Competition and the DoD Marketplace

AIR   **C4I**   **MARINES**   **SPACE**   **SUBS**   **SURFACE**

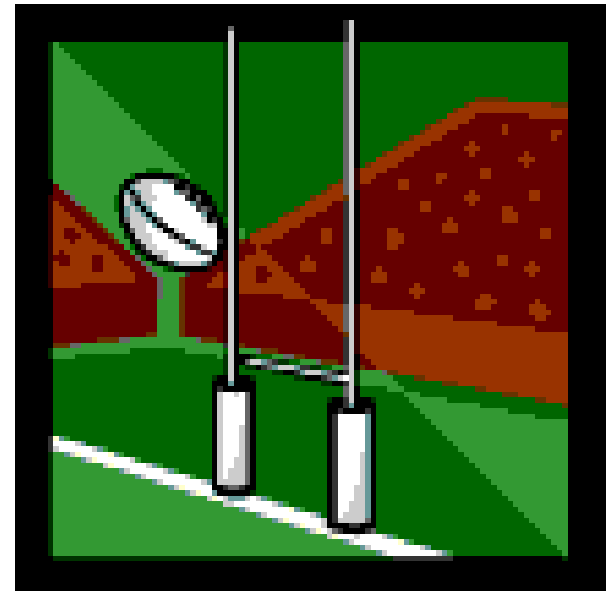*Nick Guertin*

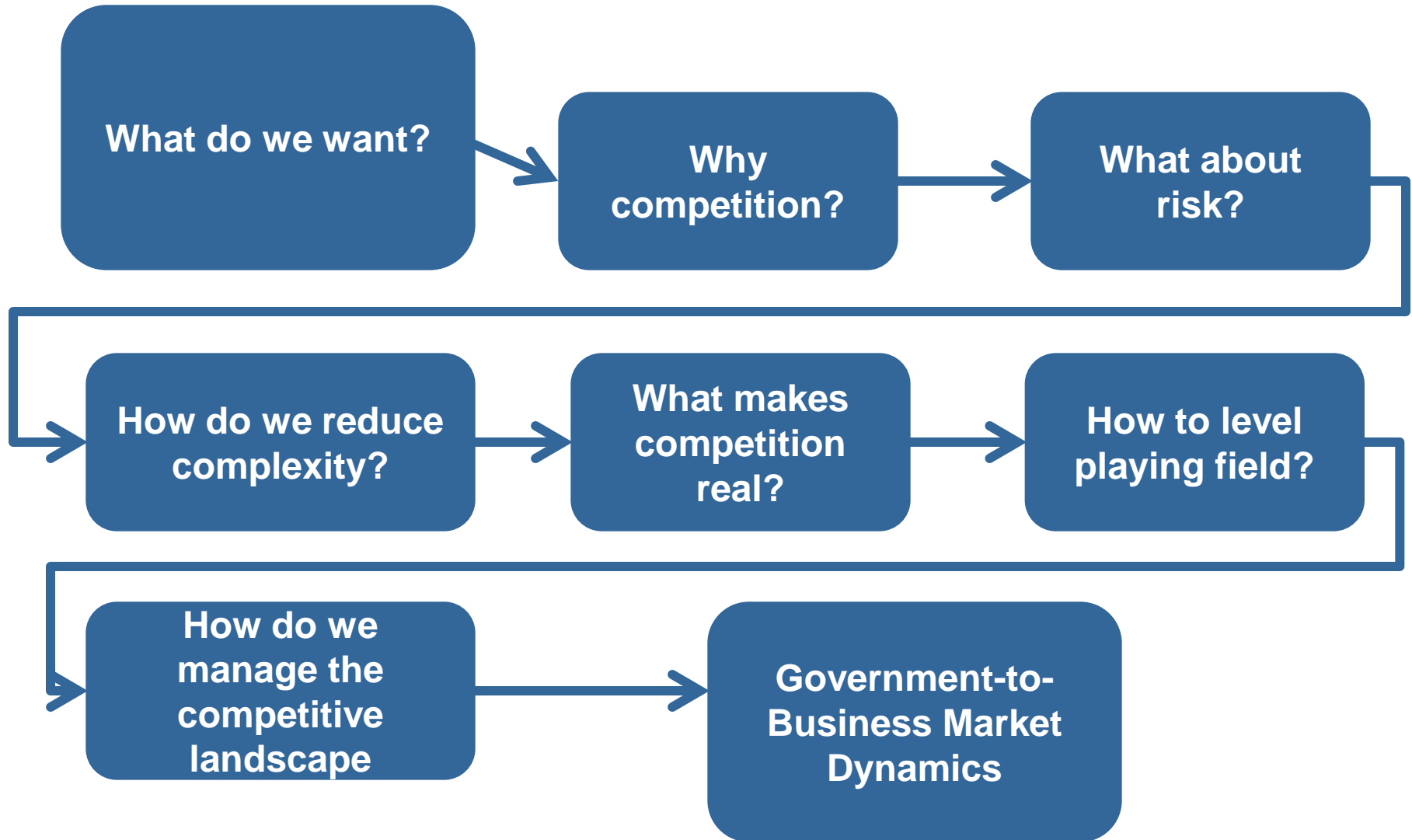*Director for Transformation*
DASN RDT&E

17 May 2012

Crafting a Market Place – It's Our Game

- We Write the Rules
- We Pay for the Players
  - Both Teams
- We Build the Stadium

How Can We Win?

The Need for a New Market Dynamic

What do we want? → **Why competition?** → **What about risk?**

How do we reduce complexity? → **What makes competition real?** → **How to level playing field?**

How do we manage the competitive landscape → **Government-to-Business Market Dynamics**

Platform Focused Product

Enterprise Product Lines
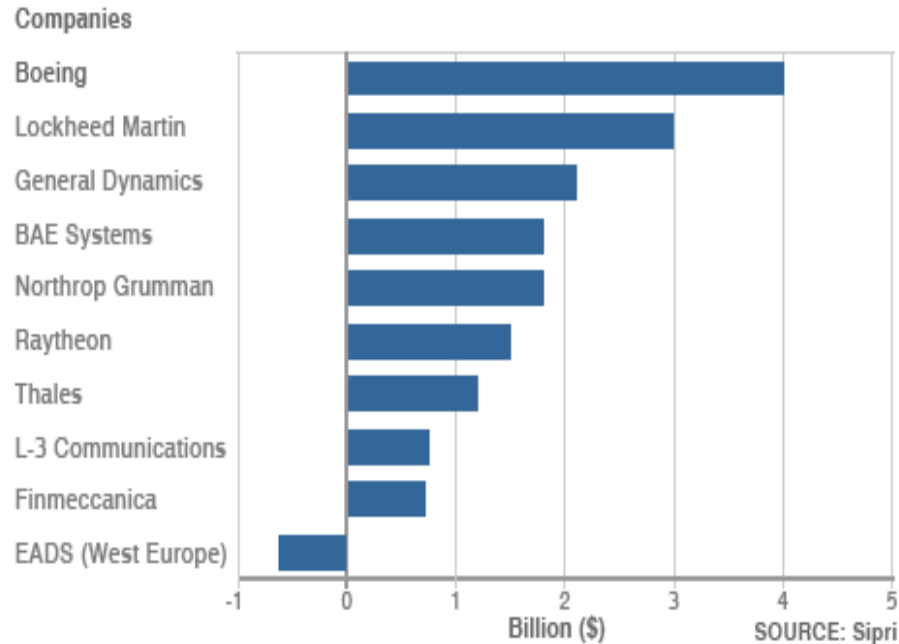

Sunk Cost Versus Planned Investment

Sovereign Acquisitions

Collaborative Acquisition

Industry Driven Decisions

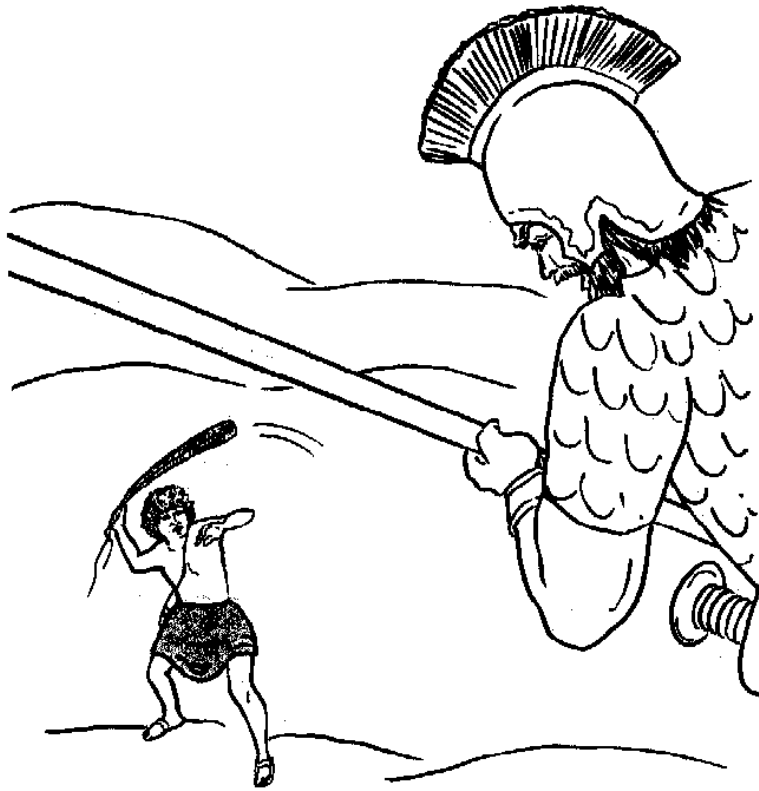# Strategically Crafted Market

Many Different Voices

Consistent Contract Language

Market Entrance Barriers
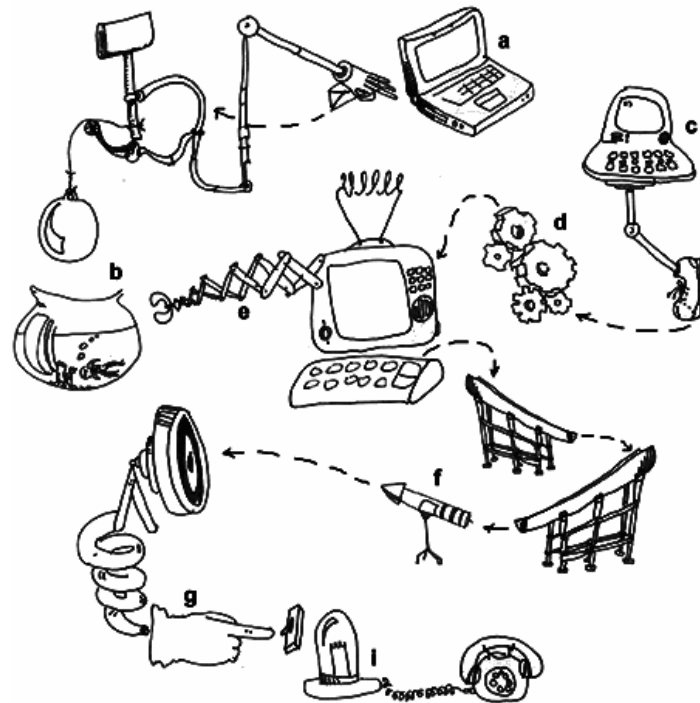
Level playing fields

Obscure Landscape

Transparency = Opportunity

Transparency reduces risk, increases reuse, and improves speed to the warfighter.

Technology-centric architecture   **Business-centric architectures**

We Need Innovation and Lower Price

"Our destiny is, thus, in our own hands…
with enablers such as … open-architecture combat systems …
All operated by the finest sailors and Marines in our history.
They fight as a single, interconnected, and cohesive team.

The Coming Naval Century
Proceedings – May 2012
Hon. Robert O. Work

- Leadership Wants
  - Enduring Solutions
  - New Methods for delivering capability

- Industry Has the Ability – OA Report to Congress
  - SEWIP
  - UCS
  - FACE
  - A-RCI/SWFTS

- Industry is ready, the environment is set – Government must make these decisions

The Need for Marketplace Design

- We have a marketplace design– Consequence of independent actions
  - What does Industry hear when we publish RFPs?
- Industry Positioning and Response
  - Profit maximized solutions
  - Platform/Program focused

Marketplace Design

1. Free Flow of Information:

- **Programs and businesses communicate and share info.**

2. Intellectual Property:

- **Level playing field for Component Competition**

4. Increasing Competition:

- **Drives cost savings and quality**

3. Trust Between Participants:

- **Enforces both ethical and legal standards**

Business Architecture

- Severable Business Units that represent competition boundaries
  - Platform Integrator
  - System of Systems Integrator
  - System Integrator
  - App. Developer and/or Component Provider

Platform
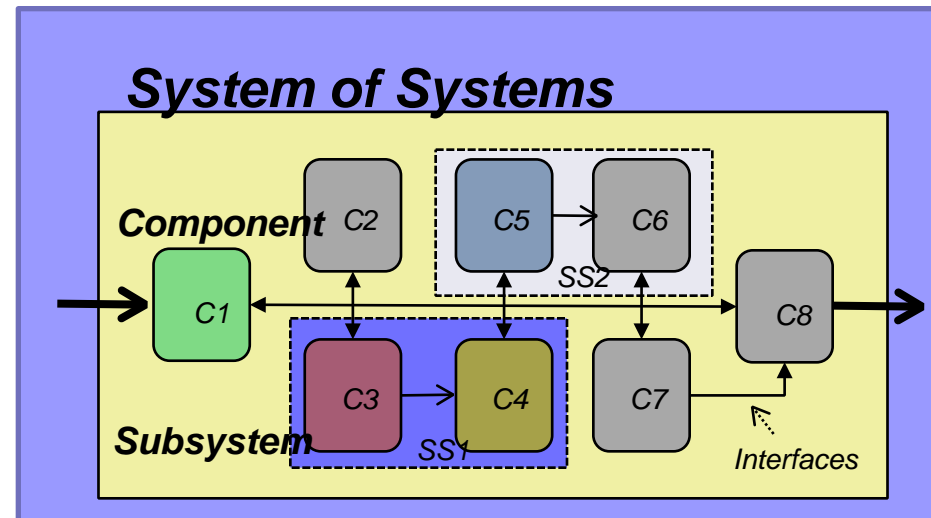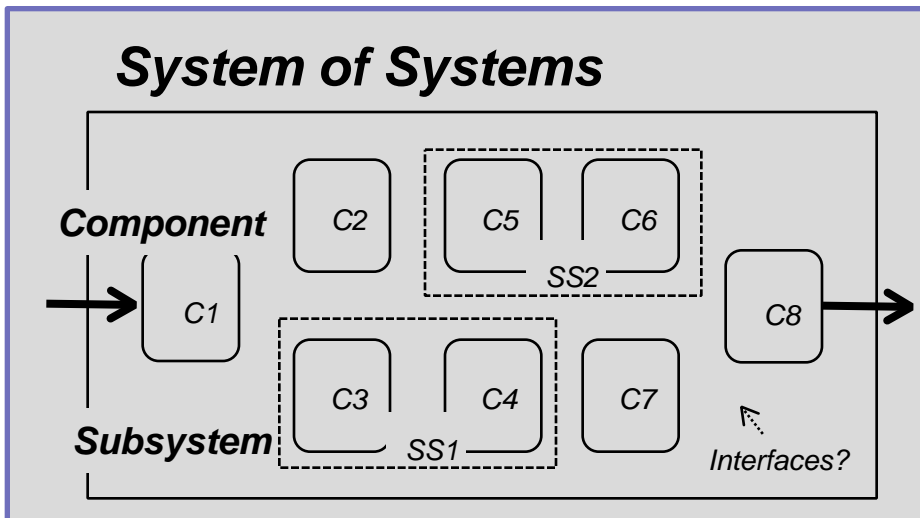
How We Get There – a level playing field

- Competition
- Consistency in RFP Language
- Full access to data needed for component competition
  - Value and honor IP exclusivity – where it is mutually beneficial
- Business architectures that drive technical design and innovation

We have tools that help get there

DoD BCA Guide & Templates

Open Systems Architecture (OSA)/Data Rights Business Case Guide and Templates
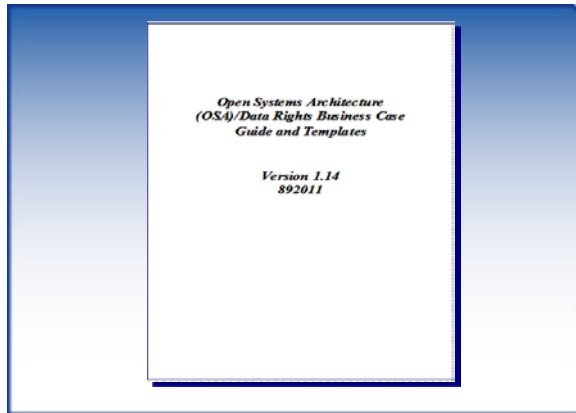
Version 1.14
892011

DoD OSA Contract Guidebook

GREATER VALUE, INNOVATIVE SOLUTIONS FOR THE WARFIGHTER

DoD OPEN SYSTEMS ARCHITECTURE   November, 2011

**Contract Guidebook
for Program Managers** v1.0
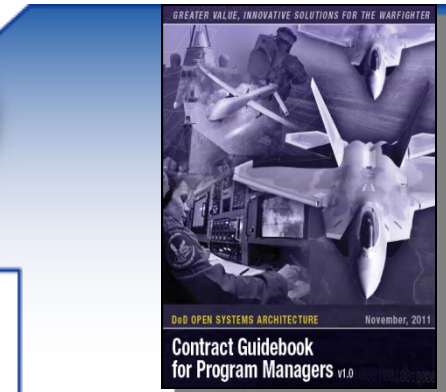
DoD Open Marketplace

software
Forge
.mil

Strategic use of IP Rights

Better Buying Power
Understanding and Leveraging
Data Rights in DoD Acquisitions

Prepared by the
Department of Defense Open Architecture Team

It is Our Game – We Must Write a New Playbook

- Sustain a Viable Defense Business Sector
  - Those that Hustle Survive
  - Competition Centric
  - IP is Valuable, But Not at the Interfaces
  - Innovation Wins
  - Enterprise Value

Leadership Challenge

Can a qualified third party – Big or Small . . .

- add,

- modify,

- replace,

- remove, or

- provide support

. . . based on open standards and published interfaces.

Message to Industry

- The Navy is moving out on OSA, getting a handle on our Data Rights and aggressively pursuing competition to get a better deal
  - More opportunities to win new work by competing
    - Platform, System, Component
  - Work Hard, Innovate, and Deliver – you will be right at home.

Backup

Data for competition does not have to cost more money

Development Funding

100% Private

100% Govt

< LR or RR

Limited Rights (LR) – or – Restricted Rights (RR)

Government Purpose Rights (GPR)

Unlimited Rights (UR)

> UR *(Title or Ownership)*

Commercial

XXX ← **Specially Negotiated License** → →

Global Exception: Unlimited Rights for OMIT, FFF, CSD, etc
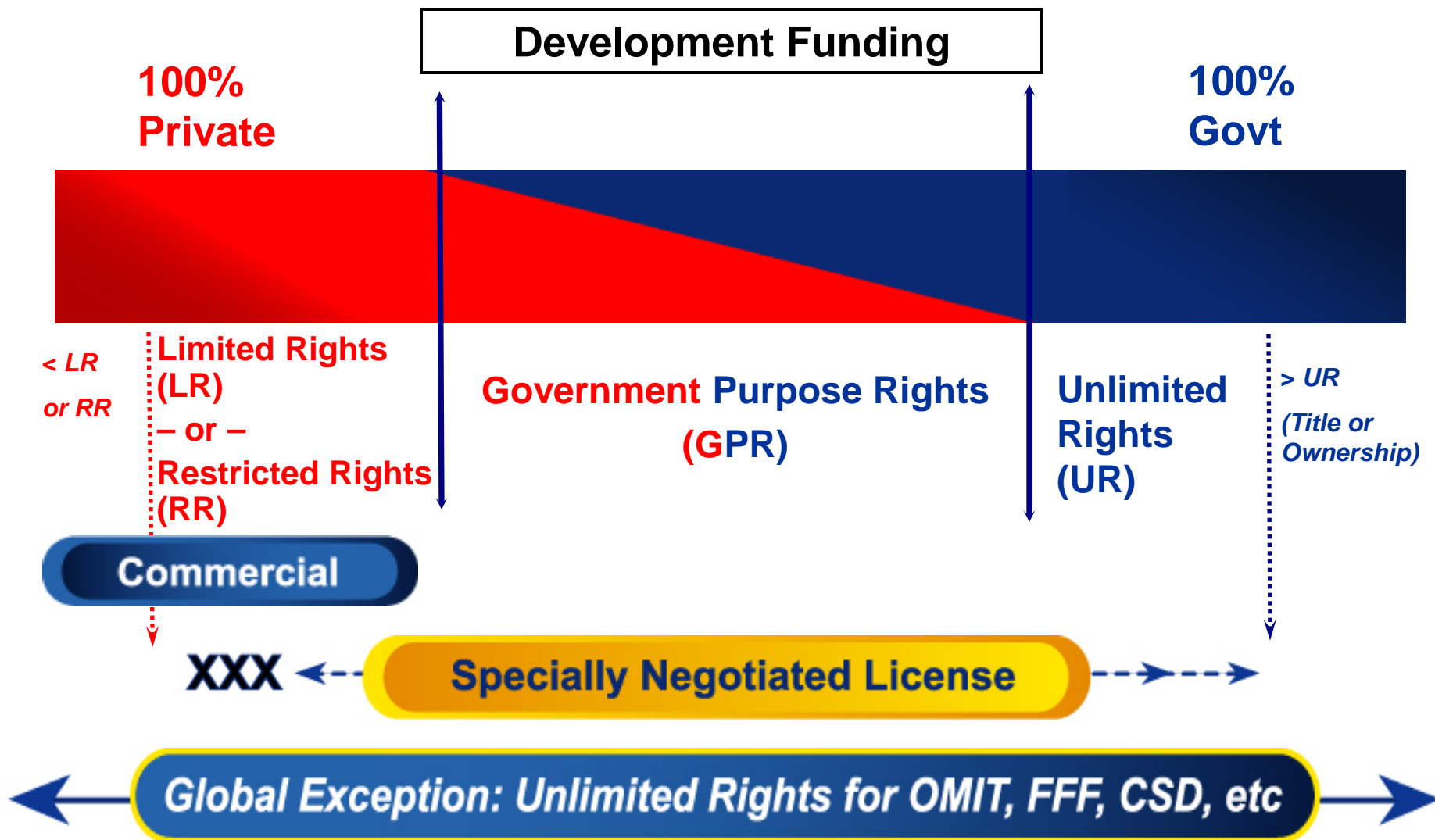
Approaches to Breaking Vendor Lock

Establish an Environment for Change

- Publish the intent to compete
- Establish Gov't/Industry/Academia forum
- Establish a Flexible Contracting Approach

Leverage and Exercise Data Rights

- Assess what you have/need
- Require delivery of non-delivered CDRLs and assert data rights

Change approach to Systems Engineering

- Develop a common architecture across a product line or similar Programs of Record
- Functionally decompose legacy Programs

Vendor Lock

Hold Competition

- Create an alternative
- Limit Integrator role
- Share GPR for next competition
- Inject OSA through technical insertions
- Use Government Labs for Integration

Incentivize Good Behavior

- Vendor-to-vendor cooperation past performance evaluation
- Associate contractors sink/swim together

Change Contracts

- Incentive fees
- Include OSA as part of evaluation
- Reward reuse in evaluation Criteria