

By: Jeff Kinney | January 21, 2019

Sweeping Acquisition Reforms Would Stress Simpler Acquisition, Portfolio Management



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Recommendations from an independent commission on streamlining the defense acquisition system would radically change how the Defense Department buys goods and services and interacts with the private sector.

A [report](#) from the congressionally mandated Section 809 Panel contains dozens of ideas for reforming DOD's "industrial age" procurement system to keep America's lead in defense technology.

Many of the recommendations deal with the Pentagon's purchase of purely commercial items, a process the report said needs to happen faster and with much less red tape to keep pace with today's dynamic commercial marketplace.

The report says DOD should adopt a "war footing approach" to procurement to ensure warfighters have the tools they need when they need them.

"The DOD acquisition system's ability to meet threats that exist today is questionable," the report says. "DOD lacks flexibility the nation's near-peer competitors have, limiting its ability to field innovative solutions before potential adversaries."

The panel's recommendations would more closely align DOD's purchasing procedures with those of the private sector. This would require a complete reimagining of the defense acquisition system, Charlie Williams, one of the commissioners, [told Federal News Radio](#).

"We think of this as revolutionary, and we think of it as a cultural change as well," he said. "To the extent that the Congress adopts the statutory requirements that make this happen, I think it will be a win-win for the department and the industry."

The report marks the culmination of more than two years of work and builds upon previous reports released in 2017 and 2018.

Marketplace Framework

According to the panel and many contractors and industry groups, the Pentagon's current "simplified acquisition procedures" for buying commercial items are anything but simple. They are, in fact, much too complex and time-consuming.

"It is time to abandon some of the more onerous and outdated concepts, as compared to private-sector practices, that create unnecessary friction in the acquisition system," the report says. "This friction inhibits rapid fielding of readily available products and services that increase lethality, ensure technological dominance, and provide critical warfighter support."

The report recommends DOD adopt a "dynamic marketplace framework" to allow it to acquire a wide range of capabilities as efficiently as possible. The new framework would divide everything DOD buys into three categories:

- **Defense-unique development:** DOD-financed development, either to repurpose a readily available product or solution or to develop a new product or solution, to deliver a defense-unique capability;
- **Readily available:** products and services that require no customization by the vendor and can be ordered directly by customers. Items in this category could be purchased directly on a fixed-price basis up to \$15 million, without traditional requirements like small business set-asides. In addition, bid protests would be limited to complaints filed with DOD under limited circumstances; protests with the Government Accountability Office or Court of Federal Claims would not be allowed.

- **Readily available with customization:** products and services sold in the private sector for which customization, consistent with what is offered to existing private-sector customers, is necessary to meet DOD's needs. This category would have similar rules to the "readily available" category, except DOD could impose some unique requirements and would allow protests with GAO.

Portfolio Management Framework

In addition, the report suggests DOD move from a program-centric model of acquisition to a portfolio-based model. This approach would require the department to manage systems as groups of capabilities at the enterprise level instead of as individual programs.

"In a threat environment that is increasingly dynamic and complex, defense acquisition must deliver capabilities in an equally dynamic and effective way, and moving from a program-centric model to a portfolio-based model would meet this objective," the report says.

Recommendations along these lines include implementing best practices for portfolio management, reducing budgetary uncertainty, increasing funding flexibility and making sure to account for long-term sustainment costs.

Government-Industry Interactions

The report also says Congress should require the defense acquisition workforce and the private sector to communicate better during the procurement process. This would help both sides identify innovative capabilities, share best practices, understand each other's needs and limitations, learn from mistakes and align missions between buyers and sellers.

Specific recommendations include:

- requiring DOD to communicate with industry from the development of a requirement through contract closeout, final payment, and disposal;
- establishing a market liaison at each procuring activity to facilitate communication with industry;
- encouraging greater interaction with industry during market research; and
- creating a market intelligence capability to increase the government's industry knowledge.

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