

**A Conversation with the DHS
Chief Information Officer & Chief Procurement Officer
Webinar Summary Notes
March 17, 2016**

Overview and Introductory Remarks

Speaker: Harrison Smith, Industry Liaison, Office of the Chief Procurement Officer (OCPO)

The Department of Homeland Security's (DHS) "Conversation with the DHS Chief Information Officer & Chief Procurement Officer," known as the Joint CIO/CPO Webinar, was an event under the auspices of the Acquisition Innovations in Motion (AIiM) initiative. Designed to promote open dialogue, this learning event focused on the DHS CIO and CPO strategic priorities and areas of collaboration. The session discussed where DHS spends its money and provided information on small business utilization and strategic sourcing. The event concluded with a Question and Answer (Q&A) forum.

For introductions, Luke McCormack became the DHS CIO in December 2013. He previously served in key leadership roles at the Department of Justice and other DHS components such as Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP). Before joining the federal government, he also served at various private sector companies including MCI and Ford Aerospace. Soraya Correa became DHS CPO in January 2015. She previously held multiple program leadership positions at U.S. Citizenship and Immigration Services (USCIS), and served as the Head of Contracting Activity (HCA) at ICE and the DHS Office of Procurement Operations (OPO). Prior to joining DHS, she served in leadership roles at several federal agencies including the Naval Sea Systems Command, General Services Administration, National Aeronautics and Space Administration, and Immigration and Naturalization Service.

Soraya Correa's Presentation

Speaker: Soraya, Correa, Chief Procurement Officer

In fiscal year (FY) 2015 DHS had \$18.1B in obligations; about fifty percent of those dollars were spent on IT, telecommunications, and professional services. But at DHS we buy a little bit of everything (e.g., guns, ammunition, uniforms, vehicles, etc.). The slide shows our programs as they align to our organizational structure--seven major components who buy and 63 major acquisition programs. Acquisition structure means cradle to grave: program and procurement management combined, spanning the entire lifecycle.

Dark blue boxes on the organization structure slide are our buying organizations. We have the seven component HCAs shown at the bottom of the slide and the two HCAs at headquarters that were stood up when the Department was formed. OCPO serves and supports all of these customers.

As the slides show, DHS has been consistent over time in our obligation numbers. In FY 2015, we obligated about \$18.1B, with 89,000 transactions. Mentioned previously, the largest share was in IT, telecommunications and professional services. The remainder is what else we buy such as construction, facilities, etc.

We pride ourselves on having scored all “As” on our annual small business procurement scorecard for the past six years. We have heard we are getting another “A” for FY 2015. In 2014, we earned an A+ by exceeding all of our goals. DHS is the only agency to receive a grade of “A” six years in a row and the only agency of the “Big 7” agencies to receive all “As”.

Our strategic sourcing program started in 2004, before anyone else was talking about it. Leveraging our collective buying power, we make effective and efficient use of our purchasing resources. Strategic sourcing has saved us \$2.9B in total, including \$466M in FY 2015 alone. We work very closely with the General Services Administration (GSA) and their Office of Federal Procurement Policy on their category management program. In fact, the director of our strategic sourcing program is the lead for the security category in the category management gateway. This is important because our programs invest the savings that are generated.

We try to invest in a smart way. We look at what other agencies are doing and look at what other vehicles are already out there. For example, there is no follow on procurement to the Technical, Acquisition, and Business Support Services (TABSS) vehicle since another vehicle exists that can similarly fulfill those requirements. Since the CIO is here, we are also going to highlight the Enterprise Acquisition Gateway for Leading-Edge Solutions II (EAGLE II) and First Source II vehicles, whose predecessors were established at the inception of the Department to support the CIO community.

Our organization’s vision is to be innovative and flexible business advisors delivering mission-driven solutions for customers. It means that we are not just solving problems – we are developing solutions in partnership with our customers. We achieve this by focusing on our four strategic priorities:

- 1) Inspire and Motivate People.** We are targeting everyone involved in the acquisition process. We want them to be inspired and motivated to do their best. We have a cross community mentoring program. We also hold Town Halls for the entire procurement community so they understand what is expected of them.

2) Deliver Exceptional Results. Our job is to deliver an answer; to deliver results. It could be a contract, Interagency Agreement (IAA), or a recommendation not to contract. In this area, we keep people certified and enhance our training, much of which is just-in-time and right at the desktop. We also use learning cafes and webinars to discuss current topics and enable learning from one another. Examples of current topics are the Federal Information Technology Acquisition Reform Act (FITARA) and DHS Biometrics Strategic Framework.

3) Enhance Mission Capabilities. Through our procurement work, we help people better understand and serve the DHS mission. As an example, we are adding cyber hygiene clauses as part of our contracts. We include language to address data breaches and how we can better secure the data we give our contractors.

4) Promote meaningful communications. We engage industry, stakeholders, and customers to create an open dialog. We are implementing our strategic priorities through Acquisition Innovations in Motion (AIiM). That is our clever name for our strategic priorities. We are improving processes and communicating effectively. A key part of this is effectively engaging with industry. We have three types of industry engagement events: requirements events, major events, and learning events. The learning events are targeted opportunities to share best practices, explore innovation opportunities, and understand business processes.

Luke McCormack's Presentation

Speaker: Luke McCormack, Chief Information Officer

IT has been a big benefactor of strategic sourcing and we will continue to use it. Please notice that within the HCA organizations is where there is a lot of depth in IT activities. Our IT environment is changing. We are moving to the digital organization. This is not digitizing; rather, the organization itself is digital. We are partnering with the CXOs to accomplish this. Opportunity and demand areas are bringing us business value and operational capability. We are changing our organization and transforming. We are giving the user population what the market has to offer. This is what we are calling the "Open Market." We are moving to consumption-based services, open source, on-demand, full availability, and security through automation. We are building an ecosystem that takes advantage of these capabilities and delivers on promises.

Through the open market we are able to deliver services at reduced cost and a shorter time to delivery. We make sure services are secure and available. If you look at the FedRAMP certifying capability pilots, we are moving from

Moderate/Moderate/Moderate to High/High/High. We want to take advantage of that opportunity.

We are focused on building the model agency to attract good talent. You are encouraged to try public service. We need your help. We also need your help to form partnerships to keep the country safe.

We are building the ecosystem to shorten time to market, provide high reliability, and a high security posture. We are making sure we have the checks and balances through the right governance. We are focused on the user who needs capability. With the open market, we can provide shorter time to market at a lower cost than in the past.

We are pursuing flexible delivery at DHS via tools and technologies that make mission capability available to the components. We are leading with an open market strategy -- making public cloud and consumption-based services available. We have rewritten our data center contracts so we can focus on innovation.

We are working with the DHS Science and Technology Directorate to forge new technologies and take them out of the petri dish. We are thinking three to five years out by going to Silicon Valley and talking with venture capitalists to understand what is in the pipeline and to communicate our needs.

Our service delivery is high quality and timely and we manage our vendors well. We are changing our delivery model. We are making sure we have the right governance and accountability. We are focused on being lean and flexible. We encourage feedback early and often.

To remain thought leaders and maintain a world class organization, we are currently partnering with the DHS National Programs and Protectorate Directorate on cyber policy. We are an early adopter and are making decisions based on a capability maturity model. Our operating components are rating themselves in different capabilities and making priority decisions based on maturity and risk level.

We are one of the first departments to offer digital service plays. We are fully deployed on a number of projects and are following the principles. In terms of operating, we are focused on a range of things, from user needs, all the way down to default and to open source. We have five pilot projects underway, in different stages, which utilize the digital service play principles:

- 1) **USCIS Verification Transformation** – Implementation is well underway; we are out in front leading the way for this model.

- 2) **ICE SEVIS** – Post Alternatives Analysis, focused on how they are going to pursue the project.
- 3) **TSA TIM** – Making critical decisions about architecture.
- 4) **FEMA Grants Management** – Pre Analysis of Alternatives stage.
- 5) **FEMA Flood Insurance** – Pre Analysis of Alternatives stage.

Questions and Answers

[Harrison Smith facilitated the Q&A Session.]

Can you explain how you see 1102s not just as Contracting Officers or paper pushers, but more as business advisors? How does that manifest in your relationship with the CIO?

We do not see our contracting officers and contract specialists as paper pushers, but as business advisors. We are here to be a part of the solution-based team. We want to be involved at the requirements stage, planning the acquisition, helping to think through the “how.” For example, we are working on a conceptual vehicle to buy cloud services. We are thinking about how to do it, how to evaluate, and how to order the services. We are considering cradle to grave in our discussion. We ask industry to help us formulate solicitations. Industry knows how they sell. If we buy how they sell, the acquisition is simplified. There is more consistency and standards. The buying process is faster. This creates an environment where we are more innovative at a lower cost.

We know and have heard from industry that the procurement process is too long. This is in part due to us being risk averse because we worry about protests. So we stood up the Procurement Innovation Lab as part of AiM to invite contracting officers and contract specialists to tell us how we can improve business processes to shorten procurement timelines.

We are innovating with better group debriefings and better evaluations. We are using our pilots to show we can get through analysis and documentation processes and shorten the whole acquisition process. This is all so we can get products on the ground and deployed to our operators more quickly.

Q. It looks like IT initiatives are based on best practices (e.g., lean IT, IT Infrastructure Library (ITIL), etc.). How are these reflected in your plans?

We have been ITIL-based for some time. We've adopted the pieces that make sense to make sure that we are repeatable and consistent. We use industry best practices for cloud, hybrid cloud and DevOps. We also learn from industry. We look at how large companies do IT so we too can take advantage of the innovations that already exist. Recently, we were in Silicon Valley for this exact reason. We had a wildly successful Reverse Industry Day in November 2015. I wish every Federal employee involved in acquisitions could have attended. We learned a lot from industry, and we are doing another similar event soon. [The Reverse Industry Day is an event giving industry the opportunity to let us know their thought processes. What is industry's acquisition model/cycle? How do they pursue opportunities? How do they react to us and the signals we give or don't give? Our first Reverse Industry Day was very successful with a 97% approval rating.]

Q. We are seeing more going to small businesses. What are your plans for small business?

One size does not fit all. We build tools for the toolkit for our acquisition professionals and program offices. Our vehicles leverage collective buying power. Our goal is to be as quick and as efficient as possible. We will use existing vehicles where it makes sense or create new vehicles when they are needed. Based on the Small Business Act, we are prudent and do a great deal of market research to see if a small business can perform the work. We are required to utilize small business, so we work with our Office of Small and Disadvantaged Business Utilization, the customer, and the marketplace to make these decisions. Last year, our dollars obligated to small businesses exceeded our goal of 32% and reached 34%. We use small business where it makes sense and we do this work carefully to watch for pass-throughs to large businesses.

We want choices and an open market to drive costs down. The world is changing. Take a look at the digital playbook; the old model was large, monolithic projects. Now we are looking at bite size pieces, sampling different pieces, buying on a consumption basis. Nimble works; big companies need to think small. There are things that only big companies can achieve, but things that are purpose built can be done in smaller pieces by mashing up technologies and drawing from the cloud.

Q. Is this the concept of continuous development which recent press has called the next step after Agile?

Yes, that is exactly what it is, Agile is first generation. We now use Agile to automate the cycle and use the cloud in public, private, and hybrid configurations. We select

Commercial-off-the-Shelf or purpose built as appropriate. The methodology on a purpose built system are the techniques we will continue to use and mature.

Q. How is open source being used or considered by DHS?

At USCIS we used the GitHub methodology. People have concerns about security, but there is light on it when it is open source. Since it is not a closed system, we can be more secure by running through our checks automatically. Every unit gets tested in real time and with a fully automated capability.

Q. You spoke of options. What drives vehicle decisions, particularly in reference to TABSS?

I know there are questions about the decision not to re-compete TABSS. Federal procurement policy directs Senior Procurement Executives to consider what is out there before a new vehicle is competed. The requirement drives the decision; what do I need to achieve, how do I need to achieve it, and is there a vehicle built to do that? TABSS was developed years before GSA OASIS. GSA expanded OASIS and built in new features that we would have built into a TABSS II vehicle. We spoke with GSA about the future plans for OASIS. We are driven by requirements and we make our decisions as a team. Why would we replicate? OASIS has many outstanding companies that are ready to provide support.

We also talked with our DHS customers. We spoke with them two years ahead of time so they had time to partner with OASIS contractors. Additionally, there are numerous opportunities for industry with OASIS. We have finite resources, so we put them where they are needed. Sometimes requirements are unique and necessitate a custom DHS vehicle, and other times requirements can be met by a vehicle that already exists elsewhere.

If two to three years down the road this approach no longer makes sense, then we would be willing to reverse the decision. Please be clear that I am not saying we will, but if it is the right choice, we would. Today OASIS is the right choice based on needs, mission, and what is available in the market. As we have said, we want to give our customers good choices and options.

Closing Remarks

Speaker: Harrison Smith, Industry Liaison, OCPO

Thank you Luke McCormick and Soraya Correa. We will post slides and a recording of this webinar on the external DHS AIiM website in the near future. This is the first of

several joint webinars and we will also continue in-person industry engagements. As we move into these web-based fireside chats, please let us know if there are specific areas you would like a webinar on. We cannot do this alone. Thank you and Happy St. Patrick's Day.