



# AcqStat Session

## DoD's Use of Strategic Sourcing

Presented by:

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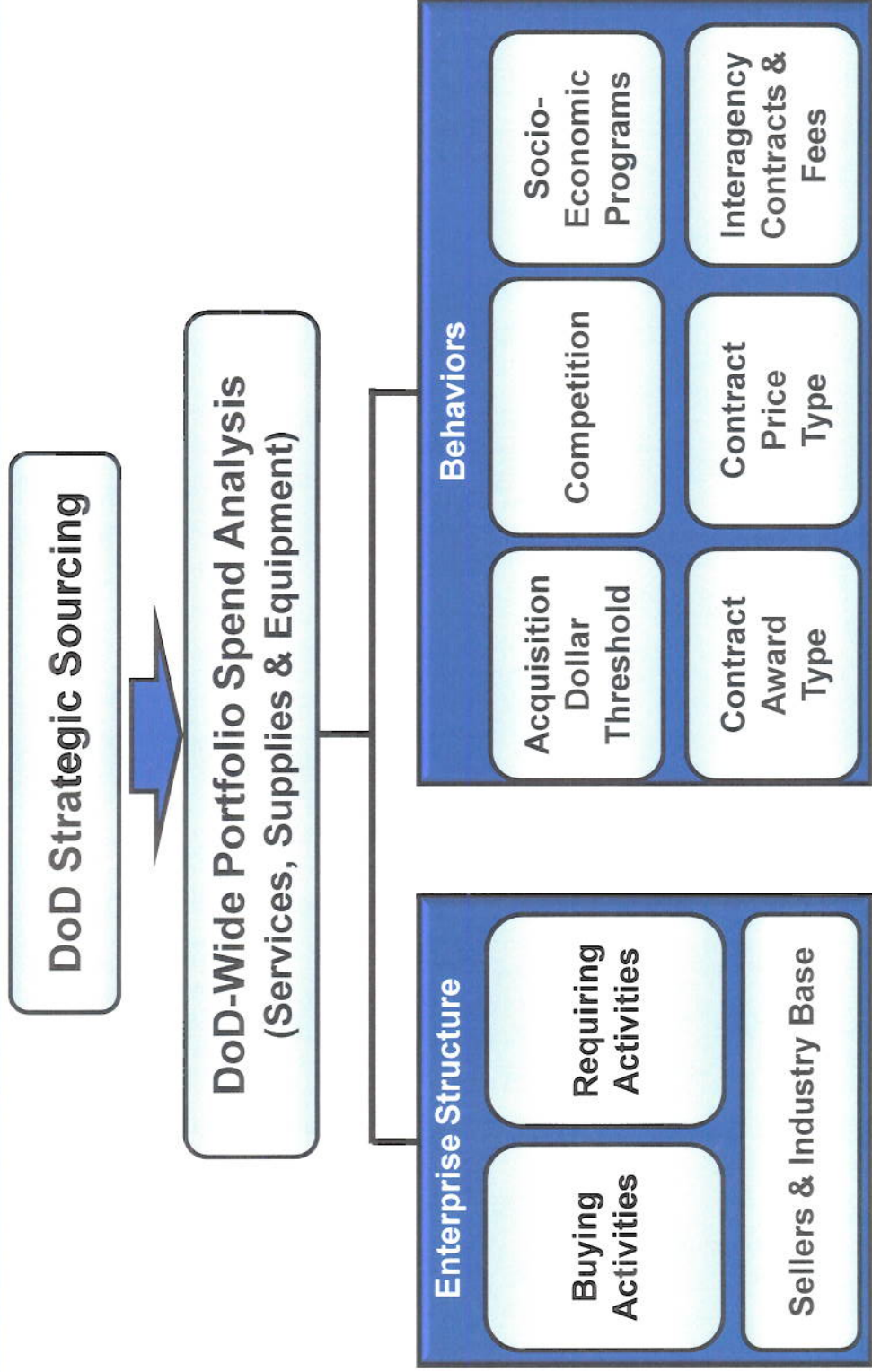
**Director, Defense Procurement and Acquisition Policy (DPAP)**

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# Better Buying Power Through Strategic Sourcing



***OSD Conducts Annual Spend Analysis to Identify Opportunities for Achieving Greater Efficiency and Productivity by Changing Structure and Behaviors***





# DoD's Strategic Sourcing Taxonomy: Services Portfolios

## Research and Development

- Systems Development
- Operational Systems Development
- Technology Base
- Commercialization

## Electronics & Communications Services

- ADP Services
- Telecom Services
- Equipment Maintenance
- Equipment Leases

## Equipment Related Services

- Maintenance, Repair and Overhaul
- Equipment Modification
- Installation of Equipment
- Quality Control
- Technical Representative Services
- Purchases & Leases
- Salvage Services

## Knowledge Based Services

- Engineering Management Services
- Program Management Services
- Logistics Management Services
- Management Support Services
- Administrative & Other Services
- Professional Services
- Education & Training

## Facility Related Services

- Architect/Engineering Services
- Operation of Government Owned Facilities
- Machinery & Equipment Maintenance
- Building & Plant Maintenance
- Natural Resource Management
- Utilities
- Housekeeping & Social Services
- Purchases & Leases

## Construction Services

- Structures & Facilities
- Conservation & Development Facilities
- Restoration Activities

## Transportation Services

- Transportation of Things
- Transportation of People
- Other Travel & Relocation Services

## Medical Services

- General Medical Services
- Dentistry Services
- Specialty Medical Services

**All DoD Components Will Use This Taxonomy to Manage and Report Spend**





# DoD's Strategic Sourcing Taxonomy: Supplies & Equipment Portfolios

## Aircraft, Ships/Submarines & Land Vehicles

- Aircraft
- Land Vehicles
- Ships & Submarines
- Space Vehicles

## Weapons & Ammunition

- Ammunition & Explosives
- Fire Control
- Guided Missiles
- Guns
- Nuclear Ordnance
- Weapons

## Electronics & Communications Equipment

- ADP
- Communication Equipment
- Detection & Coherent Radiation  
Equipment
- Electrical & Electronics  
Equipment
- Night Vision Equipment

## Sustainment S&E

- Drones
- Engines, Components & Spt Eq
- Fuels & Lubricants
- Materials
- Supply Parts
- Support Ships & Small Craft
- Training Aids & Devices

## Facilities S&E

- Furnishings & Office S&E
- Machinery & Tools
- Physical Plant

## Clothing, Medical & Subsistence

- Clothing, Textiles & Equipage
- Medical & Dental
- Subsistence

## Miscellaneous S&E

- Non-Food Items for Resale
- S&E Not Classified Elsewhere

**All DoD Components Will Use This Taxonomy to Manage and Report Spend**





# FY 2010 DoD Strategic Sourcing Initiatives

- ◆ **Improving Tradecraft of Services Acquisitions**
  - » 52% of DoD's total spend
  - » Strategic Plan for sourcing services
  - » Services portfolio taxonomy DoD-wide
  - » Senior management oversight at component-level
  - » Address causes for poor tradecraft
  - » Increase small business participation
  
- ◆ **AbilityOne Contract Mgt Support**
  - » Supports contract closeout efforts for entire Department
  - » Pilot paid for itself through \$3.8M in de-obligations
    - 14 AbilityOne employees closed over 2,000 contracts
    - AbilityOne training 22 veterans and 7 wounded warriors to support effort
  - » Closeout service added to AbilityOne Procurement List, 28 June 10
  
- ◆ **Incentivizing Industry Performance**
  - » Adjust progress payments - time value of money vs. lower prices/costs vs. performance
  - » Revise Weighted Guidelines to align profit with performance





# FY 2010 DoD Strategic Sourcing Initiatives

- ◆ **Major Defense Acquisition Programs**
  - » Small Diameter Bomb II and E-2D Advanced Hawkeye
    - \$1.02B saved through economic order quantities (EOQs)
  - » DDG-51 Destroyer
    - \$400M saved by competing a subcomponent
  - » F/A-18 Strike Fighter and E/A Electronic Attack Aircraft
    - \$600M saved through FPIF restructure
  - » Littoral Combat Ship
    - \$1B anticipated savings through increasing competition for ship's design
  
- ◆ **Fleet Automotive Support Initiative Global (FASI-G)**
  - » Provides worldwide support of DoD's tactical and non-tactical wheeled vehicles requirements
  - » Supply chain integration includes demand planning, inventory mgt, storage, distribution, and obsolescence mgt
  - » Maintains over 22,000 NSNs - parts and vehicle inventory
  - » Provides Department and FMS customers global support





# FSSI Contracting Arrangements

- ◆ **Commitment to FSSI Office Supplies BPAs**
  - » DoD confirmed commitment to OFPP, 23 March 10
    - Use of best value arrangements
  - » Internal controls for use
    - FSSI BPAs are uploaded on DoD E-Mail
  - » DoD sales thru September 2010
    - \$7.3M, 44% of total BPA sales
  
- ◆ **Commitment to FSSI Domestic Delivery BPAs**
  - » USTRANSCOM delivers unrivaled distribution solutions
    - Mission provides end-to-end distribution process
    - Internal fleet (1,203 aircraft and 379 vessels)
    - Strategic arrangements provide best value for domestic and OCONUS requirements
  - Achieved \$4.9B in savings from FY 2004 – 2010
  - » DoD commitment is to best value arrangements

