.47%**	54%
USACE	$14,857,386,122	**86.16%**	85%	$13,165,472,965	**86.12%**	85%
NGB	$1,716,395,536	**78.63%**	80%	$1,220,129,146	**71.77%**	80%
MEDCOM	$1,852,662,764	**71.26%**	80%	$1,616,058,596	**70.14%**	80%
INSCOM	$590,166,084	**81.58%**	91%	$384,950,819	**71.67%**	91%
Total Army	**$48,992,429,917**	**65.29%**	**67%**	**$43,025,549,418**	**59.25%**	**67%**

Table 3: Army Major Command Competition

c. Fair Opportunity. Multiple award task and delivery-order contracts are extremely valuable to procuring activities when the exact times and/or quantities of future deliveries are unknown. They are generally believed to provide a quicker, more efficient method for procuring multiple supplies or services that are relatively similar. Most importantly, they provide for the benefits of competition throughout the contract's period of performance. The Army therefore maximizes use of these type contracts when appropriate.

In FY15, the Army awarded approximately $11,263,011,230 or 15.51% of all it's contract obligations using multiple-award type arrangements. Of this $11.3B, 79.27% were competed without exception. The top three exceptions to fair opportunity were for a "Follow-on Action Following Competitive Initial Action" (7.03% or $998M), "Competitive Set Aside" (6.25% or $888M), and "Only one Source-Other" (3.98% or

$566M). Multiple award contracts were used by the Army in FY15 to procure linguists, research and development support, information technology, and many other similar type commodities. For example, the United States Army Intelligence and Security Command awarded a $7.2B, five year, Global Intelligence contract for linguist services, the Medical Command awarded six multiple award contracts for per-diem nurses and doctors for approximately $29M, and ACC-Redstone a $496M IDIQ for space and missile defense advisory and assistance services.

d. Contingency and Urgent Situations. A review of all indefinite delivery type contract vehicles supporting declared contingencies in FY15 (omnibus), with performance outside the United States, indicates there were 601 contract actions for a total of $2,192,283. Of these actions, 531 were competitively awarded for a competition rate of 88.35%. However, the total obligation rate was a negative $746,163 because we were withdrawing from Afghanistan at the time and money was being de-obligated from existing contracts. In accordance with Section 844 of the National Defense Authorization Act of FY2012 all non-competitive, omnibus contracts were reviewed in accordance with established procedures.

6. Path Forward.

a. Projected Competition Rates and Goals. New for FY16, the Army began working with its customers to try and anticipate the impact of the initiatives for improvement on the competition rate. Table 4 compares by major acquisition command actual FY15 competition rates with projected FY16 rates. It also indicates the command's projected obligations for FY16 based on plans already developed. The far right column is the stretch goal assigned to each command for FY16 and the obligation amount needed to achieve each goal. These are the goals (far right column) that will be monitored by Army management throughout the year.

Total Projected	FY15 Actual Competition %	FY16 Projected Competition %	FY16 Projected Obligations	Expected FY16 Competitive Obligations	FY16* Competition Goals
AMC	50.43%	46.40%	$53,383,591,556	$28,390,800,205	**53%**
INSCOM	74.21%	84.94%	$600,100,000	$509,700,000	**85%**
MEDCOM	69.98%	73.72%	$2,704,008,969	$1,993,489,669	**74%**
NGB	72.10%	73.48%	$1,720,807,399	$1,273,397,475	**74%**
USACE	86.11%	82.50%	$13,179,515,491	$11,314,858,419	**86%**
Army Total Competition	59.27%	55.05%	$71,588,023,415	$43,482,245,768	**61%**

* Numbers rounded

Table 4, Army FY16 Competition Goals

b. FY16 Initiatives. To attain the above goals, the major subordinate commands were requested to employ the following tactics. These tactics or initiatives will be monitored regularly by the Army Advocate for Competition and the Assistant Secretary of the Army for Acquisition, Logistics and Technology during quarterly Contracting

Enterprise Reviews, program status reviews, and other management forums. The Army's FY16 initiatives are as follows:

1) When appropriate, include pre-priced options to procure technical data packages necessary for follow-on contract competition.
2) Conduct advanced planning with early involvement that enables thorough review of the requirements to create competitive strategies, quality market research, mitigates delays, and avoids urgent needs.
3) Take full advantage of Principal Assistant Responsible for Contracting reviews, executive requirements tracking boards, and acquisition strategy panels.
4) Train the workforce on when it is appropriate to synopsize non-competitive purchases in accordance with FAR part 5, market research in accordance with FAR part 10, and how to properly code the competition section of the contract action reports.
5) Identify and concentrate command efforts on transitioning individual requirements and contracts from non-competitive to competitive that will improve your competition rates. All commands have previously identified key non-competitive contracts for transition to competitive.
6) Recognize the command's successes, including individuals that have put forth exceptional efforts to improve competition rates.
7) Promote competition goals with subordinate commands and key customers.

7. Recognition of Superior Efforts. The Army gives special recognition to the individuals listed below for their efforts to promote competition. They are a special group that has gone beyond what was required to do their job, in order to do what was necessary for the good of the Army, Department of Defense, and the tax payers of America.

1) Mr. Corey W. Woodson, Contract Specialist, Army Contracting Command-New Jersey
2) Mr. Vince F. Turco, Contract Specialist, Army Contracting Command-New Jersey
3) Ms. Kathleen R. (Katie) Olson, Contract Specialist, Army Contracting Command-Rock Island
4) Mr. Rodger D. Pearson, Director, Ms. OK K (Kay) Hyska and Ms. Cheryl L. Hickman Division Chiefs, Army Contracting Command-Redstone
5) Mr. Shelley Muhammad, Special Advocate for Competition, Army Contracting Command-Redstone
6) Mr. Ryan G. Lee, Procurement Analyst, Army Contracting Command-Expeditionary Contracting Command
7) Ms. Un OK Kang, Procurement Analyst, Army Contracting Command-Expeditionary Contracting Command
8) Mr. Joseph R. Scanlan, CONOPS Chief, Advocate for Competition, Army Contracting Command-Expeditionary Contracting Command
9) Regional Health Contracting Office – Europe (RHCO-E), United States Army Health Contracting Activity (Provisional), U.S. Army Medical Command
10) COL Allen L. Meyer, Iowa United States Property and Fiscal Officer (USPFO)
11) COL Mark A. Schutta, Minnesota USPFO

12) COL James G. Jones and the Missouri National Guard Contracting Enterprise

13) COL Felix T. Castagnola, Nevada USPFO

14) COL Michael J. Tuohy, Connecticut USPFO

15) Jacksonville District Project Development Team, United States Army Corps of Engineers

16) Ms. Robin G. Prince, United States Army Corps of Engineers

17) Ms. Kimberly J. Ford, United States Army Corps of Engineers

18) Ms. Patricia C. Jeffery, United States Army Corps of Engineers

19) Ms. Diane M. Raymond, United States Army Corps of Engineers

20) Mr. Nicholas P. Emanuel, United States Army Corps of Engineers

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

MAY 24 2016

MEMORANDUM FOR DIRECTOR, DEFENSE PROCUREMENT AND ACQUISITION POLICY

SUBJECT: Department of the Navy Fiscal Year 2015 Competition Report

Reference: (a) Director, Defense Procurement and Acquisition Policy Memorandum dated January 19, 2016, Subject: Establishment of Fiscal Year 2016 Competition Goal and Request for Fiscal Year 2015 Competition Report

In accordance with reference (a), the Department of the Navy Fiscal Year 2015 Competition Report is attached.

My point of contact is Mr. Scott Wilkins at scott.wilkins@navy.mil or 703-693-4007.

Elliott B. Branch

Elliott B. Branch

Attachment: As stated

DEPARTMENT OF THE NAVY
FISCAL YEAR 2015 COMPETITION REPORT

In accordance with the Office of the Under Secretary of Defense Acquisition, Technology, and Logistics (OUSD (AT&L)) Memorandum issued by the Defense Procurement and Acquisition Policy office on January 19, 2016, 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) 2015.

The DON pursued the Secretary of the Navy's (SECNAV) priorities of people, platforms, power, and partnerships during FY15 through the continued goal of acquisition excellence and integrity. The acquisition related objectives specific to this report included increased cost effectiveness through competition and the acquisition of commercial items. The SECNAV is committed to supporting competition whether buying platforms like ships and aircraft or commodities like fuel. The DON acquisition accomplishments also support the OUSD (AT&L) implementation of Better Buying Power (BBP) to increase the productivity, efficiency, and effectiveness of the Department of Defense's (DoD) many acquisition, technology, and logistics efforts. The core BBP initiative that emphasizes competition include efforts to promote effective competition through maintaining competitive environments, improving DoD outreach to industry, and increasing small business participation through effective market research. These pursuits have been further integrated into practice by the Assistant Secretary of the Navy for Research, Development, and Acquisition (ASN (RD&A)) through the principle of "making every dollar count" by maximizing competition.

The direct and fundamental business approach in support of the DoD and DON goals has focused on increasing competition every year and FY15 highlighted many successful acquisitions. The DON continued acquisition of ships, aircraft, and weapon system programs using methods such as block buys and multi-year procurements, stable designs and mature technologies, targeted reviews, and pursuing cross-program common-equipment acquisitions across the entire DON items such as hardware, services, construction, maintenance and repair. Competition goals were integrated into acquisition planning for new generation platforms such as the Amphibious Assault Ship (LHA-8), oiler T-AO(X), and Dock Landing Amphibious Ship LX(R) which promote stability and competition within a particular sector of the industrial base. Aside from major platforms, the DON has accomplished cost savings across the broad spectrum of acquisitions within the enterprise and examples are provided throughout this report.

DON Competition Achievement - Statistics

In accordance with a December 23, 2014 memorandum issued by OUSD (AT&L), the DON's FY15 goal for overall competition was established at 45.2 percent and reflected an 0.8% increase over the DON's FY14 achieved rate of 44.4% based on total Fiscal Year (FY) dollars obligated. The Table 1 provides the primary portfolio categories for the DON's competed obligated dollars when compared to the $85.4 billion in FY15 obligated dollars, which increased almost 1.8 percent from $83.9 billion in FY14.

Portfolio Category (SUPPLY)	**Obligated Dollars**	**Obligated Dollars Competed**	**Percent of Dollars**
1. Aircraft, Ships/Submarines & Land Vehicles; Weapons & Ammunition; Electronic & Communication Equipment; Sustainment S&E; Facilities S&E; Clothing, Textiles & Subsistence S&E; Miscellaneous S&E	**$50,617,729,130.34**	**$11,719,444,727.12**	**23.15%**
Portfolio Category (SERVICES)			
2. Knowledge Based Services; Logistics Management Services; Equipment Related Services; Electronic & Communication Services; Medical Services; Transportation Services; Facility Related Services; Construction Services	**$27,003,194,013.61**	**$21,835,833,675.92**	**80.86%**
Portfolio Category (R&D)			
3. Research and Development; Knowledge Based Services	**$ 7,731,194,913.51**	**$ 4,526,135,405.12**	**58.54%**
Grand Total	**$85,352,118,057.46**	**$38,081,413,808.16**	**44.62%**

Table 1: Total Obligated and Competed Dollars (percent) for FY15

The FY15 DON competitive dollars obligated increased by $0.9 billion to $38.1 billion from FY14 and represented an overall achieved competition rate of 44.62%, which amounted to a nominal decrease of 0.58% from the FY15 goal. Similar to previous year-over-year reporting, the DON extracted FY15 data from the Federal Procurement Data System, Next Generation (FPDS-NG). Table 2 illustrates the DON's year-over-year trend in overall competition rates achieved based on dollars obligated since FY12, which has remained mostly flat within a range from 45.6 to 44.62 percent.

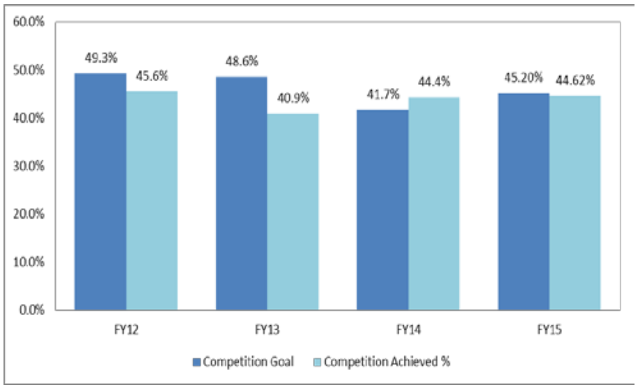


Table 2: Competition Goal and Competition Achieved (percent).

In comparison, Table 3 illustrates the DON's trend in effective competition rates achieved, which has remained flat between 79.0 percent in FY12 to 82.36 percent in FY15. The DON's FY15 goal for effective competition did not change from FY14 at 87.3 percent even though the achieved rate was lower at 82%. Effective competition includes contract obligations in which competition was sought, but only one offer was received.

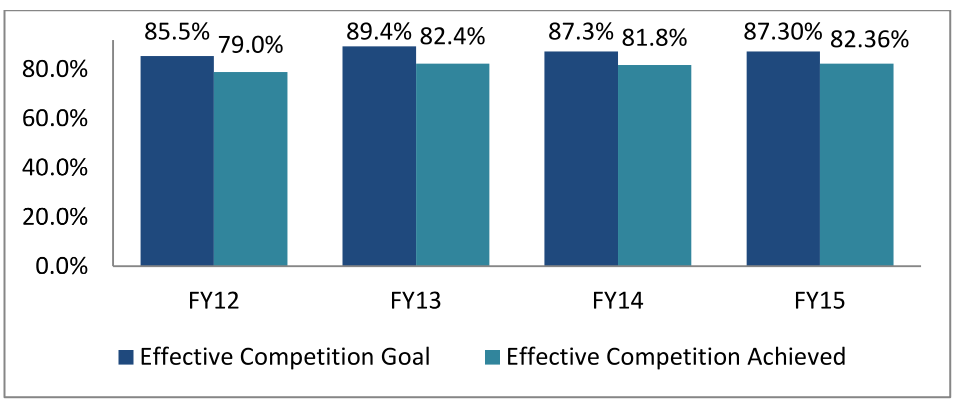


Table 3: Effective Competition Goal and Effective Competition Achieved (percent).

The DON is also committed to increasing competition where possible and obtaining improvements in effective competition at the task or delivery order level. This was especially evident in the category of competed services, which produced an 80.9 percent competition rate for total service dollars obligated. The DON has traditionally reported on the trend in fair opportunity in task and delivery order contracts under multiple award contracts and Table 3 below illustrates the DON rate achieved for fair opportunity from FY13 through FY15:

FY13	FY14	FY15
89%	85%	85%

Table 3: Fair Opportunity Competition

An analysis of the 2015 data revealed that dollars eligible for fair opportunity have remained relatively flat since FY14, primarily driven by budget constraints. The DON continues to promote competition across all types of procurements and reduce sole source, follow-on task orders, and urgent task and delivery orders.

DON Competition Achievement - Review of Contracting Operations

The Federal Acquisition Regulation (FAR), Subpart 6.5 Advocates for Competition, 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 Competition Advocate at DASN (AP) requires each of the DON Head of Contracting Authority (HCA) commanders to assess and submit their competition and commercial item purchase achievements on an annual basis in accordance with the reporting requirement at FAR 6.502, duties and responsibilities. A summary of their results and actions taken to promote competition and increase commercial item procurements.

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

Opportunities, actions, and new initiatives to increase the acquisition of commercial items were demonstrated across DON contracting offices during FY15. Much of the commercial items acquisition activity consisted of improved market research and aggressive outreach to industry as demonstrated through Requests for Information (RFI), sources sought notices, the use of draft Requests for Proposals (RFP), and pre-solicitation conferences. By improving the use of thorough market research, Navy contracting commands were better able to leverage their understanding of markets and increase opportunity for competition through pre-solicitation engagement with industry. The use of draft RFPs also allowed the opportunity to identify and remove restrictive non-mandatory DoD/government requirements that led the DON to take advantage of commercial practices. For example, the Marine Corps Installations and Logistics Command (MARCOR I&L) utilized a variety of strategic sourcing contracting vehicles including the Government Wide Acquisition Contracts (GWAC) issued from the National Institute of Health Information Technology Acquisition & Assessment Center and National Aeronautics and Space Administration (NASA)'s Solutions for Enterprise-Wide Procurement (SEWP), the Army's Computer Hardware, Enterprise Software and Solutions (CHESS) and General Services Administration (GSA)'s STARS II contracts to acquire commercial IT supplies and services competitively.

Many more of the DON contracting offices have benefited from early engagement with their Government customers in an effort to improve their understanding of the requirements leading to an earlier opportunity to engage the acquisition planning process and promote the use of commercial items. Identifying commercial solutions to military requirements can be challenging, thus, all DON contracting offices focused on effective market research working with customers in order to maximize commercial/off-the-shelf solutions. For example, the Naval Medical Logistics Center (NMLC) Equipment and Maintenance Division (EMD) continuously works with the Medical Equipment Logistics Solutions (MELS) and Operational Forces Support (OFS) directorates in order to ensure commercial items are procured to the maximum extent possible. These efforts have resulted in commercial medical equipment becoming NMLC's second largest commodity group.

Commercial item procurement is also evident at major weapon system commands such as the Naval Air Systems Command (NAVAIR) and Naval Sea Systems Command (NAVSEA). For example, the NAVAIR Range Support Aircraft (RSA) acquisition effort in FY15 is being pursued as a commercial item. This effort will modify an existing commercial aircraft to meet the needs of the Naval Air Warfare Center Weapons Division (NAWCWD) China Lake, Sea Test Range and replace the existing aircraft scheduled to reach its maximum service life in the next few years. Acquiring the RSA as a commercial item allows the Government to leverage existing Federal Aviation Administration certification requirements and avoids the estimated hundreds of millions of dollars of non-recurring costs. Workforce training was also an important area identified to enhance commercial item acquisitions. For example, two NAVSEA offices, Naval Surface Warfare Center (NSWC) Philadelphia and NSWC Carderock provided training for requirements owners to improve their understanding of the commercial item procurement procedures. This training was entitled "Contracting for Those Who Don't" and focused on customer collaboration to improve procurement package preparation, market research, and Government estimates.

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

The DON promoted opportunities to increase competition through several initiatives developed in FY15. Similar to efforts to improve commercial item acquisitions, the goal to increase competition throughout the DON contracting enterprise focused on customer engagement and effective market research to identify opportunities to promote competition across all programs, products, and services. The Space and Naval Warfare Systems Command (SPAWAR) focused on multiple award strategies and aggressively challenged all sole source justifications prior to approval while also investigating the possibility of "breaking out" opportunities of components that could be competed. The Military Sealift Command (MSC) and MARCOR I&L were examples of commands working closely with customers early in the acquisition cycle to clearly define requirements, eliminate restrictive specifications and remove undue burdens on competition. One objective of early engagement was to review requests for sole source, limited source or brand name requirement and initiate follow up with requirement owners with extensive questioning to ensure competition is utilized to the maximum extent.

The Marine Corps Systems Command (MARCORSYSCOM) Office of Small Business Programs (OSBP) demonstrated the importance of industry outreach events to assist in promoting competition. The MCSC OSBP Office hosted their 6th Annual Small Business Pavilion during the Modern Day Marine (MDM) Expo in September 2015. The expo and several other large outreach events like Sea Air and Space and the National Veteran's Conference establish small business pavilions and use the forum to promote their capability. The NAVAIR focused on market research, which included RFI and sources sought notices and held industry days to present current or future procurements. They also promoted efforts to qualify and grow second sources of supply for inherent sole source programs that resulted in meaningful full and open competitions for future platforms such as F/A-18 A-D Depot Level Maintenance, VX-20 maintenance support, and E-2D. Reviewing these types of incumbent large business contracts that historically had subcontracted part of the work to multiple small businesses has led to the conclusion that several small businesses, including some current subcontractors, had matured to the point that effective competition could be expected under a small business set-aside.

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.

The consistent theme pursued by DON contracting offices throughout FY15 was increased collaboration between requiring activities and program offices to ensure requirements were stated in terms of functions and outcomes and overly restrictive specifications that place undue burdens on competition were avoided. The SPAWAR embraced this challenge as a cultural issue in FY15 at both the contracting competency and Program Executive Office to ensure incremental improvements to the requirements generation process were instituted across the enterprise. The MSC focused on transportation services that were solicited using performance-based work statements relying on outcomes and deliverables, such as cargo vessel requirements that are chartered based upon minimum speed and cargo capacity, not detailed physical characteristics. The MARCOR I&L emphasized the use of performance metrics and performance objectives across the enterprise giving customers full access to information, references, and samples when reviewing specific requirements. When narrowly defined requirements were found, contracting officers worked directly with customers to describe more fully the characteristics and performance requirements. These measures include training that focuses on how to properly identify, describe, and measure/evaluate the contractor’s work. The Naval Supply Systems Command (NAVSUP) Fleet Logistics Center San Diego contracting office developed a comprehensive training package including document templates, presentation material, and references (i.e., compact disks, slides, acquisition guides) to strengthen the focus of their customers on defining requirements in terms of functions to be performed/performance required or essential physical characteristics.

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.

The DON contracting offices worked to remove unnecessary restrictions in commercial acquisition during FY15, but acknowledged that the primary critical barrier to increased commercial and competitive acquisition is the lack of necessary technical data and/or data rights. Navy equipment and platforms that are built and delivered under contracts that lack data rights or require Original Equipment Manufacturer (OEM) parts or service be maintained by OEM’s for system integrity or to maintain a warranty create obvious restrictions to competition. Reduced competition results from OEM support services and requirements for replacement parts compatible affected most contracting offices across the Navy. The challenge for logistics support offices such as NAVSUP Weapon System Support (WSS) who manage parts and repairs to legacy weapon systems stems from the fact that an increasing percentage of repair parts in support of aging Navy assets no longer commonly stocked or even regularly produced by the OEMs. Continued reliance on OEMs throughout the life cycle of equipment and platforms, insufficient investment in technical data funding, and low investment in sole-source breakout efforts, significantly limit the Navy's ability to procure commercial items and/or promote competition. The NAVAIR highlighted that the current regulatory construct for technical data rights is burdensome, both in terms of clearly establishing government rights in technical data early and upfront in the acquisition process as well as in terms of challenging non-conforming or perhaps unwarranted markings during execution. The rights and responsibilities between government and industry need to be more appropriately balanced to ensure adequate government insight into and understanding of technical data rights early in the life cycle of programs, as well as to facilitate a quick and timely resolution of post award technical data issues during execution.

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

Acquisition training is a big part of the DON's efforts to increase the purchasing of commercial items and increasing competition across all procurement areas. Examples of continuing and creative new initiatives to affect the culture and performance of the contracting workforce were evident across all system commands and their component contracting offices. The Head of Contracting (HCA) leadership for all Navy contracting commands made effective use of identifying and implementing customized training requirements using Defense Acquisition Workforce Development Funding available. For example, the broad availability of web-based contracting training modules like the Navy wide contractor provided Virtual Acquisition Office website resource which provides on-line acquisition training and internal initiatives to provide the contracting workforce access to on-line acquisition training in topics related to non-restrictive performance work statements, market research tools, and analysis techniques that contributed to increased contracting tradecraft. Commands like NAVAIR, MARCORSYSCOM, NAVSUP, and NAVSEA have implemented robust command-wide training academic constructs or universities that provide comprehensive, standardized, quality technical leadership, and professional training. All DON contracting commands continued to pursue training from Defense Acquisition University (DAU) courses that meet the Defense Acquisition Workforce Improvement Act (DAWIA) certification requirements and continuous learning.

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

The emphasis on ensuring task and delivery orders are issued within the requirements for fair opportunity is a critical component of the DON's ongoing effort to increase competition and drive down costs. During FY15, SPAWAR developed a Delivery Ordering Guide framework where all contracting personnel utilize standardized templates and conform to a standard process work flow that supplements ongoing guidance and training for both requirements originators and ordering officers. The MSC has built on previous success by recognizing that planning for task/delivery orders begins early and sufficient lead time is provided to the maximum extent possible. Requirements documentation including the performance work statement or statement of work are closely examined and modified accordingly to ensure it does not restrict competition. The MARCORSYSCOM took initiative in FY15 to analyze prior year competition data and work with the program offices to identify those actions that could be competitive, either for the full requirements or for partial requirements. The efforts of all DON HCA's demonstrated a commitment to engaging early with customers and establish valid recommendations for competitive opportunities and providing sound basis whether the action should be processed on the basis of full and open competition or even set aside for small business.

Recommend to the agency senior procurement executive (SPE) and the chief acquisition officer goals and plans for increasing competition on a fiscal year basis, including any ideas for a system of personal and organizational accountability for competition, which may include the use of recognition and awards to motivate program managers, contracting officers, and others in authority to promote competition in acquisition.

The recommendations for the SPE are highlighted from the numerous accomplishments in acquisition outcomes and training initiatives described throughout this report. The DON contracting commands developed several creative incentive programs in FY15 to recognize outcomes that supported Navy goals, including promoting competition in contracting. The SPAWAR leadership issued "Lightning Bolt" awards on a quarterly basis to recognize team efforts and notable accomplishments resulting from acquisition Integrated Product Teams and individual efforts from Contracting Officer Representatives. Recipients were presented with a team certificate at a SPAWAR All Hands ceremony and were featured with a team picture and article on the SPAWAR website. Even though NAVAIR is challenged to increase competition on many of its upcoming large sole source acquisitions (e.g., F-18 Lot 40, V-22 Multi Year Procurement II Lot 20, P-8A FRP, F-35 LRIPs 9 and 10, and FY16 Sustainment requirements), they continue to recommend new incentive awards to promote and reward workforce attempts to challenge contractor asserted rights in data in order to obtain unlimited rights and source code to promote future competition and reduce sole source requirements.

Actions taken to promote competition consistent with the OUSD (AT&L) Implementation Directive for Better Buying Power (BBP) – Achieving Greater Efficiency and Productivity in Defense Spending.

In April 2015, the OUSD (AT&L) issued the implementation directive memorandum for BBP 3.0, "Achieving Dominant Capabilities through Technical Excellence and Innovation". The core initiative "promote Effective Competition" remains a fundamental element of BBP. Specific actions for the DoD SPE's included improved outreach for technology and products from global markets and increased participation from small businesses resulting from improved market research. The DON contributed to this DoD goal by pursuing comprehensive strategies to increase competition and even injected rivalry in certain acquisition categories that included small business targeting. Example subsystems purchased by DON included the P-8A aircraft

APY-10 maritime, littoral and overland surveillance radar system, the DDG-51 Destroyer main reduction gear, the AMDR power cable module and the Submarine USW signal processor (A-RCI). The SPAWAR command has a team of contracting and program managers who as a working group review internal process documents to ensure the BBP 3.0 memo has been incorporated. The MSC actively promoted competition and the use of small business set-aside for vessel operations and cargo transportation and generated small businesses interest in an otherwise large business dominated arena. MARCORSYSCOM leadership directed BBP initiatives into their procurements to ensure significant efficiencies and savings and their success was recognized by the 2015 Competition of Excellence Acquisition Team of the Year Award for exemplary application of BBP 2.0 where successful negotiations led to a 22% cost reduction for the STRATIS program. The NAVSEA continued to achieve a high rate of competition for services type contracts via the SeaPort-e program, which promotes fair opportunity among MAC holders.

Applicable Contingency Contracting Achievements

The NAVSUP reported contracting achievements in support of a joint operation including Operation Enduring Freedom (OEF). The NAVSUP competed three contracts in support of GTMO Air Operations, GTMO Port Operations and GTMO Galley for which approximately $1.9M in Army funds were obligated in FY15. The NAVFAC reported that they succeeded in increasing their contingency competition by 1% in FY15, which included National Interest Actions, Contingency Operations, and Humanitarian/Peacekeeping Operations. No other Navy component commands reported accomplishments in this area.

Summary and Conclusion

The DON pursued the Secretary of the Navy's (SECNAV) priorities by increasing cost effectiveness through enhanced competition and the acquisition of commercial items throughout FY15. These pursuits have been further integrated into practice by ASN (RD&A) through the principle of "making every dollar count" and promoting competition. This FY15 competition report has highlighted many successful acquisitions where competition goals were integrated into acquisition planning, market research, and aggressive outreach to industry. Although the DON experienced a nominal decrease of 0.58% from its assigned competition goal FY15 rate of 44.62% based on dollars obligated, the effective competition rates achieved since FY12 have steadily increased from 79 percent to 82.36 percent in FY15. Many of the DON's contracting offices benefited from early engagement with their customers in an effort to improve their understanding of requirements, eliminate overly restrictive outcomes, and identify opportunities early within the acquisition planning process to promote the use of commercial items and enhance competition in all requirements. The DON has continued to make strides in reducing continued reliance on OEMs throughout the life cycle of equipment and platforms, insufficient investment in technical data funding, and low investment in sole-source breakout efforts. Overall, the DON has accomplished cost savings across the broad spectrum of acquisitions within the enterprise and examples are provided throughout this report that demonstrate the department's continued implementation of the BBP directive to promote competition and support commercial item acquisition.

AIR FORCE COMPETITION REPORT

FISCAL YEAR 2015

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 *Establishment of Fiscal Year 2016 Competition Goal and Request for Fiscal Year 2015 Competition Report* (undated but received 29 Jan 2016) and Headquarters Air Force (HAF) Mission Directive (MD) 1-10, SAF/AQC, as the Air Force Competition Advocate General, submits the Air Force (AF) Competition Report for Fiscal Year 2015 (FY15). This report discusses AF efforts to achieve its FY14 overall competition goal of 44.5% and effective competition goal of 95.2%. Effective Competition goals were not given for FY16 so this report is the last Air Force reporting on Effective Competition.

By email dated 1 Feb 2016, the AF objected to the methodology used to establish the FY16 goal and the actual goal assigned since the AF, acting under the direction of USD AT&L developed a FY16 Competition Rate projection for tracking of competition in alignment with his direction established in the BSIG minutes of 25 June 2015. The Air Force will continue to track to the projections for BSIG briefings. The Air Force annual projection of Competition Rate is 37.5%. The breakout of projections is found on Tables 11 and 12.

COMPETITION EFFORTS

All Major Commands (MAJCOMs), Direct Reporting Units (DRUs), and Field Operating Agencies (FOAs) (hereafter referred to as MAJCOMs) are designated as procuring activities in AF Federal Acquisition Regulation Supplement (AFFARS) section 5306.501, and are required to have a competition advocate. The Air Force is in compliance with this requirement.

Competition advocates are responsible for the competition and commercial advocacy program within their respective organizations. They 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. Although major programs cannot quickly implement competitive changes, the additional focus will have a long term impact on competition success. In FY15, the Assistant Secretary of the Air Force for Acquisition (SAF/AQ) traveled extensively (29 site visits) to the field to promote adherence to the principles of Better Buying Power (BBP) 2.0 and 3.0. Promoting Effective Competition, BBP

Focus Area 5, is advanced through the implementation of open system architecture, identifying and obtaining data rights whenever possible and ensuring that whenever possible barriers to competition are removed from requirements packages. SAF/AQ has developed 5 Priorities for AF Acquisition. Priority 4 is Improve Business Acumen & Small Business, Objective 4.4 Achieve measurable increase in contracts awarded competitively. All SAF Acquisition civilians are evaluated and rated in accordance with their contributions in supporting these priorities to ensure that we consider these priorities in all the work we do.

Additionally in FY15, SAF/AQ required each Program Executive Officer (PEO) to submit program contract information on competition, tracking the planned transition of contracts from sole source to competitive as well as those that are currently anticipated to remain non-competitive. Data updates are required quarterly. All Contracting Offices and PEOs were required to submit Competition Projection Data for FY16 including total anticipated obligations and total anticipated competitive obligations. This was a major effort in support of USD AT&L directive to **"see the services transition from a targeted goal to having the ability to forecast the trends a year in advance"** (June 25, 2015 BSIG minutes). The Air Force was the first organization to task the field in response to the USD AT&L minutes, and provided DPAP with the AF tasking package which was used substantially intact as the DPAP tasker for the official projection submission.

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.

Air Force FY15 data reflects a change in organizational structure. As of FY15, Air Force Intelligence, Surveillance and Reconnaissance Agency (AFISRA) moved under Air Combat Command (ACC) and no longer reports separately. The FY16 data will show the results of another major organizational change. In FY13 a contracting reorganization moved most of the MAJCOMS (except for competition purposes) under the newly formulated Air Force Installation Command Agency (AFICA) organization. However, the inauguration of Air Force Installation and Mission Support Center (AFIMSC), consolidated six Air Force organizations, Air Force Civil Engineer Center, Air Force Financial Services Center, Air Force Installation Contracting Agency

(AFICA), Air Force Security Forces Center, Air Force Services Activity, and Air Force Financial Management Center of Expertise Command as a step towards integrating mission support activities This new organization was moved under Air Force Material Command (AFMC) and will allow the AF to resource and sustain a level of support based on Air Force priorities. The Center will provide program management, resourcing and support activities and will support the AF in meeting Department of Defense mandate to reduce management staff levels. Due to this reorganization, AFICA competition data will now be located under AFMC at the Subcommand 1, Center level. All of the other MAJCOMs remain separate for competition purposes and their data location remains unchanged.

As a result of the Air Force renewed focus on competition, the Air Force MAJCOM Competition Advocates continue to implement new projects /processes to track and improve competition in their organizations. Although changes to the competition rate cannot be directly correlated to these changes, it is likely that competition focus and attention contributes to the overall success of the Air Force.

Improved Tracking and Monitoring Of Competition Progress

The Air Force has improved tracking and monitoring of competition results at headquarters and in the field. Beginning in FY14, the Air Force assigned competition goals to the individual PEOs as well as to the MAJCOMs. The separation of competition data between PEO and non-PEO data engendered by the structure of the Projection Tasker allows more visibility into the impact of each PEO on the Air Force competition rate. SAF/AFC continues to track performance by PEO and MAJCOM against both end of year goals and comparable data points in prior years. Data is tracked both by quarter and year to date to obtain the greatest visibility into trends. While data tracking is retrospective and cannot effect change, failure to understand the data impacts ability to identify problems and trends.

▪ In the field, AFMC monitors competition statistics of non-Weapon System services through the AFI 63-138 mandated Annual Execution Review and Health of Services Assessment. This annual review requires AFMC to report on the timely award of follow-on service contracts, the number of non-competitive bridge contracts awarded and competition statistics for task orders issued under multiple award IDIQ contracts. In addition AFMC has instituted the Predictive Scheduling Tool (PST) for services acquisitions greater than $100M. This tool provides an automated schedule for acquisition events (e.g., ESIS, ASP) to facilitate timely execution and avoid the need for a non-competitive bridge contract. These measures have significantly reduced the number of non-competitive actions. In FY14, 96% of non-Weapon System follow-on services valued at less than $100M were awarded without the need for a non-competitive bridge contract. For the same period, 88% of non-Weapon System services valued at $100M and above were awarded without the need for a non-competitive bridge contract. FY15 is currently under review.

▪ Air Force Special Operations Command (AFSOC) was concerned about an anticipated a cut in funding impact on their FY15 goal. Their analysis throughout the year ensured they rapidly identified the impact of that funding cut, along with an emergency sole source 8(a) awards for rapid flood response which further reduced their competition rate. Knowledge of impact to data cannot always be mitigated but does provide an understanding of the cause of the reduction.

▪ The PEOs track competition as well. To track/coordinate/analyze competition progress at the senior leadership level, the Business Enterprise Systems (BES) Directorate issued a notification requirement to the Deputy PEO for all acquisitions over the Simplified Acquisition Threshold requiring a Justification &Approval (J&A). The PEO tracks programs previously awarded as sole source with plans to transition to competitive actions; metric tracking on competitive actions regarding timing of documentation e.g. release of Request for Proposal (RFP) to receipt of proposal, timing of audit requests for accuracy of data.

▪ Finally, MAJCOM and PEO competition data is reviewed, no less frequently than quarterly, using comparative analysis techniques. The MAJCOMs have generally replicated the review for their subordinate organizations.

The AF continues to ensure that competition training expands beyond the contracting workforce to the requirements owners to have a continuing impact on our competition success.

Air Force FY15 competition training was done through a variety of means on a number of competition topics. Some examples include:

▪ AFMC maintains the AF Contracting Learning Center which contains current training modules on improving competition for the contracting workforce. Hundreds of contracting professionals participate in the live webinars and all webinars remain available on the website for at will training. AFMC publishes a contracting bulletin with supplementary training. The AFMC also manages the Better Buying Power Tool which provides techniques for improving competition.

▪ AFMC-AFLCMC provides competition training to new contracting employees in the JumpStart training program. At Robins AFB, the Competition Advocate (CA) Office trained over 700 multi-functional team members on J&A and Market Research. Communication with the requirements community is additionally maintained through semi-annual bulletins that contain reminders and policy changes.

▪ Air Force District of Washington's (AFDW) customer focused "Smart Start" training, provided early in the pre-award contracting process, showed impressive results in post-award contract reviews. The training is tailored to the instant acquisition with an overview of AFDW contracting procedures from requirements definition through contract award and beyond. The briefings guide customers through the entire acquisition process in layman's terms to facilitate understanding, cooperation and transparency. Briefing topics included the impact of late-to-need requirements package, security requirements and how overly restrictive language in the Performance Work Statement (PWS) can negatively impact DoD's buying power.

▪ Air Force Global Strike Command (AFGSC) encourages a rigorous buyer/customer education program that teaches customers the importance of competitive procurements and methods to increase competition. The programs inform and develop the customer understanding and support through education of the importance of competitive procurements and methods used to increase competition. Requirements community competition education is done on an ad hoc basis. Restrictive requirements generate meetings concerning alternative solutions which have resulted in small dollar conversions to full and open competition.

The evolution of training both within the contracting community and expanding to the financial and requirements community will assist in ensuring that competition options are the default position in every Air Force contracting action.

Air Force Competition Advocates ensure that program requirements are stated in the least restrictive terms to permit competition and utilization of commercial practices.

Throughout the Air Force, teams are scrubbing requirements packages to determine if barriers to competition can be removed.

▪ Pacific Air Forces (PACAF) reviews requirements to identify inadequate justifications for limiting competition and identifies ones that can be converted to competition. The customer failed to perform adequate market research for Aircraft Wash Carts, submitting the requirement for a sole source purchase. Completion of new market research resulted in the identification of suitable resulting in full and open competition that saved the customer $80,000.

▪ AFSGC monitors sole source 8(a) to target requirements for potential conversion to 8(a) competitive with SBA approval. Since contractors graduating from 8(a) have had problems transitioning to a competitive environment, competing against other 8(a) contractors, may impart valuable survival skills. AFGSC is now tracking the top 10 contracts at each unit and ensuring that sound acquisition planning and market research opens the door to competition.

By continuing to scrub requirements packages, the Air Force is obtaining more competition and reducing costs.

Lead time to transition

By initiating early planning, difficult transitions to competition can be effected.

▪ The Phase I Buy of the Evolved Expendable Launch Vehicle (EELV) was Space and Missile Systems Center's (SMC) largest FY15 obligation at $1.7B. SMC made significant progress in removing restrictive requirement by working with industry and the requirements community. The certification of new launch vehicle entrants is the first step toward competing future launches.

▪ An Air Force Space Command (AFSPC) team planned and executed the conversion of Thule Air Base Operations Support (BOS) contract to competition over the past several years making the award in early FY15. International agreement restricted award to companies from Denmark and Greenland since 1951. Thule's location, just 900 miles south of the North Pole, makes support operations difficult in this remote area where all supplies must be transported by water or air. AFSPC held multiple vendor conferences in Denmark and site visits to Thule for interested contractors. The contract received four offers, proving that the long lead time used to effect this transition, as well as the exhaustive use of market research techniques, was worthwhile. While the incumbent protested the award, GAO upheld the contract action. A second protest, which challenged the award to a Danish subsidiary of an American company, was upheld as non-compliant with the International Agreement. AFSPC issued a bridge contract and is back working on the re-award.

▪ AFDW continues to engage with customers 12-24 months out. AFDW routinely uses Requests for Information (RFI) and Sources Sought notices to identify potential suppliers and interest levels. The AFDW Director receives weekly briefings on upcoming requests for Business Clearance Approvals to identify and redirect planned sole source strategies that are not clearly supported by current market research.   As a result AFDW execution divisions successfully changed at least six acquisition strategies from non-competitive to more competitive approaches.

▪ PACAF organizations must present an Early Strategy and Issues Session (ESIS) to Command Staff prior to an Acquisition Plan for all acquisitions over $2M. These sessions discuss market research, acquisition strategy panels and acquisition plans to help identify potential barriers, pitfalls and creative solutions in the early stages of planning. The ESIS helps contracting offices develop better acquisition strategies which ultimately facilitate competitive acquisitions.

PACAF's focus on long lead time review of requirements generated a competition breakthrough for Masawa Osan Kunsan Kadena Instrumentation Training System (MOKKITS). The team realized that separation of the requirement into two efforts, sustainment and operations isolated the required sole source into the sustainment portion, allowing competition for the operations effort.   Greater than 15% savings was realized on a $17M contract.

▪ Air Mobility Command (AMC) identified insufficient acquisition planning as a systemic problem. The MAJCOM Commander and Command Services Advocate (CSA) supported implementation of a Wing or Staff Director Justification briefing to the CSA for all service requirements started with less than 18 months lead time. Visibility of requirements is maintained with annual reporting of a rolling 2 years of requirements. McDill AFB is awarding some new contracts without the Extension of Services Clause (FAR 52.217-8) to due eliminate over reliance on the extra six months of contract period.

▪ The AFSPC Competition Advocate chairs a semiannual review of acquisitions on bridge contracts and contracts at risk of bridges. This AFSPC Commander forum targets specific actions required of wing and Numbered Air Force (NAF) commanders to support their acquisitions including commitment of resources to develop requirement documents and thorough market research and vendor capability analyses to support an approved acquisition strategy. AFSPC leadership focus has had tangible results such as significant schedule recovery (>4 mos, each)on AFSPC's two largest reacquisitions resulting in one competitive award in FY15 and shortening bridge requirements for an FY16 competitive award for the second.

Long lead time can be a critical element in transitioning contracts to competitive status. Sufficient lead time provides the opportunity for a more comprehensive analysis of the barriers to competition, permits implementation of a variety of market research techniques and improves success in converting the requirement to competition.

The Air Force looks for innovation in contracting to enhance competition.

▪ In FY14 AMC initiated a requirement for Installation Competition Advocates (ICA) to review/challenge every non-competitive action regardless of dollar value. This policy continued to pay dividends in FY15 and will be continued in FY16. ICAs also placed more emphasis on scrutinizing CAR inputs. For example, Fairchild monthly analysis resulted in almost $1M in miscoded CARS which contributed to a nearly 1.6% increase in competed dollars. JB MDL added competition to their Contracting Road Show and their SharePoint Requiring Activity Education Corner. Grand Forks instituted a policy to post all requirements estimated >$10K (vice $25K) to promote additional competition.

▪ SMC's competition for the EELV Phase 2 Rocket Propulsion Systems supports transition from reliance on non-allied engines, such as the Russian Federation RD-180. The competition features public-private partnerships for development of Rocket Propulsion System prototypes with potential to yield substantial commercial benefits to the investing companies. These partnerships, requiring at least one-third industry investment, will be executed using the Department of Defense's Other Transaction Authority, a streamlined acquisition approach geared toward commercial applications and non-traditional defense contractors.

▪ AFDW identified the Contract Management System (CMS) as a useful repository for pre-award, as well as post award, actions. AFDW determined that a requirement could be set-aside and competed among Woman-Owned Small Businesses but only one offeror responded. This information was recorded in CMS to ensure more aggressive efforts are undertaken in similar future acquisitions.

FY15: COMPETITION
THE DATA

The AF pulled FY15 data for this report from FPDS using the Competition Report, ad hoc reports, and the "Competitive Procedures, but Only One Offer Report," to report on "effective competition".

The AF finished the year with a competition rate of 39.2% as compared to the DPAP assigned FY15 competition goal of 44.5%. The AF was assigned an effective competition goal of 95.2%, and achieved a rate of 85.9%. Table 1 below shows the decrease in total actions and spend that the Air Force has experienced in the past four years. The AF trend typically follows the path of AFMC, which represents over 69.9% of the total AF contracting spend. This is an increase from FY14 when AFMC represented 67% of spend but still below FY13 when AFMC represented 75% of AF spend. This reduction reflects the creation of AFICA and the movement of ESG to that organization. In FY16, AFMC should again reflect a higher percentage of the total AF spend due to the FY16 reincorporation of AFICA into AFMC.

AF HISTORICAL DATA: COMPETED DOLLARS ACTIONS AND RATES

	FY12	FY13	FY14	FY15
Total Obligated Dollars	$69,769,189,399	$55,158,362,464	$55,767,855,443	$52,681,857,558
Total Competed Dollars	$25,762,115,689	$22,431,115,219	$24,245,279,685	$20,579,107,543
Competed Dollars Rate	37%	40.7%	43.5%	39.1%
Total Actions	179,474	159,544	146,854	142,702
Total Competed Actions	135,023	118,632	107,647	102,422
Competed Actions Rate	75%	74.4%	73.3%	71.8%

TABLE 1

FY15 PERCENT OF AF TOTAL AND COMPETED DOLLARS AND ACTIONS

	Actions	% of AF Total Actions	% of AF Competed Actions	Total Dollars	% of AF Total Dollars	Competed Dollars	% of AF Competed Dollars
ACC	17,735	12.4%	14.0%	$1,887,313,876	3.6%	$1,563,566,679	7.6%
AETC	10,742	7.5%	7.1%	$1,405,989,218	2.7%	$879,898,125	4.3%
AFDW	1,890	1.3%	1.2%	$365,417,321	0.7%	$264,213,757	1.3%
AFGSC	4,765	3.3%	3.8%	$210,446,903	0.4%	$170,435,546	0.8%
AFICA	5,873	4.1%	5.3%	$2,624,072,511	5.0%	$2,448,039,970	11.9%
AFMC	59,711	41.8%	34.8%	$36,818,918,908	69.9%	$10,703,909,391	52.0%
AFOTEC	111	0.08%	0.1%	$12,111,439	0.02%	$11,682,498	0.1%
AFRC	2,503	1.8%	1.6%	$241,388,363	0.5%	$196,963,379	1.0%
AFSOC	2,866	2.0%	2.3%	$172,310,580	0.3%	$135,652,930	0.7%
AFSPC	7,058	4.9%	5.6%	$1,076,936,892	2.0%	$850,538,090	4.1%
AMC	9,837	6.9%	7.8%	$877,117,417	1.7%	$669,324,847	3.3%
PACAF	8,301	5.8%	7.0%	$702,275,523	1.3%	$443,709,007	2.2%
SMC	2,426	1.7%	1.4%	$5,733,588,384	10.9%	$1,734,159,799	8.4%
USAFA	1,302	0.9%	1.0%	$181,441,955	0.3%	$147,684,983	0.7%
USAFE	7,581	5.31%	7.0%	$372,528,268	0.7%	$359,328,543	1.7%
TOTAL AF	142,702	100.0%	100.0%	$52,681,857,558	100.0%	$20,579,107,543	100.0%

TABLE 2

The AF has two primary contracting missions, operational and systems acquisition. The operational commands typically award contracts for installation support while the system commands, AFMC and SMC, procure weapon systems and logistics support. The operational commands, which frequently contract for commercial goods and services, typically have more robust competition opportunities whereas the weapon systems and logistics missions rely heavily on the Original Equipment Manufacturers (OEMs) who designed, developed, and produced the systems. The AF has a number of mature and aging systems and sub-systems and a reduced number of new starts/programs than historically. With the mature and aging systems (F-22, C-17, KC-10s etc.) there is an increased need for reliance on typically non-competitive follow-on buys from the Original Equipment Manufacturers (OEM's) to provide addition systems acquisitions, if necessary, and provide sustainment in an efficient and timely manner. In most cases, a lack of complete reprocurement data packages and proprietary data rights also continue to present barriers to competition driving long-term contractual relationships with little opportunity for competition. The Air Force continues to evaluate programs and data costs to identify best candidates for data purchase.

The percentage of total AF dollars obligated by the two systems Commands (AFMC and SMC) represent 79.9% of obligated dollars and 60.4% of competed dollars. This is a decline of 2.4% of total competed AF dollars, reflecting a decline in major program competition. The AF has experienced a reduction in the number of program new starts in recent years. Unfortunately the Long Range Strike Bomber, our only recent aircraft program, is classified and the aircraft and logistics spend will not be included in competition data. In the current environment, the AF obligates the vast majority of its dollars to maintain its high dollar value, long-standing, sole-source weapon system contracts. As evidenced by the percentage of total AF dollars obligated by command, the dollars expended by AFMC and SMC drive the overall AF competition trend, but the cumulative effect of the competition successes of the smaller commands can have a cumulative impact to support AF success in meeting the competition goal.

FY15 MAJCOM GOALS AND ACHIEVEMENT

	ACTUAL COMPETITION		EFFECTIVE COMPETITION	
	FY15 Goal	FY15 Final	FY15 Goal	FY15 Final
ACC	81.2%	82.8%	95.2%	85.3%
AETC	73.8%	62.6%	95.2%	95.0%
AFDW	76.0%	72.3%	95.2%	66.6%
AFGSC	79.8%	81.0%	95.2%	91.8%
AFICA	95.2%	93.3%	95.2%	84.1%
AFMC	35.0%	29.1%	95.2%	83.7%
AFOTEC	96.8%	96.5%	95.2%	37.0%
AFRC	87.9%	81.6%	95.2%	83.2%
AFSOC	84.0%	78.7%	95.2%	86.8%
AFSPC	79.7%	79.0%	95.2%	86.0%
AMC	78.5%	76.3%	95.2%	88.7%
PACAF	63.9%	63.2%	95.2%	88.0%
SMC	33.0%	30.2%	95.2%	97.7%
USAFA	83.3%	81.4%	95.2%	95.7%
USAFE	94.8%	96.5%	95.2%	94.7%

TABLE 3

FY15 PEO GOALS AND ACHIEVEMENT

	ACTUAL COMPETITION		EFFECTIVE COMPETITION	
	FY15 Goal	FY15 Final	FY15 Goal	FY15 Final
PEO-ACS	54.1%	49.0%	95.2%	97.7%
PEO-B&ES	23.1%	56.5%	95.2%	84.9%
PEO-BM	60.5%	30.2%	95.2%	80.1%
PEO-C31&N	29.0%	63.1%	95.2%	74.2%
PEO-FIGHTER BOMBER	63.4%	2.0%	95.2%	74.2%
PEO-ISR	2.1%	3.4%	95.2%	92.6%
PEO-MOBILITY	7.7%	12.2%	95.2%	19.4%
PEO-SPACE (AFMC)	7.1%	97.6%	95.2%	88.4%
PEO-STRATEGIC	99.1%	67.0%	95.2%	92.6%
PEO-TANKER	74.0%	88.9%	95.2%	91.9%
PEO-WEAPONS	96.8%	19.8%	95.2%	99.9%
PEO-SP (SMC)	33.00%	30.2%	95.2%	97.7%

TABLE 4

As illustrated in Table 3, three commands met or exceeded their assigned competition goals. Four commands exceeded the AF Effective Competition Goal and 5 exceeded 90%. Table 4 shows the FY15 results of the PEOs compared to their competition goals. This is the second year the PEOs have been assigned goals. Six PEOs exceeded their Actual Competition goals and three PEOs exceeded their Effective Competition Goals, while five PEOs had Effective Competition rates in excess of 90%.

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 SMC and AFMC, this section focuses predominantly on the barriers faced by these two commands. 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.

The Air Force Competition Advocates take necessary action to meet or exceed assigned competition goals to the maximum extent possible by identifying and monitoring actions to remove obstacles to competition and commercial practices through advocacy, awareness, and oversight.

The largest barrier to competition at SMC is the highly specialized nature of space systems contracting, combined with lack of clarity regarding data rights or just lack of data rights, insufficient documentation and deliverables, and complex programs with a diminishing industry base. The very large, very complex legacy programs at SMC (EELV, AEHF, SBIRS) have no available competitors. The work is so specialized on those programs and the rights so integral, that it would be cost prohibitive to bring in a competitor. SMC is pursuing strategies to increase competition across the portfolio in the long run by acquiring data rights where possible and looking at breaking out components of sole source programs for competitive award, so over time, competition should increase.

As previously discussed, SMC is working two EELV strategies to reintroduce competition. The AF implemented early integration studies with potential Launch Service Contractors and Satellite Vehicle Contractors. These studies allowed the AF and its industry partners to reexamine some of its requirements and determine where utilization of commercial practices would be appropriate. These changes were implemented and reflected in the requirements as part of the solicitation for launch services for the GPS III satellite which was released in Sep 2015. That competition is projected to be awarded in March of 2016 and will be the first of 9 missions identified for competition by 2017.

An independent study was completed on the EELV New Entrant Certification Guide in FY15. The outcome included a report providing suggestions to the Government to improve on the New Entrant Certification Guide with steps that would help remove significant barriers to competition. From the study, the AF revisited its requirements and made adjustments to remove overly restrictive terms to permit effective competition. As a result, the AF certified its first New Entrant in May 2015.

The third highest SMC contract obligations in FY15 came from SBIRS GEO 5-6, a contract within the Space Based Infrared System (SBIRS) enterprise, a legacy acquisition program that includes a number of inter-connected contracts. SBIRS is currently undergoing an Analysis of Alternatives for meeting the requirement in the future that may or may not open up competitive opportunities.

The SBIRs team negotiated the addition of a data accession list requirement (DAL) to the SBIRS EMD contract. This requires delivery of a list of data and software developed under that contract which will be necessary to operate and sustain SBIRS in the future. As part of the DAL documentation, the contractor has to assert its rights to data and software. This is the first step in a long-term strategy to resolve uncertainties surrounding rights in technical data and computer software on the SBIRS program and identify a viable path forward for competition of future SBIRS sustainment requirements.

While the SMC competition rate declined from 33.6 in FY14 to 30.2% in FY15, these significant advances should result in a long term increase in the competition rate. Significantly, just 10 contracts (primarily legacy contracts) represent 87% of the non-competed obligations in FY15.

The biggest barrier to competition for AFMC is the lack of Government data rights. This forces the use of sole-source contracts to the original equipment manufacturer (OEM). Additional factors are special tooling, test equipment, and facilities along with directed sources such as AbilityOne, Quarterly Enterprise Buy (QEB), Foreign Military Sales (FMS) and Federally Funded Research and Development Centers (FFRDCs).

The F-16 is one of the legacy programs significantly impacted both by data rights issues and FMS sales. Proprietary data has compelled a 23 year sole source IDIQ Falcon 2020 to Lockheed Martin (LM) Aero. A significant portion of F-16 FMS spend is source directed to this contract. All other Task Orders issued under the Falcon 2020 contract are presented to the F-16 Program Office Joint Requirements Review Board (JRRB) for review ensuring maximum practical application of competition and requirements are only directed to the Falcon 2020 contract when LM Aero is the only source that can satisfy the requirements.

The Tinker AFB B-2 Sustainment Branch is implementing competition initiatives for future spare parts re-procurement. An organic AF database of legacy platform engineering data is being established at the B-2 Weapon System Support Center (WSSC) at Tinker AFB. As updated engineering data is released, the B-2 team ensures the accuracy of the data rights markings and distribution statements and archives an electronic copy. The B-2 team is developing a standardized template for Form, Fit, and Function (F3) component redesign Performance Work Statements (PWS) to ensure proper delivery and marking of engineering data developed under those efforts.

AF SIGNIFICANT BARRIERS TO COMPETITION

	FY13	FY14	FY15
Total Obligated Dollars	$55,158,361,464	$55,767,855,443	$52,681,857,558
Total Not Competed Dollars	$32,727,247,245	$31,522,575,758	$32,102,750,014
Percentage of Total Not Competed Dollars to Total Dollars	59.30%	56.50%	60.9%
Other Than Full and Open Competition Authorities			
Only One Source (FAR 6.302-1)	$17,932,767,904	$16,985,117,407	$13,471,932,099
Urgency (FAR 6.302-2)	$772,314,776	$409,014,603	$616,754,416
Industrial Mobilization (FAR 6.302-3)	$871,015,772	$1,272,070,079	$58,133,440
International Agreement (FAR 6.302-4)	$8,752,775,218	$3,715,253,176	$4,363,033,488
Authorized or Required by Statute (FAR 6.302-5)	$982,986,397	$1,163,105,198	$130,046,443
National Security (FAR 6.302-6)	$3,365,342,088	$3,385,809,044	$3,125,701,777
Public Interest (FAR 6.302-7)	$1,560	$650,417	$775,801
Reason Not Competed – Simplified Acquisition Procedures or Null	$207,716,874	$195,496,290	$167,224,431

TABLE 5

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.

Table 6 illustrates the FY15 results for task and delivery orders issued over $1M. FY15 total task and delivery orders > $1M are comparable to FY14 while the obligation dollars shrank resulting in an increase in task orders to total obligations.

TASK AND DELIVERY ORDERS>$1M

	FY13	FY14	FY15
Total Task & Delivery Orders > $1M	$21,783,508,238	$22,766,221,106	$22,816,098,557
Total AF Obligated Dollars	$55,158,362,464	$55,767,855,443	$52,681,857,558
Percentage of Total Task and Delivery Orders > $1M to Total Obligated Dollars	39.5%	40.8%	43.3%

TABLE 6

FAIR OPPORTUNITY

For task or delivery orders over the micro-purchase threshold issued against multiple award contracts, the AF applies fair opportunity procedures in accordance with FAR 16.505(b) unless an exception applies. 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 $700,000, but not exceeding $13.5M, are approved by the competition advocate. Orders below $700,000 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 $13.5M, but not exceeding $93M, 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) as a General Officer or SES. If a Command SCO/SCCO does not meet the criteria in FAR 8.405-6(h)(3)(ii), the justification must be coordinated with the Deputy Assistant Secretary (Contracting) (DAS (C)) or ADAS(C) and approved by the AF Senior Procurement Executive (SAF/AQ. For orders exceeding $93M, the Senior Procurement Executive approves the placement of the order.

AF FAIR OPPORTUNITY ON ORDERS AGAINST MULTIPLE AWARD CONTRACTS

	FY13	FY14	FY15
Total Dollars Subject to Fair Opportunity	$5,461,456,638	$6,082,606,890	$6,737,164,994
Total Fair Opportunity Given Dollars	$4,392,267,903	$4,689,804,489	$5,040,786,067
Percentage of Total Fair Opportunity Given Dollars to Total Subject to Fair Opportunity Dollars	80.40%	77.2%	74.8%
Total Actions Subject to Fair Opportunity	29,493	65,279	48,761
Total Actions Given Fair Opportunity	23,683	56,488	38,483
Percentage of Total Fair Opportunity Given Actions to Total Subject to Fair Opportunity Actions	80.30%	86.5%	78.9%

TABLE 7

Over $22.7B in task and delivery orders over $1M were awarded in FY15;$6.7B was subject to Fair Opportunity and $5.0B of orders were given fair opportunity. (Table7)

EXCEPTIONS TO FAIR OPPORTUNITY

	FY13	FY14	FY15
Total Exception Dollars to Fair Opportunity	$866,350,134	$911,925,419	$1,164,212,631
Urgency (FAR 8.405-6(b)(3) or 16.505(b)(2)(i) Actions	$53,263,182	$96,135,312	$62,665,533
Only One Source Other (FAR 8.405 6(b)(1) or 16.505(b)(2)(ii) Dollars	$422,729,680	$361,203,968	$5,173,781
Follow-on Delivery Order to Competitive Initial Order (FAR 8.405(b)(2) or 16.505(b)(2)(iii))Actions	$218,880,076	$253,963,123	$210,826,924
Minimum Guarantee (FAR 16.505(b)(2)(iv)) Actions	$56,445,670	$18,815,014	$5,779,525
Other Statutory Authority	$110,186,255	$163,709,179	$182,928,414

TABLE 8

TREND ANALYSIS:

After a significant increase in the use of the urgency exception to Fair Opportunity in 2014, there was a significant reduction again this year. Last year we felt the increase may have been related to an increased number of bridge contracts/orders resulting from protests against some of the major multiple award strategic sourcing initiatives such as NETCENTS and EPASS. We mentioned that resolution of protests and expiration of bridge contracts should result in improvement in those areas. That appears to have been the case.

We experienced a decline in the number of Only One Source Exceptions to Fair Opportunity in 2015. We believe that to be related also to the additional awards that were made to multiple award schedules (MAS) in FY15.

MAJCOM FY13-FY15 ACTUAL COMPETITION PERFORMANCE TREND

Contracting Activity	FY13 Competition Rate	FY14 Competition Rate	FY15 Act. Competition Rate (FY 15 Goal)	FY15 Competition Dollars
ACC	83.6%	82.6%	82.8% (81.2%)	$1,563,566,679
AETC	69.8%	72.4%	62.6% (73.8%)	$879,898,125
AFDW	77.3%	74.5%	72.3% (76.0%)	$264,213,757
AFGSC	71.5%	78.2%	81.0% (79.8%)	$170,435,546
AFICA	96.4%	95.2%	93.3% (95.2%)	$2,448,039,970
AFMC	31.3%	34.3%	29.1% (35.0%)	$10,703,909,391
AFOTEC	100%	96.8%	96.5% (96.8%)	$11,682,498
AFRC	90.0%	86.2%	81.6% (87.9%)	$196,963,379
AFSOC	79.8%	82.4%	78.7% (84.0%)	$135,652,930
AFSPC	77.6%	78.1%	79.0% (79.7%)	$850,538,090
AMC	74.1%	77.0%	76.3% (78.5%)	$669,324,847
PACAF	67.6%	62.6%	63.2% (63.9%)	$443,709,007
SMC	34%	32.4%	30.2% (33%)	$1,734,159,799
USAFA	84%	81.7%	81.4% (83.3%)	$147,684,983
USAFE	93.6%	94.8%	96.5% (94.8%)	$359,328,543

TABLE 9

MAJCOM FY13-FY15 “EFFECTIVE COMPETITION“PERFORMANCE TREND
(Percentage of Total Dollars Competed)

Contracting Activity	FY13 Effective Competition	FY14 Effective Competition	FY15 Effective Comp (Goal 95.2% for all)	FY15 Effective Competition Dollars
ACC	94.2%	92.1%	85.3%	$1,333,870,108
AETC	96.6%	95.1%	95.0%	$835,849,599
AFDW	60.8%	56.5%	66.6%	$175,895,192
AFGSC	90.1%	89.2%	91.8%	$156,404,830
AFICA	70.9%	73.9%	84.1%	$2,059,336,852
AFMC	86.7%	86.6%	83.7%	$8,958,489,257
AFOTEC	41.9%	35.0%	37.0%	$4,327,362
AFRC	85.2%	84.1%	83.2%	$163,940,476
AFSOC	88.8%	87.2%	86.8%	$117,794,612
AFSPC	96.1%	94.6%	86.0%	$731,524,882
AMC	86.8%	87.8%	88.7%	$593,510,943
PACAF	75.1%	85.5%	88.0%	$390,330,621
SMC	86.2%	94.9%	97.7%	$1,694,358,555
USAFA	96.6%	97.3%	95.7%	$141,273,683
USAFE	92.5%	93.6%	94.7%	$340,459,428

TABLE 10

MAJCOM PROJECTIONS
No PEO data is included in these numbers

	FY16 Total Obligation Projections	FY16 Total Competition Projections	FY16 Competition Rate Projections
ACC	$1,825,771,725	$1,489,358,923	81.6%
AETC	$1,394,093,906	$982,595,417	70.5%
AFDW	$461,910,884	$345,967,809	74.9%
AFGSC	$487,375,3770	$367,933,711	75.5%
AFMC	$10,089,388,769	$7,860,023,851	77.9%
AFOTEC	$13,886,198	$12,225,811	88.0%
AFRC	$224,789,567	$170,874,051	76.0%
AFSOC	$188,387,185	$148,574,845	78.9%
AFSPC	$1,081,709,838	$847,485,837	78.4%
AMC	$801,020,842	$629,040,003	78.5%
PACAF	$747,989,046	$448,200,101	59.9%
SMC	$1,021,855,888	$169,300,000	16.6%
USAFA	$185,000,000	$153,000,000	82.7%
USAFE	$436,004,800	$418,564,609	96.0%
Subtotal Non PEO	$18,959,184,025	$14,043,144,968	74.1%

TABLE 11

FY16 PEO PROJECTIONS

PEO	FY16 TOTAL OBLIGATION PROJECTIONS	FY16 COMPETITION DOLLAR PROJECTIONS	FY16 Rate Projection
PEO-ACS	$2,289,591,649	$1,144,795,823	50.0%
PEO WEAPONS	$418,330,870	$254,889,942	60.9%
PEO-B&ES	$1,816,704,000	$563,193,000	31.0%
PEO-BM	$574,131,148	$288,163,000	50.2%
PEO-C31&N	$7,957,630,302	$99,379,934	1.3%
PEO-FIGHTER BOMBER	$5,760,709,967	$173,076,296	3.0%
PEO-ISR	$11,551,286,034	$655,679,578	5.7%
PEO-MOBILITY	$4,839,650,247	$2,412,539,953	49.9%
PEO-SPACE	$707,368,531	$533,790,531	75.5%
PEO-STRATEGIC	$3,819,246,352	$3,246,616,000	85.0%
PEO-TANKER	$4,382,104,052	$258,647,695	5.9%
SUBTOTAL PEO	$44,116,753,152	$9,630,771,752	21.8%

TABLE 12

FY16 TOTAL AIR FORCE PROJECTION 37.5%

SUMMARY

Although the AF failed to meet its FY15 goal, the AF is fully committed to the Competition and Commercial Advocacy Program and the use of full and open and effective competition. The AF competition program is innovative and vibrant, continually seeking opportunities to compete, or to enhance competition further, whether in CONUS or in our contracting offices throughout the world.

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. FY16 will be another extremely challenging year for the AF with further cuts to manpower and budgets anticipated. Contracting Airmen will continue to strive to be the best and most effective in enhancing competition as they do in all aspects of contracting. By understanding that work done today may take years to result in significant increases to the competition rate, the AF will continue to strive to create the most robust competition advocate program within the Department of Defense.

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

March 11, 2016

MEMORANDUM FOR THE DIRECTOR, DEFENSE PROCUREMENT AND ACQUISITION POLICY (DPAP)

SUBJECT: Defense Logistics Agency (DLA) Annual Competition Advocate Report for Fiscal Year 2015 (FY15)

As required by Federal Acquisition Regulation 6.502 and DPAP Memorandum dated January 29, 2016, the FY15 DLA Competition Report is attached. DLA achieved a competition rate of 83.3 percent of total dollars obligated against an overall goal of 85.7 percent, and for effective competition, achieved 89.86 percent against a goal of 92.1 percent. The Agency fell short of achieving our overall competition goal and had a decrease in achievement from FY14, where we experienced an achievement rate of 84 percent for dollars obligated. We attribute this decrease primarily to a decrease in the price for fuel experienced by DLA Energy and decreased demand for food (DLA Subsistence), both which are highly competitive, and an increase in demand for hardware, which had more sole source buys. We missed the effective competition goal by two percent and are looking for improvement of that percentage in FY16 by delving in to instances where only one offer was received.

If you have any questions, please contact Kimberly Bass, J77, (703) 767-7269, DSN 427-7269, or email: kimberly.bass2@dla.mil.

MATTHEW R. BEEBE
Director, DLA Acquisition

Fiscal Year 2015 Competition Advocate Report

Defense Logistics Agency (DLA)

Yvette Burke - DLA Competition Advocate

I. Fiscal Year 2015 (FY15) Competition Rate Achieved

DLA achieved a competition rate of 83.3% of total dollars obligated against an overall goal of 85.7%. The FY15 competition base in terms of total dollars was approximately $29.96 billion with $24.96 billion obligated competitively. This is a decrease in achievement from FY14; where we experienced an achievement rate of 84% for dollars obligated, with a total spend of $31.9 billion. Of that, $26.8 B was awarded competitively. Sole source spend has been consistent for the last three years, averaging approximately $5B. DLA's Competitive spend has varied with the amount of total obligation. Although DLA Energy met their goal, their competitive spend for FY 15 was only 31% of DLA's competitive spend, a significant reduction. Historically, DLA Energy's competitive spend is 40% to 50% of DLA's competitive spend, of which 93% to 95% is competitive. The reduced competition rate for DLA in FY15 can be attributed primarily to a decrease in the price for fuel experienced by DLA Energy and decreased demand for food (DLA Subsistence), both which are highly competitive, and an increase in demand for hardware, which has more sole source buys.

DLA consists of nine supply chains within ten procuring organizations that have established goals and reportable achievements, as identified in Table 4. Four organizations met/exceeded their goal for overall competition. Data for this report was obtained from FPDS-NG on February 1, 2016 and reflects the most accurate information available. DLA certified the FPDS-NG data on Dec 15, 2015.

Supply Chain/Activity	Overall Competition FY15 Goal	Overall Competition FY15 Result	Effective Competition FY15 Goal	Effective Competition FY15 Result
DLA Aviation	34.0%	**35.81**%	75.0%	63.49%
DLA Land	78.94%	78.62%	75.0%	62.28%
DLA Maritime	78.23%	78.15%	75.0%	67.83%
DLA TS - Subsistence	95.5%	93.49%	99.0%	95.44%
DLA TS - Medical	98.0%	**98.54%**	96.0%	**97.90%**
DLA TS - C&T	72.5%	**79.28%**	85.0%	**89.07%**

DLA TS - C&E	96.7%	89.61%	94.0%	90.89%
DLA Energy	94.5%	**95.21%**	98.0%	96.78%
DLA Document Svs	95.0%	79.13%	88.0%	87.66%
DLA Contracting Svs	82.12%	73.70%	75.0%	**75.13%**
DLA Distribution	90.9%	88.92%	96.0%	**97.66%**
DLA Strategic Matls	87.84%	62.97%	91.0%	48.03%
DLA Disposition	88.6%	84.25%	80.0%	**94.19%**
Total DLA	**85.7%**	**83.3%**	**92.1%**	**89.86%**

Table 1. DLA procuring organizations FY15 competition goals and achievements

As reflected in the table above, DLA did not achieve our overall competition goal. In support of BBP, DLA continued efforts to increase Performance-Based Logistics (PBL) contracts in FY15.

In FY15, the effective competition goal was 92.1% and DLA achieved a performance of 89.86%. We achieved this rate through continued emphasis on the use of less restrictive specifications and more extensive market research and advertising for effective competition. The slight decrease from FY14's achievement of 91% can be attributed to a lack of available competitive sources for some items that appeared to be fully competitive or had multiple sources of supply

II. <u>Advocate's Activities</u>

DLA Acquisition continues to monitor competition performance on a monthly basis through our competition metric, tracking performance against the OSD goal. This review also includes a review of performance at the supply chain/contracting activity level. The agency competition advocate (COMPAD) provided updates to the Director, DLA Acquisition during these monthly briefings, during which the importance of competition was emphasized within DLA and performance was discussed at the senior executive levels.

The agency COMPAD hosted a COMPAD training summit in FY15, including the COMPADs from the field. COMPADs addressed barriers to competition, lessons learned, best practices, and challenges in the current environment. DPAP representatives participated in the summit, providing FPDS training, Business Intelligence tool training, and an overview of current initiatives. The summit was extremely successful, and we intend to host additional training summits on an annual basis.

The plan to increase competition for FY15 and years prior focused on breakout of sole source items, accuracy of FPDS coding, an improved Source Approval Request (SAR) process, and emphasis of competition at the Acquisition Strategy Review Panel (ASRP) briefings. While we did see improved timelines for SARS, improved FPDS coding, etc., much of the effort and resulting benefits was limited to the separate organization engaged in the specific effort. Targeting 2016 and beyond, DLA Acquisition and the agency COMPAD authored an enterprise wide competition plan which aligned with the DLA Strategic plan and the tenets of BBP. The plan included a partnering with our requirements community to jointly review opportunities for more and targeted reverse engineering efforts, a streamlined Source Approval Request (SAR) process, continued breakout initiatives, and an emphasis on competition at the subtier level through engagement and discussion with Industry. The plan also looked to identify and leverage the best practices from across the agency. We expect that with the partnering of requirements and acquisition, we will see more success at the agency level.

Field level COMPADs worked with their respective offices on various initiatives to increase competition. Examples of activities at the procuring organizations follow:

DLA Aviation COMPAD's continued to streamline the Source Approval Request (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. Among all DLA Aviation sites, there were 428 SARs received, 197 SARs approved and 264 SARs were disapproved. This equates to an approval rate of 46%, with incomplete SAR packages (missing/incorrect data, data was proprietary and sources did not show valid authorization for owning data) as the driver for disapproval. The DLA Land and Maritime (L&M) COMPAD also focused on SAR approval, working closely with their Engineering and Technical Support Directorate to grow the already improved process of managing incoming Alternate Offer and SAR technical data packages. The intent of this collaboration was to maximize competition and ensure timely and productive reviews of SAR packages.

Additionally, the L&M COMPAD actively participated in all available Vendor Out-reach programs either by briefing/presentation or by supplying support guidance, literature, revamped internet websites, and points of contact. The L&M Acquisition Policy Office worked with the Engineering and Technical Support Directorate to develop contracting methods for encouraging and supporting alternate offer submissions and newly approved sources. A tracking and reporting process was developed by the two teams to ascertain consistency and success.

Industry Day events hosted by DLA Aviation encouraged improved alliances and support to suppliers targeting some of the top non-Original Equipment Manufacturer (OEM) suppliers; helping the suppliers gain a better understanding of doing business with DLA Aviation to become more competitive. During each of the two-day events, suppliers gained knowledge on topics such as the following:

> Better Buying Power, Counterfeit Parts, Cyber Security, Defense Contract Management Agency (DCMA), Electronic Mall (EMALL), Drawings Clarifications and Access, Past Performance Information Retrieval System (PPIRS), Post Award – Modification /Delinquencies/Deviations Request, Replenishment Parts Purchase or Borrow Program (RPPOB), Tech Quality/First Article Testing (FAT), and Unliquidated Obligations (ULO's).

III. <u>New Initiatives to Increase the Acquisition of Commercial Items</u>

In FY15, more contracting officers throughout the agency applied commercial procedures for items that are commercial off the shelf as well as commercial of a type with modifications such as similar manufacturing processes. Below are some specific examples of this practice:

DLA Aviation in Oklahoma City determined the government could potentially reduce costs by purchasing commercially refurbished parts for the F108 Engine. Additional NSNs were targeted in FY15 and approved for this program. The process continues to be refined to look for additional ways to increase competition and purchase commercially refurbished surplus. This initiative is reducing the need to purchase many F108 parts from the OEM in a sole source environment.

DLA L&M Strategic Acquisitions Program Directorate developed a centralized Market Research Team which links to all offices conducting market research-related actions to improve and share vendor/market/commodity based intelligence.

L&M buyers actively follow up with potential suppliers who are not proposing to seek clear item descriptions or technical specifications from technicians to promote the fullest possible participation and enhance identification of commercial items.

The DLA Document Services employs a continuous training environment to foster competition and the acquisition of commercial items. Through use of their monthly in-house training program specifically geared toward market research, commercial specifications and commercial item descriptions, they continue to increase the knowledge base of all contract specialists and contracting officers. Additional education of the customer at the onset of new requirements has eliminated restrictive specifications and allowed for competitive purchase of commercial items.

To increase the acquisition of commercial items, DLA Distribution provides targeted training opportunities, which enhanced the overall functionality of the competition program through understanding FPDS-NG and commerciality and competition practices.

DLA Aviation conducted commercial training in March 2015 emphasizing the policies and procedures for procuring commercial items.

The DLA Aviation COMPAD in Huntsville, AL worked closely with the Small Business Administration- Procurement Center Representative to review data and verify previous contract history, item description, manufacturing processes and drawings to determine if there were any restrictions that would prohibit competition or the procurement of commercial items.

DLA Aviation conducts market research to determine whether commercial items or non-developmental items are available. Items that meet the Government needs are identified then procured in accordance with FAR Part 12. Commercial procedures are utilized for items that are commercial off the shelf as well as commercial of a type with modifications such as similar manufacturing processes. The procurement of commercial items often lowers overall cost, reduces customer wait time, increases buying leverage and improves the acquisition strategy.

IV. New Initiatives to Increase Competition

In FY 15 DLA continued to aggressively work with engineering support activities among the services to break out and approve alternate offers and develop technical data packages via the source approval process. In addition, items on long term contracts were re-evaluated at time of option to remove items that may have developed an additional source of supply since the initial contract was awarded or when a prior year's option was exercised.

DLA Aviation COMPADs assisted businesses in navigating the source approval process, providing counseling via the phone and email on the Source Approval Request (SAR) process and assisted contractors with on-line review of Business Opportunities through the FEDBIZOPPS website. The Aviation COMPAD worked very closely and has built an excellent teaming relationship with Robert Hughes, Small Business Technical Advisor for NAVSUP WSS. This relationship includes on-going efforts, to help businesses, both large and small, expressing interest in Navy aviation business opportunities, and the breakout of Navy spares for competition wherever possible.

The COMPAD continued cross-process support activities with the Land and Maritime Engineering and Technical Support Directorate in the areas of Alternate Offer / Source Approval Request technical data package reviews and coordination with the Engineering Support Activity (ESA) to establish clear test and technical requirements with faster review times.

J&A reviews were strengthened last year to adhere to the expectation of more documentation required in this area. The COMPAD in conjunction with the local Office of Counsel communicated and advised the workforce on this requirement/expectation and there was a definite improvement last year in demonstration of the essential requirements.

DLA Maritime worked closely with the technical community, including the cognizant Engineering Support Activities, to closely examine specifications and how they could be made less stringent to facilitate attracting new suppliers. The DLA Maritime buyers actively teamed with technical personnel to identify instances where First Article Testing could be waived for suppliers who offer similar products within the product line.

DLA Maritime committed to seek out and maximize the capabilities of industry through participation in and attendance at Industry Capability Briefings and Ability One conferences, face-to-face meetings and plant visits, and by public recognition of success stories and successful associates. They actively teamed with technical personnel to identify SDVs and SDBs and explored broadening product lines and continued to maximize the use of partial set-asides.

In FY15, the Troop Support Medical supply chain increased awards of National Contracts, in which requirements for the Veterans Administration and other agencies were be included. When competition existed, substantial savings were realized in the National Contracts. There were 13 awards made in FY15, ten of which had competition. The remaining three had only one acceptable offer. On the average, the ten contracts with competition saved 65.48%, while the other three averaged 26.44% savings. Overall, the total estimated value for awards in FY15 was $486.1M with a total estimated savings of $107.88M over a potential 5 year contract period.

DLA Strategic Materials concentrated on the following techniques and procedures to enhance the competitive aspects of procurement. Continued to request timely feedback from companies who responded to Requests for Information (RFIs) but did not submit an offer or quote to a solicitation. A standard email template was developed to send out to contractors. Feedback was shared with members of the acquisition team for consideration factors that could mitigate current and future barriers to competition.

DLA Strategic Materials increased management emphasis on receiving quality acquisition packages from PMs in the first quarter of the new fiscal year to mitigate the potential for over using noncompetitive 8A awards due to the time to award requirements for full and open competitive solicitation and evaluations.

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

Across the agency, DLA is vigilant in ensuring requirements are stated in terms of functions to be performed, performance required, and/or essential physical characteristics. As an example, DLA Distribution used an Acquisition Assistance Team to conduct thorough market research, increased the usage of Request for Information (RFI's) and continued to increase focus on using performance based acquisition procedures for services and brand name or equal requirements for products. All service contracts not identified as not performance based on the quarterly and annual FPDS Anomaly report were reviewed.

Several DLA Troop Support C&T items were procured against specifications that cite performance criteria, such as the Advanced Combat Helmet, Lightweight Helmet, Lightweight Maintenance Enclosure (LME), Enhanced Side Ballistic Inserts (ESBI), Enhanced Small Arms Protective Insert (ESAPI), and Improved Outer Tactical Vest (IOTV).

DLA Document Services reviewed all requirement packages to ensure all equipment met the standard for peformanced based and that equipment requirements were specified in terms of functional requirements. DLA Document Services also partnered with requirements generators and ensured requirements for services utilized performance work statements (PWS).

DLA Disposition Services ensured requirements were stated in terms of functions to be performed or salient characteristics. PWSs were developed and the use of brand name or equal descriptions allowed for greater competition.

DLA Aviation ensured J&As for major strategic initiatives were thoroughly reviewed and questioned to assure competition was not impeded and to verify the performance and engineering requirements for performance based contracts type initiatives were clearly stated.

VI. Barriers and Challenges

Many of the Original Equipment Manufacturer (OEM) contractors are reluctant to provide additional information or release any significant technical data due to its proprietary nature. Technical data can be used to compare similar items for price reasonableness, but many contractors feel releasing this information may cause the sensitive material to be released to the public (other vendors). Many of the sole source OEMs have spent a great deal of time (costs) with regard to the research and development of an item and feel they should be the only source of supply to benefit from the development. It is often the case sole source OEMs do not wish to disclose previous sales information due to the fact they do not wish to disclose their commercial or Government customers. As of late, industry has become more protective of this kind of information. Attempts to mitigate these situations include Sources Sought notices, requests for alternate comparable items, and coordination with the Services' Engineering Support Activities (ESA) for sole source breakout opportunities.

Technical data is largely proprietary in the advent of production because of evolving configurations. These newer programs are predominately sole source in nature, replacing legacy systems that were traditionally more competitive and small business friendly. This situation, along with the lack of government owned technical data, increased reliance on Sole Source Strategic contracting vehicles and a diminishing source development presence, makes it extremely difficult to attract and develop new competitive sources.

In an effort to overcome these competitive barriers, DLA L&M Engineering and Technical Support Directorate continues to emphasize the need for utilization of newly approved sources on Long Term Contracts (LTCs) or on sole source items.

The state of the financial credit markets in the United States, natural gas pipeline capacity constraints, restrictive utility rules, and restrictive coal specifications continued to have an impact on competition in the electricity, natural gas and coal markets, respectively. Contractors depend on access to credit to facilitate transactions between parties, whether building power plants or offering on a competitive retail electric supply acquisition. This issue limits the scope and scale at which offerors can compete on electricity requirements. Limited pipeline capacity in the Tidewater, VA area continues to affect the competition for natural gas supplies serving several DoD installations in that area. There is difficulty in determining the available capacity at any given time, due to lack of sufficient infrastructure, so offerors are unable to effectively compete on LTCs given this constraint.

As a result, DLA Energy had to procure customer requirements on a month to month basis, still with limited competition. Restrictive utility rules, such as daily balancing and tight tolerances, are also barriers to competition given the significant financial penalties marketers may be subject to if they fail to manage deliveries to our customers in accordance with the local utility tariff provisions. Under the coal program, competition was impacted by unique customer coal specifications needed to satisfy age and/or modifications to existing equipment at each site.

DLA Energy continued to monitor recurring and new requirements for increasing competition on a fiscal year basis to ensure a robust competitive environment. Methods for enhancing competition include the exchange of ideas with Industry through Sources Sought Notices, Pre-Proposal conferences, and Small Business symposiums. Discussions with suppliers and vendors are expected to optimize requirements and increase competitive procurements within the commodities markets, and result in additional cost savings.

The Trade Agreements Act (TAA) had a substantial impact on competition on National Contracts readiness and on DLA Troop Support Medical’s Prime Vendor Programs. Some responses to solicitations are deemed to be unacceptable because proposals submitted are determined to be non-TAA compliant. Significant savings could be realized without the TAA. In effort to eliminate the barrier overall, the pharmaceutical industry is shifting more towards having operations in non-TAA compliant countries.

VII. Other Ways Competition was Emphasized

In an attempt to increase competition as well increase the opportunity for dollars awarded to small business, DLA Land and Maritime developed a process to coordinate with the Small Business office during the project development stage of Long Term Contracts (LTCs). All LTC packages are sent to the small business office for review to determine if additional small business sources can be identified as recommended sources of supply to the Contracting Officer. During FY15, 500 projects were coordinated covering 46K NIINs worth $520M in ADV; 386 projects completed the coordination process covering 19K NIINs worth $332M in ADV. This process contributed to increased competition as well as awarding 21% more in LTC dollars to SB over the previous year's performance.

DLA Land continued to manage customer requirements through monthly customer relationship/outreach meetings with the Aberdeen office's four primary customers within CECOM's Logistics Readiness Center (LRC). The monthly meetings provided the ability to work through issues affecting competition and small business activities and provided a "bird's eye view" of on-going and future procurement requirements.

DLA Land continued use of the Collaborative Acquisition Strategy Sessions (CASS) and Document Review Sessions (DRS) with the customer allowed for planning, preparation and discussion of factors that created competition barriers or impediments early in the procurement process. These discussions with the requiring activity and the contracting staff addressed all aspects of a specific procurement action in the requirements definition and acquisition strategy development phase that influence competition and small business opportunities. The DRS finalized the strategic plan for the acquisition and the supporting documents to execute the procurement.

DLA Aviation's V-22 Source Control Project procured more than 650 NIINs sole source due to lack of technical data. VE product specialists worked with the services to locate data needed to increase competition. Once data was identified, information was pushed to procurement as a mass update. The Value Engineering Savings Tracking and Reporting System (VESTARS) tracks the savings records for documenting VE projects and savings to date have already exceeded $1M and continue to grow.

The forgings and castings program completed 40 projects where tooling or a source for producing forgings or castings was identified and provided to companies to help them compete. Of the 40 projects, about $370K in savings was generated for projects completed in FY15.

DLA Aviation's Replenishment Parts Purchase or Borrow (RPPOB) program assisted a supplier in obtaining technical data needed to compete on NIIN 014762161. The new source resulted in a reduced unit price due to competition, resulting in savings to date of over $330K. The RPPOB also assisted a supplier by bailing a part to a company for NIIN 015526358 as VE worked with a new supplier to successfully become a source. This new source resulted in a reduced price due to competition, resulting in over $280K savings to date.

Lastly, Aviation's value engineering program conducted should cost analyses to identify parts that required additional work to break out high cost items where the should cost analysis was not sufficient to reduce the negotiated cost. The team successfully broke out 9 NIINs resulting in over $183K to date for projects completed this FY.

Going forward, DLA's focus will be on increasing/enhancing competitive pressures indirectly through efforts related to sole source breakouts of items, encouraging OEMs to pursue multiple licensing arrangements, pursuing additive manufacturing/3D printing and reverse engineering.

VIII. Fair Opportunity (FO)

For FY15, DLA had $993 million subject to FO requirements and of that amount, $746 million or 75% provided for FO. Our performance has historically been very strong in this area and while no goal is required, we strive to provide for fair opportunity to the maximum extent. Table 2 contains the full data on exceptions to FO.

FY15 Fair Opportunity	Dollars	% of Total
Subject to Fair Opportunity	$993,436,238	N/A
Fair Opportunity Provided	$746,206,466	75%
Total Exceptions to Fair Opportunity	$228,589,412	25%
-Urgency	$746,709	0.33%
- Only one source – other	$56,899,601	24.89%
- Follow-on Delivery Order	$128,019,249	56.00%
- Minimum Guarantee	$367,638	0.16%
- Other Statutory Authority	$39,343,853	17.21%
- Sole Source Actions	$3,221,361	1.41%

Table 2. DLA Fair Opportunity Data (source FPDS 2/1/16)

Historical Data: A comparison of the dollars subject to FO and dollars where FO was provided shows DLA has a fairly consistent performance from FY13, FY14 and FY15, ranging between 83% and 89.5%. Table 3 contains the historical data.

Fiscal Year	Total $ Subject to FO	$ FO Provided	% FO Given
FY13	$1,617,657,334	$1,447216,351	89.5%
FY14	$936,795,101	$778,730,794	83%
FY15	$993,439,238	$746,206,466	75%

Table 3. Historical DLA Fair Opportunity Percentage of Dollars (Sources: FY15 data came from FPDS-NG on 2/1/16, FY14 data came from FPDS-NG on 12/16/14 and FY13 data from FPDS-NG on 12/23/13).

X. Trend Analysis and FY15 Competition Goals

Trend analysis using historical data from FY13, FY14 and FY15 shows the competition achievement rate (based on dollars obligated) has remained fairly consistent over the past three years. The use of sole source bridge contracts from FY13 through FY14 slowed increases in competition. However, with increased senior leader attention and implementation of the bridge policy and reduction plan, the dollars obligated on sole source bridges was reduced and we saw a reduction on dollars obligated on these bridges in FY15.

	FY13	**FY14**	**FY15**
Total Dollars Obligated	$33,968,270,300	$31,918,428,029	$29,963,985,618
Dollars Competed	$27,869,981,980	$26,801,838,414	$24,964,405,638
% Competed Total Dollars	**82.1%**	**84%**	**83.3%**
Dollars Subject to Fair Opportunity	$1,617,657,334	$936,795,101	$993,439,238
-Fair Opportunity Provided	$1,447,216,351	$778,730,794	$746,206,466
-Exceptions and Null Values	$166,517,708	$139,467,290	$228,598,411.64

Table 4. Historical DLA Fair Opportunity Percentage of Dollars (Sources: FY15 data came from FPDS-NG on 2/1/16, FY14 data came from FPDS-NG on 12/16/14 and FY13 data from FPDS-NG on 12/23/13).

Reasons not competed: Over 75% of the dollars not competed were a result of sole source procurements. This is consistent with obstacles faced in the weapon system spare parts oriented supply chains (DLA Aviation, DLA Land, and DLA Maritime) and 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 15 Not competed	Dollars	% of Total
Total not competed	$4,999,579,980	N/A
Only one source (6.302-1)	$3,579,049,787	75.02%
Urgency (6.302-2)	$38,304,745	0.80%
Mobilization and R&D (6.302-3)	$0	0.0%
International Agreement (6.302-4)	$0	0.0%
Authorized/required by Statute (6.302-5)	$372,446,477	7.81%
National security (6.392-6)	$18,033	0.0%

Table 5. FY15 Reason Not Competed (source FPDS-NG new report pulled on 2/16/16)

<u>FY16 Goal</u>:

In November 2015, DPAP initially requested an agency forecasted goal for FY16. DLA reviewed expected spend by PLFAs and activity's, anticipated purchases from mandatory sources, 8(a) set asides, state owned entities, sole source joint opportunity/PBL platforms, and sole source purchases for spare parts from the OEMs. Using this methodology, we initially forecasted a competition achievement goal of 82.7% for FY16. The approximate 17% sole source spend was broken out as 3% mandatory sources and small business set aside programs, 2% mandatory fuel purchased from state-owned foreign source, 2% PBL and similar opportunities, 9% traditional purchasing from OEMs and 1% bridges.

While PBLs helped us to achieve savings and improve efficiency,we understand that sole source PBLs impacted the competition rate achieved. DLA will remain focused on this area going forward.

For FY16, DPAP assigned a competition goal of 86.1%. This goal represents a 15% reduction of the non-competitive portion. Services non-competitive reduction is 2-4%. DLA expects to achieve between 83% to 83.5% for FY16. However, we will continue to execute to our planned acquisition strategies and the agency competition plan as a means of offsetting the anticipated sole source buys.