American Council of Technology (ACT) – Industry Advisory Council (IAC)

Presentation to the DoD Advisory Panel on Streamlining and Codifying Acquisition Regulations

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Advancing Government through Collaboration, Education and Action

ACT-IAC PRESENTERS

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ACT-IAC

A unique public-private partnership where government and industry executives are working together to improve government mission performance and operations through the efficient, effective and innovative application of technologies

- The only organization where government and industry are working together as true partners.

- Through it's collaborative activities educational program, ACT-IAC:

  - Produces better government decisions, more effective policies and greater assurance that government is acquiring the right products and services at the right price to meet its missions

  - Reduces the risks of poor investment decisions and ineffective policy choices

  - Maximizes the return on the investment of taxpayer dollars

  - Creates a more knowledgeable and experienced workforce with leadership skills for a changing world

- "ACT-IAC is *the Switzerland of the government technology community*" (Aneesh Chopra, former U.S. Chief Technology Officer)

- *"ACT-IAC forums are truly collaborative with government and industry working together to achieve results and solutions for the American citizens."* **(Karen Evans, former OMB E-Government Administrator)**

THE DEFENSE ACQUISITION SYSTEM

- The current system is a complex ecosystem of laws, regulations, supplementary instructions, culture and behaviors that emphasize compliance over mission efficiency & effectiveness

- An increasing number of acquisitions are overwhelming an already overworked acquisition workforce

- The system needs greater flexibility to stay current with rapidly changing technologies & threats

THE TIME TO ACT IS NOW

- Resources are limited and more agility is required to support the mission of ensuring our national security
- The current system has been resistant to new concepts, products and capabilities
- The new Administration has made clear that government must change – and is willing to be disruptive to create that change
- Secretary Mattis has opened the door to fundamental change with his stated desire for enterprise-wide consolidation of common systems and processes

CHANGE HAS TO BE FUNDAMENTAL – NOT INCREMENTAL

- Acknowledge that merely "streamlining and codifying" regulations is not going to significantly improve defense acquisition – also have to address process, workforce, stakeholder engagement, culture and other key factors

- Recommend a strategy built upon the following principles:
    - Simplify – get back to basics
    - Don't pay to build what already exists
    - Encourage innovation and agility
    - Educate and incentivize the workforce
    - Require a team approach to acquisition
    - Encourage more communication and collaboration

BE BOLD – DON'T BE AFRAID TO CHANGE - ENCOURAGE TRANSFORMATIONAL THINKING

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- **Resurrect and refocus on *buying in a manner consistent with commercial best practice*. Establish commercial buying *processes* (and Part 12 of the FAR) as the default process governing acquisitions. Deviation from such authorities should be on an exception basis.**

- Review and rationalize the current portfolio of acquisition approaches**.**

- **Consolidation, shared services, and enterprise approaches should be required and adopted when:**
  - **The costs of the consolidated solutions or services are equal to or less than current costs;**
  - **The level of service (e.g. program performance and customer satisfaction) is equal to or greater than current levels;**
  - **The risks of consolidated solutions or services are equal to or less than current risks; and**
  - **The payback period (the point in time where cost savings equal or exceed the costs of transforming from current to consolidated approaches) is acceptable.**

- **Align IT product and service acquisition strategies to DoD's enterprise architecture**
- **Solicit IT-enabled capabilities, not IT product and service specs**
- **Following through on implementation is essential to realizing potential, expected benefits. Things like policy changes, controlling funding to comply with decisions and directions, modifying business processes, demonstrating visible leadership support, and most important of all, informing all affected organizations and people to bring them along are key to success (practice disciplined, professional organizational change management).**
- **Eliminate the requirement that common off-the-shelf items need DOT&E authorization**
- **Apply the FITARA maturity model and acquisition transformation model throughout the department**

BACK TO BASICS - SIMPLIFY

Don't add to the current complexity with new policies and processes. Simplify.

- Review the principles of FAR 1.102 and use them to guide and assess the acquisition process. Principles are:
  - The vision is to deliver the best value to the customer while maintaining the public's trust
  - Maximize the use of commercial products and services
  - Acquisition is a team sport – establish joint accountability for mission and acquisition goals
  - If a particular strategy, practice, policy or procedure is not addressed in or prohibited by the FAR – it is permissible

- Simplify buying so that departmental acquisition professions can focus on more strategic and higher value tasks. There are too many transactions – find ways to reduce the time spent on less important transactions.

DON'T PAY TO BUILD WHAT ALREADY EXISTS

- Promote the use of shared services to eliminate duplication and waste

- Take advantage of Category Management and the Acquisition Gateway to acquire common goods and services

- Simplify the governance process for major DoD ACAT1 and ACAT2 programs.

- Do in common what is common – if it's not unique don't create a new process

ENCOURAGE AGILITY AND INNOVATION

- Encourage innovation. Explore the innovative acquisition approaches being employed in other agencies and adopt the best of use in DoD.

- Find a way to get the acquisition process ahead of the technology curve. Technology is evolving rapidly and will continue to do so. Unfortunately, the acquisition process (like many government processes) more frequently looks backward and tries to address yesterday's issue. At least some portion of the process must be flexible enough to encourage innovation and agility.

- Engage traditional industry partners in the pursuit of innovation. Recognize that many of them are just as capable of innovation as start-up companies in Silicon Valley.

- Open up the government's ability to try out or pilot innovative ideas and technology to all companies. Ensure government's needs to integrate with other parts of the architecture are clearly communicated; lower market barriers to new companies; and provide help where appropriate.

EDUCATE & INCENTIVIZE THE WORKFORCE

- Develop effective leaders in the government acquisition community. Encourage leadership that is willing to take appropriate risks, encourage staff to work in partnership with the other members of the acquisition team and communicate with industry

- Provide greater education for DoD employees as to how industry actually assesses and responds to departmental acquisitions. Find a way for DoD employees to walk in the shoes of their industry counterparts

- Establish shared performance metrics for all members of the acquisition team. If the program manager is measured by the quality of the product or service acquired while the contracting officer is measured on acquisition compliance and the finance officer is measured solely on the basis of cost – it can be difficult for them to work towards a common goal.

- Provide greater accountability for program management and acquisition success by using the new Program Management Improvement Accountability Act. Give joint accountability for both programmatic success and compliance with competition and other acquisition requirements to all team members – possibly with a subset or more limited acquisition rules or guidelines applying to large programs.

SHIFT FROM ADVERSARIAL TO TEAM

- Emphasize the common goal
  - Protect the nation; serve the warfighter; use taxpayer dollars wisely
- Build a team
  - Include program managers, mission experts, financial, acquisition and all those with an interest in the outcomes
- Let industry be part of team and contribute to the best solution
  - Engage industry from the conception of need and continue through the entire process
  - Development of ACT-IAC FITARA maturity model is an example of what government and industry can do as partners

ENCOURAGE COMMUNICATION & COLLABORATION

- Encourage and improve communication and collaboration between government and industry at all major steps in the acquisition process – particularly in the requirements development and acquisition strategy phases. Encourage DoD employees to seek opportunities to collaborate and communicate.

- Employ innovative initiatives such as the DHS reverse industry days to enhance Departmental awareness of how industry perceives and approaches the acquisition process.

- Draw upon the expertise, knowledge and experience of the civilian agencies and companies outside the traditional defense base. Encourage DoD engagement in organizations such as ACT-IAC

Acquisition has been a major issue on the ACT-IAC agenda since 1979.

Recent examples of our contributions include:

- Development of a maturity model to assist agencies in implementing the Federal Information Technology Acquisition Reform Act (FITARA)
- Identification of the key success factors for major IT programs and integration of those factors into a framework called "7-S for Success"
- Recommendations for improving the acquisition process for large-scale IT systems
- Ongoing development of a transformation framework for improving the acquisition process

Summaries of the above work are attached and the full reports are available upon request.

PILOTS PROVE SUCCESS!

Speed and Innovation

- **Large reductions in cycle time, without sacrificing quality or increasing risk**

- **Significant cost savings**

- **Increased innovation, operational speed and capability to "play the entire field"**

- **Innovation in acquired solutions and business processes**

Mission Orientation

- **Reconnection with true customers internal and external**

- **Increased customer and mission advocacy**

- **Increased risk tolerance and outcomes ownership**

- **Improved teaming, collaboration and acquisition planning capability**

Organizational Capability

- **Increased leadership and organizational alignment to a shared vision for acquisition**

- **Institutionalized learning while doing to improve performance**

- **Enlightened and enabled individual members of program-procurement team**

- **Enhanced 'tool bag' of outcomes-based, operational tactics, strategies and processes**

THAT IS WHY YOUR RECOMMENDATIONS MUST CENTER ON THE NEED TO KA3 MAKE COMMERCIAL BUYING AUTHORITIES THE DEFAULT RATHER THAN EXCEPTION IN FEDERAL ACQUISITION. THIS INCLUDES:

- Eliminating the slew of process and policy that has been layered on and diluted the value and benefits of FAR PT 12 as it was written and intended

- Substituting generally accepted accounting principles (GAAP) in place of government-unique cost accounting standards (CAS) except in cases of purely government-unique products

- Explicitly prohibiting the use of LPTA procurements for other than the most basic commodities

- Mandating multi-sector collaboration at all phases of the acquisition cycle up to proposal submission

- Re-engineering the acquisition workforce to ensure it has the tools for a different, more commercial business model in which critical thinking takes precedence over box checking

- Allowing alternative proposals in all solutions contracts

THE 809 PANEL HAS A RARE OPPORTUNITY TO HAVE A REAL IMPACT ON MODERNIZING ACQUISITION FOR TODAY AND THE FUTURE. WE CANNOT AFFORD TO MISS IT.

KA3   This is a second slide suggested by Stan Solloway
Kenneth Allen, 3/7/2017

FURTHER INFORMATION

ACT-IAC

www.actiac.org

(703-208-4800

Multiple Award Task Order Contracts (MATOCs) Are Overused

- MATOCs may have been over proliferated.
- "Hunting license" vs. "Fishing license"
  - Previous use was awards to a few companies for streamlined source selection
  - Current emphasis for broad scopes and large number of awardees which encourages more proposals for Basic IDIQ
- Use streamlined qualification for award of basic
- Maximize ease of on/off ramping for existing MATOCs
- Issue MATOCs with an enterprise view
  - Use existing MATOCs (e.g., like GSA) before issuing competing vehicle
  - Require agency approval before issuing competing vehicle

As one senior acquisition official says: "We want to do more ordering and less procuring."

THE THIRD WAVE IS NOW. MINOR CHANGE IS NOT AN OPTION.

- The incredible pace of technology advancement and innovation, particularly in applied technologies, has never been faster and the risks of falling hopelessly behind faster have never been greater.

- The acquisition system must be built to capture the entirety of available capabilities rather than perpetuating a government-unique market.

- Digital transformation is slowly but surely emerging in the defense department and across the government—but our acquisition system and processes are ill-suited to this new reality.

- While information technology is fundamental to core business processes, this is becoming increasingly evident in significant portions of major weapons systems programs.

WAVE 1 WAS THE DAWN OF THE INTERNET AGE. WAVE 2 WAS THE EXPLOSION OF THE INFORMATION AGE. WAVE 3 IS THE DIGITAL REVOLUTION. AND WE ARE NOT PREPARED FOR IT.

"IT Management Maturity Model in support of the implementation of the Federal Information Technology Acquisition Reform Act (FITARA)""

Phase 1 – Maturity Model (September 2015)
Phase II – "Proven Practices" (June 2016)
Phase III – "Measures of Impact" (June 2016

FITARA was enacted by Congress to improve the management of IT with an agency and thereby improve the ability of that agency to deliver its mission and conduct its business. To assist OMB and the agencies, ACT-IAC developed the "FITARA maturity model" as a "common baseline" to establish a framework of IT management capabilities and related roles and responsibilities that agencies are expected to implement. The model recognizes that "one size does not fit all" and provides flexibility for agencies to adapt the model to their own needs.

The maturity model helps agencies assess their maturity in five critical functions of IT management:

•   Governance
•   Budget
•   Acquisition
•   Organization and workforce
•   Program management

For each of these functions the model provides a description, a number of attributes and, for each attribute a number of traits. Agencies can use the model to assess their level of maturity as Level 1 – Basic capabilities; Level 2 – Evolving Maturity; and Level 3 – Demonstrated Maturity. After issuance of the initial model, ACT-IAC also identified a number of proven practices agencies should consider using and measures of impact.

A number of agencies are now employing the maturity model.

"Practical Advice to Advance Cloud Computing" (May 2015)

An exploration of the major barriers to cloud adoption were identified as security and the acquisition process.

Recommendations:

• Eliminate false choices – know your real mission needs

• Seek to standardize and avoid customer solutions: special requirements mean higher costs.

• Fit for the FAR: pick your contract vehicle to match the most flexible and seamless adoption path available.

The report includes specific initiatives for implementing the above recommendations.

"Key Success Factors For Major Programs That Leverage IT - The "7-*S for Success*" Framework" (May 2014)

In response to a request from OMB, ACT-IAC developed an acquisition and management framework to enhance the opportunities for success associated with large scale IT investments. The key principles of the framework, called "7-S for Success" are:

Managing Up and Out

- Stakeholder commitment and collaborative guidance
- Skilled program manager and team
- Systematic program reviews

Managing Across and Down

- Shared technology and business architecture
- Strategic, modular and outcomes-focuses acquisition strategy
- Software development that is agile
- Security and performance testing throughout

This framework was also recommended to Congress in ACT-IAC testimony before the Senate Committee on Homeland Security and Governmental Affairs on the subject of *"Identifying Critical Factors for Success in Information Technology Acquisitions"* (May 8, 2014)

"Transforming the Way Government Builds Solutions" ((2013)

ACT-IAC was asked by OMB to develop recommendations that would enable government to transform the way it buys, builds and implements successful 21st century solutions through the application of modular development, open data, rapid innovation, agility and the integration of reusable components..

Recommendations:

- Promote shared services that have proven effective by removing barriers to their use
- Support a community that promotes rapid adoption and maximized use of open data
- Make it simple to acquire and build reusable components
- Build a workforce that understands and values rapid, modular adoption and reuse

The report includes specific initiatives for implementing the above recommendations.

"Responsible Information Sharing: Engaging Industry to Improve Standards-Based Acquisition & Interoperability" (November 2012)

In 2012 GSA and ODNI challenged ACT-IAC to develop recommendations to identify and use the government's information sharing standards, foster collaborative efforts with industry to develop future standards and to incorporate them into industry products.

Recommendations:

• Focus on streamlining governance for interoperability standards

• Develop a standards roadmap

• Leverage standards conformance testing and pilots to minimize risk

• Incorporate standards requirements into all strategic management processes

• Enhance training and outreach

The report includes a detailed discuss of the issues and provides ideas for specific implementation of the recommendations.

"ACT-IAC Recommendations for Improving the Acquisition Process for Large Scale IT Systems (October 2010)

Major obstacles to improving the acquisition or large scale IT systems are: governance; collaboration; and communication.

Recommendations:

1. Greater senior agency leadership involvement in IT acquisitions
2. Promote effective risk sharing between government and industry
3. Foster meaningful communication and collaboration among government stakeholders
4. Foster more meaningful communication and collaboration between government and industry
5. Define agency requirements more effectively

The report includes specific initiatives for implementing the above recommendations.

"Enabling Federal IT Innovation and Results through Strategic Buying and Management" (April 2009)

This paper addressed the issue of how to increase government innovation and success by improving the acquisition process. It identifies the major challenges within the Federal Acquisition environment as:

- Acquisition Workforce: The federal acquisition workforce ("workforce") lacks the common framework, knowledge, experience and skills needed to successfully manage the acquisition process to meet the demands of rapid technology innovation and the growing complexity of the federal Government's mission requirements.

- Program Requirements: Programs outcomes are not well defined, funded for success, nor oriented towards new performance expectations.

- Transparency: There is insufficient transparency in both the acquisition process and the management/performance of programs

- Competition: The nature of today's complicated contracting process, coupled with inadequacies in the acquisition workforce, have the unintended consequences of reducing competition and increasing protests.

The paper includes a number of detailed and specific recommendations for addressing the above challenges.

ACT-IAC ACQUISITION TRANSFORMATION PROJECT

An update to the September 20, 2016 Presentation to the Commission

September 20, 2016 Presentation
Bottom Line Up Front:

- Abandon 'old school' approaches to reforming defense procurement

- Incorporate **transformational thinking** to carrying out the Section 809 Panel mission

Today's Purpose:
- Amplify Acquisition Transformation Framework
- Highlight Insights from Wave 1 Pilots
- DHS FEMA
- Department of Treasury

Transformation Guide Update Summary

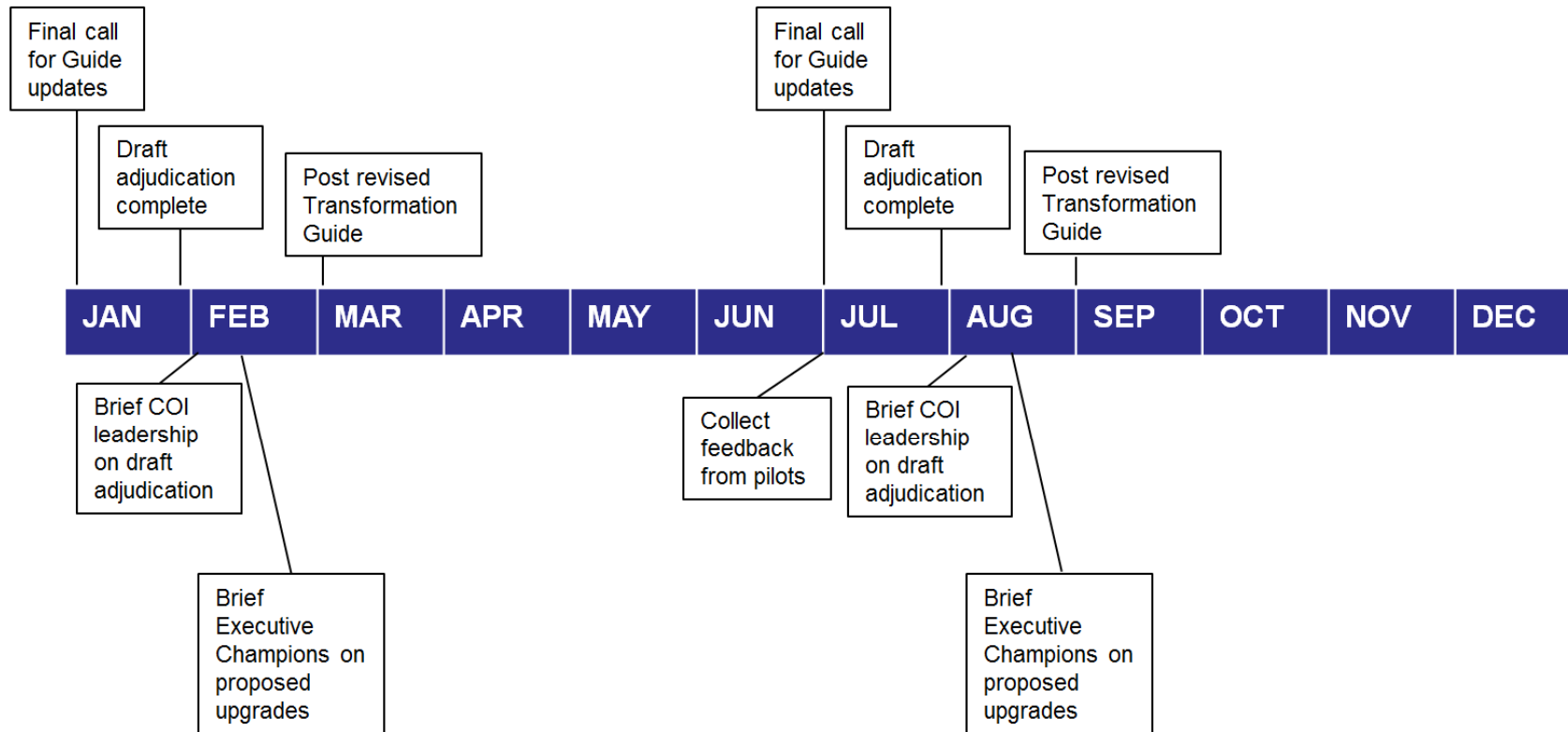| Insight Gained	Background	Source	Update from Insight
Add Program-Procurement relationship attribute to Culture Dimension	Program-procurement relationship is core to partnership at FEMA-FIMA	AOF website, blog post 9/23/2016 "The Evolution of AOF (#1)	**Add this attribute,** with specific entries for each maturity level shown in the following chart **to the Buyer-Acquiring Team dimension** Remove redundancies in the Mission Focus attribute
Orient people to AOF before using the Guide	Tough to consider the Guide from a 'cold start'	AOF website, blog post 9/23/2016 "The Evolution of AOF (#2)	Include **a sentence or two in the Guide overview suggesting to orient people to AOF background and context before diving into its use**
Include Category Management perspective and evolution in Guide	Category management philosophy and framework relates to the Transformation Guide	AOF website, blog post 8/12/2016 "Catching Up With Category Management	Reference AOF as a philosophy and a framework, similar in structure to other frameworks, including category management Undertake **2017 initiative to crosswalk elements of a Category Management framework with those in the Guide**

Addition to the Buyer(s)-Acquiring Team Dimension

Attributes	Passive	Reactive	Active	Proactive	Anticipatory
Program-Procurement Relationship	Focused on compliance Gatekeeper mentality Throwing over the fence Us vs them	Focused on compliance, quality of output Throwing over the fence	Shared understanding of desired outcomes Shared understanding of acquisition strategy Concurrent document creation and reviews	Shared understanding of desired outcomes Shared understanding of acquisition strategy Business advisor and technical expert relationship enables efficiency/best thinking/creativity Trust Concurrent document creation and reviews	Shared goals Business advisor and technical expert relationship enables efficiency/best thinking/creativity Anticipatory relationship Trust Concurrent document creation Limited review time required

Revision to Mission Attribute

Attributes	Passive	Reactive	Active	Proactive	Anticipatory
Mission Focus	~~Infrequent engagement between procurement and programs on requirements and strategy~~ Relies on existing or unproductive contracts Dictates rules and specifications to suppliers and internal customers Allows politics to trump business decisions	~~Procurement develops requirements, acquisition strategies, statements of objectives with programs~~ Stakeholders and oversight consulted early and often Government and industry incentives begin to favor collaboration	~~Strikes healthy balance between procurement independence and collaboration with program, and oversight during requirements development~~ Seeks capabilities and considers new approaches to meeting mission needs Stakeholders, oversight and programs, as well as vendors/suppliers, collaborate when crafting solutions and innovating	The entity with the requirement buys; partners with suppliers to innovate and create solutions; seeks emerging capabilities Oversight acts as a business advisor built into program business operations Communications with suppliers are open, ongoing Business model is open, features new past performance evaluation, open systems architecture focus; invites solutions from new providers.	Appropriators engaged early to drive resources to capabilities Acquisition expertise, market knowledge embedded in program Deep, extensive engagement with suppliers and markets; public/private partnerships are common Business model defined; business(es) in which the agency operates are articulated