Improving the Department of Defense Services Acquisition Tradecraft

What’s New in 2017
What was once performed by uniformed military may now be provided by contractors.

Contractors perform vital services in support of the entire DoD mission and team:

- Maintain combat equipment
- Move forces to and from combat operations
- Provide life support at contingency bases
- Sustain facilities and test ranges
- Provide health care services
- Etc.
Services Significance

• More than half of all DoD contracting dollars spent in support of the warfighter
• Touches everyone – home station or deployed, services contractors support the mission
• Interest area of Congress, GAO, and IGs
• Emphasized by senior leadership
  – “Improving Tradecraft in Acquisition of Services” continues to be a focus of Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)) Better Buying Power (BBP) initiatives

BETTER BUYING POWER 3.0, http://bbp.dau.mil
FY16 Spend - DoD as Contracting Dept

Services = 50.3% of Obligations

Services ($148.7B) 50.3%

S&E ($147.0B) 49.7%

Knowledge Based Svcs ($33.7B) 23%

Facility Related Svcs ($24.0B) 16%

Facilities S&E ($10.4B) 7%

Electronics & Comm Svcs ($16.1B) 11%

Medical Svcs ($13.3B) 9%

Construction Svcs ($10.2B) 7%

Transportation Svcs ($5.7B) 4%

Medical Svcs ($13.3B) 9%

Research & Development ($23.2B) 15%

Facilities S&E ($10.4B) 7%

Facility Related Svcs ($24.0B) 16%

Sustainment S&E ($22.1B) 15%

Electronic & Comm Equip ($31.2B) 21%

Logistics Mgmt Svcs ($4.8B) 3%

Weapons & Ammo ($20.4B) 14%

Electronic & Comm Svcs ($16.1B) 11%

Acft, Ships/Subs, Land Vehicles ($56.5B) 39%

Transportation Svcs ($5.7B) 4%

Miscellaneous S&E ($0.05B), 0%

Research & Development ($23.2B) 15%

Other S&E ($22.1B), 15%

Acft, Ships/Subs, Land Vehicles ($56.5B) 39%
Historical Services Spend by MILDEP

Data from Business Intelligence Tool; all services obligations where DoD is contracting department, 19 Oct 16

Note: FY16 numbers have not yet been certified
FY16 Spend – Obligations Comparisons by Process

DoD Contracting $148.7B

- Knowledge Based Svcs ($33.7B) 23%
- Electronic & Comm Svcs ($16.1B) 11%
- Equip Related Svcs ($17.7B) 12%
- Research & Development ($23.2B) 15%
- Facility Related Svcs ($24.0B) 16%
- Construction Svcs ($10.2B) 7%
- Transportation Svcs ($5.7B) 4%
- Logistics Mgmt Svcs ($4.8B) 3%
- Medical Svcs ($13.3B) 9%

DoD Funding Activity $154.1B

- Knowledge Based Svcs ($36.1B) 23%
- Electronic & Comm Svcs ($13.2B) 9%
- Equip Related Svcs ($17.9B) 12%
- Research & Development ($23.6B) 15%
- Facility Related Svcs ($25.5B) 17%
- Construction Svcs ($10.7B) 7%
- Transportation Svcs ($5.7B) 4%
- Logistics Mgmt Svcs ($4.9B) 3%
- Medical Svcs ($13.2B) 9%

Data from Business Intelligence Tool; all services obligations where DoD is contracting department, 19 Oct 16

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“With tightening budgets, and increased risk, there must be a greater focus on improving contracted services outcomes.”
Administration Transition – Services Acquisition (SA)

• SA develops, implements, governs and executes the acquisition oversight framework for SA, and champions Category Management (CM) policy and initiatives for DoD.

• Current (2017) Focus

  ➢ Improving oversight capabilities
  ➢ Improving / Updating portfolio management
  ➢ Developing SA training
  ➢ Developing forecasting capabilities
  ➢ Revising DoD Instruction 5000.74
  ➢ Executing SA oversight (peer reviews, requirements validations, etc.)
  ➢ Developing / Implementing Federal CM while protecting DoD equities
DoD Services Acquisition
Focus Areas

• Policy
  – DOD Instruction 5000.74 – Defense Acquisition of Services

• Oversight
  – Senior-level Functional Domain Expert (FDE) structure for category management
  – Senior Services Managers for Services Acquisitions

• Training
  – Functional Integrated Product Team (FIPT) focused on providing services acquisition training
    • Classroom, online, and workshops
    • Samples and templates, website instruction
    • Refresher training available for acquisition workforce