

## ACQUISITION OF SERVICES

### A Significant Investment in Services

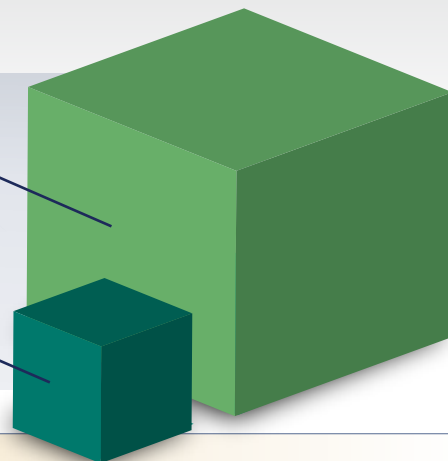
The Department of Defense (DoD) now spends about as much on services as it spends on supplies and weapons systems. The acquisition of services by DoD has more than doubled from fiscal year 1996 to fiscal year 2006, rising from \$66.4 billion to \$152.8 billion. The very size of this investment demands that DoD's policies for the acquisition of services be as disciplined as those applied to weapons and information systems.

**FY 2006**

**\$152.8 BILLION**

**FY 1996**

**\$66.4 BILLION**



### New Policy Strengthens Service Acquisition Process

On October 2, 2006, the Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L)) issued a policy memorandum to all DoD components, implementing the requirements of section 812 of the National Defense Authorization Act for Fiscal Year 2006, and strengthening DoD management of the acquisition of services. This policy:

- ★ Applies to all requirements for acquisitions of services, including those of advisory and assistance services, acquired from private sector entities by or for DoD
- ★ Exempts acquisitions of services that are part of a weapon system acquisition program or an automated information system that is managed in accordance with DoD Instruction 5000.2 (these will be reviewed as part of the 5000.2 program management process)
- ★ Requires the establishment and implementation of a management structure for the acquisitions of services in DoD
- ★ Required each DoD component to issue implementing guidance by December 1, 2006
- ★ Treats the acquisition of services in a manner similar to the acquisition of weapon systems
- ★ Is designed to ensure that acquisitions of services are based on clear performance based requirements, where required outcomes are identified and measurable. It will also make certain acquisitions are properly planned and administered to achieve intended results and guarantee that business arrangements are in DoD's best interest, whether acquired by or on behalf of DoD.

### A Comprehensive Acquisition Framework

After conducting a Department-wide acquisition of services policy review, the Director, Defense Procurement and Acquisition Policy (DPAP), worked with senior procurement executives to develop a comprehensive DoD-wide architecture for the acquisition of services. Basic tenets of the new framework include:

- ★ Coordinated DoD-wide approach to acquisition of services
- ★ Clearly stated performance based requirements
- ★ Maximum use of competition
- ★ Identification and application of 'best practices'
- ★ Enhanced post-award contract performance management facilitated by:
  - Early identification of appropriate metrics
  - Use of quality/surveillance plans
  - Appointment of properly trained surveillance personnel
- ★ Maximum participation by small businesses

