

FASA '94

PILOT PROGRAMS SHOW NEW LAW BIG STEP IN AR

Exceed GAO AR Baseline

Big savings in cost and schedule -- some as much as 50 percent -- are being reported in the programs designated Defense Acquisition Pilot Programs (DAPPs) to test the impact of the Federal Acquisition Streamlining Act of 1994 (FASA '94).

In its report on the DAPPs, the DoD Pilot Program Consulting Group (PPCG) says significant gains were made as a result of large reductions in four categories: the use of military standards, contract data requirements, solicitation length and complexity, and source selection cycle time. The reductions were enabled by regulatory implementation of FASA '94 statutory and regulatory reforms.

DUSD(AR) Started Pilots

The pilot program approach was initiated by Deputy Under Secretary of Defense for Acquisition Reform Colleen A. Preston, who requested that the Services nominate programs for consideration. The programs are the Joint Direct Attack Munitions (JDAM), Fire Support Combined Arms Tactical Trainer (FSCATT), Joint Primary Aircraft Training Systems (JPATS), and Commercial Derivative Engine (CDE) and Aircraft (CDA), the Non-Developmental Airlift Aircraft (NDAA). These pilot programs serve as vanguards in

implementing innovative commercial practices in DoD acquisition.

"The pilot programs are demonstrating the wide applicability of innovative contracting practices across a broad range of product lines, from weapons systems to commodity buys," according to William E. Mounts, Director, International and Commercial Systems Acquisition, ODUSD/AR, who chairs the PPCG.

The PPCG was tasked to assist the DAPPs in evaluating the benefits of approved regulatory and statutory relief, through the development of focused metrics and appropriate baselines.

PPCG Broad Based

It is composed of representatives from the DoD Comptroller, DoD Inspector General, Defense Contract Audit Agency, Defense Contract Management Command, the Defense Systems Management College, and the Component Services.

The **JDAM** program projects a 34 percent reduction in development time and a unit cost savings of over 50 percent with an associated total production cost avoidance of \$2.9 billion. The JDAM program office attributes these dramatic savings to the commercial-style environment created by FASA '94. The JDAM program manager capitalized on the "commercial environment" to procure proven technology with reduced oversight (an average 85 percent reduction in-plant oversight) and streamlined procurement

documentation (29 data requirements and a 2 page statement of work with only interface specifications and no military standards).

The Army's **FSCATT** program's streamlined procurement efforts completely eliminated unique military standards and reduced data requirements from 56 to 7. This focused streamlining, enabled by FASA '94, slashed in-house source selection hours by 30 percent, reduced development time by 33 percent, trimmed development costs by 34 percent, and reduced the projected total contract price by 13.5 percent. FSCATT's innovative, commercial-style milestone billing is expected to significantly reduce contract administration costs.

JPATS will replace the Air Force T-37 and Navy T-34 aircraft entry-level pilot training aircraft. The program achieved a 50 percent reduction in military standards and a 60 percent reduction in contract data requirements. These efforts resulted in a reported 12 percent reduction in development time and a 50 percent

(Please see DAPPs, Page 2)

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FASA '94 Pilot Programs Score Big Savings

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savings in program office staffing.

The DoD pilot programs also demonstrated the benefits of acquisition reform in the key mission area of airlift aircraft through two pilot programs: the CDE and CDA (the NDAA). The CDE program provides the Pratt and Whitney F-117 engine as the power plant for the C-17A. By employing a commercial engine from an ongoing program, the Air Force completely avoided the development costs typically incurred on a military-unique engine, gained access to competitive commercial

production prices, and reduced support costs through commercial logistics support provisions.

Similarly, the NDAA was intended to be a "commercial" alternative or supplement to the C-17. The NDAA program involved no military standards, employed commercial warranties and technical manuals, and relied upon FAA standards and certification. The NDAA program office estimated a 25 to 50 percent cost reduction in proposal costs and an 18 to 30 percent cost avoidance in contract administration costs from reducing government unique contract clauses.

As such, the streamlined NDAA program served as a viable competitive alternative to the previously-troubled McDonnell

Douglas C-17. McDonnell Douglas quickly responded to the NDAA competition (and DoD should-cost efforts) by aggressively attacking cost reductions, resulting in a 25 percent reduction in projected C-17 costs. The recent milestone decisions opted for 80 additional C-17s in lieu of the NDAA, but the influence of the competition was very positive. C-17 program improvements resulted in a combined program savings estimate of approximately \$4.4 billion.

Of that total, \$1.7 billion is directly attributable to the NDAA competition, according to Blaise Durante, Deputy Assistant Secretary of the Air Force (Acquisition). In addition, a further \$896 million savings is anticipated as a result of a proposed C-17 multiyear procurement.

GAO AR Baseline

To truly assess progress, the DAPPs should be compared to streamlined acquisition programs undertaken prior to FASA '94, rather than simply to traditional programs. One such program is the U.S. Army's New Training Helicopter (NTH), a commercial Bell 206B helicopter, that was procured prior to the statutory relief available for commercial items in FASA '94.

In March 1995, the General Accounting Office identified NTH as a baseline against which other acquisition reform efforts could be measured. The additional relief afforded to the DAPPs by FASA '94 appears to have enabled greater reductions in contract data requirements lists (CDRLs), contract costs, and cycle time than that achieved by NTH.

"As the DoD completes full regulatory implementation of FASA '94, the DAPPs will provide quantitative results, insights, and lessons learned that are necessary for DoD to fully capitalize on the reformed defense acquisition process of the future," Mounts said.



How to REACH



ACQUISITION REFORM TODAY

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New Changes in Legislation Big as FASA '94 for AR

*Perry, Preston
Praise New Bill*

Major victories for acquisition reform in the FY96 Defense Authorization Act show that the acquisition reform movement has taken hold on Capitol Hill, according to Deputy Under Secretary of Defense for Acquisition Reform Colleen A. Preston.

"The total impact of the acquisition measures in this year's Defense Authorization Act is as large as that of the Federal Acquisition Streamlining Act of 1994. This is a very important step in acquisition reform," Mrs. Preston said.

Earlier, Secretary of Defense William Perry had said the legislation moves "us much further along to the reengineered acquisition system that we must have to meet our 21st Century defense needs."

The bill's provisions include:

Brooks Act Repealed

The 1965 Brooks Act gave all federal information technology (IT) acquisition and management authority to the General Services Administration (GSA). This anachronistic law produced a cumbersome bureaucracy that often impeded the quick, efficient purchase of IT, and meant that many DoD computers were obsolete by the time they were delivered.

Repeal of the Brooks Act avoids this obsolescence problem and also eliminates the exclusive authority of the General Services Administration Board of Contract Appeals (GSBCA) to consider contractor objections (bid protests) to IT procurements. Nearly half of all major IT procurements are protested to the GSBCA, extending the procurement time line by 30-40 percent. Now, all protests will be handled at the General Accounting Office (GAO), which provides a cheaper and more streamlined protest procedure for federal contractors.

Agencies Get IT Authority

The act allows agencies themselves to

acquire and manage Information Technology directly within a framework established by the Office of Management and Budget.

In anticipation of this bill, the Assistant Secretary of Defense for Command, Control, Communications, and Intelligence has developed a performance and results based information resources management (IRM) capital planning and investment model. This model will require an IRM Strategic Plan from each Defense component, tied to budget plans, from which a DoD IRM Strategic Plan will be generated.

Efficient Competition

The bill permits contracting officers to limit the number of bidders in the competitive range when it will promote efficiency. Under the existing law, a contracting officer had to look for the "natural break or grouping" to determine the competitive range -- those who should be considered further for award.

If there were any question whether a bidder should be included, the bidder was kept in, in order to avoid a protest. Many contractors would continue to incur bid and proposal costs, and DoD was forced to expend precious resources evaluating bids that had no chance of winning. This new authority enables agencies to expedite the procurement process, and allows bidders, which do not have a chance of receiving the award to save time and money by being removed sooner rather than later in the process. The bill also raises the approval levels for contract awards made using other than full and open competition methods eliminating additional but ineffective and time-consuming higher level review.

Post-Employment

The procurement integrity law was amended to focus on the improper disclosure or obtaining of contract award information. Post-employment restrictions were made simpler and clearer, applying across the government to employees or officials in procurements above \$10 million. The new law is much

Legislative Highlights

- **Brooks Act Repealed**
- **GSBCA authority over bid protests eliminated**
- **Agencies can acquire IT directly within OMB framework**
- **Authority to limit number of bidders given to contracting officers**
- **Commercial item purchase simplified**
- **Post-employment integrity rules made simpler, clearer**

more understandable and will enhance the attractiveness of Federal service because individuals can be more certain of their legal and ethical obligations in follow-on, private sector employment.

Commercial Purchases

For a three-year period, commercial items up to \$5 million in contract value can now be purchased using greatly simplified procedures. (*Please see Legislation, Page 4*)

E-Mail Bulletin Added to Effort For AR Info



Office of the Deputy Under Secretary of Defense for Acquisition Reform has underway a major effort to keep members of the acquisition workforce informed about what's happening in the acquisition revolution.

The latest communication tool is **AR Now**, a tip sheet for breaking developments in acquisition reform that will allow members of the workforce to stay informed. It will take the form of a periodic E-mail bulletin with brief, informative items about what's happening that direct the reader where to find out more. Other elements of the communications effort are Acquisition Reform **TODAY**, of which this is the second issue, and a remodeling of the AR Home Pages on the World Wide Web to make them more interesting, more informative and more useful.

AR Now was shepherded into being by Dr. James McMichael, Director of Acquisition Education, Training and Career Development. McMichael recently briefed a meeting of the Acquisition Reform Senior Steering Group on the education and communications effort. At that meeting, he had this to say about the need for a communications program:

Buy-In From All

"The success of acquisition reform depends on buy-in at all levels in all organizations. We need to reach the many people in organizations 'outside the beltway' in order to make cultural change possible. Our travels tell us that a lot of people aren't getting the word -- whether it is the new 5000.1, a FAR change, or upcoming satellite training."

To make sure you're receiving **AR Now** and for information about other communications efforts, see the box

If you're not receiving **AR Now**, the E-Mail bulletin on what's happening in acquisition reform, here's how to make sure you're plugged in. It couldn't be easier.

Simply send your own E-Mail message to this automated subscription address:

majordomo@acq.osd.mil

Include in the body (subject line is not necessary) of the message one line with the words

subscribe ar-now

That's all there is to it. To check out AR's new, livelier, more informative home pages, turn on your World Wide Web browser and type in the address below and hit "return":

<http://www.acq.osd.mil/ar/>

on this page.

LEGISLATION (From Page 3)

Further, burdensome cost or pricing data requirements are lifted from all competitive commercial item procurements. The government will be able to buy most commercial items just like any other customer, without imposing government unique procurement requirements.

For more information on the impact of the legislation on acquisition reform, contact Terry Squillacote in ODUSD(AR) at squillt@acq.osd.mil or 703-614-3882.

Bosnia (From Page 5)

for EDI under circumstances it could turn out to be particularly useful since going to the local economy for supplies may not be practicable.

For more information on the

Army's EC/EDI project in Bosnia, contact LTC Jim Walsh at 703-695-0255.

For more information on DoD EC/EDI in general, contact DoD EC/EDI at 1-800-EDI-3414.

New IPT Video Out, Call New POC Now

For the Rules of the Road on Integrated Product Teams and the new, role-playing instructional video on IPTs, call our editorial POC Diane McLaughlin at 1-800-811-4869, fax your request to 1-800-711-0230 or E-mail ar_today@sra.com

The POC listed in last month's **AR Today** is no longer valid.

FACNET Brings CONUS-Level Supply to Troops in Bosnia

Trade Press Notes Success Of Contingency Contracting

Electronic data interchange (EDI) is bringing electronic commerce (EC) to U.S. forces in Bosnia, giving them on-line contracting access to America from a war-ravaged locale where little is likely to be available on the local economy.

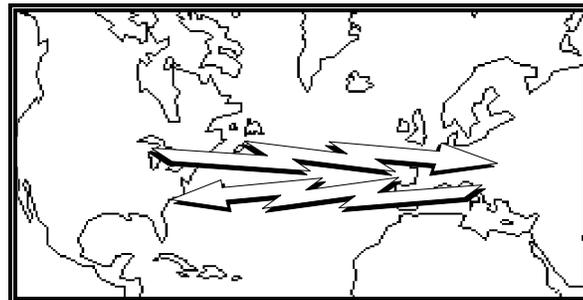
The Army has set up contingency contracting offices in Kapsovar, Hungary, and Tuzla, Bosnia, to test the concept of bringing full-fledged, automated contracting to the front lines via land lines and satellite link. Colleen A. Preston, Deputy Under Secretary of Defense for Acquisition Reform, funded the satellite link to demonstrate the potential reach and utility of EC/EDI.

The Bosnia EC/EDI effort was accomplished by a DoD team which included LTC Jim Walsh, Army, Ms. Charlene Ivey, ODUSD(AR/EC) and Lt. Col. George Bettis, DISA. The Army effort has been favorably reported on in *Defense News* and *Government Computer News* which dubbed the system "e-lift". LTC Walsh told *Government Computer News* that a soldier with muddy boots and a hand-

written purchase order should be able to walk into a contingency contracting office and have the whole U.S. industrial base at his disposal. The goods being ordered would be delivered by a commercial carrier such as Federal Express or DHL Worldwide Express.

The Army's contingency contracting centers use SAACONS, the Standard Army Automated Contracting System, the same system in use in the United States. The key to getting the goods, however, is the Federal Acquisition Computer Network (FACNET). About 170 Army sites have been FACNET certified by the ODUSD(AR/EC) Director, Delores "Dee" Smith. Most of the government's EDI infrastructure is tied to Department of Defense megacenters in Columbus, Ohio, and Ogden, Utah.

SAACONS feeds its information to the Columbus site which reformats it into transaction sets appropriate for EDI. The transaction sets are then sent to DoD-certified value-added networks (VANs).



EC/EDI LINKS CONUS, BOSNIA

The VANs are the link between the government and suppliers who have been pre-qualified to conduct electronic business.

The Bosnia effort is viewed by the Army as a proof-of-concept project
(Please see *Bosnia*, Page 4)

VANDER SCHAAF:

'More Progress on AR in Last 2.5 Years Than in Last Twenty'

Derek Vander Schaaf, the person who, more than any other, has personified the office of the DoD Inspector General for the last 14 years, believes acquisition reform as it is practiced today and planned for the future can make a significant difference for the Department of Defense.

"I think the opportunity for success is very great. I told (Defense) Secretary (William) Perry he is going to leave a real legacy behind him," Vander Schaaf said shortly after his retirement this month. He retired after 14 years as deputy IG, six of them spent as acting inspector general of the department.

"DoD has either been trying or having someone else try to reform the acquisition process for as long as I can remember. This time there appears to be some real progress, especially in the day-to-day acquisition of the

thousands of common items and routine purchases the department makes," he said at his retirement award ceremony.

"Colleen Preston and her gang have advanced the acquisition reform ball farther in the last two and a half years than it has been advanced in the last 20 years by all kinds of special commissions," he said, referring to the Deputy Under Secretary of Defense for Acquisition Reform.

The former Deputy IG made clear that his optimism did not yet extend to reform of the acquisition of major systems and weapons. "The cycle is too long, it's too complex, we're not buying that much now. It's just a little premature (to predict reform success for major systems)," he said.

U.S. ARMY ON THE ROAD AGAIN FOR AR

By James W. Brown

(This article is excerpted from the Army RD&A Magazine)

Since the spring of 1992, the Army Materiel Command has traveled annually to its major subordinate commands to carry a philosophy of streamlining acquisition management to the acquisition workforce. The results have been very gratifying, both in terms of the reactions of the participants and in the positive impact on material acquisition programs. Through these symposia, over 7,000 government and industry personnel received training.

This year, the training will continue, but the emphasis will be on the total Army acquisition community. This training involves site visits and a program of instruction that will include subjects covering installation and base operations issues, construction matters, and service contracting.

What is Total Roadshow Concept?

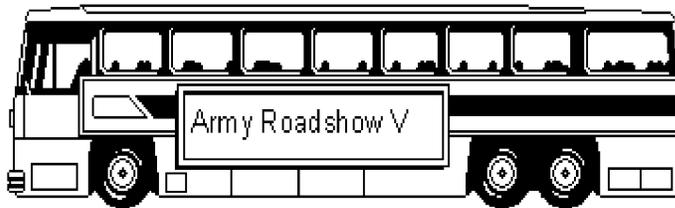
The theme of Roadshow V is contract and acquisition management and will focus on the total acquisition picture, i.e., it will be oriented to systems, services, installations, and construction programs.

The participants will be supervisors, managers, and journeyman-level practitioners from the acquisition workforce and their industry counterparts. They will be from all disciplines involved in the acquisition process, e.g., testers, engineers, logisticians, project managers, contracting specialists, and

requirements developers.

There are 15 Roadshow V presentations planned. They entail satellite uplink capabilities, video teleconferencing facilities, and air and ground transportation systems.

The training will cover 2-1/2 to three days. The morning of the first day is taken up with remarks by key players in the Army Acquisition Community, including the Honorable Gilbert E. Decker, the Assistant Secretary of the Army (Research, Development and Acquisition), or his



Military Deputy LTG Ronald Hite, Dr. Kenneth Oscar, Deputy Assistant Secretary of the Army (Procurement) and the sponsoring MACOM commanders.

The remainder of the training will consist of facilitator-led, four-hour workshops covering a variety of topics. While there will be some core subjects, electives will be offered to allow participants some flexibility in choosing the topics they want to learn more about.

What Will be Taught?

Core subjects will be taken from the Acquisition Reform Training Modules (ARTMs) developed by the Acquisition Reform Communications Center (ARCC)/Defense Acquisition University (DAU). The ARTMs focus on how to implement policy changes that have occurred as a result of the recommendations from the

various Process Action Teams (PATs) established by DoD on the procurement process, contract administration, acquisition oversight and review, and Electronic Commerce/Electronic Data Interchange (EC/EDI). They also focus on how to implement FASA 94 provisions, such as Simplified Acquisition Procedures/Federal Acquisition Computer Network (SAP/FACNET), commercial item acquisition, market research, new rules in cost and price analysis, task order contracts, contract award and debriefings, past performance evaluations, and protests, disputes and appeals rules, and how to form and work in Integrated Product and Process Teams (IPPTs) for effective acquisition planning and execution. The core subjects will cover two workshop periods (eight hours).

The electives will be offered concurrently and repeatedly over two or three workshop periods (eight or 12 hours). They will cover job order contracting, contingency contracting, modeling and simulation, and performance based service contracting, how to write performance specifications, statements of work, and how to conduct Request for Proposal (RFP) scrubs.

All workshops will consist of an introductory lecture, facilitator-led work group deliberations, and a report out period where work groups share results.

JAMES W. BROWN is the chief of the Acquisition Improvement Task Force in the Office of the Deputy Chief of Staff for Acquisition at HQ, Army Materiel Command.

AUDIT AND OVERSIGHT

New Report Says Less Burdensome Than Expected

Study on Burden of Oversight Finds It Falls Mostly on Top 5%

A group chartered to examine the workload that oversight requirements place on a program manager has come up with a surprising conclusion -- it doesn't seem to be nearly as burdensome as everyone thought, at least for the entire PMO.

That conclusion was reached by the Systems Acquisition Management (SAM) Corporate Information Management (CIM) Provisional Program Office (PPO) in its report on the initial requirements for an oversight automated information system (OAIS).

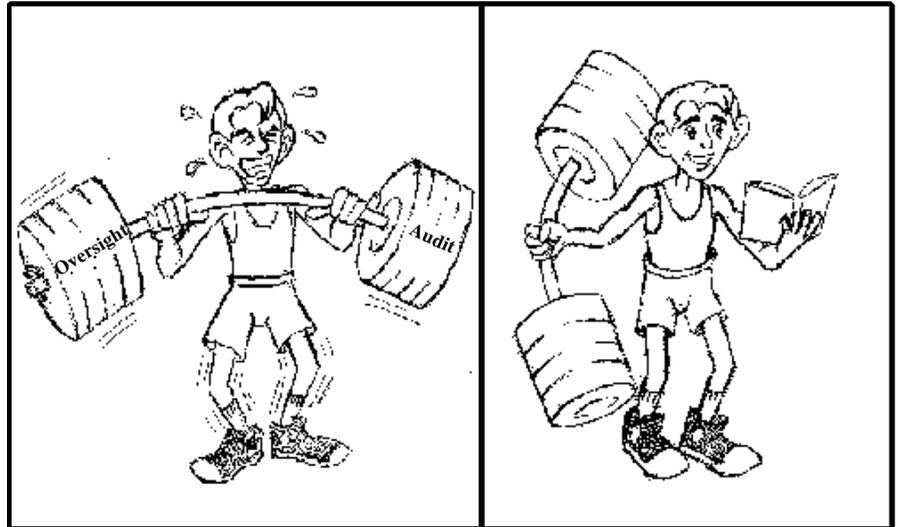
The report of the PPO on its seven-month task came out last month. In the report, the PPO notes that it was "established primarily to solve the perceived problem that oversight associated with Selected Acquisition Report (SAR), Acquisition Program Baseline (APB), Unit Cost Report (UCR) and the Defense Acquisition Executive Summary Report (DAES) was resulting in an exorbitant workload for the program offices."

The PPO found something different, however:

"Current SAR/APB/UCR/DAES oversight practices and policies are perceived to be a much greater burden to key program office decision-makers than they in fact are," the PPO report concluded.

"Reduction in overall program office oversight burden will have little effect on program office workload."

The report said that a sampling of nine Acquisition Category ID programs revealed that the average



Before and After Report:
Maybe It Isn't So Heavy

workload of all oversight to all program office work is 16 percent. Of that 16 percent, the portion of the workload attributable to the SAR/APB/UCR/DAES averaged four percent.

Surprised By Result

Surprised by this result, the PPO examined another premise: "while oversight may not cause a significant workload problem for the whole PMO, oversight activities may create a significant workload for the top five percent of the personnel assigned to a program office. The implications may be that the top PMO personnel are so busy answering questions and 'defending' their programs that they do not have adequate time to manage their program. . ."

Quick Test of Premise

To test this premise, the PPO did a short-notice survey to which six ACAT ID programs responded. These responses indicate that oversight is 34 percent of senior management's total workload and that the SAR/APB/UCR/DAES is

seven percent of the oversight workload.

From this, the PPO report lists three conclusions:

- Overall oversight is a burden to the decision-making of the program office, the SAR/APB/UCR/DAES workload is not.
- Significant reductions in overall oversight burden are desirable to allow key personnel to perform the management activities expected of them.
- Reduction in program office oversight workload is not likely to free up significant PMO manpower.

The PPO report noted that the rewrite of the DoD 5000 acquisition regulation series and the new Overarching Integrated Product Team process would likely make significant reductions in the oversight burden.

For more information about the SAM CIM OAIS report, contact Robert Leach, Acquisition Program Integration, at 703-695-5166 or leachbj@acq.osd.mil