New Scalable Acquisition Framework in the Department of Commerce

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Office of the Secretary

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Agenda

- The Department of Commerce (DOC) and It’s Acquisitions
- Impetus for the Acquisition Framework
- The DOC Acquisition Framework Realized
- Accomplishments and Future Plans
DOC Acquisition

• **12 Bureaus + Office of the Secretary**
  - Office of the Secretary (OS)
  - Bureau of Economic Analysis (BEA)
  - Bureau of Industry and Security (BIS)
  - Economic Development Administration (EDA)
  - Economics and Statistics Administration (ESA)
  - International Trade Administration (ITA)
  - Minority Business Development Agency (MBDA)
  - National Oceanic and Atmospheric Administration (NOAA)
  - National Institute of Standards and Technology (NIST)
  - National Telecommunications and Information Administration (NTIA)
  - National Technical Information Service (NTIS)
  - US Census Bureau (Census)
  - US Patent and Trademark Office (USPTO)

• ~**49,000 employees (FTE and contractors)**

• **FY2011 budget of $10 B with $2.4 B in procurements and $1.3 B in grants**
**Vision: Big “A” Acquisition**

- **Big “A” Acquisition**
  - Establish a requirements process that produces:
    - Clearly defined, stable, validated, and affordable requirements
  - Establish a resource allocation process that produces:
    - Realistic program cost and schedule estimates
    - Balances requirements across Department
  - Establish an Acquisition process that produces:
    - Required, affordable, timely products

- **Processes are inter- and intra-departmentally coordinated and supported**

- **Synchronize Requirements, Resources, and Acquisition to Deliver Capabilities**
Genesis of Acquisition Improvement

- **Catalyst**—challenges encountered in four high-profile acquisitions
  - Small Water Plane Area Twin Hull (SWATH) - NOAA
  - Joint Polar Satellite System (Formerly NPOESS) - NOAA
  - Marine Operations Center – Pacific (MOC-P) - NOAA
  - Field Data Collection Automation (FDCA) - Census

- **DOC Secretary memo, June 18, 2010**, mandated immediate and comprehensive review of the acquisition processes across the Department

- **Review findings: Areas requiring improvements**
  - Finding 1: Formal Requirements Management Process
  - Finding 2: Better Acquisition Planning
  - Finding 3: Departmental Oversight and Insight
  - Finding 4: IT System
  - Finding 5: Performance Metrics
  - Finding 6: Standard Quality Assurance
  - Finding 7: Bulk Buying
  - Finding 8: Customer Service
### ‘Tipping Point’ Issues Addressed in Acquisition Framework

<table>
<thead>
<tr>
<th>Marine Operations Center – Pacific (MOC-P) - NOAA</th>
<th>Environmental Satellite SNPOESS/GOES-R - NOAA</th>
<th>Small Water Plane Area Twin Hull (SWATH) - NOAA</th>
<th>Field Data Collection Automation (FDCA) - Census</th>
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<tbody>
<tr>
<td><strong>Conceptual Phase</strong></td>
<td><strong>Project Definition Phase</strong></td>
<td><strong>Project Development Phase</strong></td>
<td><strong>Project Implementation Phase</strong></td>
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<td>MS 1</td>
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<td>• Need clear policy on definition of major project</td>
<td>• Need comprehensive analysis of alternatives – address government and non-government solutions</td>
<td>• Need to clearly refine and articulate requirements</td>
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<td>• Need to consider regulatory constraints</td>
<td>• Need to consider life cycle costs</td>
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<td>• Need cross functional review</td>
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<td>• Need systematic validation of requirements</td>
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<td>• Need to fully consider feasibility/technical risk</td>
<td>• Need technical risk assessment and mitigation process</td>
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<td>• Need process to develop requirements in a joint sponsorship environment</td>
<td>• Need good project planning and cost estimating</td>
<td>• Need technical risk assessment and mitigation process</td>
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<td>• Need comprehensive acquisition strategy</td>
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## Other Project/Program Acquisition Lifecycles

### Typical IT System Development Life-Cycle (SDLC) project phases

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<tr>
<th>Phase</th>
<th>Initiation</th>
<th>Planning</th>
<th>Requirements Analysis</th>
<th>Design</th>
<th>Development</th>
<th>Integration and Test</th>
<th>Implementation</th>
<th>Operations and Maintenance</th>
<th>Disposition</th>
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### Project Management Institute - Project Management Body of Knowledge (PMBOK)

|------------------|--------------------------|------------------------|---------------------------------------------------------------|-----------------------|

### NOAA NAO 216-108 - REQUIREMENTS MANAGEMENT

<table>
<thead>
<tr>
<th>Needs Identification &amp; Definition</th>
<th>Solution Alternatives Identification</th>
<th>Solution Selection</th>
<th>Acquisition &amp; Implementation</th>
<th>Full Operational Capability</th>
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### NASA NPR 7120.5D - Space Flight Program

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<th>NASA NPR 7120.7 - IT &amp; Institutional Infrastructure (IT Life-Cycle) (Institutional Infrastructure slightly different)</th>
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### Formulation and Implementation

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<tr>
<th>Pre-Phase A</th>
<th>Phase A</th>
<th>Phase B</th>
<th>Phase C</th>
<th>Phase D</th>
<th>Phase E</th>
<th>Phase F</th>
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<tbody>
<tr>
<td>Concept Studies</td>
<td>Concept &amp; Technology Development</td>
<td>Preliminary Design &amp; Technology Completion</td>
<td>Final Design &amp; Fabrication Build</td>
<td>System Assembly, Integration &amp; Test, Launch</td>
<td>Deployment, Operations &amp; Sustainment</td>
<td>Decommissioning Closeout</td>
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### DoD 5000.02 (12/8/2008) Operation of the Defense Acquisition System

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<th>Pre-System Acquisition</th>
<th>System Acquisition</th>
<th>Sustainment</th>
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<td>Material Solution Analysis</td>
<td>Technology Development</td>
<td>Engineering and Manufacturing Development</td>
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<td>Production &amp; Deployment</td>
<td>Operations &amp; Support</td>
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**LRIP** = Low-Rate Initial Production  
**IOT&E** = Initial Operational Test and Evaluation
Overview of Framework

The DOC Scalable Acquisition Project Management Framework is:

- A description of the minimum standard of processes and reviews for high profile projects
- A recommended lifecycle model for managing acquisition projects of all levels

AND which must overcome a systemic misconception: **Procurement ≠ Acquisition**
DOC Scalable Acquisition Project Management Framework

**Conceptual Phase (MS 0)**
- Focus on what is needed, not how to fulfill the need
- Define the need or capability gap
- Estimate the ROM resources and costs
- Obtain sponsor commitment

**Project Initiation Approval (MS 1)**
- Focus on how to fulfill need (e.g., policy change, material solution, operational change, other?)
- Identify and analyze alternative solutions
- Refine the requirement
- Conduct detailed project planning to include assessment of risk
- Perform independent review of project and costs
- Establish cost and schedule baselines

**Project Approval (MS 2)**
- Focus on further refining requirements and preparing for procurement
- Update resource requirements/budget
- Reaffirm cost and schedule baselines
- Assess prototypes and technology maturity
- Update project planning
- Update risk assessment

**Project Implementation Approval (MS 3)**
- Execute project
- Manage/adjust project as required
- Deliver capability to the Bureau

**Project Delivery (MS 4)**
- Incorporate capability into Bureau operations
DOC Acquisition Project Management Framework Documentation

Processes to be conducted during phases:

- Needs Analysis
- Resource/Affordability Analysis
- Independent Cost Review
- Initial Risk Management

- ID/Analysis of Alternatives
- Capabilities Requirements Development
- Requirements Traceability
- Resource Requirements
- Project Cost Estimate
- Independent Cost Estimate
- Independent Review
- Project Planning
- Tech Readiness Assessment
- Risk Management Update
- Acquisition Strategy

- Requirements Traceability
- Requirements Refinement
- Budget Planning
- Project Cost Estimate
- Independent Cost Estimate
- Project Planning Update
- Independent Review
- Product Demo/Prototype
- Risk Management Update
- Acquisition Planning

Documentation required for milestone reviews:

- Mission Need Statement
- Initial Risk Report
- Independent Cost Estimate (ICE) Report
- Sponsor Commitment

- Analysis of Alternatives Rpt
- Concept of Operations
- Capabilities Requirements Document
- ICE Report
- Project Mgt Plan
- Project Baseline
- Tech Readiness Report
- Risk Report Update
- Acquisition Strategy Report
- Sponsor Commitment Reaffirmation

- ICE Report
- Project Mgt Plan Update
- Baseline Update
- Product Demo/Prototype Report
- Procurement Requirements Document
- Risk Report Update
- Acquisition Plan
- Sponsor Commitment Reaffirmation

* Note: information from documents required at MS2 and MS3 are used to develop the Business Case

Office of Acquisition Management
Implementation Elements

• Chartering an Oversight Body, the Milestone Review Board (MRB)

• Authoring DOC Acquisition Policy and a Guidebook

• Building the PM Cadre
  - Certification
  - Training and Support
  - Community of Practice

• Providing Direct Support to Programs/Projects
Key Components of the MRB

- **Early Focus:** To ensure adequate review and oversight at key “milestones” throughout the life of the project/program.

- **Authority:** Chaired by the DOC Deputy Secretary as the Milestone Decision Authority

- **Integration:** It will replace existing departmental reviews, when projects are approaching a key milestone, by combining subordinate review co-chairs with other Board participants.
  
  (Existing departmental reviews include the Commerce IT Review Board (CITRB), Acquisition Review Boards (ARB), Real Property Reviews, or Deputy Secretary reviews.)

- **Standardization:** The MRB will use standard evaluation criteria to promote consistency and clarity.

- **Optimization:** A cross-functional team represented by budget, IT, contracts, costing, project management, and risk will work with the program/project staff prior to a milestone review to ensure a more productive MRB review.
Scope of the MRB:
High-Profile Programs and Projects

• High Risk Factors
  - Criticality
    • Key to mission goals and objectives and to achieving the objectives in the DOC Balanced Scorecard
  - Complexity
    • Multiple organizations’ involvement and interfaces; complex and/or rare skills requirements; analogous characteristics to other challenged programs
  - Technology
    • Challenges identified requiring probable research, development, and/or demonstration
  - Visibility
    • Subject to external review and extraordinary media or political attention; potential to damage the reputation of the DOC if unsuccessful

• Dollar Thresholds
  - IT: $75M lifecycle or $30M annual costs
  - Real Property/Facilities: $40M lifecycle costs
  - Other: Development costs greater than $75M, or $250M lifecycle costs

• High-profile projects as designated by Department or Bureau leadership or MRB members
High-Profile Projects in Perspective

18 Total (~2%)

Separate Reviews at HQ:
• 130 IT Projects

MRB Oversight High-Profile Projects (~$1.8B)
• 6 IT
• 5 Facilities
• 7 Capital

~ 677 Total* (~98%)

Non-High-Profile (~$2.6B)
• 130 IT (Exhibit 53)
• ~ 55 Facilities (OAS Estimate)
• ~ 492 Capital*

* Data Source: Project count is based on FY2011 Federal Procurement Data System (FPDS) for contracts > $500K.
### High-Profile Project List

#### High Profile Program/Project -- Pre Milestone 3 (Pre project implementation approval)

<table>
<thead>
<tr>
<th>Program/Project</th>
<th>Org</th>
<th>Type</th>
<th>Pre/Active/Comp</th>
<th>MC</th>
<th>CITRB</th>
<th>MS 0</th>
<th>MS 1</th>
<th>MS 2</th>
<th>MS 3</th>
<th>MS 4</th>
<th>Upcoming</th>
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<td>2012</td>
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<td>General Purpose Lab Renovations (7 labs)</td>
<td>NIST</td>
<td>Facilities</td>
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<td>Joint Polar Satellite Systems (JPSS)</td>
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#### High Profile Program/Project -- Post MS 3

- Excludes Level-of-Effort programs
- Only 18 programs/projects targeted for MRB milestone authority
- Bureau management after Milestone 3

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Office of Acquisition Management
Critical Oversight Questions

• Is there a real mission need (tied to strategic goals and objectives)?

• What are the alternative solutions? Do you really need a procurement to satisfy the need?

• What are the project requirements? Have all the stakeholders been identified and participated in determining requirements?
Key Milestone Questions

Emphasis on early phases as deliberate path to the “best” acquisition solution
MRB Purpose

• Through its Chair, the Deputy Secretary, authorizes identified high-priority programs/projects to proceed from one Framework phase to the next

• Ensures that high-profile investments:
  - Contribute to the Secretary’s strategic vision and mission requirements
  - Employ sound, validated investment methodologies
  - Provide the highest ROI with known, acceptable risk
MRB Membership

Chair (and Milestone Decision Authority)

DOC Deputy Secretary

Department of Commerce Staff
- Chief Financial Officer / Assistant Secretary for Administration
- Chief Information Officer
- Director, Office of Acquisition Management
- Director, Office of Administrative Services
- Deputy Assistant Secretary for Resource Management
- Deputy Chief Financial Officer
- Director, Office of Budget
- Director, Office of Program Evaluation and Risk Management
- Office of General Counsel (as designated)

Bureaus
- National Oceanographic and Atmospheric Administration
- US Census Bureau
- Nat’l Institute of Standards and Technology
- US Patent and Trademark Office
- Small Bureau (rotational)

Project Under Review
- Operating Unit Under Secretary or designee
- Bureau Procurement Official
- Bureau Chief Financial Officer
- Program or Project Manager (briefer)
Major Issues Overcome in Policy Coordination

- **Policy Application**
  - Milestone Review Board (MRB) Decision Authority and Responsibility
  - De-conflicting Multiple Reviews
  - High-Profile Dollar Thresholds and Applicability

- **Policy Execution**
  - Lifecycle and Development Baselines
  - Timelines for Review (Depth of Review)
The Result:
Key Draft Acquisition Policy Elements

• Application of the Framework throughout DOC and the critical management decisions that it encompasses

• The Deputy Secretary, Chair of the MRB, as the milestone decision authority for programs identified for MRB oversight

• The ascendancy of the MRB over functional/subject-area-specific departmental reviews for milestone decisions

• The establishment of development and lifecycle cost baselines for all DOC high-profile programs and projects at Milestone 2 and refined at Milestone 3
New DOC Acquisition Framework Guidebook

- Available on OMB MAX
- 33 pages of text and procedures
- 136 pages of document templates with extensive annotation
Guidebook Structure

• By-phase process discussion

• Milestone documentation templates with narrative expectations descriptions
  - Minimum content for MRB-oversight programs/projects
  - Scalable for non-MRB by the Bureau or the project’s milestone decision authority

• Links to Bureau policy and guidance documents and to generic and other government reference materials were applicable
Development of the DOC PM Cadre

- Promote internships, developmental assignments, and other opportunities for qualified PMs in DOC
- Develop and maintain an up-to-date and useful PM Community of Practice (CoP) on OMB MAX with periodic “did you know” bulletins to share lessons learned, new policy, etc.
- Offer more PM-focused specialized training opportunities, regularly scheduled group meetings, and workshops
- Establish certification requirements for non-IT PMs
Accomplishments
(thru September 2012)

- Developed new DOC Acquisition Scalable Project Management Framework
- Held DOC-wide AIP-focused workshops and conferences
- Briefed Senior Leadership on Framework concepts
- Completed three Framework evaluation periods with over 450 comments received/adjudicated
- Completed Acquisition Framework Guidebook with details on the Framework, its phases, and its documentation (published in June 2012)
- Identified high-profile programs and projects
- Prepared final draft Interim Acquisition Framework Policy after Department-wide coordination
- Beta tested Framework and Cost Analysis training for adaption on the Commerce Learning Center’s intranet site
Next Steps: FY13 Implementation

- Begin initial implementation of the Framework working with high-profile projects with anticipated FY13 and FY14 milestones
- Formally establish Milestone Review Board and its processes and support mechanisms
- Stand up organizational support to the Framework process and programs/projects along with a centralized information repository
- Establish a PM Community of Practice (CoP), expanded DOC certification, and finalized Framework training
Acquisition Framework Explained

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svannucci@doc.gov
(202) 482-3187
Backup Slides
Why New DOC Acquisition Policy?

- Current DOC policies (201-45, 1995 and 208-3, 1997) are relevant but implement cancelled OMB Circular A-109

- The new Framework (and MRB) requires tailored institutionalization as mandated DOC practice for all acquisition programs/projects
  - Implements new oversight body for major programs/projects
  - Provides structure for coordinated oversight, review, and approval of planning, acquisition, and management of DOC programs/projects throughout the Department and regardless of project scope
  - Defines High-Profile Acquisition Program/Project
Guidebook Section on Procedures

• **Milestone Review Board (MRB)**
  - Board member questions
  - Presentation requirements
  - Timeline

• **Integrated Product Team (IPT)**
  - Membership—chair from OAM; team assembled with experts to help project succeed
  - Responsibilities
    - Review project milestone documentation; provide guidance
    - Prep MRB members
    - Prepare draft decision memorandum following MRB

• **Milestone Executive Secretariat**
  - Membership—OAM staff
  - Responsibilities
    - Schedules reviews
    - Establishes agendas and procedures
    - Distributes documents
    - Maintains documents
    - Prepares final decision memorandum
PM* Certification at Commerce

• **Currently**
  - DOC meets OMB’s minimum requirement that PMs named in Exhibit 300’s major IT programs be certified and implements FAC-P/PM certification requirements for PMs (IT and non-IT)
  - All non-IT PMs are encouraged, but not required, to be certified
  - Office of Federal Procurement Policy is investigating establishing equivalencies for Civilian agency recognition of DoD certifications
  - OMB vests each Agency with authority to develop certification processes for its acquisition workforce (e.g., PMs, Grants Officers, Systems Engineers)

• **DOC Next Steps***
  - Administer a PM survey (April 2012) to determine DOC PM cadre certifications from prevalent PM certification sources – FAC-P/PM, PMI, DAU, others?
  - Through the Functional Advisory Board (FAB) for P/PM, push to establish equivalency of FAC-P/PM certification with DAWIA as initiated by OMB in its FY 2014 budget guidance
  - Propose DOC PM certification equivalencies with commercial providers and other federal agencies
  - Finalize equivalencies and publish
  - Broadcast certification process and standards
  - Maintain accurate data on DOC-certified PMs in the PM CoP

* Process may be expanded to other career specialties (i.e., grants management)
OAM Support to PMs

- Cost analysis and estimates
- Systems engineering and its processes
- Program management processes
- Troubleshooting acquisition and procurement strategies
- Milestone document development support
- Independent reviews
- Domain expertise:
  - Major Hardware Items (i.e., Satellites, Ships, etc.)
  - IT systems
  - Facilities

All support is non-advocate and confidential to the Program.