



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)

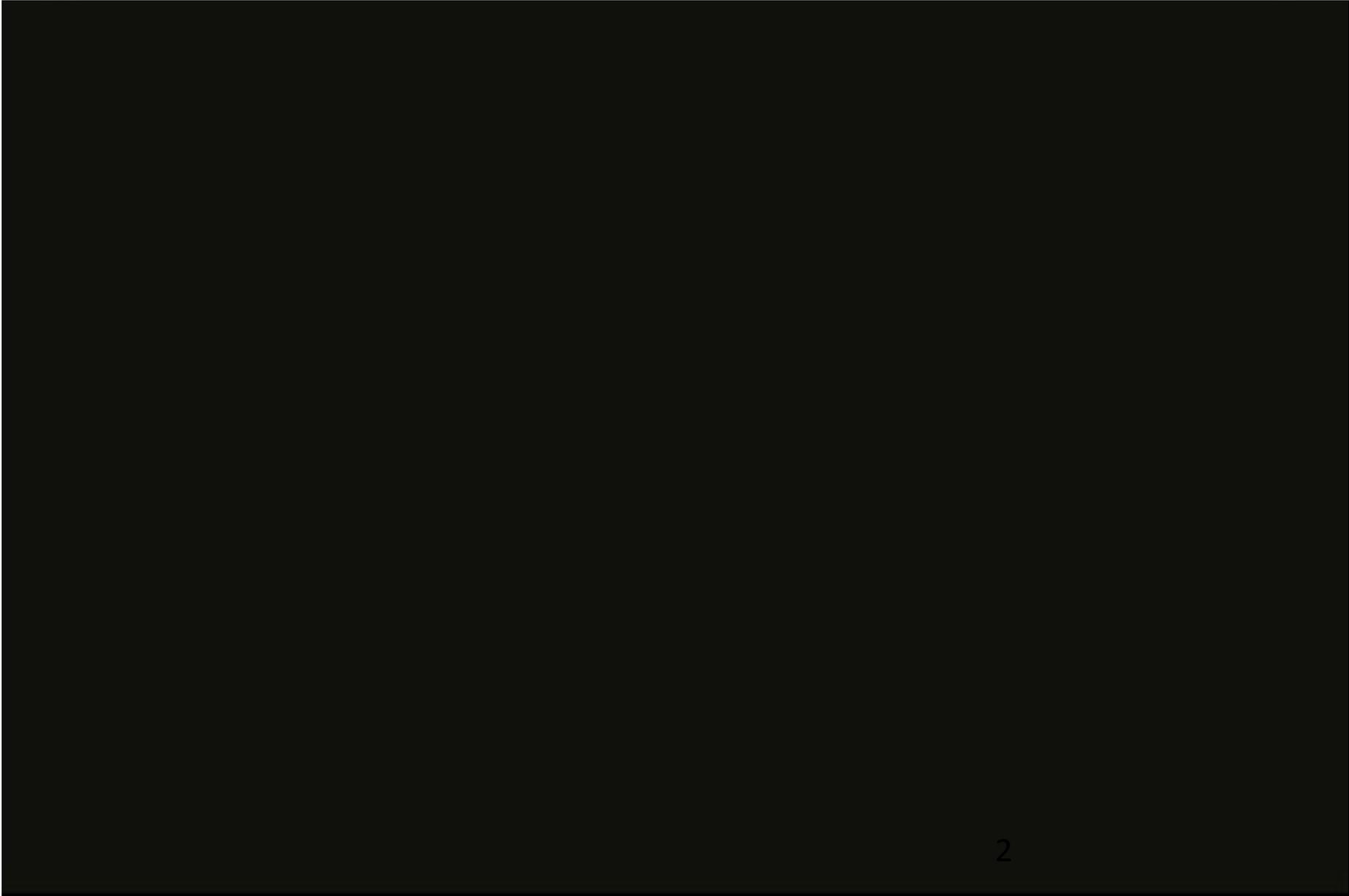
and Director, Acquisition Career Management

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**

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?
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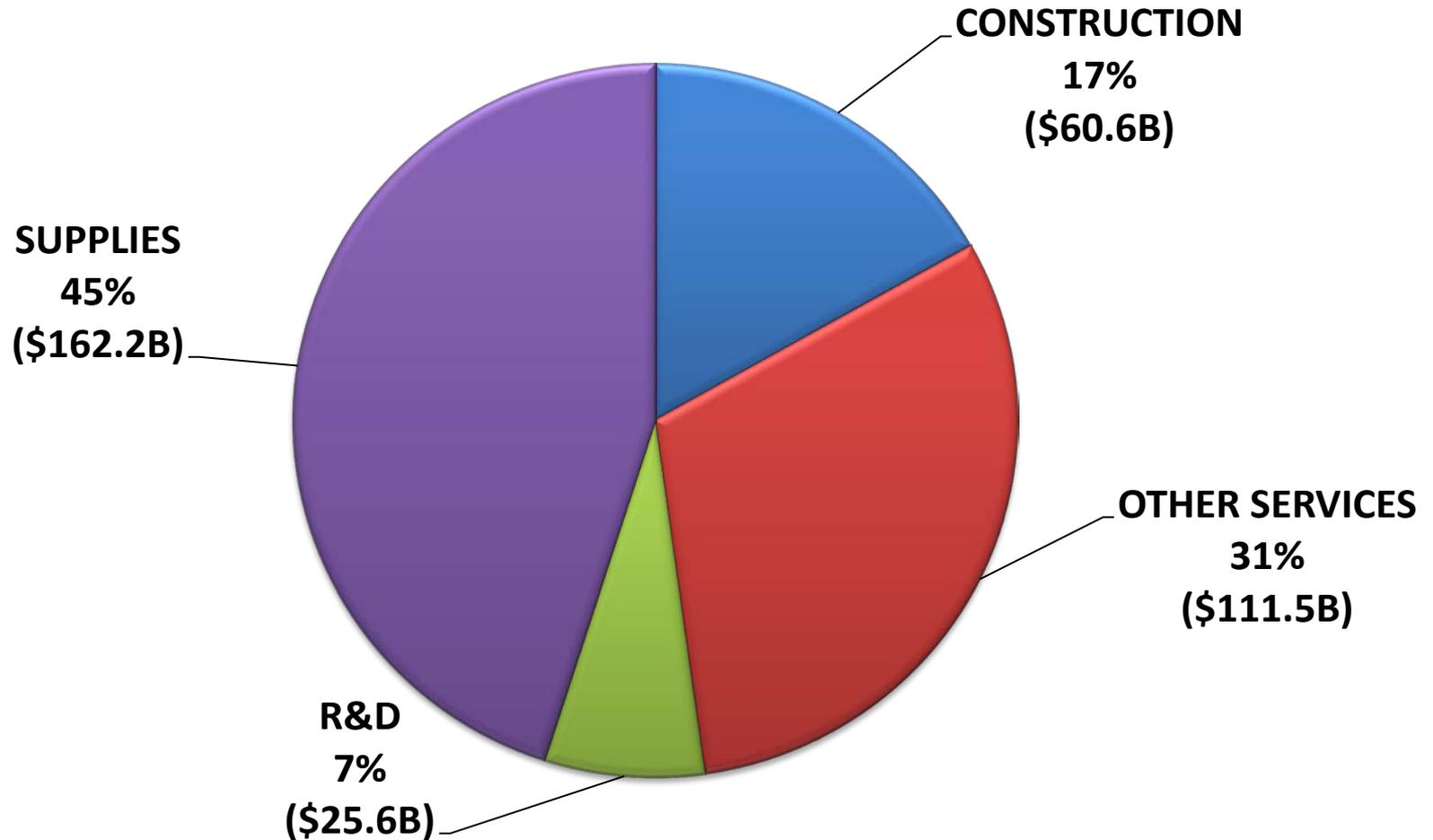


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- 2a. How much did we spend on LOGCAP last year?
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- 2b. Since inception?
 - a) \$37B LOGCAP III
\$1.7B LOGCAP IV
- 3. How much did we spend in Contracted \$'s for Fiscal Years FY08, FY09 and to date 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?





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3. How much did we spend in the last 2 fiscal years?
 - a) \$298B
4. **What proportion of federal contracting is executed by the Army?**
 - a) **FY08 = 31.5%**
5. How long have contractors been supporting the Warfighter on the battlefield?





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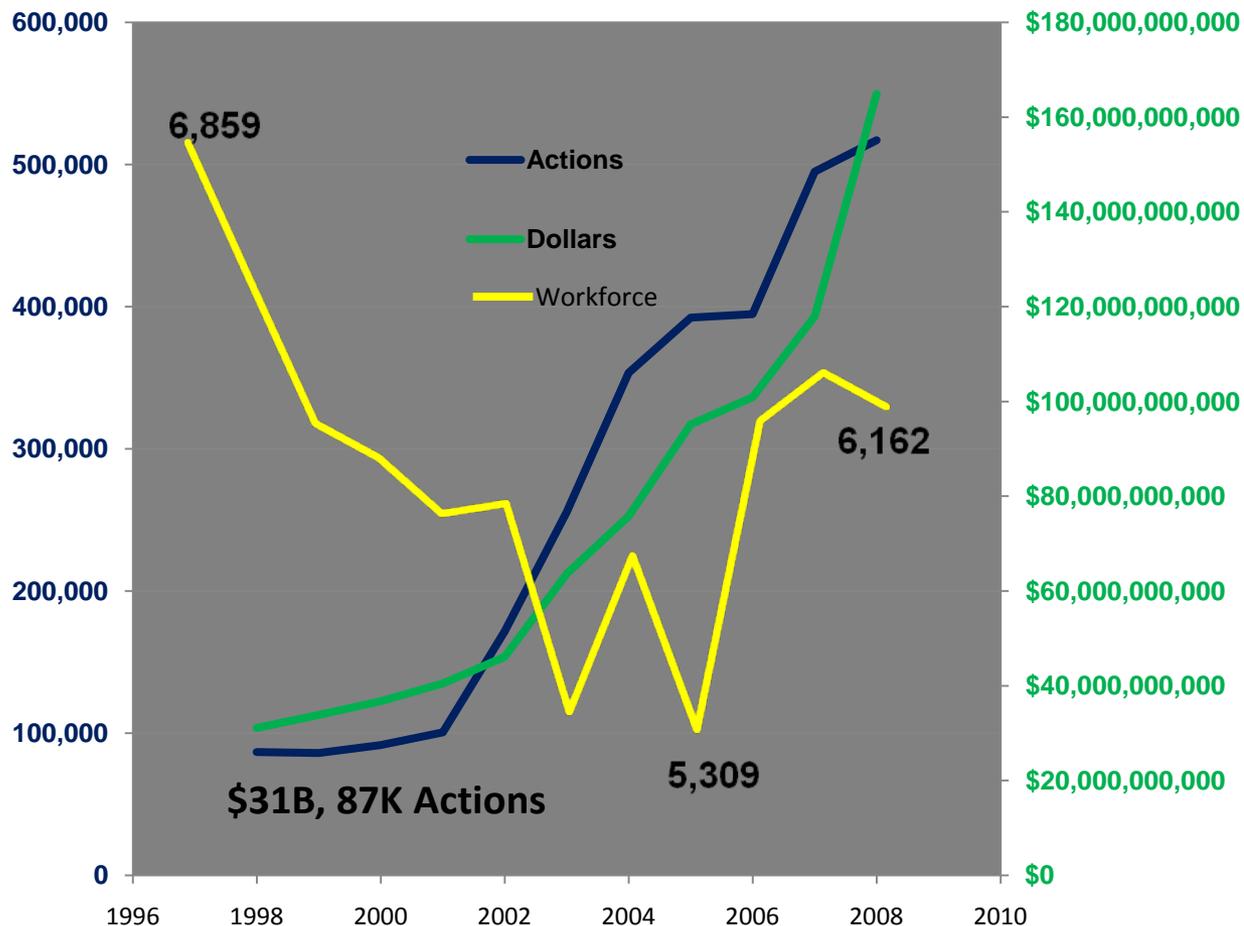


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5. **How long have contractors been supporting the Warfighter on the battlefield?**
 - a) **Since the American Revolution**





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**  GEN George Casey, Jr. (Fox News Interview)
 - 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**





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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



DESIGN • DEVELOP • DELIVER • DOMINATE
WE MAKE SOLDIERS STRONG

Assistant Secretary of the Army
(Acquisition, Logistics and Technology) 15



Army Contracting Mission



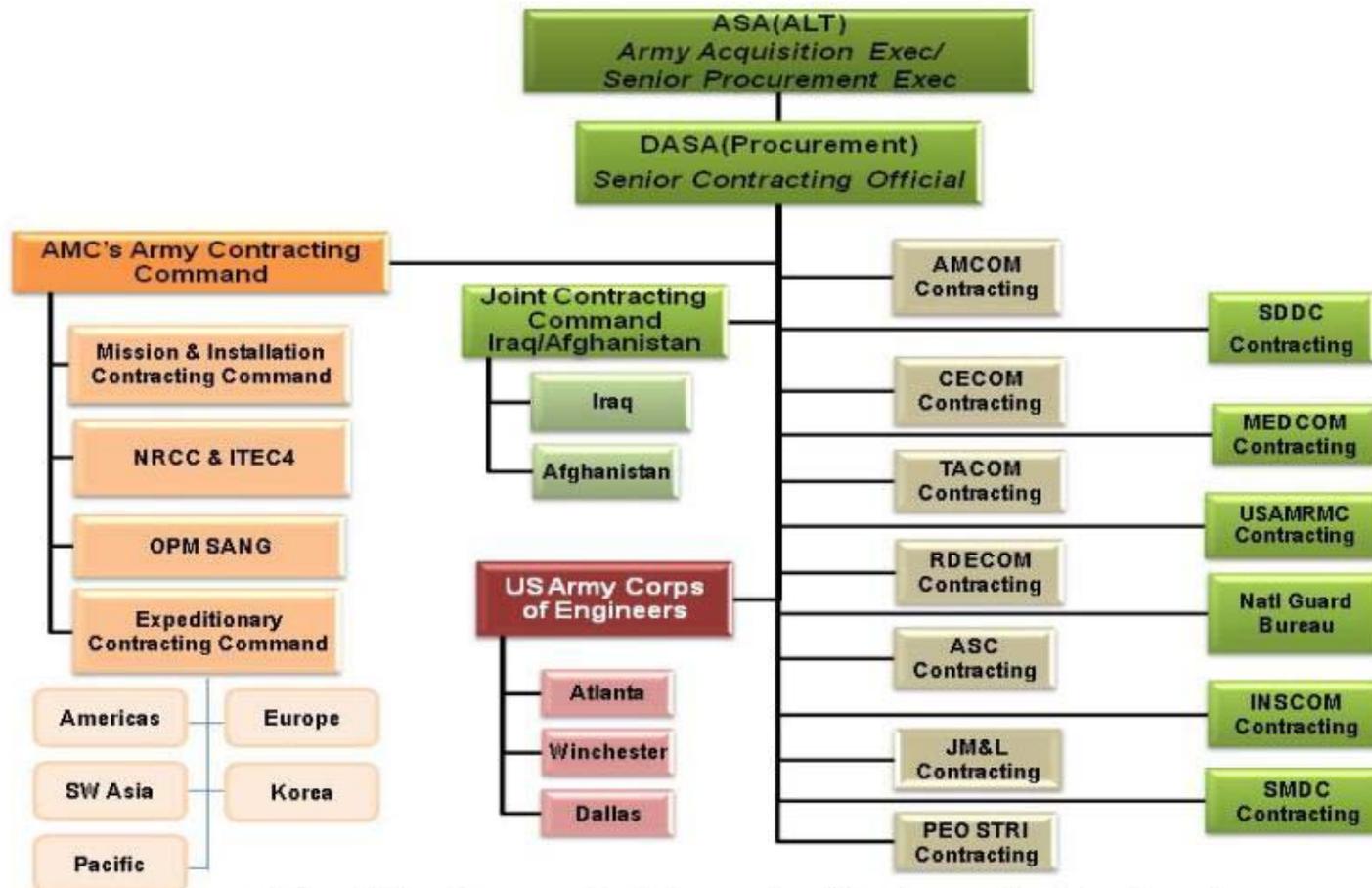
- Obtain the best quality weapon systems, equipment, and services for the Warfighter at a fair price
- Recruit, develop, retain, and empower a highly motivated, innovative, professional contracting workforce
- Provide timely and sound procurement advice to Army leaders at every echelon

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”



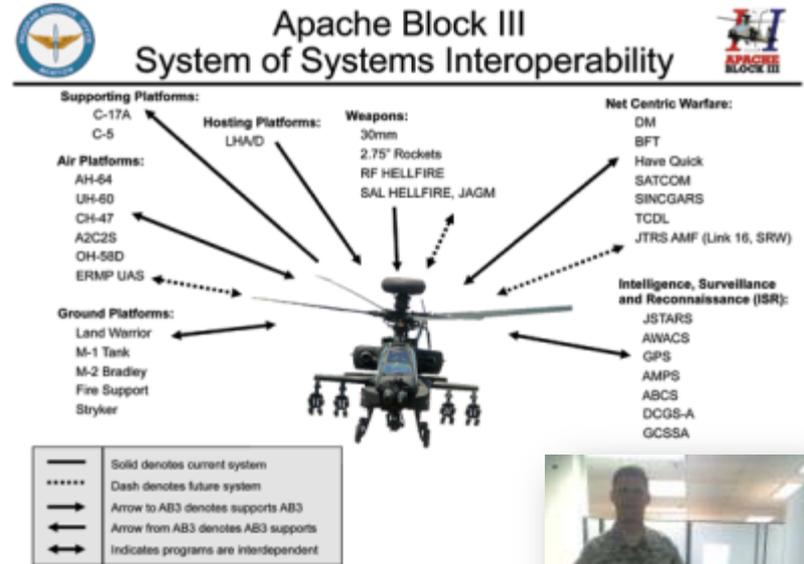
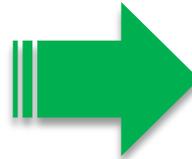
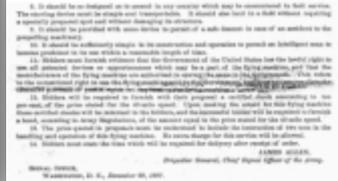
Note: This diagram depicts contracting lines of authority only

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

Total Dollars	Competition Base (Dollars)	Competed (Dollars)	Percentage Completed (Dollars)
\$145,607,506,714	\$145,513,716,326	\$97,329,694,328	67%

Competition By Actions

Total Army Actions	Competition Base (Actions)	Competed (Actions)	% Completed Actions
500,607	469,275	375,299	80.0%



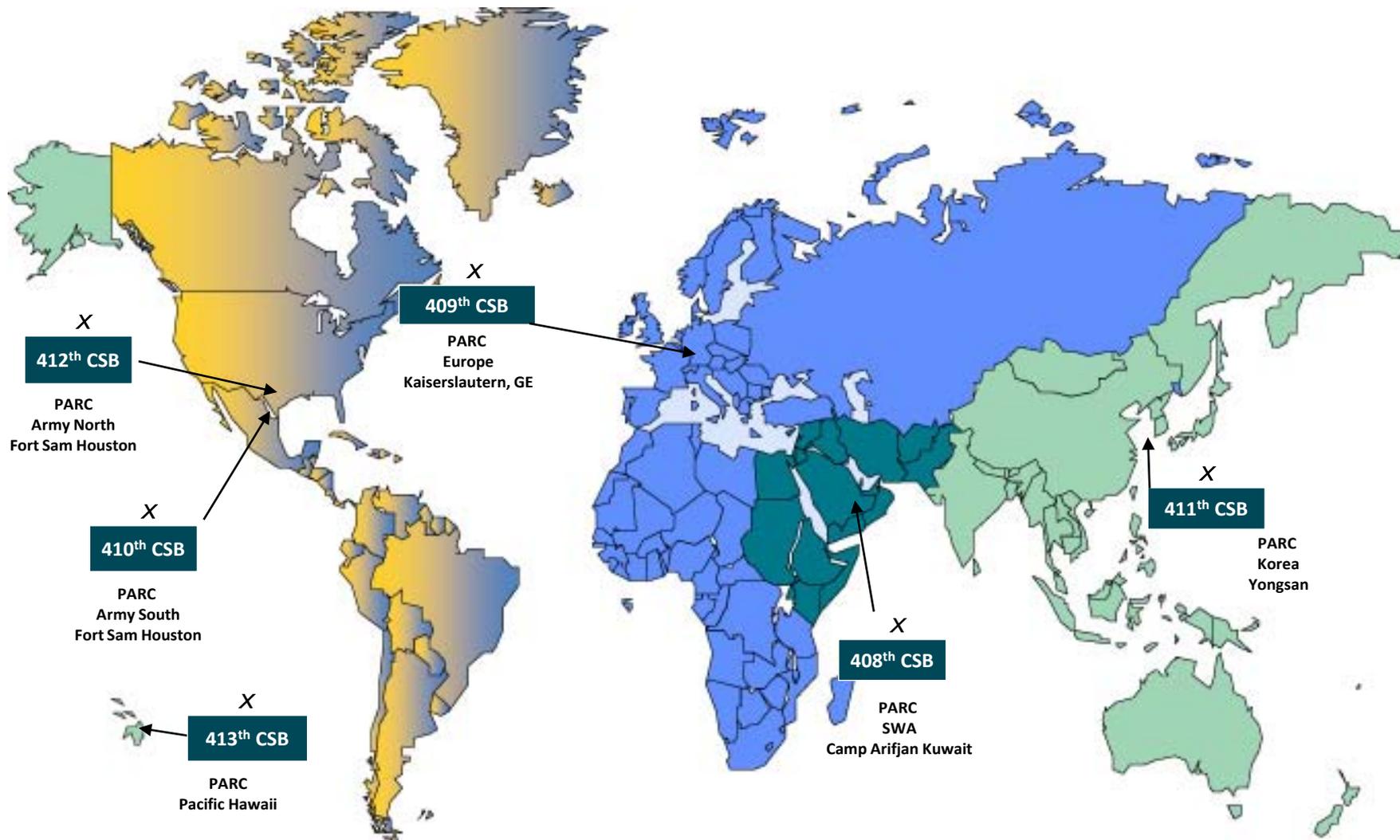


Contingency Contracting





Expeditionary Contracting Command Contracting Support Brigades





Expeditionary Contracting Support (FY09)



Joint Contracting Command - Iraq/Afghanistan (JCC-I/A) Mission



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)

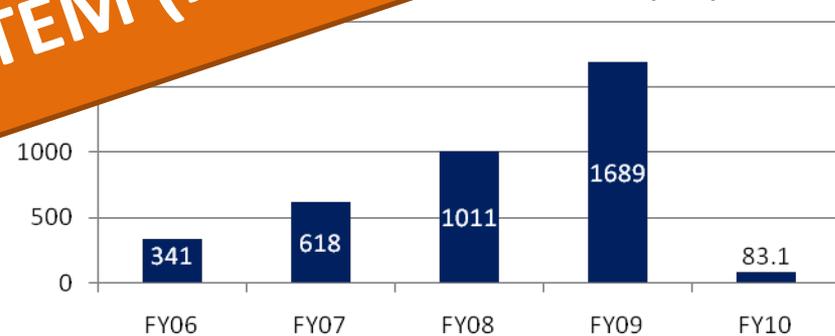
- \$11.08B awarded to Host Nations
 - Women-Owned

Iraq Host Nation (\$M)



UNDERSTAND THE POWER OF MONEY AS A WEAPON SYSTEM (MAAWS)

Host Nation (\$M)



“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



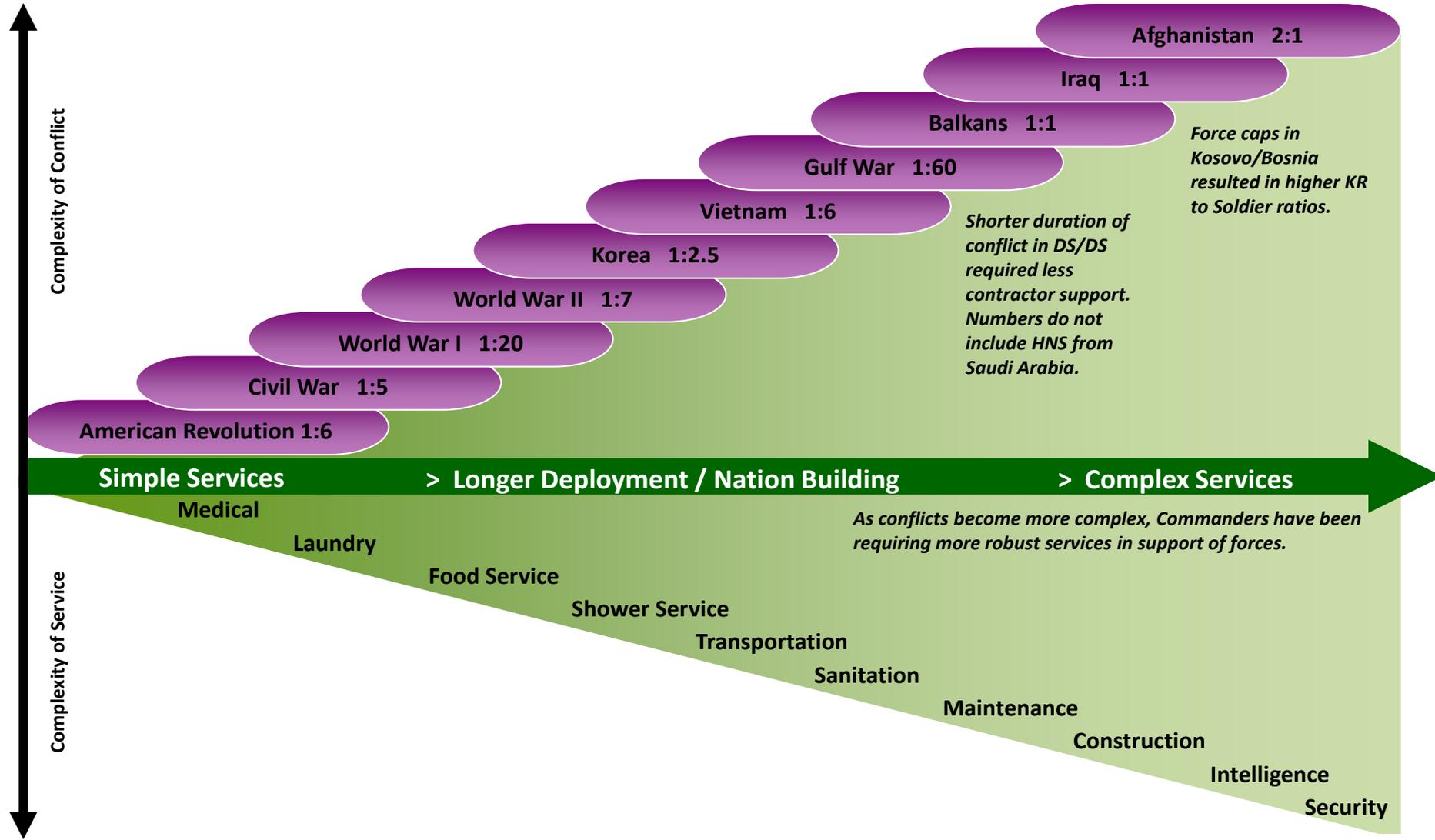
“Dear All,
It is 3:54 am . I just get off of phone with Yones. he informed me that we are done will installation of all Billboards. Tarzeen company have performed work. The IRAQI army was with us during installation of all Billboards. If you want to do inspection you should move fast and do it because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

Respectfully, Farhad A. Ali, Tarzeen Company, Erbil – IRAQ” Sent: Thursday, April 30, 2009 3:59 AM





Contractors on the Battlefield





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



Category of Contract Service	Number (% of Total)
Base life support	61,725 (62%)
Logistics Civilian Augmentation Program (LOGCAP)	46,492 (46%)
AAFES (retail sales and morale support)	3,156 (3%)
Non-LOGCAP Life Support	12,077 (12%)
Construction	3,385 (3%)
Translator/Interpreter	8,414 (8%)
Security	11,095 (11%)
Transportation	2,060 (2%)
Miscellaneous operations support	10,927 (11%)
Logistics/Maintenance	6,085 (6%)
Training	1,458 (1%)
Other	3,384(3%)
Communications support	2,429 (2%)
Total Contractors	100,035

**102,045
Troops**

*percentages do not add to 100 due to rounding

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





Contracting Points of Friction!

Procurement Involves Multiple Stakeholders



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

- Invoice certification
- Property accountability

Authorized commitments and Anti Deficiency Act violations





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!





Maintain High Standards of Ethics & Discipline in Contracting



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.

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:

John L Cockerham

210 Months in Prison
\$9.6M in Restitution

Melissa Cockerham (Wife)

41 Months in Prison
\$1.4M in Restitution

Carolyn Blake (Sister)

70 Months in Prison
\$3.1M in Restitution

Nyree Pettaway (Niece)

12 Months in Prison
\$5M in Restitution

Iraq Fraud Detachment (CID)

Camp Victory, APO AE 09342
DSN: 485-6005, SVOIP: (302) 243-4796

1/3 of the procurement fraud cases being investigated involve "contracting professionals"

Service	Percentage of Contracting Personnel in Iraq/Kuwait	Open Fraud Investigations
Air Force	70%	1
Army	28%	77
Navy	2%	0
Total	100%	78





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



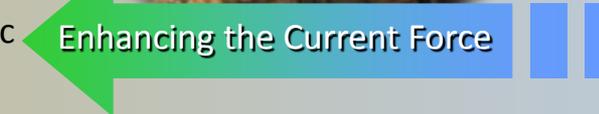
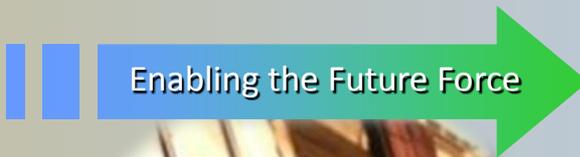
IED/Mine Detection Ground Penetrating Radar



Unattended Transient Acoustic MASINT System



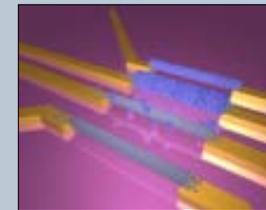
MRAP Expedient Armor Program



Future Force



Immersive Training



Virus-based Self-Assembling Electrodes



Regenerative Medicine



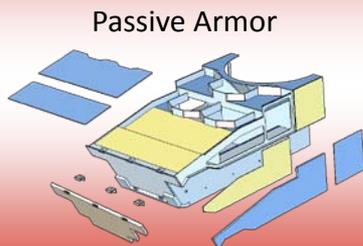
Armor Kit





Future Force Technologies

Force Protection



Passive Armor



High Energy Laser



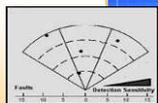
KE Active Protection System



Deployable Force Protection

- Detect
- Assess
- Defend
- Warn

C4/ISR



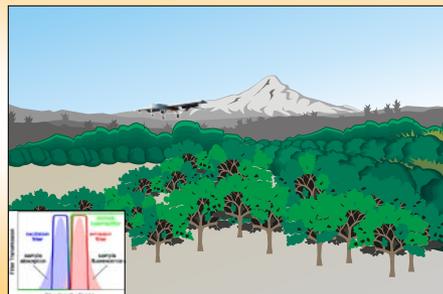
Sense Thru Wall



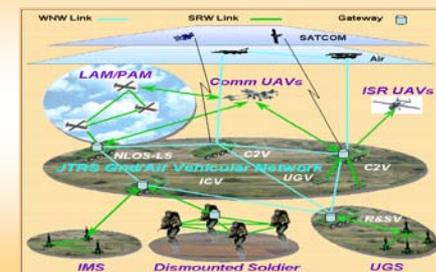
Knowledge Fusion

Flexible Displays

Measurement and Signature Intelligence (MASINT)



Tactical Mobile Networks



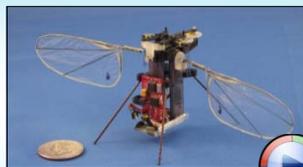
Unmanned/Autonomous Systems



MAV



WASP



Daedal

Unmanned Aerial Vehicles

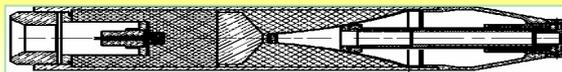
Unmanned Ground Vehicle Technologies





Future Force Technologies

Urban Assault Munitions



Lethality

Scalable Effects



Inert Frags



Reactive Frags

Small Arms Technology

Warhead



 Seeker Miniaturization & Cost Reduction	 Multi-Purpose Warheads to Defeat Armor, Fortifications & Personnel	 Electronics Miniaturization & Cost Reduction	 Novel Maneuver Techniques
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Smaller, Lighter, Cheaper Munitions

Combat Rations



Soldier Systems

Soldier Mobility and Advanced Load Carriage

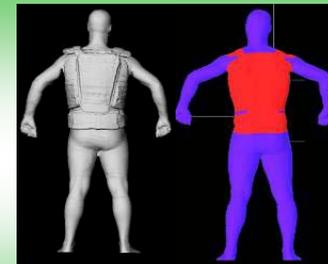


System Flame Test

LiCFx Half-Size BA-5590 Battery



Current New



Armor Coverage

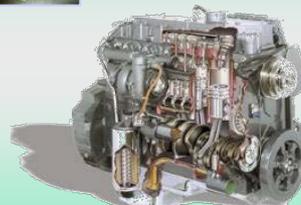
Power & Energy



Hybrid Electric Drive

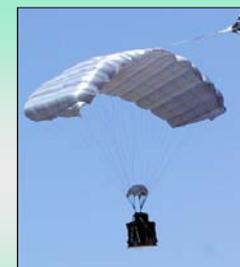
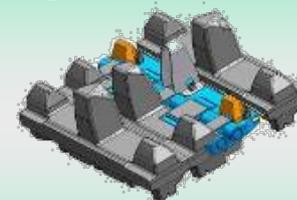


Fuel Cell Development



Advanced Hybrid Engines

Segmented Band track



Precision Air Drop 30k lbs

Logistics



DESIGN • DEVELOP • DELIVER • DOMINATE
WE MAKE SOLDIERS STRONG

Assistant Secretary of the Army
(Acquisition, Logistics and Technology)



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>





Weapon System Acquisition Reform Act



- **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>





Weapon System Acquisition Reform Act



- **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>





Weapon System Acquisition Reform Act



- **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>





Weapon System Acquisition Reform Act



- **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>





Weapon System Acquisition Reform Act



- **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>





Weapon Systems Acquisition Reform Act



• 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>





Weapon Systems Acquisition Reform Act



• 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>





Weapon Systems Acquisition Reform Act



- **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>





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 Contract
4. Support USFOR
 - Contract
 - Support USF-I for future operations
 - Support both Theaters
5. Revitalize and Utilize Joint Logistics and Procurement Support Board (JLPSB)
6. Leverage Reachback Contract
7. Execute the full
 - admin
 - and
10. Stay mentally, physically and spiritually fit!

ESTABLISH THE PATH WHERE YOU WANT TO GO AND INFORM LEADERSHIP!

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





#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

- **Continually Assess & Position Contracting Operations to execute for the Supported Commander – “Drawdown” & “Surge” require refined strategies.**
- **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

■ Positive Trend
■ Negative Trend

MONTH	TOTAL	US	TCN	LN
Dec-09	100,035	27,843	51,990	20,202
Jan-10	102,045	26,609	56,586	18,850
DELTA	2,010	-1,234	4,596	-1,352
% of TOTAL	2.0%	26.1%	55.5%	18.5%

Glide Path



Trend by Category

Mission Category	SEP	OCT	NOV	DEC	JAN
BASE SUPPORT	65,763 ↓	64,085 ↓	63,271 ↓	61,725 ↓	65,707 ↑
COMMO SUPPORT	2,983 ↓	2,666 ↓	2,486 ↓	2,429 ↓	1,174 ↓
CONSTRUCTION	9,933 ↓	10,547 ↑	8,111 ↓	3,385 ↓	2,833 ↓
LOG/MAINT	6,635 ↑	7,116 ↑	6,364 ↓	6,085 ↓	4,064 ↓
OTHER	4,539 ↓	2,774 ↓	2,560 ↓	3,384 ↑	5,874 ↑
SECURITY	12,684 ↑	11,812 ↓	9,651 ↓	11,095 ↑	11,629 ↑
TRAINING	1,054 ↓	1,557 ↑	1,552 ↓	1,458 ↓	1,021 ↓
TRANS/INTERP	8,765 ↓	8,291 ↓	8,414 ↑	8,414	8,680 ↑
TRANSPORTATION	1,375 ↑	1,607 ↑	1,924 ↑	2,060 ↑	1,063 ↓

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"





#3 Support USF-I Joint Campaign Plan (JCP)



• Engagements:

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

• Working Groups: (ICW USF-I)

- Um Qasr, IPP
- P...

**CONTRACTING IS MORE THAN JUST "CONTRACTS"!
EXTERNAL ENGAGEMENT IS STRATEGICALLY IMPORTANT!**



Capacity including Processes and "Rule of Law"

• Intensive 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





#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**





#5 USFOR-A Inter-Agency Combined Joint Logistics Procurement Support Board (ICJLPSB)



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 Theater of operations and eliminate redundancies.
- Coordinate efforts to reconcile requirements when conflicting interests materialize.
- Facilitate the integration and coordination of requirements.
- Provide for timely dissemination of information/issues.
- Develop a common contracting strategy for the decentralized execution of logistics and contract management throughout Afghanistan.
- Identify gaps in coverage and process, effecting early problem area identification and resolution.
- Define and document ISAF/Coalition/USFOR-A contracting priorities.

**LESSONS LEARNED:
LOGISTICS & PROCUREMENT ARE INSEPARABLE!**

Priority

Rules

- Come ready to participate--Open discussion
- Put the hard issues on the table



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, more 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
- Cranes
- Advisory Task Force
- Omnibus Support Contracts (Currently 5 Contracts)
- TFBSO Consulting Services
- AFCENT I/A Pop-up Barrier Maint (I)
- AFCENT I/A Skywatch Tower Maintenance
- Generator Leasing
- NTV Maintenance
- Afghan Construction Contracts
- Working Dogs Afghanistan

EFFICIENCY & EFFECTIVENESS ARE CRITICAL ENABLERS – SEEK HELP!!!

- 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

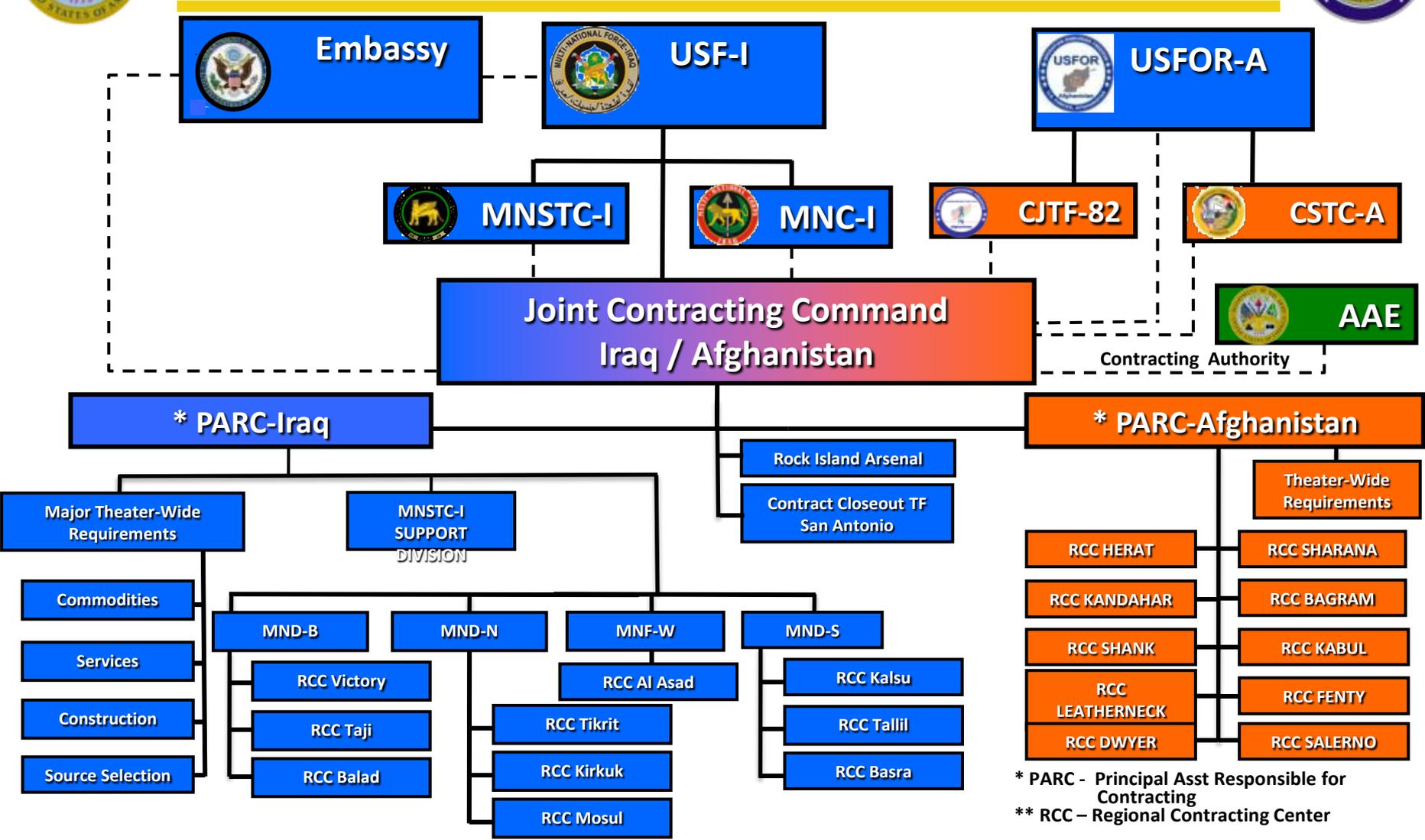
Key Reasons to for timely life cycle execution (lessons):

- 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





JCC-I/A Theater Support



* PARC - Principal Asst Responsible for Contracting
 ** RCC - Regional Contracting Center

Two Chains of Reporting – “Command & Contracting Authority”!





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



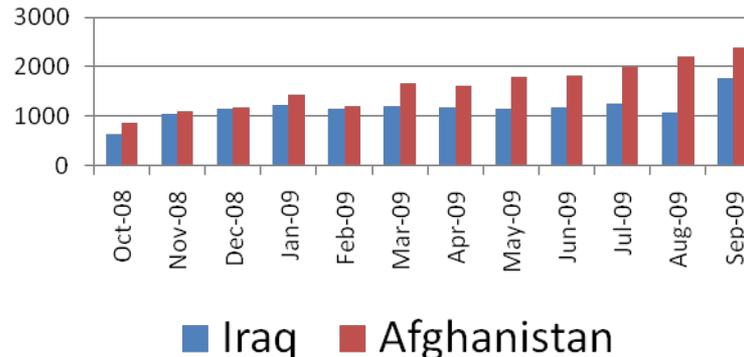
Contract Actions FY 09

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

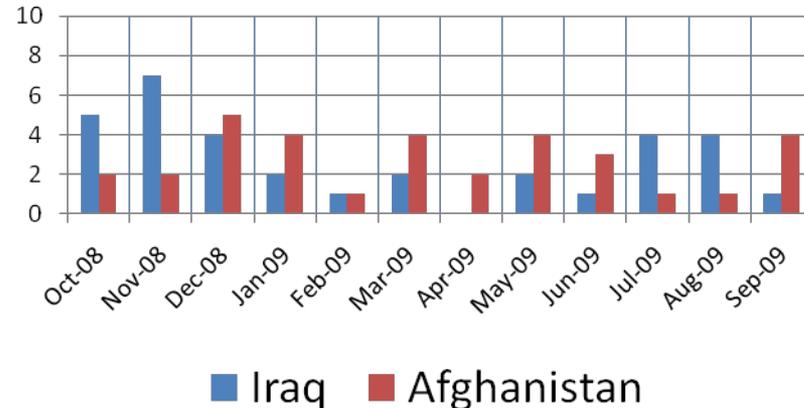
Protests FY09

- 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

Contract Actions



GAO Protests



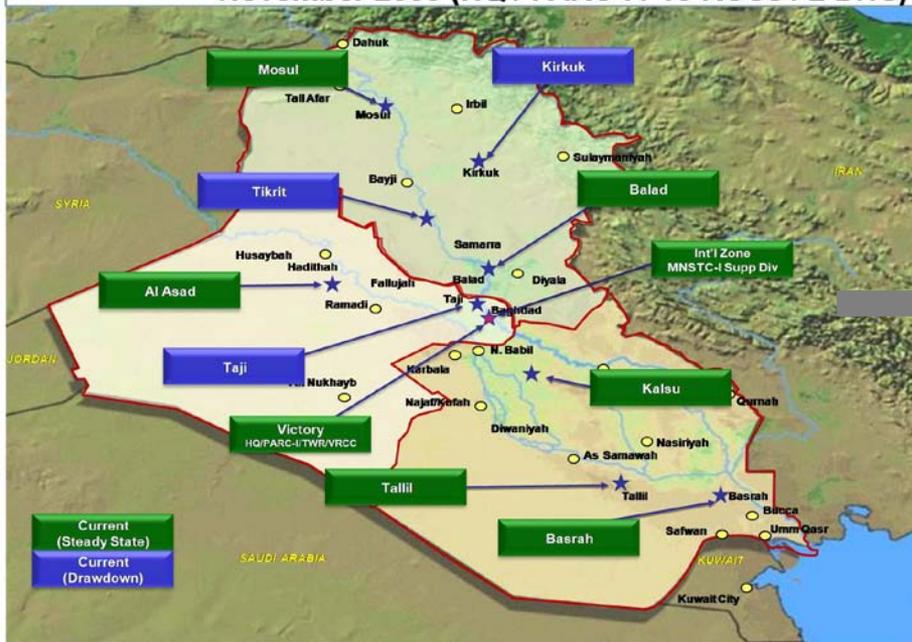
Litigation Support: Corrective Action taken in only 47% of protests vs. 55% Air Force wide for FY 09



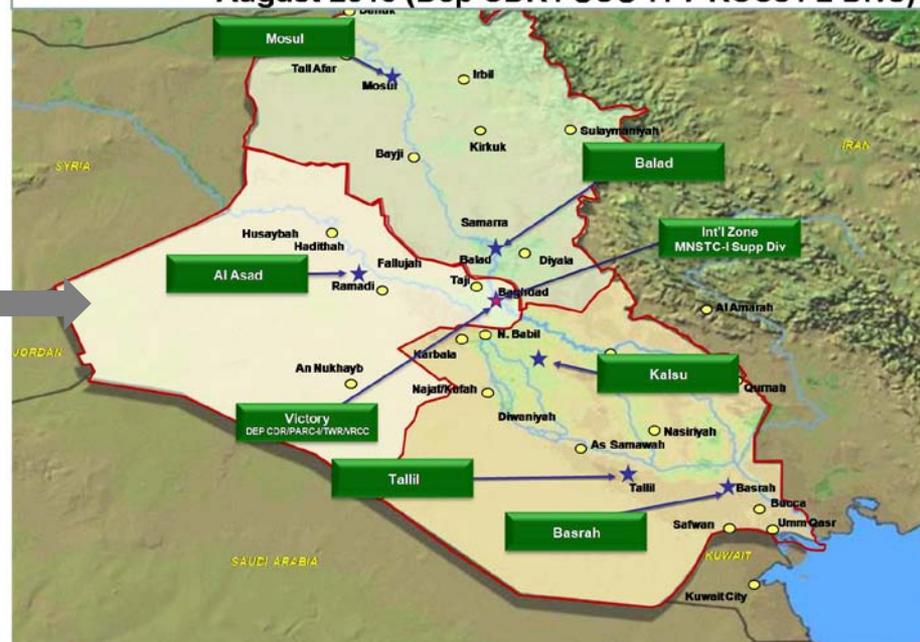


#9 Posture JCC-I/A for Future Operations Iraq

November 2009 (HQ / PARC-I / 10 RCCs / 2 Divs)



August 2010 (Dep CDR / SCO-I / 7 RCCs / 2 Divs)



Executing "Responsible Drawdown"

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)

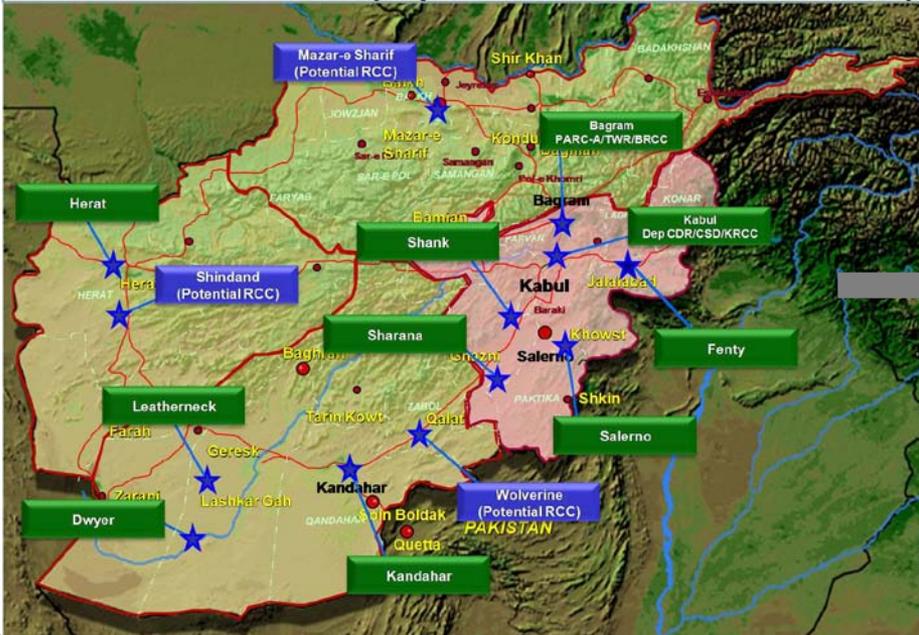




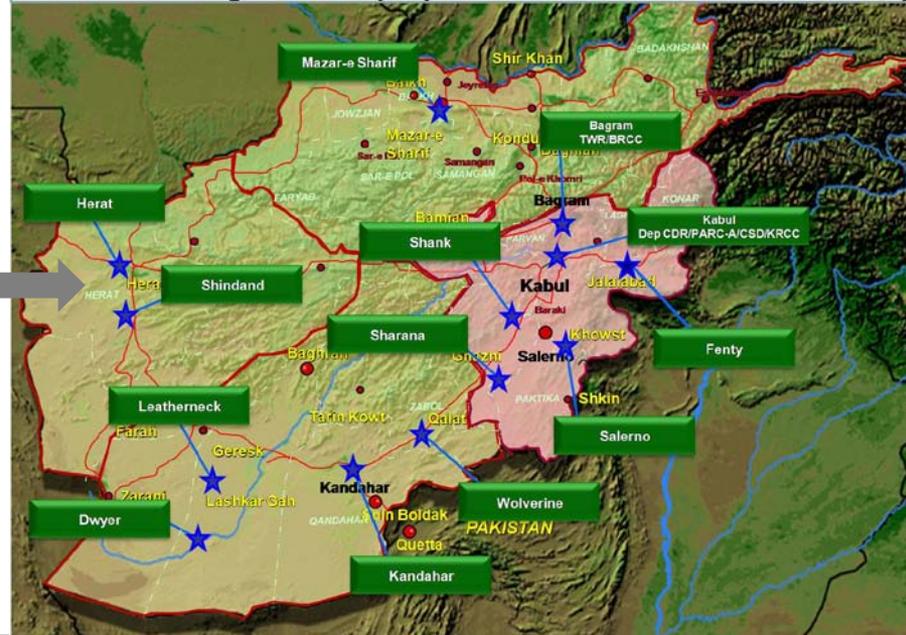
#9 Posture JCC-I/A for Future Operations Afghanistan



November 2009 (Dep CDR / PARC-A / 10 RCCs / 1 Div)



August 2010 (Dep CDR / SCO-A / 13 RCCs / 2 Divs)



*“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
 - o Provide Exercise Support Management
 - o Provide GCC Forward Planners

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

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



Providing the Warfighter with the Decisive Edge

DESIGN • DEVELOP • DELIVER • DOMINATE

WE MAKE SOLDIERS STRONG

Assistant Secretary of the Army

(Acquisition, Logistics and Technology)



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

