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Current Acquisition Environment-Strategic Sourcing

Types of Contract Vehicles

Specific Contract Vehicles for Navy-wide Use

DOD EMALL

Conclusion
### Current Acquisition Environment-Strategic Sourcing

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Strategic Sourcing is...

... the collaborative and structured process of critically analyzing an organization’s spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently. *

*OMB letter 20 May 05
IAW the Strategic Sourcing Process, profiling the targeted commodity and analyzing the market are the 1st and 2nd steps; they are “key” to developing a sourcing strategy.

**COMMODITY STRATEGIC SOURCING PROCESS**

1. **Conduct Opportunity Assessment**
   - Assess & prioritize opportunities based on thorough organization-wide spend analysis
   - Ensure commodity is “properly defined” – develop detailed profile of commodity including spend profile & specifications
   - Develop a basic fact base around how much we are spending with which suppliers; identifying the users (or customers)
   - Conduct market analysis to identify supply & demand levers, new suppliers, small business niches or niche markets

2. **Profile Commodity**
   - Understand requirements, develop sourcing strategy based on commodity profile & supply market analysis
   - Develop & issue RFx based on strategy, conduct negotiations, evaluate proposals, and award contract(s)

3. **Conduct Supply Market Analysis**
   - Implement contract process & policy changes; continually measure, track & manage performance

4. **Develop Commodity Strategy**
   - Issue RFx & Negotiate

5. **Implement & Manage Performance**
Strategic Sourcing is a process for addressing the need for improving acquisitions through better analysis of requirements and cost drivers.

Strategic Sourcing has been federally mandated by the Office of Management and Budget (This is not just a Navy issue).

Bottom Line… Strategic Sourcing Initiatives:
Streamline processes
Create efficiencies
Leverage spend
Reduce costs
Identify Small Business Opportunities
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Types of Contract Vehicles

- From the initiation of a requirement or a new contract solution, there are a few basic questions:
  - How are we purchasing now?
  - Are we being efficient or achieving lower costs?
  - Do we have existing contracts in place?
  - What type of contract vehicle will meet this requirement?
  - How should this requirement be priced? Firm Fixed Price? Cost Type?

Define Requirement + Evaluate Market and Risks = Select Contracting Approach (Type of vehicle and pricing strategy)
Types of Contract Vehicles

- Key Point: Procurement opportunities at various sites
- Solicitation Process will define the type of order or contract vehicle awarded
  - During solicitation phase, vendors may raise questions or request changes
  - Vehicle and contract type decision rests with contracting officer

Fedbizops
- Contracts, Purchase Orders, Basic Ordering Agreement Orders, BPAs

SEAPORT-e
- Orders against the SEAPORT-e Multiple Award Contracts

GSA E-Buy
- Orders against Federal Supply Schedules, new BPAs against Federal Supply Schedules, and orders against the BPAs or GSA vehicles
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Specific Contract Vehicles for Navy-wide Use

- The Department of Navy has established sourcing strategies for a number of supplies and services:
  - Wireless Services (cell phones, Blackberries, etc.)
  - Office Supplies
  - Incidental Janitorial Supplies (at solicitation phase)
  - Furniture
  - Maritime Coatings
  - Services: i.e. Integrated Logistics Support, IT Development and Support, and Standard Program Management services
- The current vehicles have been competed
- The multiple award IDIQs and BPAs contain provisions for fair opportunity comparison or competition at the delivery order level.
- Lengths limited to allow regular opportunities for new entrants within 3-5 years
Key Changes & Benefits:

Old Wireless Stand Alone Contracts
- No competition
- Pricing fixed
- Hundreds of CLINs
- Hours to generate a Task Order or Modification
- Each feature an “add-on”
- Services and devices ordered separately
- Reports manually generated, labor intensive
- No visibility of Navy-wide spend or usage data

New Wireless MACs
- Task Orders competed
- Pricing subject to decrease as a result of competition
- One CLIN per ordering period
- Minutes to generate a Task Order or Modification
- ELINs/Plans inclusive of device and “add-on” features like PTT and Unlimited Texting
- Contractor-provided web portals for Task Order and Navy-wide level data including spend and usage data
- 24/7 Support (online chat help)
Since 2006, Navy policy has required activities to purchase office supplies through DOD EMALL Navy Contract Corridor or from local base supply stores (ServMarts)

The DOD EMALL allows for immediate price comparison
- GSA’s Federal Strategic Sourcing Initiative (FSSI) Office Supply BPAs are hosted on the Navy Contract Corridor on DOD EMALL
- The FSSI BPAs, commonly referred to as “OS2”, were competitively awarded for use by all Federal Agencies and have offered discounts to their regular GSA/FSS schedule pricing
- OS2 suite consists of 15 BPAs
- 13 BPAs are small business
- The Navy has consistently saved 1.0% - 1.2% by using these vehicles
• Tracking Spend and Meeting Socio-Economic Goals
  • The Navy is committed to Small Business.
  • On behalf of DON, NAVSUP 02 actively tracks Navy spend for office supplies
    – DOD EMALL is one of the Navy’s primary sources for ordering office supplies
    – Small business participation in office supplies remains strong
• DOD EMALL Stats for Office Supplies (OS) and Small Business (SB):
  – FY07 OS = $58.7M  SB = $40.7M or 69.3%
  – FY08 OS = $76.2M  SB = $54.3M or 71.3%
  – FY09 OS = $87.4M  SB = $62.4M or 71.4%
  – FY10 OS = $63.8M  SB = $40.5M or 63.4%
  – FY11 OS = $72.4M* SB = $50.1M or 69.4%

*Spend from 01 Oct 10 – 31 Jul 11
Janitorial & Sanitation (JANSAN) Supplies (At Solicitation Phase)

Small Business Actions = 9,989

Small Business Dollars = $2.8M

SB played a large role in NAVY Categorized EMALL JANSAN Spend—SB Categories VS LB

- JAN/SAN Suppliers, (including small business entities), increased significantly between FY07-FY09
  - Increased from 77 suppliers in FY07 to 415 suppliers in FY09
  - SB categories increased to ~$2.8M dollars and 10K actions
  - The above displays ALL SB categories (actions & dollars) compared to Large Business
    - Actions: All SB = 68%, LB = 32%
    - Dollars: All SB = 65%, LB = 35%
Furniture - BPAs

- On 19 April, the Navy awarded a suite of 119 Furniture BPAs under the GSA’s Federal Supply Schedule Program
- BPAs were solicited with announcement made through GSA eBuy system to vendors holding Federal Supply Schedules and through FEDBIZOPS
- Solicitation included four regions which allowed increasing award opportunities for small businesses
- 119 BPAs awarded under the Federal Supply Schedule Program
- Specific contracting authority delegation and NAVSUP policy requires Naval Facilities Engineering Command (NAVFAC) and Fleet and Industrial Supply Center (FISC) contracting offices to use these BPAs
Integrated Logistics Support Services – Global Business Solutions (GBS) contract – IDIQ contracts

• The Navy is developing a sourcing strategy for Integrated Logistics Support based on improving competition and use of more appropriate contract types
• No Navy-wide mandatory policy
• Will meet goals of increasing real competition and improve opportunities for small businesses
• Contract(s) close to award!
• A Navy-wide multiple award IDIQ solution – GBS contract
  • Firm Fixed Price or Cost Plus Fixed Fee orders
  • 100% small business set-aside
  • 4 geographic regions maximizes number of awards
The Navy is developing a sourcing strategy for IT services based on improving competition and maximizing use of existing solutions.

No Navy-wide mandatory policy.

Strategy recommendations emphasize using existing contract solutions, such as GSA Alliant which offers suite of small business contracts.

Goal is to increase competition and reduce costs.

Other existing solutions being evaluated based on cost benefit and small business opportunities.
Standard Program Management Services

• The Navy is developing a sourcing strategy for Standard Program Management services aimed at increasing competition and use of more appropriate contract types
• No Navy-wide mandatory policy
• Goal is to use Performance Work Statement (PWS) templates for improving competition and contract definition
• Emphasis on using existing contract solutions such as SEAPORT-e and increasing competition
• Small businesses are well represented on SEAPORT-e
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DOD EMALL

- DOD EMALL is an online tool –
  - Hosting IDIQ contracts and BPAs
  - Facilitates comparison of prices
  - Allows ordering officers to place orders and use the card as a method of payment
- DOD EMALL ordering significantly streamlines acquisition process and reduces requirements for generating written orders
- DOD EMALL is removing “open market catalogs” from DOD EMALL.

Navy position -
- Navy Contract Corridor hosts competitively awarded vehicles
- Vendors must receive a contract or BPA to be hosted in the Navy Contracts Corridor
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• More emphasis on competition

• Selection of purchase vehicles based on a variety of considerations
  • Product or service
  • Size of the market / Socio-economic considerations
  • Consideration of how orders are placed

• Preference is for multiple award contract vehicles

• Watch for GSA e-Buy, Navy Electronic Commerce On-line (NECO), or FEDBIZOPs announcements