



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

OCT 21 2011

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
COMMANDERS OF THE COMBATANT COMMANDS
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Department of Defense (DoD) Functional Contract Writing and Administration Capabilities

References: See Attachment

The vision for DoD contracting capabilities met through information technology has been established through a set of memoranda (references (a)-(k)) issued by my office. To achieve this vision, a continued partnership with key functional stakeholders from the Under Secretary of Defense (Comptroller), the Under Secretary of Defense for Personnel and Readiness, the Defense Finance and Accounting Service, and the Defense Contract Management Agency is critical. DoD contract writing and administration will be driven by data standards (and associated business rules), standard transactions, test criteria, and internal controls. This vision is articulated in more detail in the Compliance Roadmap for Existing and Future Contract Writing & Administration Capabilities, which will be updated annually and is available online (http://www.acq.osd.mil/dpap/pdi/eb/docs/Compliance_Roadmap_for_Existing_and_Future_Contract_Writing.pdf).

It is important to establish a sunset date for the Standard Procurement System (SPS), which has been a critical aspect of the Department's e-commerce success over the past 12 years. Version 4.2 of SPS, consisting of the Procurement Desktop-Defense (PD2) application and supporting products, currently supports the procurement workforce in all of the Military Services and many of the Defense agencies – a user population of approximately 22,000 individuals. However, the program has entered its sustainment phase, is difficult to maintain and improve, and is technologically fragile. At this point in time, future enhancements beyond service releases 13 and 14 are expected to be limited to security updates, regulatory changes required by statute, and necessary interface updates.

The Department's goal is that no new contracts, agreements, or orders be awarded through SPS after September 30, 2015, and that all use of SPS cease by September 30, 2017. As emerging technologies and contracting capabilities no longer require a "one-size-fits-all"

approach to system development and implementation, one contracting system for the whole Department is not envisioned. Each Component should plan and budget now for future contracting capabilities (including contract writing, administration, and ordering), ensuring that the best value is achieved. Components should plan for the information technology to meet their mission needs for contracting capabilities but ensure, through rigorous use of the investment review process, that duplication of capabilities across their jurisdiction be kept at the minimum necessary to support the mission.

I request that each Component with procurement authority provide a plan for meeting the identified goal dates within 90 days of the date of this memorandum. I encourage you to work together on potential solutions, where mission needs allow, and maximize the ability to compete your requirements, if your analysis indicates a commercial-system solution is the most viable alternative. Include in your plan your current posture in terms of SPS users, sites, databases, and servers, as well as that for other contracting capabilities you may have deployed or targeted to deploy, including those in environments that support classified or contingency procurement.

I would like to announce the establishment of the draft Operational Suitability Test Criteria for Contract Writing Capabilities for contract writing and administration information technology solutions. These draft criteria are available online (http://www.acq.osd.mil/dpap/pdi/eb/docs/CWS_Develop_and_Test_coord_version.pdf). All Components are invited to provide comments on the criteria not later than 60 days from the date of this memorandum. The intent is to ensure each new or existing contract writing or administration capability demonstrates the ability to meet these exit criteria as part of any operational suitability test assessment.

I have asked the Deputy Chief Management Officer to ensure that:

- These requirements are established in a timely manner in the Business Enterprise Architecture; and
- The procedures and controls laid out in the Compliance Roadmap are enforced through the Investment Review Board process.

I look forward to discussing your plans to support this very important part of the acquisition process. A follow-up meeting to discuss your plans and progress will be scheduled in the 1st Quarter of FY 2012. My point of contact for this action is LeAntha Sumpter at leantha.sumpter@osd.mil or 703-588-0800.



Frank Kendall
Acting

Attachment:
As stated

ATTACHMENT

REFERENCES

- (a) Director for Defense Procurement and Acquisition Policy (D, DPAP) Memorandum, "Defense- Wide Clause Logic Capability," August 31, 2011
- (b) D, DPAP and Deputy Chief Financial Officer (DCFO) Memorandum, "Internal Controls for Procurement Systems," May 25, 2011
- (c) Assistant Secretary of Defense for Acquisition (ASD(A)) Memorandum, "Publication of Draft Data Standards for Warranty Data and Government Furnished Property," November 2010
- (d) D, DPAP and DCFO Memorandum, "Action Plan for Automating Required Federal Agency Report of Department of Defense Expenditures Funded by the American Recovery and Reinvestment Act of 2009," July 8, 2010
- (e) D, DPAP Memorandum, "Contract Indexing Standard," July 8, 2010
- (f) ASD(A) Memorandum, "Publication of a Purchase Request Data Standard (PRDS) for Contingency Operations," May 18, 2010
- (g) ASD(A) Memorandum, "Publication of the Procurement Data Standard (PDS), Phase II," July 28, 2009
- (h) Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) and USD (Comptroller) Memorandum, "Linking Financial Data to Contract Documents," March 18, 2009
- (i) Deputy Under Secretary for Acquisition and Technology Memorandum, "Publication of the Procurement Data Standard (PDS), Phase I," July 21, 2008
- (j) D, DPAP Memorandum, "Standard Procurement System (SPS) – Electronic Document Access (EDA) Data Implementation Guidance," March 18, 2008
- (k) USD(AT&L) Memorandum, "Standard Procurement System (SPS) Deployment Requirement and Initial DoD Procurement Data Strategy," July 5, 2007