



OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, DC 20301



SEP 15

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
ATTENTION: SENIOR ACQUISITION EXECUTIVES
CHIEF INFORMATION OFFICERS
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Department of Defense (DoD) Support for the SmartBUY Initiative

SmartBUY is a federal government-wide enterprise software-licensing project conducted by the General Services Administration (GSA), in coordination with the Office of Management and Budget (OMB). The purpose of SmartBUY is to leverage the purchasing power of the federal government by consolidating volume requirements to obtain optimal pricing and preferred terms and conditions for widely used commercial software. SmartBUY formally began on June 2, 2003, with the release of the OMB SmartBUY letter (attachment 1). GSA, as the Executive Agent for SmartBUY, will lead the interagency team in negotiating government-wide licenses for software.

DoD is implementing SmartBUY through the DoD Enterprise Software Initiative (ESI) Team, which worked closely with SmartBUY leaders for several months and coordinated the DoD response to the initial SmartBUY commercial software survey.

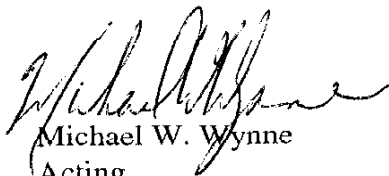
Your component can comply with the SmartBUY initiative in a number of ways:

- Acquire commercial software from one of the existing ESI agreements listed on the left side of the ESI web site, *Designated Software* (<http://www.don-imit.navy.mil/esi/>).
- Work with ESI to make a purchase under a new agreement that is being negotiated.
- Report specifics before acquiring any commercial software products owned by the companies listed in attachment 2. This acquisition should be reported at the ESI web site in accordance with the procedures described in attachment 2. The ESI team leadership will coordinate with GSA.
- Ensure that new commercial software contracts and licensing arrangements, regardless of acquisition method, are flexible enough to permit migration within twelve months to SmartBUY.



All other commercial software acquisitions should be conducted as directed by DFARS subpart 208.74 – *Enterprise Software Agreements*.

The DoD SmartBUY points of contact are: Rex Bolton, OASD (NII)/DoD CIO, 703-602-0980 ext 171, rex.bolton@osd.mil; Floyd Groce, DON CIO, 703-607-5658, floyd.groce@navy.mil; and Jim Clausen, OASD (NII)/DoD CIO, 703-602-0980 ext 169, james.clausen@osd.mil. The AT&L point of contact is Gary Blasser, OUSD (AT&L)/DPAP/P, 703-695-7197, gary.blasser@osd.mil.



Michael W. Wynne
Acting
Under Secretary of Defense (Acquisition,
Technology and Logistics)



John P. Stenbit
Assistant Secretary of Defense
(Networks and Information Integration)

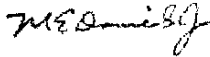
Attachments:
As stated

June 2, 2003

M-03-14

MEMORANDUM FOR THE HEADS OF DEPARTMENTS AND AGENCIES

FROM: Mitchell E. Daniels, Jr.
Director



SUBJECT: Reducing Cost and Improving Quality in Federal Purchases of
Commercial Software

The federal government plans to spend more than \$58 billion on information technology (IT) products and services in fiscal year 2003. More than 4 million desktop, laptop, and networked computers serve as essential tools for achieving the missions of federal agencies. Since each computer uses at least one commercial software package, federal agencies engage in thousands of licensing agreements annually. This uncoordinated approach to acquiring common software is wasteful and ineffective.

If the federal government applied a government-wide approach for enterprise licenses on common software, there would be substantial benefits to the taxpayer. Several agencies have negotiated independent department-wide licenses, creating a wide disparity in prices paid by agencies for exactly the same software. As an example, the amount that federal agencies pay for common desktop software varies from under \$200 to about \$500. If all agencies made joint use of the best priced software licenses, well in excess of \$100 million could be saved each year. In addition, the broad mosaic of different software versions installed increases the difficulty and cost of securing federal computers.

There can be no doubt, therefore, that the federal government can become a smarter buyer of commercial software. Pursuant to Section 5112 of the Clinger-Cohen Act of 1996, OMB is responsible for improving the acquisition and use of information technology by the federal government and designating Executive agents for government-wide acquisitions of information technology. To assure that the federal government is leveraging its immense buying power to achieve the maximum cost savings and best quality for commodity software, OMB has created the SmartBUY initiative.

The General Services Administration (GSA) is designated the Executive Agent under Section 5112(e) of the Clinger-Cohen Act for the SmartBUY interagency initiative, and will lead the interagency team in negotiating government-wide enterprise licenses for software. We expect the GSA led team to negotiate these enterprise licenses by the end of fiscal year 2003. The SmartBUY initiative includes commercial off-the-shelf software that is generally acquired using license agreements with terms and prices that vary based on volume. The SmartBUY initiative will include the following types of software licenses: Office

Automation; Network Management; Antivirus; Database; Business Modeling Tools; and Open source software support.

In view of the benefits from enterprise licensing, each agency is asked to assist and support the SmartBUY initiative. Specifically, agencies must participate in SmartBUY by:

- Providing information and input on existing agreements, current prices, unique terms and conditions, and future needs for relevant software. The SmartBUY team is collecting this information, using a web-based survey, for consideration in an overall acquisition strategy;
- Developing a migration strategy and taking contractual actions as needed to move to the government-wide license agreements as quickly as practicable;
- Integrating agency common desktop and server software licenses under the leadership of the SmartBUY team. This includes refraining, to the maximum extent feasible, from renewing or entering into new license agreements without prior consultation with, and consideration of the views of, the SmartBUY team.

As discussed above agencies should, to the maximum extent practicable, refrain from entering into any new or renewal software licensing agreements pending a review by OMB and the SmartBUY initiative team.

These steps are necessary to better manage information technology resources and save taxpayer dollars. In fulfilling those IT management requirements, OMB will work with the SmartBUY team and agencies to ensure success in this effort, including consistency with the Administration's policies to promote competition and opportunities for small businesses. Please have your agency designate a point of contact for this initiative by June 6, 2003, to Kimberly Nelson of my staff at (202) 395-3787 or by email at KNelson@omb.eop.gov. Your cooperation in making SmartBUY a success is greatly appreciated.

Reporting Procedures

For use when acquiring any commercial software products licensed by: IBM and Computer Associates (other than those products currently covered by ESI), Citrix, ESRI, ISS, Manugistics, Veritas, and SAS).

The following figures show how to access and complete the SmartBUY reporting screens from the ESI Web site home page: <http://www.don-imit.navy.mil/esi> When completing the screens, care should be taken to ensure accuracy of the data and point of contact information. If no reply is received within three business days, the acquisition may proceed as planned:

The screenshot shows the ESI website interface. At the top, there is a navigation bar with links for 'ABOUT ESI', 'ESA SEARCH', and 'SPM WORK AREA'. Below this, the main content area is divided into several sections:

- ESI UPDATES:** A list of recent news items, including 'A new initiative, SmartBUY, will provide government-wide enterprise licensing...', 'Defense Acquisition System Policy Guidance Related to ESI...', 'DFARS Final Rule on Using Enterprise Software Agreements', 'DoD ESI Policy', 'ESI Brochure', 'ESI Fact Sheet', 'ESI Presentation', 'How to Use This Website', and 'Plan for Implementing and Managing Enterprise Software Agreements within DoD'.
- NEWS HEADLINES:** A list of news items with dates, including '06/25/03', '06/11/03', '05/15/03', '05/02/03', '05/02/03', '05/02/03', '05/01/03', '05/01/03', '10/15/03', and '09/19/03'.
- 23 BEST PRACTICES FOR ENTERPRISE SOFTWARE AGREEMENTS:** A link to a document.
- ESI POLICY CORNER:** A list of policy documents, including 'Air Force Policy for DoD Enterprise Software Initiative Agreement Use', 'Department of The Navy (Don) Information Technology (IT) Enterprise-Wide Investment Policy', 'Department of the Navy ESI and Microsoft Server ESI Policy', 'DLA Policy on Purchasing Microsoft Server Products through the DoD ESI', 'DoD ESI Policy', 'Implementation Plan for Software Product Managers for the Department of Defense execution of Enterprise Software Agreements', 'Plan for Implementing and Managing Enterprise Software Agreements within DoD', 'Supplemental Air Force Policy for DoD Enterprise Agreement Use', and 'U.S. Army ESI Policy'.
- FREQUENTLY ASKED QUESTIONS (FAQ):** A link to a document.

A callout box on the left side of the page, with an arrow pointing to the 'Select Requirements Specification Form' link in the 'ESI UPDATES' section, contains the text: 'Select Requirements Specification Form'.

At the bottom of the page, there is a footer with contact information for the ESI Administrator and the Department of Defense (DoD) Information Officer (DoD IO). The footer also includes the date '13:29'.

ESI - Department of Defense - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address http://www.don-mil.navy.mil/esi/

ESI ABOUT ESI ESA SEARCH SPM WORK AREA
Registered SPMs Only

Step 1 - SmartBUY Reporting

Select the manufacturer of the software product you desire from the dropdown box or, if you do not see the software product in the list, then check the checkboxes below. Your request will automatically be routed to the appropriate Software Product Manager (SPM).

SmartBUY Reporting OR check the box below

Click here to ask a question about software not listed above

Start: Inbox - Microsoft Outlook ESI - Department of D... Microsoft PowerPoint - [S... Internet 14:03

Select SmartBUY Reporting

ESI - Department of Defense - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address http://www.don-mil.navy.mil/esi/

ESI ABOUT ESI ESA SEARCH SPM WORK AREA
Registered SPMs Only

Step 1 - Required User Information

Welcome back!

The following information is currently on file. Please review for accuracy.

Provide required information if not already registered.

Name	Jane Smith		
Job Title	Contract Specialist		
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Start: Inbox - Microsoft Outlook ESI - Department of D... Microsoft PowerPoint - [S... Internet 14:07