National Defense Industrial Association (NDIA)

Contracting and Acquisition in a Wartime Environment

LTG Bill Phillips
Principal Military Deputy
Assistant Secretary of the Army
(Acquisition, Logistics and Technology)
and Director, Acquisition Career Management

21 April 2010
A Challenge to Industry
Questions

1. How much did we spend last night in Procurement dollars?
   a) $397M
      Also - on 30 Sept 2009 - last day of fiscal year –
      Army spent $5.3B in contracts in one day!

2a. How much did we spend on LOGCAP last year?

2b. Since inception?

3. How much did we spend in the last 2 fiscal years?

4. Does anyone know what proportion of federal contracting is executed by the Army?

5. How long have contractors been supporting the Warfighter on the battlefield?
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   a) $7B - $8B

2b. Since inception?
   a) $37B LOGCAP III
      $1.7B LOGCAP IV

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   a) $37B LOGCAP III
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3. How much did we spend in Contracted $’s for Fiscal Years FY08, FY09 and to date in FY10?
   a) $360B

4. What proportion of federal contracting is executed by the Army?

5. How long have contractors been supporting the Warfighter on the battlefield?
How was the Money Spent?

- **CONSTRUCTION**
  - 17%
  - ($60.6B)

- **SUPPLIES**
  - 45%
  - ($162.2B)

- **OTHER SERVICES**
  - 31%
  - ($111.5B)

- **R&D**
  - 7%
  - ($25.6B)
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4. **What proportion of federal contracting is executed by the Army?**
   a) FY08 = 31.5%

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5. How long have contractors been supporting the Warfighter on the battlefield?
   a) Since the American Revolution
Workload Explosion & Workforce Implosion

- $132B, 503K Actions
- Workforce down 15%
  - (Down 37% since 1982)
- Workload up 500%

Army Contracting Became Broken – Affected Contingency Contracting Operations!!!
What have we done about it?

• Workforce expansion
  – Section 852 NDAA – hiring 1885 contracting professionals by FY15
  – Insourcing – converting 3200 contractor positions to government employees
  – Expanding contract admin workforce by 491 civilians and 256 military

• Reorganization
  – Established the Army Contracting Command

• New training and doctrine

• Internalized Gansler recommendations into Army Strategic guidance
What Have We Done About It?

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What Do We Still Need To Do?

• Sustained Army Senior Leader Emphasis
• Budget must align with workforce growth
• Fill key GO and SES billets with Contracting professionals
• Cultural shift of contracting workforce
  – Compliance focus vs. Mission focus (Balance)
  – Operationalize Contract execution
• Training/Professional Development
• Implement Weapon Systems Acquisition Reform Act...

Keep Leadership & Industry Informed
“Annual Report to Stakeholders”
Weapon Systems Acquisition Reform Act

• Acquisition Organization
  – Systems Engineering Capabilities
  – Developmental Testing
  – Technological Maturity Assessments
  – Independent Cost Assessment
  – Role of Combatant Commanders

• Acquisition Policy
  – Trade-offs of Cost, Schedule and Performance
  – Preliminary Design Review (PDR)
  – Life-Cycle Competition
  – Nunn-McCurdy Breaches
  – Organizational Conflicts of Interest
  – Acquisition Excellence
Army Contracting
Army Contracting Mission

• Obtain the best quality weapon systems, equipment, and services for the Warfighter at a fair price
• Recruit, develop, retain, and empower a highly motivated, innovative, professional contracting workforce
• Provide timely and sound procurement advice to Army leaders at every echelon

There is a contract and an Industry Partner behind every building, system, piece of equipment, clothing item, and service our Soldiers Use!
The Army Contracting Enterprise – Complex “Contracting Authority”

Note: This diagram depicts contracting lines of authority only

Mutual Understanding of Organizations and Process is Essential
Contracting Complexity Over Time

- **Contract Law**
  - Title 10 and Title 41 Authorities
  - FAR and supplements
  - DFARS and supplements

- DFARS Procedures, Guidance and Information (PGI)
- AFARS and supplements
Contracting Trends....

• Contract Proposal Trends and Insights

• Source Selection Authority identification

• Competition Statistics
## FY09 Competition Goals

### Competition By Dollars

<table>
<thead>
<tr>
<th>Total Dollars</th>
<th>Competition Base (Dollars)</th>
<th>Competed (Dollars)</th>
<th>Percentage Competed (Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$145,607,506,714</td>
<td>$145,513,716,326</td>
<td>$97,329,694,328</td>
<td>67%</td>
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</tbody>
</table>

### Competition By Actions

<table>
<thead>
<tr>
<th>Total Army Actions</th>
<th>Competition Base (Actions)</th>
<th>Competed (Actions)</th>
<th>% Competed Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>500,607</td>
<td>469,275</td>
<td>375,299</td>
<td>80.%</td>
</tr>
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</table>
Contingency Contracting
Expeditionary Contracting Command
Contracting Support Brigades

- 411th CSB
- 409th CSB
- 408th CSB
- 410th CSB
- 412th CSB
- 413th CSB

- PARC
  - Army South
  - Fort Sam Houston

- PARC
  - Europe
  - Kaiserslautern, GE

- PARC
  - SWA
  - Camp Arifjan Kuwait

- PARC
  - Korea
  - Yongsan

- PARC
  - Pacific Hawaii
**JCC-I/A Mission**

- Execute responsive “effects-based contracting” support of vital supplies, services and construction to the Warfighter and Chiefs of Mission.
- Support relief and reconstruction of Iraq and Afghanistan ... drive capacity building and economic self sufficiency.

**PARC-I**
- 10 RCCs
- 2 Divisions

**PARC-A**
- 10 RCCs
- 1 Division

As of 31 DEC 09
Executing Warfighter Requirements

Goals

• Assist Host Nations transition to vibrant self-sustaining economies
• Employ Iraqi & Afghan citizens
• Contracting with local businesses

Focus - Positive impact on local economies

Results - FY06 → Present (30NOV09)
• $11.08B awarded to Host Nation Firms
  – Women-Owned
  – Iraqi > $471M since 2005 ($36M in 2009)
  – Afghanistan > $64M since 2007 ($39M in 2009)
• Over 4,500 vendors in contractor databases

“We haven’t killed our way out of this insurgency. We have bought ourselves out with other means. Employment and money are my biggest weapons. It’s like a free enterprise and trade thing I’ve got going against the insurgents” (Mar 2009)

LTC Ben Matthews (Mosul)
Tarzeen Company – Mosul

➢ Billboards

• W91GFB-09-P-5024
• Total value = $42,400
• Intent: Catch Known Terrorist

“Dear All,
It is 3:54 am. I just get off of phone with Yones. He informed me that we are done with installation of all Billboards. Tarzeen company have performed work. The IRAQI army was with us during installation of all Billboards. If you want to do inspection you should move fast and do it because there is threatn of loosing those Billboards by Terorist.

Respectfully, Farhad A. Ali, Tarzeen Company, Erbil – IRAQ” Sent: Thursday, April 30, 2009 3:59 AM
As conflicts become more complex, Commanders have been requiring more robust services in support of forces. Force caps in Kosovo/Bosnia resulted in higher KR to Soldier ratios. Shorter duration of conflict in DS/DS required less contractor support. Numbers do not include HNS from Saudi Arabia.
Contractors in the Fight Today

“What They Do” (Iraq)

Supporting DoD Operations & Life Support
- Force Protection (Security)
- Vehicle Maintenance
- Sustainment needs of deployed personnel

Contractors are the key - - 60% provide life support
- Water, electricity, sanitation, sewer, laundry, etc.

Logistics Civilian Augmentation Program (LOGCAP)
- Provides over 650,000 meals per day
- Sleeping arrangements for 200K personnel

Services provided in a War Zone
- Covering the area the size of California

Construction and Operations Support
- Fuel deliveries
- Aircraft maintenance
- Training

Equivalent to providing meals, housing, utilities, and services to the entire City of Orlando, scattered over terrain the size of California

102,045 Troops
Contracting Points of Friction!
Procurement Involves Multiple Stakeholders

Requirements Generation
1 – 27 weeks

Contract Award
1 – 4 weeks

Contract Closeout
days to years

Requirements Generation

Contract Award

Contract Closeout

FP 1
- Incomplete SOW/PWS
- Lack of funding
- Limited time
- Lack of automation

FP 2
- Appointment of CORs
- Maintaining CORs
- Effective oversight
- Invoice Certification

FP 3
- Invoice certification
- Property accountability
- Authorized commitments and Anti Deficiency Act violations

LIFE-CYCLE MANAGEMENT
“FROM CRADLE TO GRAVE” REMAINS IMPORTANT!
WE MUST UNDERSTAND EACH OTHERS’ PROCESSES TO
IMPROVE OVERALL CONTRACTING PERFORMANCE AND
REDUCE FRICTION -- AND RISK
Maintain High Standards of Ethics & Discipline in Contracting

- **Internal Procurement Management Reviews (PMRs)**
  - Every RCC twice a year
  - Identify “Trend Forming” Deficiencies & Institutionalize Processes
    - Training, Blanket Purchase Agreement (BPA) execution, CERP oversight & Services
    - Providing on-site “Just in Time” training (e.g., Ethics training)
- **DASA(P) PMR Results**: “GO” in all areas
- **Partnerships**: DCMA, CID, FBI, USAAA and SIGIR/SIGAR, DoDIG
- **Procurement Fraud Task Force**: CG JCC-I/A conducts weekly meetings PFTF
- **Prime to Sub Relationship and Oversight**: Both Gov’t and Industry must enforce
- **I/O Campaign**: AFN spot and screen savers

Procurement Fraud and Ethical Lapses: all of us have an inherent responsibility to report any suspected fraud!
As of 29 Jan 10, there have been 323 cases initiated that involved 711 subjects/suspects, 257 of which are government employees (Military and Civilian). To date there have been 100 subjects charged/indicted and 51 sentenced for their crimes and $105.5 million in fines and forfeitures imposed.

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage of Contracting Personnel in Iraq/Kuwait</th>
<th>Open Fraud Investigations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Force</td>
<td>70%</td>
<td>1</td>
</tr>
<tr>
<td>Army</td>
<td>28%</td>
<td>77</td>
</tr>
<tr>
<td>Navy</td>
<td>2%</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>78</td>
</tr>
</tbody>
</table>

Maintain High Standards of Ethics & Discipline in Contracting

FRAUD!
DO THE CRIME - DO THE TIME

Major John Cockerham
- USA Contracting Officer
- Sentenced for bribery, conspiracy, and money laundering of over $9M in bribes

On 2 December 2009 Cockerham and his cohorts were sentenced to the following:

<table>
<thead>
<tr>
<th>Name</th>
<th>Sentence Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>John L Cockerham</td>
<td>210 Months in Prison, $9.6M in Restitution</td>
</tr>
<tr>
<td>Melissa Cockerham (Wife)</td>
<td>41 Months in Prison, $1.4M in Restitution</td>
</tr>
<tr>
<td>Carolyn Blake (Sister)</td>
<td>70 Months in Prison, $3.1M in Restitution</td>
</tr>
<tr>
<td>Nyree Pettaway (Niece)</td>
<td>12 Months in Prison, $5M in Restitution</td>
</tr>
</tbody>
</table>

1/3 of the procurement fraud cases being investigated involve "contracting professionals"
New Technologies
Army S&T Principles and Vision

Fostering innovation and accelerating/maturing technology to enable Future Force capabilities while exploiting opportunities to rapidly transition technology to the Current Force

Current Force

- Modular Protective Systems
- IED/Mine Detection Ground Penetrating Radar
- MRAP Expedient Armor Program
- Unattended Transient Acoustic MASINT System

Future Force

- Immersive Training
- Virus-based Self-Assembling Electrodes
- Regenerative Medicine
- Armor Kit

Enabling the Future Force

Enhancing the Current Force
Future Force Technologies

Force Protection

Passive Armor

KE Active Protection System

High Energy Laser

Deployable Force Protection

C4/ISR

Sense Thru Wall

Knowledge Fusion

Flexible Displays

Measurement and Signature Intelligence (MASINT)

Tactical Mobile Networks

Unmanned/ Autonomous Systems

MAV

WASP

Daedal

Unmanned Aerial Vehicles

Unmanned Ground Vehicle Technologies
Future Force Technologies

Lethality

Scalable Effects

Inert Frags

Reactives Frags

Warhead

Small Arms Technology

Smaller, Lighter, Cheaper Munitions

Urban Assault Munitions

Small, Half-Size LiCFx

BA-5590 Battery

Current New

System Flame Test

Armor Coverage

Soldier Systems

Combat Rations

Soldier Mobility and Advanced Load Carriage

LiCFx Half-Size BA-5590 Battery

Current New

Soldier Systems

Power & Energy

Hybrid Electric Drive

Advanced Hybrid Engines

Segmented Band track

Precision Air Drop 30k lbs

Logistics

Fuel Cell Development

Power & Energy

Hybrid Electric Drive

Advanced Hybrid Engines

Segmented Band track

Precision Air Drop 30k lbs
Takeaways:
What I tell Warfighters (and Industry) !!!

• Must understand Contracting

• Contracting and Acquisition are complex – You are not alone!
  – Seek help on acquisition issues

• Contracting Officer Reps (DCMA) – critical!

• Requirements and resourcing drive Acquisition Strategy

• Acquisition exists to support and enable the Warfighters’ mission
  – Take the time to recognize and reward deserving Contracting/Acquisition professionals

We can get you what you ask for, but ensure it’s what you need.

You need to send us your best players

FAST, GOOD, CHEAP
You can have any 2 of 3
Acquisition Considerations -- HMMWV
“Driving Efficiency & Effectiveness”
Convergence: Requirements and Outcomes
THANK YOU!

for Supporting our Warfighters
BACKUPS
Weapon System Acquisition Reform Act

• Acquisition Organization

– Systems Engineering Capabilities

  – The Defense Science Board Task Force on Developmental Test and Evaluation reported in May 2008 that “the single most important step necessary” to address high rates of failure on defense acquisition programs is “a viable systems engineering strategy from the beginning.” The Government Accountability Office has reached similar conclusions. Unfortunately, the Committee on Pre-Milestone A and Early-Phase Systems Engineering of Air Force Studies Board of the National Research Council reported in February 2008 that the Air Force has systematically dismantled its systems engineering organizations and capabilities over the last twenty years. The other services have done the same. Section 101 would address this problem by requiring DOD to: (1) assess the extent to which the Department has in place the systems engineering capabilities needed to ensure that key acquisition decisions are supported by a rigorous systems analysis and systems engineering process; and (2) establish organizations and develop skilled employees needed to fill any gaps in such capabilities.

  – Source: http://levin.senate.gov/newsroom/release.cfm?id=308525
Acquisition Organization

Developmental Testing

Many weapon systems fail operational testing because of problems that should have been identified and corrected during developmental testing much earlier in the acquisition process. The Defense Science Board Task Force on Developmental Test and Evaluation reported in May 2008 that this problem is due, in significant part, to drastic reductions in organizations responsible for developmental testing. According to the Task Force, the Army has essentially eliminated its developmental testing component, while the Navy and the Air Force cut their testing workforce by up to 60 percent in some organizations. Section 102 would address this problem by: (1) requiring DOD to reestablish the position of Director of Developmental Test and Evaluation; and (2) requiring the military departments to assess their developmental testing organizations and personnel, and address any shortcomings in such organizations and personnel.

Source: [http://levin.senate.gov/newsroom/release.cfm?id=308525](http://levin.senate.gov/newsroom/release.cfm?id=308525)
Acquisition Organization

– Technological Maturity Assessments

– For years now, the Government Accountability Office (GAO) has reported that successful commercial firms use a “knowledge-based” product development process to introduce new products. Although DOD acquisition policy embraces this concept, requiring that technologies be demonstrated in a relevant environment prior to program initiation, the Department continues to fall short of this goal. Last Spring, GAO reviewed 72 of DOD’s 95 major defense acquisition programs (MDAPs) and reported that 64 of the 72 fell short of the required level of product knowledge. According to GAO, 164 of the 356 critical technologies on these programs failed to meet even the minimum requirements for technological maturity. Section 103 would address this problem by making it the responsibility of the Director of Defense Research and Engineering (DDR&E) to periodically review and assess the technological maturity of critical technologies used in MDAPs. The DDR&E’s determinations would serve as a basis for determining whether a program is ready to enter the acquisition process.

– Source: http://levin.senate.gov/newsroom/release.cfm?id=308525
Acquisition Organization

– Independent Cost Assessment

– In a July 2008 report, the Government Accountability Office (GAO) reported that “DOD’s inability to allocate funding effectively to programs is largely driven by the acceptance of unrealistic cost estimates and a failure to balance needs based on available resources.” According to GAO, “Development costs for major acquisition programs are often underestimated at program initiation – 30 to 40 percent in some cases – in large part because the estimates are based on limited knowledge and optimistic assumptions about system requirements and critical technologies.” Section 104 would address this problem by establishing a Director of Independent Cost Assessment to ensure that cost estimates for major defense acquisition programs are fair, reliable, and unbiased.

– Source: http://levin.senate.gov/newsroom/release.cfm?id=308525
• Acquisition Organization
  – Role of Combatant Commanders
    – In a February 2009 report, the Government Accountability Office (GAO) recommended that the acquisition process be modified to allow combatant commanders (COCOMs) more influence and ensure that their long-term needs are met. The GAO report states: “a COCOM-focused requirements process could improve joint war-fighting capabilities by ensuring that the combatant commander – the customer – is provided the appropriate level of input regarding the capabilities needed to execute their missions rather than relying on the military services – the suppliers – to drive requirements.” Section 105 would address this problem by requiring the Joint Requirements Oversight Council (JROC) to seek and consider input from the commanders of the combatant commands in identifying joint military requirements.
    – Source: http://levin.senate.gov/newsroom/release.cfm?id=308525
Acquisition Policy

- Trade-offs of Cost, Schedule and Performance
  - The January 2006 report of the Defense Acquisition Performance Assessment Project (DAPA) concluded that “the budget, acquisition and requirements processes [of the Department of Defense] are not connected organizationally at any level below the Deputy Secretary of Defense.” As a result, DOD officials often fail to consider the impact of requirements decisions on the acquisition and budget processes, or to make needed trade-offs between cost, schedule and requirements on major defense acquisition programs. Section 201 would address this problem by requiring consultation between the budget, requirements and acquisition stovepipes – including consultation in the joint requirements process – to ensure the consideration of trade-offs between cost, schedule, and performance early in the process of developing major weapon systems.
  - Source: [http://levin.senate.gov/newsroom/release.cfm?id=308525](http://levin.senate.gov/newsroom/release.cfm?id=308525)
• Acquisition Policy

– Preliminary Design Review (PDR)

– The Government Accountability Office (GAO) has reported on numerous occasions that a knowledge-based approach is critical to the successful development of major weapon systems. In January 2006, the Defense Acquisition Performance Assessment Project (DAPA) endorsed this view, and recommended that Milestone B decisions be delayed to occur after PDR, to ensure a sufficient knowledge base to ensure the technological maturity and avoid "a long cycle of instability, budget and requirements changes, costly delays and repeated re-baselining." Section 202 would address this problem by requiring the completion of a PDR and a formal post-PDR assessment before a major defense acquisition program receives Milestone B approval.

– Source: http://levin.senate.gov/newsroom/release.cfm?id=308525
Weapon Systems Acquisition Reform Act

• Acquisition Policy

  – Life-Cycle Competition

    – The Defense Science Board Task Force on Defense Industrial Structure for Transformation reported in July 2008 that consolidation in the defense industry has substantially reduced innovation in the defense industry and created incentives for major contractors to maximize profitability on established programs rather than seeking to improve performance. The Task Force recommended the adoption of measures – such as competitive prototyping, dual-sourcing, funding of a second source for next generation technology, utilization of open architectures to ensure competition for upgrades, periodic competitions for subsystem upgrades, licensing of additional suppliers, government oversight of make-or-buy decisions -- to maximize competition throughout the life of a program, periodic program reviews, and requirement of added competition at the subcontract level. Section 203 would require the Department of Defense to implement this recommendation.

    – Source: http://levin.senate.gov/newsroom/release.cfm?id=308525
Weapon Systems Acquisition Reform Act

• Acquisition Policy
  – Nunn-McCurdy Breaches
    – Since the beginning of 2006, nearly half of DOD’s 95 Major Defense Acquisition Programs (MDAPs) have experienced critical cost growth, as defined in the Nunn-McCurdy provision, as amended. Overall, these 95 MDAPs have exceeded their research and development budgets by an average of 40 percent, seen their acquisition costs grow by an average of 26 percent, and experienced an average schedule delay of almost two years. Such cost growth has become so pervasive that it may come to be viewed as an expected and acceptable occurrence in the life of a weapons program. Section 204 would address this problem and enhance the use of Nunn-McCurdy as a management tool by requiring MDAPs that experience critical cost growth: (1) be terminated unless the Secretary certifies (with reasons and supporting documentation) that continuing the program is essential to the national security and the program can be modified to proceed in a cost-effective manner; and (2) receive a new Milestone Approval (and associated certification) prior to the award of any new contract or contract modification extending the scope of the program. In accordance with section 104, a certification as to the reasonableness of costs would have to be supported by an independent cost estimate and a stated confidence level for that estimate.
    – Source: http://levin.senate.gov/newsroom/release.cfm?id=308525
• Acquisition Policy

– Organizational Conflicts of Interest

– Defense Science Board Task Force on Defense Industrial Structure for Transformation reported in July 2008 that “many of the systems engineering firms which previously provided independent assessment [of major defense acquisition programs] have been acquired by the large prime contractors.” As a result, the Task Force reported, “different business units of the same firm can end up with both the service and product side in the same program or market area.” This structural conflict of interest may result in “bias [and] impaired objectivity,” which cannot be resolved through firewalls or other traditional mitigation mechanisms. Section 205 would address this problem, as recommended by the Task Force, by: (1) prohibiting systems engineering contractors from participating in the development or construction of the major weapon systems on which they are advising the Department of Defense; and (2) requiring tightened oversight of organizational conflicts of interests by contractors in the acquisition of major weapon systems.

– Source: http://levin.senate.gov/newsroom/release.cfm?id=308525
• Acquisition Policy

  – Acquisition Excellence

    – The Department of Defense will need an infusion of highly skilled and capable acquisition specialists to carry out the requirements of this bill and address the problems in the defense acquisition system. The Committee has already established an acquisition workforce development fund to provide the resources needed to hire and retain new workers. However, positive motivation is needed as much as money. Section 206 would address this issue by establishing an annual awards program – modeled on the Department’s successful environmental awards program – to recognize individuals and teams who make significant contributions to the improved cost, schedule, and performance of defense acquisition programs.

    – Source: [http://levin.senate.gov/newsroom/release.cfm?id=308525](http://levin.senate.gov/newsroom/release.cfm?id=308525)
Agenda

- Contracting
- Army Contracting
- Contingency Contracting
- Takeaways

Goals:
- Understanding how Army is “Fixing” Contracting
- Understanding the Value of Acquisition
- Acquisition and Contracting as Critical Warfighting Enabler...
Teamwork – Essential for Success
JCC Strategic Priorities (CG’s -1)

1. Force Protection & Safety
2. Execute Warfighter “Requirements” efficiently and effectively
3. Support USF-I “Responsible Drawdown”
   - Joint Campaign Plan -- Economic LOO
   - Execute “Iraqi First” ICW 886 authority
   - Execute CERP contract actions
   - Track/Manage Contractor BoG
4. Support USFOR-A/ISAF strategy w/ Contracting Capability & Processes
   - Enhance Current/Future operations
   - Develop and implement theater-wide contracting strategy (increase personnel)
   - Execute “Local Afghan First” ICW 886 authority
   - Execute Strategic Forces Build-up
5. Revitalize and Utilize Joint Logistics and Procurement Support Board (JLPSP)
6. Leverage Reachback Contracting
7. Execute the full life cycle of contracting – administration, compliance and closeout
8. Set & maintain highest standards of ethics and discipline in contracting and all that we do
9. Posture HQ JCC-I/A for future operations within both Theaters
10. Stay mentally, physically and spiritually fit!

GEN Odierno: “I want you to apply Hard Contracting Lessons here and in Afghanistan!” 16 Feb 2009

ESTABLISH THE PATH WHERE YOU WANT TO GO AND INFORM LEADERSHIP!
#3 Support USF-I Responsible Drawdown

- Responsible Drawdown OPORD
  - JCC-I/A Fully engaged in execution ... Drawdown Fusion Execution
  - Contractor Drawdown Monthly Census embedded in USF-I OPORD!
  - Strategic Sourcing Team ... determining the right Contracting Strategies
    - Reducing reliance on LOGCAP
    - Executing firm fixed price, competitive awards (IAW recent Presidential Directive)

- Utilizing Request For Forces (RFF) for civilians to backfill military moved to OEF

[Box]
- Embed Contracting Operations into Warfighter Strategies (OPORD, JCP).
- Update Commander’s often (various levels) and seek support!
**Contractors in Support of US Forces – Iraq**

**BIG DEAL!!!**

### Trend by Contractor Type

<table>
<thead>
<tr>
<th>MONTH</th>
<th>TOTAL</th>
<th>US</th>
<th>TCN</th>
<th>LN</th>
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<tbody>
<tr>
<td>Dec-09</td>
<td>100,035</td>
<td>27,843</td>
<td>51,990</td>
<td>20,202</td>
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<tr>
<td>Jan-10</td>
<td>102,045</td>
<td>26,609</td>
<td>56,586</td>
<td>18,850</td>
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<tr>
<td>DELTA</td>
<td>2,010</td>
<td>-1,234</td>
<td>4,596</td>
<td>-1,352</td>
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<tr>
<td>% of TOTAL</td>
<td>2.0%</td>
<td>26.1%</td>
<td>55.5%</td>
<td>18.5%</td>
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### Trend by Category

<table>
<thead>
<tr>
<th>Mission Category</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
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<tr>
<td>BASE SUPPORT</td>
<td>65,763</td>
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<td>CONSTRUCTION</td>
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<td>6,364</td>
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<td>OTHER</td>
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<td>11,812</td>
<td>9,651</td>
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<td>TRAINING</td>
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<td>1,458</td>
<td>1,021</td>
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<td>TRANS/INTERP</td>
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<td>8,291</td>
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<td>8,680</td>
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<td>TRANSPORTATION</td>
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<td>1,607</td>
<td>1,924</td>
<td>2,060</td>
<td>1,063</td>
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### Strategic Communication

- **Goal:** Reduce contractor footprint to 50K-75K by Aug FY10
- **Goal:** Reduce US and TCN contractors; Increase % of LNs in overall contractor mix
- 2% increase in overall contractors from Dec 09 due primarily to increases in LOGCAP and Army vehicle support contracts (NOTE: LOGCAP increase largely due to support staff that was not previously counted)
- From Dec 09, US contractors decreased by 4.4%; TCNs increased by 8.8%
- 31.5% decrease in overall contractors in last year
- Anticipate steeper decrease in contractors following the military “waterfall”

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149K Jan 09
#3 Support USF-I Joint Campaign Plan (JCP)

- **Engagements:**
  - Ministry of Planning & Development Cooperation, Minister Ali Baban
  - Chairman, Iraqi National Investment Commission, Minister Dr. Sami Al Araji
  - Women-Owned Business ... multiple events
  - Iraqi Vendors: 4,500
  - Iraq Women owned vendors: 1,800

- **Working Groups:** (ICW US Embassy)
  - Um Qasr, IRR, ITN
  - Building Procurement Processes
  - TF BSO #3 Support USF-I Joint Campaign Plan (JCP)
  - Building Civil Capacity including Processes and “Rule of Law”
  - Proactive Ministry Engagement – essential task!
  - Supporting “Iraqi & Afghan First” – they seek stability, prosperity, and “hope” for a better future is a powerful gift!
  - Support Women Owned Businesses – they want “hope” for themselves & others

**CONTRACTING IS MORE THAN JUST “CONTRACTS”!**
**EXTERNAL ENGAGEMENT IS STRATEGICALLY IMPORTANT!**
#4 Support USFOR-A (OEF)

- JCC-I/A workload exceeds capacity of the augmented force
  - JMD increased from 55 to 144: current at 151

- “Contracting Surge” recognized by Warfighters as essential to mission execution – included in initial force package for OEF
  - Stood up 4 Regional Contracting Centers – Shank, Leatherneck, Dwyer, Herat (others planned)

- Liaisons Absolutely Essential – placed key personnel HQ USFOR-A (O-6) and USFOR-A South (O-5)

- Procurement and Logistics Inherently linked -- established the Inter-Agency Combined Joint Logistics Procurement Support Board (ICJLPSB) (co-chaired by MG Macdonald)

- Supporting CJTF 101/82 Contracting Officer Representative (COR) initiatives – training and message to deploying units

Command Engagement Essential at each level:
- RCC Chief to Bde/Div
- PARC to Theater/Div Cmd & Staff
- JCC CG/Dep Cdr to USF-I/USFOR-A
Mission
Ensure logistics and contract management programs are appropriately coordinated and prioritized to best support nation builders and warfighters

Task
• Develop, approve, and promote acquisition strategies for coordinating approaches for common or similar requirements across the Afghanistan Theatre of operations and eliminate redundancies.
• Coordinate efforts to reconcile requirements when conflicting interests materialize.
• Facilitate the integration and coordination of contracting efforts.
• Provide for timely dissemination of critical contracting related information/ issues.
• Develop a common methodology for contract oversight, synchronization, and consolidation where appropriate.

Purpose/Priority
• Provide centralized coordination for the decentralized execution of logistics and contracting activities throughout Afghanistan.
• Identify gaps in coverage and processes, effecting early problem area identification and resolution.
• Define and document ISAF/Coalition/USFOR-A contracting priorities.

Rules
• Come ready to participate—Open discussion
• Put the hard issues on the table

LESSONS LEARNED: LOGISTICS & PROCUREMENT ARE INSEPARABLE!

8 Meetings to Date
35+ Actions Tracking/Resolved
(e.g., Host Nation Trucking Gravel, ID/IQ Contracts, JCC contract use by Coalition/Interagency)
#6 Leverage Reachback Contracting

**REACHBACK IS A COMBAT MULTIPLIER!!!!!!**

- **Purpose:** “Reachback” to Rock Island Contracting Center (RICC) our more complex, resource intensive acquisitions requiring significant Source Selection assets
- **Results:** Over $500M executed by RICC – over $1B more in work!
- **Examples:**
  - **LEGACY**
    - Warehouse Staging & Transportation Services Contract (PWC Agility)
    - Cranes
    - Cropper Big Voice
    - Forensic Equipment
    - MBCTOM Satellite Antenna Package
    - Mobile Radio Communication System
    - Nat’l Police Mobile Trailers
  - **CURRENT**
    - Acquisition Support
    - Big Voice
    - IOTF ‘Classified’ Requirement
    - Intel Support Services
    - Iraq Advisory Task Force
    - Omnibus Support Contracts (Currently 5 Contracts)
    - TFBSO Consulting Services
  - **FUTURE**
    - AFCENT I/A Pop-up Barrier Maint (I)
    - AFCENT I/A Skywatch Tower Maintenance
    - Generator Leasing
    - NTV Maintenance
    - Afghan Construction Contracts
    - Working Dogs Afghanistan

- **Do not have to “control” execution of a requirement to influence!**
- **Pushback could be significant here: KOs, RCC Chiefs, PARCs, Cdrs, etc.**
#7 Execute Life Cycle Contracting

**LIFE CYCLE CONTRACTING REMAINS ESSENTIAL IN A CONTINGENCY ENVIRONMENT!**

- **Purpose:** “timely” closeout of completed contracts (vendors paid and validated delivery of supplies, services, etc.).

- **Challenge:** Over 90K contracts in OIF/OEF had been physically completed & awaiting closeout, some as old as 2002/2003 (OEF & OIF).

- **Contract Closeout Task Force (CCTF), San Antonio status:**
  - JCC-I/A shipped a total of 85K contracts

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**Key Reasons to for timely life cycle execution (lessons):**

- Ensures all parties meet their obligations – Gov and Industry
- Discourages Fraud (Teamed w/ CID & DFAS – numerous files referred to CID)
- Upholds our fiduciary responsibility to the American Taxpayer
Two Chains of Reporting – “Command & Contracting Authority”!

* PARC - Principal Asst Responsible for Contracting
** RCC – Regional Contracting Center
Final Thoughts – Lessons Learned!!

- **Automated Requirements Generation** -- point of friction w/ Warfighters. A requirements generation system that incorporated standard/proven Performance Work Statements (PWS) and Statements of Work (SOW) remains essential (cASM).

- **Institutionalize Contracting Officer Representative (COR) (point of friction)!**
  Strategies Across the Army, and other Services (Army, DAU & DCMA equities)

- **DCMA Support (in my view a combat multiplier)** Need additional DCMA resources for contract administration of complex, multi-million dollar contracts (need help w/ QAR/COR oversight)

- **KOs must Operationalize Requirements to Contract Execution** – we often think that FFP, Competitive Contracts result in “best value” and that contractors are ready to perform when they sign-up! However “Best Value” may not always be “best value” to warfighters in combat – must “operationalize” the actions for successful execution (e.g., security)

- **Cash Off the Battlefield** JCC-I/A worked closely w/ ARCENT fostering a multi-agency partnership to advance cashless CJOA
  - Policy Directive (Iraq Only) ...new contracts awarded after Oct09 will be paid in local currency (OEF will soon follow – 99% there today).
Final Thoughts – Lessons Learned!!!

• Rigorous **Procurement Mgm’t Reviews (PMR)** – ensuring we’re doing things right!

• **Adequate Resourcing/Manpower Essential** – *without resourcing the mission will suffer!* (utilize JMD and RFF process)

• **Unity of Command** – JCC-I/A CG is the Senior Contracting Official in Theater.

• **Synchronizing Logistics and Procurement** – fully utilize Joint Logistics Procurement Support Board and Strategic Sourcing Boards
  
  • Ensure logistics and contract management programs are appropriately coordinated and prioritized to best support nation builders and warfighters
  
  • Boards in both Iraq and Afghanistan regularly meeting ... tackling the tough issues!

• **Force/FOB Build-Up in Afghanistan**
  
  • Minor Military Construction cap of $750K limit restricts the ability to execute FOB build-up including construction of offices, quarters, etc.

**• Contingency Contracting is a COMBAT MULTIPLIER – CRITICAL TO MISSION SUCCESS!!**

**• If you are a contracting professional -- join the team or send Your Best and Brightest!!!**
Joint Contracting Command: Executing Warfighter Requirements Effectively and Efficiently

Contract Actions FY 09

- Total Actions: 13,982 (Iraq) / 19,281 (Afgh)
- Total Dollars: $2.84B (Iraq) / $2.60M (Afghan)

Protests FY09

- Protests Afghanistan: 63
  - Agency Protests: 30
  - GAO Protests: 33
  - Corrective Actions: 18
- Protests Iraq: 53
  - Agency Protests: 20
  - GAO Protests: 33
  - Corrective Actions: 13
- Total Protests: 116

Litigation Support: Corrective Action taken in only 47% of protests vs. 55% Air Force wide for FY 09
Supporting Responsible Drawdown

- Current manning 178 (134Mil/44 Civ)
- JCC-I/A HQ located at VBC
- PARC-I located at VBC
- 10 Regional Contracting Centers + 2 Divisions (MSD/TWR)

Strategic Agreement Steady State

- Proposed JMD 108 personnel (94 Mil/14 Civ)
- JTSCC HQ located outside Iraq JOA
- Deputy Commander / SCO-I located at VBC
- 7 Regional Contracting Centers + 2 Divisions (MSD/TWR)
#9 Posture JCC-I/A for Future Operations

**Afghanistan**

- **November 2009 (Dep CDR / PARC-A / 10 RCCs / 1 Div)**
  - Current manning: 151 personnel up from 65 personnel in Jan09
  - Deputy Commander located at Kabul / PARC-A at Bagram
  - 10 Regional Contracting Centers + 1 Divisions (TWR)

- **August 2010 (Dep CDR / SCO-A / 13 RCCs / 2 Divs)**
  - Proposed JMD(144) + RFF 920(8) = 152 personnel (149 Mil/3 Civ)
  - JTSCC FWD HQs, Deputy Commander & SCO-A located at Kabul
  - 13 Regional Contracting Centers + 2 Divisions (CSD/TWR)

"Hard lessons" from Kuwait/Iraq being applied

Postured to Support Current & Future Operations

**Execute Strategic Forces Build-Up**
- Current manning 151 personnel up from 65 personnel in Jan09
- Deputy Commander located at Kabul / PARC-A at Bagram
- 10 Regional Contracting Centers + 1 Divisions (TWR)

**Support USFOR-A Strategy...Steady State**
- Proposed JMD(144) + RFF 920(8) = 152 personnel (149 Mil/3 Civ)
- JTSCC FWD HQs, Deputy Commander & SCO-A located at Kabul
- 13 Regional Contracting Centers + 2 Divisions (CSD/TWR)
**Logistics Civil Augmentation Program (LOGCAP)**

**Definition:** Army initiative for using contractors in wartime and to support Global contingencies for DoD missions.

**Mission:**
- Provide combat service support augmentation
- Support Full Spectrum Operations
- Supporting tasks:
  - Incorporate into GCC OP plans
  - Train, educate, and provide liaison to deploying units
    - Provide Exercise Support Management
    - Provide GCC Forward Planners

**LOGCAP Contractor Augmentation covers the entire spectrum of support, to include:**

**Supply Operations**
- Class I (Rations & Water)
- Class II (Organizational Clothing, Equipment & Admin Supplies)
- Class III (POL-Bulk & Pkg)
- Class IV (Construction Materials)
- Class V (Ammunition)
- Class VI (Personal Demand Items)
- Class VII (Major Items)
- Class VIII (Medical Supplies)
- Class IX (Repair Parts)

**Field Services**
- Laundry & Bath
- Clothing Exchange
- Clothing Repair
- Food Service
- Mortuary Affairs
- Sanitation
- Billeting
- Facilities Management
- MWR
- Information Management
- Personnel Support

**Other OPNS & Services**
- Maintenance
- Transportation
- Medical Services
- Engineering & Construction
- Signal
- Retrograde
- Power Generation & Distribution
- Physical Security
- Standard Army Management Information System (STAMIS) Operations

**LOGCAP FACTS 2003-Present**
- 1.06B meals prepared
- 76.03M bags of laundry cleaned
- 232.27M patrons visited MWR facilities
- 320.68M lbs of mail
- 22.11B gallons of water produced
- 268.57M tons of ice produced @ 31 ice plants
- 7.67B gallons of fuel delivered
- 650+ trucks on the road on any given day
Key Issues

• **Acquisition Reform**
  – President has directed *acquisition reform*
  – Senate Bill 454, Acquisition Reform Act

• **Rapid Acquisition!**

• **Preserve the Integrity and Independence of the Acquisition Process**
  – Statutory, regulatory, and DoD policy authorities mandate civilian control of acquisition process
  – Urgency of war has blurred authorities and responsibilities for acquisition and sustainment

• **Must Rebuild and Rebalance our Contracting & Acquisition Workforce**
  – Our people are our most important asset

• **Synchronization and Integration of Programs = Output (ex: JTRS & WIN-T)**

• **Test Units – the “pool” and flexibility is gone!**

• **Maintain our Technological Strength to Provide Decisive Edge to Warfighters**
  – Update and modernize selected systems to best prepare Soldiers for combat
  – Incorporate new technologies into our Brigade Combat Teams
  – Better enable all of our formations through continuous upgrades and modernization
Synchronizing Requirements & Acquisition to Support Operations

Army Force Generation = synchronizing requirements to predictable available modular forces in a logical, systemic process

Core Reset, Recapitalization, and Fielding Programs:
- ABRAMS
- Apache
- Etc...

Equipment Retrograde

Systems & Equipment RESET

Rapid Fielding Initiatives

New Equipment Teams
- Pre-positioned stocks
- Operational Contract Support training, COR training, CERP training

Over 6000 Acquisition Professionals deployed with Operational Forces
- Support Training, Test, Evaluation, Program Liaison
- Operational Contract Support
- Contracted Logistics
- JUONS
- Rapid Fielding Initiatives