



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

JUN 7 2007

The Honorable John F. Kerry
Chairman, Committee on Small
Business & Entrepreneurship
United States Senate
Washington, DC 20510

Dear Chairman Kerry:

Thank you for your May 15 letter expressing your concern over Department of Defense (DoD) progress in achieving the Government-wide procurement goal for Service-Disabled Veteran-Owned Small Business (SDVOSB). I share your disappointment that the Department has not achieved the 3 percent goal for SDVOSBs. We are currently reviewing past activities to ascertain reasons for the shortfall. In fact, the DoD Office of Small Business Programs has arranged for a contract with an SDVOSB to perform an in-depth analysis of the SDVOSB supplier base and its role in DoD procurement. This study will help focus our procurement policies and outreach strategies to meet these businesses' needs.

The Department has always intended to meet the 3 percent goal. We have a number of initiatives designed to achieve this objective.

- On May 10, 2005, the Department issued its Service-Disabled Veteran-Owned Strategic Plan in response to Executive Order 13360. The focus of this 5-year strategic plan is to increase prime and subcontracting opportunities for SDVOSBs. It is to be adjusted annually. The second year plan was published on July 20, 2006. We are currently preparing the third year of the plan.
- Eligibility to participate in the DoD Mentor-Protégé Program was extended to SDVOSBs by section 842 of the Ronald W. Reagan National Defense Authorization Act for FY 2005, enacted in October of 2004. Since that time, DoD has approved 20 Mentor-Protégé agreements with SDVOSB firms. To put this in perspective, DoD has a total of 145 Mentor-Protégé agreements, of which 14 percent are with SDVOSB firms.
- The Under Secretary of Defense for Acquisition, Technology and Logistics advised (Enclosure 1) DoD contracting professionals of the new Veterans Government-Wide Acquisition Contract, which currently has 44

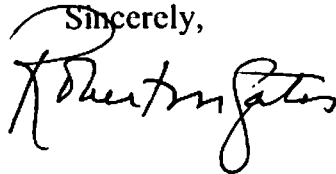


contract holders that are SDVOSBs. The Director, Defense Procurement and Acquisition Policy, also requested (Enclosure 2) the Department's assistance in meeting the 3 percent goal.

- The DoD Office of Small Business Programs has advised SDVOSB firms to register annually in the Central Contractor Registration (CCR). Since this outreach was started, the number of active registrants in CCR has increased from 2,175 in FY 2003 to more than 9,600 in FY 2007. As a general matter, prospective contractors must register in the CCR database prior to award of a Federal Government contract.
- The Procurement Technical Assistance Program (PTAP) has also been very effective in assisting SDVOSBs. This program provides procurement assistance to small business concerns. The PTAP has been successful in identifying SDVOSB firms as potential protégés to mentors under the DoD Mentor-Protégé Program. During the 2004-2005 timeframe, the Procurement Technical Assistance Centers provided nearly 9,000 counseling sessions to SDVOSBs.

I assure you the Department will continue to take the 3 percent goal very seriously. More information concerning DoD support of SDVOSBs is available at <http://www.acq.osd.mil/osbp>.

Sincerely,



Enclosures:
As stated



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

APR 12 2007

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DEPUTY UNDER SECRETARY OF DEFENSE (LOGISTICS
AND MATERIAL READINESS)
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ATSD NUCLEAR AND CHEMICAL AND BIOLOGICAL
DEFENSE PROGRAMS
DIRECTORS OF THE DEFENSE AGENCIES
DEPUTY UNDER SECRETARY OF DEFENSE,
INSTALLATIONS AND ENVIRONMENT
DEPUTY UNDER SECRETARY OF DEFENSE,
INDUSTRIAL POLICY
DEPUTY UNDER SECRETARY OF DEFENSE,
INTERNATIONAL TECHNOLOGY SECURITY
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: General Services Administration (GSA) Government-Wide Acquisition
Contract (GWAC) for Service-Disabled Veteran-Owned Small Businesses
(SDVOSBs) in Information Technology

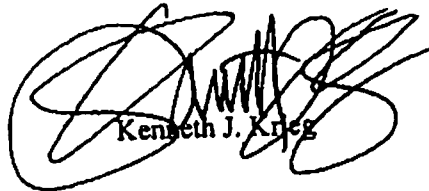
The GSA approved 43 Teams of SDVOSBs on February 2 to participate in federal information technology acquisitions through a GWAC. The GSA Administrator has requested a statement of the DoD-level participation in this GWAC, and we have replied by letter. To the extent that any of the SDVOSB Teams listed by GSA meets the requirements of a DoD buying activity, I encourage you to accord these SDVOSB Teams the maximum practicable opportunity to participate. For information on participation, training, and the list of 43 SDVOSB teams and points of contact, visit www.gsa.gov/sbu.

I urge the acquisition community and major commands to use this GSA contract vehicle to meet the 3 percent procurement goal established by Congress and incorporated into the DoD Service-disabled Veteran-owned Small Business Strategic Plan, which is posted at www.acq.osd.mil/osbp/programs/veterans. The Department has made contract awards to firms owned by service-disabled veterans who have served in World War II, the Korean War, the Vietnam War, the Gulf wars, Operation ENDURING FREEDOM and IRAQI FREEDOM. While we have made progress toward meeting the goal, we still have a long way to go. We must pursue this goal with vigor.



Many more disabled veterans will return from the campaigns in Iraq and Afghanistan and will seek to participate in DoD procurements, including GWACs, such as this one. By contracting with these teams of businesses owned by service-disabled veterans, we acknowledge their service as Warfighters and appreciate their acumen as entrepreneurs and vendors to the Department.

Sincerely,



Kenneth J. Krieg



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

MAY 18 2007

DPAP/CPIC

MEMORANDUM FOR DIRECTORS, DEFENSE AGENCIES
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(POLICY AND PROCUREMENT), ASA(ALT)
DEPUTY ASSISTANT SECRETARY OF THE NAVY
(ACQUISITION MANAGEMENT), ASN(RDA)
DEPUTY ASSISTANT SECRETARY OF THE AIR
FORCE (CONTRACTING), SAF/AQC
DIRECTOR, ADMINISTRATION AND MANAGEMENT

SUBJECT: Service-Disabled Veteran-Owned Small Business Procurement Program

We need to improve the Department of Defense's (DoD) business opportunities for Service-Disabled Veteran-Owned Small Business (SDVOSB) concerns. While the Department has made tremendous progress in increasing SDVOSB prime contract awards from \$1.1 billion in FY05 to \$1.5 billion in FY06, we remain significantly short of our \$9 billion dollar goal (3%). A considerable amount of work needs to be accomplished if we are to achieve our goal. The following paragraphs discuss actions taken and tools available to the acquisition workforce.

The Under Secretary of Defense for Acquisition, Technology and Logistics signed the attached memorandum on April 12, 2007, encouraging the use of the Veterans Technology Services (VETS) Government-Wide Acquisition Contract (GWAC). The VETS GWAC is a small business set-aside contract for SDVOSBs and comprises of 44 information technology companies. I encourage the acquisition workforce to use the VETS GWAC, <http://www.gsa.gov/vetsgwac>, when appropriate. As a reminder, the Department's policy on "Proper Use of Non-DoD Contracts," is applicable when using the VETS GWAC contract vehicle. This policy is located on the Defense Procurement and Acquisition Policy website at <http://www.acq.osd.mil/dpap/specificpolicy/index.htm>.

The SDVOSB Procurement Program, authorized by 15 U.S.C. 657f, is implemented in the Federal Acquisition Regulation (FAR) Subpart 19.14. It allows contracting officers to set-aside acquisitions exceeding the micro-purchase threshold for competition restricted to SDVOSB concerns if there is a reasonable expectation that offers will be received from two or more SDVOSB concerns, and award will be made at a fair market price. FAR subpart 19.1406 implements the authorities that allows

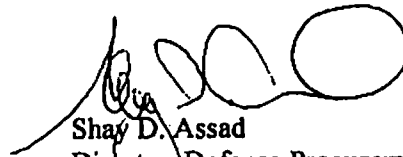


contracting officers to make a sole source award to a SDVOSB concern. Contracting officers should be reminded of their market research responsibilities to ascertain the availability and capability of SDVOSBs, and to seek advice from the Component small business specialist. A useful resource for obtaining SDVOSB vendor information is located on the U.S. Department of Veterans Affairs Center for Veterans Enterprise homepage at <http://www.vetbiz.gov/>.

The DoD Office of Small Business Programs (OSBP) is responsible for implementation of Executive Order 13360, "Providing Opportunities for Service-Disabled Veteran Businesses to Increase their Federal Contracting and Subcontracting." The Executive Order and the updated DoD SDVOSB strategic plan are located at <http://www.acq.osd.mil/osbp/programs/veterans/index.htm>. The DoD OSBP has been proactive in advising SDVOSB firms to register in the Central Contractor Registration (CCR). The number of firms registered has increased from 2,175 in FY03 to more than 12,000 in FY06. The Defense Acquisition University (DAU) has developed a one hour SDVOSB training module (CLC009). It is available at <http://www.dau.mil>. The DAU and Veterans Corporation websites, <http://www.veteranscorp.org/>, have eight one-hour training sessions recorded at the "Veterans Doing Business with DoD" conference hosted by DoD in December 2006. The number of SDVOSB protégés has increased from three to nineteen participating in active DoD Mentor-Protégé agreements.

We need to dedicate efforts toward promoting increased business opportunities for those warfighters who have sacrificed in service to our Nation. By increasing business opportunities for SDVOSB concerns, not only will we demonstrate improvement towards meeting our goals, we will also be giving something back to the service disabled veterans by creating opportunities for them to provide goods and services in support of the DoD mission.

My staff point of contact for service-disabled veteran-owned small business policy is Ms. Susan Pollack, (703) 697-8336 or susan.pollack@osd.mil.



Shay D. Assad
Director, Defense Procurement
and Acquisition Policy

Attachment:
As stated