Aeronautical Systems Center

Dominant Air Power: Design For Tomorrow…Deliver Today

Emerging Policy
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Overview

• Acquisition Policy
  – Contract Type
  – Proposal Adequacy
  – Head of Contracting Activity
  – IPT Pricing
  – MIRT Reviews
  – Source Selection Policy

• Changes to the Defense Acquisition Management System
Acquisition Policy

• **Contract Type**
  – Award Fee contracts only if no other contract type applies
    • Award Fee contract with subjective criteria requires HCA approval
  – Cost Plus Fixed Fee and Time & Material to be used rarely if at all
  – Incentive contracts must have measurable criteria tied to cost, schedule technical performance
  – Move towards hybrid contracts
    • For example, Cost Plus Incentive Fee with Objective Performance Incentives
Acquisition Policy

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• Proposal Adequacy
  – AFMC Command requirement to include Proposal Adequacy Checklist with all sole-source RFPs
  – Assists contractors in preparing and submitting an adequate and compliant cost proposal

• Head of the Contracting Activity (HCA)
  – Deputy Assistant Secretary for Contracting (Mr. Scott Correll) for AFMC, AFSPC, and all PEO programs – was AF/PEO
Acquisition Policy

**Integrated Product Team (IPT) Pricing**
- Shift from IPT Pricing to “Traditional” pricing
- IPT Pricing
  - Concurrent process accomplished by contractor and Government jointly
- Traditional Pricing
  - Serial process accomplished by contractor and Government independently
  - Government defines requirements, requests proposal, evaluates proposal, establishes negotiation position
Acquisition Policy

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• Multi-functional Independent Review Team (MIRT)
  – SAF/AQC mandated Multi-functional Independent Reviews for all competitive acquisitions greater than or equal to $50M
  – Subject matter experts provide an independent review of the source selection to ensure: highest standards of excellence, open communication with industry, and a structured outcome with exit criteria at defined decision points
  – Consists of cross-functional team: Technical, Legal, Contracting, Small Business, Audit/Cost Analysts, etc.
  – Each MIRT requires 5 separate “Critical Data Points” (CDP) reviews for each competitive acquisition

• PEER Review
  – DoD “MIRT-type” reviews for acquisitions $1B
Milestone Reviews: Standard Source Selection

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PEER REVIEW THRESHOLD ≥$1B

- Review Prior to Solicitation Issuance
- Review Draft RFP
- Review Draft Comp Range/Award w/o Discussions/ or Pre-Release of Interim Ratings
- Review Prior to Request for FPR
- Review Draft FPR
- Review Prior to Contract Award
- Review of Draft Source Selection Decision Brief

MIRT REVIEW THRESHOLD ≥$50M

- MIRT Formation
- Review Draft ASP/AP
- Sufficiency Review
- Issue Draft RFP
- Issue RFP/Evaluate Proposals
- Discussions w/ Offerors
- Request FPRs and Evaluate
- Draft PAR & SSDD
- Award Contract

SSA Appoints SSET and SSAC

Market Research/Acquisition Planning

ASAP

Business Clearance: Approval to Issue RFP

Contract Clearance: Approval to Request FPR

Contract Clearance: Approval to Award Contract

STANDARD SOURCE SELECTION MILESTONES
Acquisition Policy

• Source Selection Policy
  – Simplify!
  – More Low Price Technically Acceptable (LPTA) and Performance Price Trade-off (PPT) vs Full Trade Off
  – Event driven process vice schedule driven timelines
  – Simpler past performance evaluations
  – Ensure traceability of requirements from program → acquisition strategy → acquisition plan → Section L Instruction to Offerors → Section M Evaluation Factors for award → contract incentive → performance evaluation metrics
Changes to the Defense Acquisition Management System
Key areas where industry should be aware of changes

New in *bold blue italics*
Purpose: Reduce Technology Risk, *Demonstrate Critical Technology on Prototypes, Complete Preliminary Design*

**Enter:** MDA *approved materiel solution* and TDS; *funding for TD phase activities*

**Activities:** *Competitive prototyping; Develop RAM strategy; conduct Preliminary Design Review (PDR)*

**Guided by:** ICD & TDS *and supported by SE planning*

**Exit:** Affordable increment of military-useful capability identified; technology demonstrated in relevant environment; manufacturing risks identified; *PDR conducted for candidate solutions*; system or increment ready for production within short time frame (normally less than 5 years for weapon systems)

New terms/requirements in *bold blue italics*
When would program enter phase of Technology Development?

- When technology development is required
- When competitive prototypes and PDR are planned before MS B
- On complex programs that require extensive integration of technologies and/or subsystems
  - LAIRCM
- Programs that require extensive trades studies and refinement of requirements
- When cost and schedule have a high degree of uncertainty
- Development efforts for new systems that involve significant new code development, significant software reuse, or significant COTS integration
  - Does not apply to recurring OFP upgrade programs
Design reviews under new 5000.02:

- Program conducts review
- Program generates a report
- MDA conducts a formal assessment
What does this mean to industry?

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• More competitions where two or more are taken through technology development/prototyping
  • Down selects based on some variation of prototype demonstrations and Preliminary Design Review results

• Even if there is no competition, successful completion of PDR is now Technology Development phase exit criteria (when PDR is conducted prior to Milestone B)

• Emphasis is to limit cost plus contracts to Technology Development phase
  • Expectation is post-PDR efforts should be fixed price except under extenuating circumstances
The Acquisition Warrior

Questions?