



# Defense Pricing and Contracting YEAR IN REVIEW REPORT 2019

## DoD Contracting Professionals,

The beginning of a year is the perfect time to reflect on accomplishments and plan future actions. Defense Pricing and Contracting's (DPC) first annual Year in Review Report serves to highlight both the tremendous momentum gained to permanently improve the acquisition process in the prior year, and highlight our plans to enable the speed of relevance.

DPC establishes and promulgates contracting and pricing policy for the Department via the Federal Acquisition Regulation (FAR); Defense Federal Acquisition Regulation Supplement (DFARS); Procedures, Guidance, and Information (PGI); and policy memoranda, while ensuring the incorporation of eBusiness standards, capabilities, and data in order to provide guidance to DoD's contracting professionals and the acquisition workforce. In conjunction with legislation from Congress, leadership within the Department, and policy and regulatory guidance, we have seen, and will continue to see, a fundamental shift on the need to streamline the acquisition process. Because contracts/acquisitions range from small dollar transactions to billion dollar weapon system programs and the things we buy range from hamburger buns to aircraft carriers, there is no one-size-fits-all strategy that enables operating at the speed of relevance. The Department has implemented a range of tools, strategies, systems and processes that support bringing capability to the warfighter in the time needed without sacrificing the quality of the deal. In the past year these efforts have enabled over 30,000 contracting professionals located in all 50 states, U.S. territories, and foreign countries, to issue more than 70 million new awards valued above \$330 billion.

The National Defense Strategy calls on us to preserve our technological advantage through enabling our workforce to deliver performance where and when necessary. Throughout 2019, DPC identified areas of inefficiency to make change, analyzed and questioned current processes, and determined effective utilization of resources. Positive change is happening already to make these requirements a reality.

I welcome you to read DPC's Year in Review Report for 2019 to see how our team continues to innovate, supporting the warfighter at the speed of relevance.



A handwritten signature in black ink, appearing to read "Kim Herrington".

**Kim Herrington**

Acting Principal Director, Defense Pricing and Contracting  
Office of the Under Secretary of Defense  
(Acquisition and Sustainment)

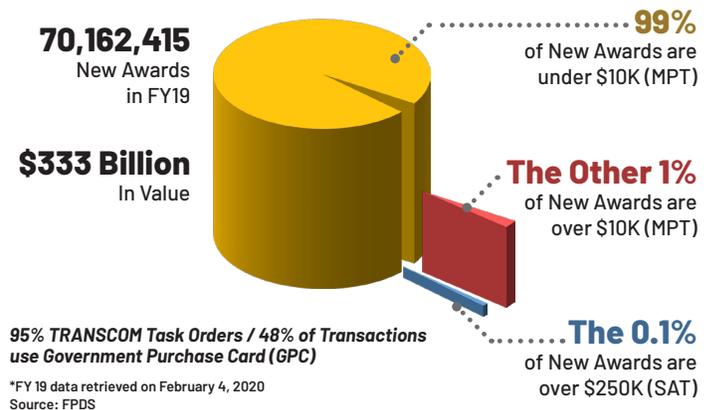
## Speed of Relevance

Derived from the National Defense Strategy, A&S priority #1 is “Enable innovative acquisition approaches that deliver warfighting capability at the speed of relevance.” DoD contracting must adapt to be rapid without compromising quality, and methodical when complex procurements necessitate it. It has been encouraging to see the Services and Other Defense Agencies automating processes or otherwise streamlining contracting efforts in order to attain efficiency. The list of items is numerous from new contract writing systems that can share data between various databases, to greater use of automated purchasing, to streamlined market research, robotic process automation, and the like.

A reduction of Procurement Administrative Lead Time (PALT), the parameters of which are statutorily defined as the time between solicitation date and award date, will speed procurement. DPC is taking action with several strategies to address PALT reduction. An initial step towards reducing PALT was the DPC-issued Class Deviation 2018-00018 in August of 2018, which increased the micro-purchase threshold (MPT) and simplified acquisition threshold (SAT) thereby enabling use of these streamlined processes for more actions. While the deviation was published in 2018, its impact is shown in Fiscal Year (FY) 2019 Federal Procurement Data System (FPDS) transactional data. Ninety-nine percent of FY19 new awards (excluding Other Transaction Authorities (OTAs) and parent Indefinite Delivery Indefinite Quantity agreements) were under MPT (\$10,000), enabling rapid acquisition and elimination of unnecessary PALT.

To stay current on proposed changes to the DFARS, visit our website: [https://www.acq.osd.mil/dpap/dars/change\\_notices.html](https://www.acq.osd.mil/dpap/dars/change_notices.html)

While there is an implicit need for regulation in government acquisition, it is also important to evaluate existing rules for relevance and value in an ever-changing acquisition environment. In an effort to reduce regulatory burden on DoD contractors and, in turn, enable quicker delivery to the warfighter, a recent review identified 54 clauses to be removed from the DFARS; This will result in a 15% reduction in DoD solicitation provisions and contract clauses. Looking ahead, the removal of these clauses remains a key priority for DPC in 2020. DPC is on track to have removed 40 clauses from the DFARS by the end of the third quarter of FY20. The remaining 14 clauses to be removed are subject to actions outside of DPC and are currently in process. Through the elimination of these clauses, the acquisition workforce and DoD contractors can continue to streamline contracting efforts and deliver quality solutions to the warfighter.



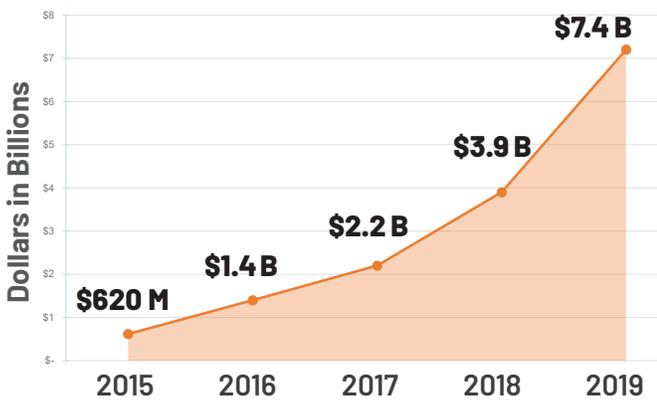
## Peer Review Process

The peer review program embodies a world-class practice where senior-most leaders throughout a particular entity work together regarding its most important enterprise investment decisions. Overall, the FY19 peer reviews DPC conducted were proposed at over \$79 billion with negotiated results of \$71 billion; saving approximately \$8 billion. Saving billions is impressive, and saving time is essential to further savings. The use of options, on which DPC provided guidance in 2018 via <https://www.acq.osd.mil/dpap/policy/policyvault/USA001568-18-DPAP.pdf>, is an effective technique allowing for timely and effective procurements. Using options is not new to contracting, but in previous years fewer were used, with emphasis then placed on concepts such as frequent competition and a concern over contractors “locking” in favorable deals for years. DPC reviews every sole source procurements greater than \$500 million, approximately 40 in 2019, and the majority utilized options. This represents potentially over 88 years of lead time saved.



## Acquisition Innovation

DoD has had authority to use transactions other than contracts and grants (Other Transactions (OTs)) for basic research since 1989. OTs can attract non-traditional and small businesses with leading edge technologies that otherwise might not choose to do business with DoD. In 2015, Congress provided DoD authority to use OTs for prototypes and to provide for the award of a follow-on production contract or transaction to the participants in the transaction for prototypes. DPC provides guidance and advocacy for the use of OTs, and over the past five years, the dollars obligated under OTs has grown from \$620 million to over \$7 billion.



\*FY 19 data retrieved on February 4, 2020  
Source: FPDS

DPC continues to develop contracting guidance to implement new statutes and DoD policy, including the Adaptive Acquisition Framework in the streamlined Department of Defense Instruction (DoDI) 5000.02, the Middle Tier of Acquisition (DoDI 5000.80), and USD(A&S) interim guidance for Agile Software Acquisition.

## OT Outreach:

### FY19 guidance:

- OT Roundtable, San Diego 13-15 Aug 2019
  - OT Community of Practice, Sept 2019
- For more information visit:  
<https://www.dau.edu/cop/ot/Pages/Default.aspx>
- Launch of DAU continuous learning course, CLE 066 – Other Transactions as a companion to the OT guide, Oct 2019.

## Industry Collaboration

Ensuring a strong industrial base is important to A&S because it is key to the National Defense Strategy. To continue to foster relationships with partners, DPC collaborates with industry to streamline contractor proposal processes and implement certain commercial practices in the acquisition workforce. In 2019, DPC engaged industry through public meetings, speaking engagements, and participation in numerous events with industry associations such as: Aerospace Industries (AIA), Coalition for Government Procurement (CGP), Council of Defense and Space Industry Associations (CODSIA), National Defense Industrial Association (NDIA), and Professional Services Council (PSC).

### eBusiness Systems

As eBusiness initiatives bring faster processing times, greater data visibility, and fewer manual, error prone transactions, DPC strived to improve procurement business systems in 2019.

One such initiative, Automated Contract Closeouts, saw the following milestones in 2019:

- \$67 million in cost avoidance
- Nearly 4 million contracts closed

### Implementing Congressional Direction

In 2019, DPC submitted 16 interim and 10 final reports to Congress on topics such as Undefined Contract Actions and Other Transaction Authority.

In addition to Congressional actions, DPC worked with the Government Accountability Office (GAO) and Inspector General (IG) to submit 13 GAO responses and 20 IG responses in 2019.

# DPC AWARDS

DPC develops contracting and pricing policy and strives to improve procurement business systems; it is you, the contracting workforce, who puts it into action. In the field you are enabling the warfighter to achieve the mission. In order to recognize the excellence of those in the workforce, DPC offers three annual awards:

## The Pricing and Contracting Legends Award

The Pricing and Contracting Legends Award recognizes leaders at all levels in the DoD acquisition/contracting community who inspire us to be our best every day, in every situation, by developing, motivating, and inspiring others through formal and informal initiatives. The 2019 Pricing and Contracting Legends award winner is **Mr. Christopher Kirbabas**, Chief of the Air Force Life Cycle Management Center Pricing Division, Air Force Material Command.



## The Ginman Contingency Contracting Officer Excellence Award

The Ginman Contingency Contracting Officer Excellence Award is named after Richard 'Dick' Ginman, a retired Navy Supply Corps Admiral and former Director of Defense Procurement and Acquisition Policy. This annual award honors those whose actions as a Contingency Contracting Officer are truly inspirational. The 2019 Ginman Contingency Contracting Officer Excellence Award winner is **MSgt Franklin Mahan**, Air Force Contracting (SAF/AQC).



## Flexibility in Contracting Award



The Congressionally-mandated Flexibility in Contracting Award was established in section 834 as part of the National Defense Authorization

Act for FY17. This award recognizes defense acquisition programs and acquisition workforce professionals that make the best use of the flexibilities and authorities granted by the FAR and the DoDI 5000.02 (Operation of the Defense Acquisition System). The 2019 Flexibility in Contracting Award winner is the **Janus Acquisition Team** in support of Foundation Geospatial Intelligence products with the National Geospatial-Intelligence Agency (NGA).

To find out more about our awards and nomination instructions, visit <https://www.acq.osd.mil/dpap/ops/awards.html>

## SPECIAL RECOGNITION

In addition to the aforementioned awards, DPC recognizes the following award recipients:

### Defense Acquisition Workforce Individual Achievement Awards



A&S offers the Defense Acquisition Workforce Individual Achievement Awards designated to individuals across 19 acquisition functional disciplines who demonstrate an exemplary commitment to excellence and professionalism in the acquisition of products and services for the DoD. The Contracting and Procurement award winner for 2019 is **Mr. Simon Klinsk**, F-35 Lightning II Joint Program Office, U.S. Navy.

### Lifetime Acquisition Excellence Award

On November 20, 2019, **Ms. LeAntha Sumpter**, DPC Director of Contracting eBusiness, was awarded Excellence in Partnership's Lifetime Acquisition Excellence Award by the Coalition for Government Procurement. The Excellence in Partnership Awards honor individuals in the acquisition community who have made significant contributions to the procurement system that deliver best value and meet agency missions. As a Lifetime Acquisition Excellence Awardee, Ms. Sumpter demonstrated a life-long commitment to advancing "common-sense in government procurement." For more information about Ms. Sumpter's contributions in Defense Acquisition, see: <https://www.acq.osd.mil/dpap/pdi/biography.html>

## Acquisition Exchange Program

The DPC Acquisition Exchange Program (AEP) provides a unique career developmental experience for high-caliber individuals in acquisition and acquisition-related career fields. The program provides insight and hands-on experience with development and implementation of DoD-wide acquisition policy issues. The assigned projects within DPC offer participants an opportunity to enhance their acquisition and senior-level policymaking skills, develop their managerial and leadership skills, and prepare for future positions within the acquisition community. Since 2001, the program has hosted participants from a wide range of organizations.

16 ACQUISITION PROFESSIONALS PARTICIPATED IN THE PROGRAM IN 2019.

- Air Force
- Army
- Defense Contract Audit Agency
- Defense Contract Management Agency
- Defense Counterintelligence and Security Agency
- Defense Finance and Accounting Services
- Defense Information Systems Agency
- Defense Intelligence Agency
- Defense Logistics Agency
- Department of Labor
- Environmental Protection Agency
- National Aeronautics and Space Administration
- National Geospatial-Intelligence Agency
- National Guard Bureau
- Navy
- Small Business Administration
- Special Operations Command

## Looking Ahead

As we move into 2020, DPC strives to maintain the positive momentum gained in 2019 to innovate and reform the acquisition process. With the shift toward the speed of relevance guided by data driven decisions, the upcoming year will mark significant progression in DPC's key initiatives to include:

- Innovating and improving acquisition policies
- Enhancing currency and efficiency of contracting regulations
- eBusiness systems improvements
- Analyzing the effectiveness of current financial methods through Contract Finance Study
- Workforce outreach

DoD Contracting Conference, June 2020  
P2P Conference, June 2020

## Have you ever wondered how acquisition policies are made?

Are you interested in how functional process, policy, and data requirements are incorporated in procurement-related business systems? Would you like to participate in the review of procurements over \$500 million? Does the implementation of regulations interest you? Applications for the FY21 cohort will be accepted late 2020. Find out more about the program by visiting [https://www.acq.osd.mil/dpap/ops/acquisition\\_exchange\\_program.html](https://www.acq.osd.mil/dpap/ops/acquisition_exchange_program.html)

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