



**Industry Advisory Council**  
*Transition Study Group*

**Enabling Federal IT Innovation and  
Results through Strategic Buying and  
Management**

April 30, 2009



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## **Executive Summary: Enabling Federal IT Innovation and Results through Strategic Buying and Management**

Buying and managing acquired goods and services is the lynch pin to many Federal Government responsibilities and can be the greatest enabler or barrier to successful policy outcomes. To ensure that innovation can be returned to the Federal Government and that the Federal Government can function as a world leader in the use of information technology, this paper posits that Acquisition must be resourced and executed as a core strategic function for the US Government. Acquisition must employ and execute a well defined plan for the transformational changes that are needed to successfully support increasingly complex and rapidly changing policy and technological requirements of federal agencies. Dramatic changes must be launched in the near-term, and sustained to address systemic short-falls.

Significant challenges exist within the Federal Acquisition environment. How the government acquires Information Technology (IT) is changing from buying IT systems from systems integrators to a service based model. In the future, the Government will move towards obtaining common IT services on a demand basis which will require Government to change from defining requirements to defining required capabilities. A significant challenge will be to balance the apparently competing goals of speed, competition, fairness, innovation, and transparency.

This paper discusses current challenges within the Federal IT Acquisition environment-that includes a diverse, cross-functional team of program, financial, and buying representatives- and makes recommendations for change immediately, and then more systemically over the longer term. Improved IT acquisitions can be measured by “faster time to program impact”, rather than the traditional “time to contract issuance” .A spirit of legitimate experimentation is encouraged and is reflected in recommended “quick hits” that investigate appropriate application of Web2.0 tools, leverage aligned processes of grants and contracts, and institute shared “as a service” environments.

The root cause of most failed IT program acquisitions can be directly linked to the lack of clarity of requirements and the target state the acquired systems must meet. This in turn translates to poor acquisition planning, management, execution, and program implementation. The overarching message is that today the contributions of the IT acquisition function are constrained by the lack of available skilled resources and isolation, not by lack of regulations or oversight. Professor Steven L. Schooner and Daniel S. Greenspahn in a recent paper stated that “...for the first time in modern U.S. history, the federal Government spends nearly 50 cents of every discretionary dollar on contracts with private firms.”<sup>1</sup> Federal spending on Information

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<sup>1</sup> Schooner, Steven L. and Greenspahn, Daniel S., Too Dependent on Contractor? Minimum Standards for Responsible Governance, The George Washington University Law School Public Law and Legal Theory Working Paper No. 435, summer 2008.

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Technology (IT) has also grown and is projected to rise to \$87.8 billion in FY2013<sup>2</sup>. How this investment is spent and managed matters. Specific IT skills are imperative to appropriately directing this significant investment.

Priority for immediate increase in IT-skilled staffing should be focused on the key buying agencies, GSA and DISA.

The paper advocates for a skilled cross-functional team to manage the acquisition/implementation process and improved information exchange between the entities with requirements and the solution provider community.

This paper also offers specific tactical suggestions that can be implemented to improve the overall acquisition environment. Areas for improvements include:

- Acquisition Workforce

*The acquisition workforce must comprise cross-functional skill sets to include management, technical, acquisition and finance;*

*The “blended workforce” of Federal employees and contractor personnel is here to stay, at least the foreseeable future, due to internal federal resource short-falls.*

*A common framework, to include formal career planning and additional training in program/project management, finance, acquisition best practices and technical topics, are needed for the Federal acquisition workforce;*

- Program Requirements

*Program requirements need to be expressed in terms of the desired outcomes and results to be achieved. The requirements must be well defined, communicated, and understood by all the stakeholders;*

*Program success is dependent upon timely and sufficient funding that supports the entire life-cycle of the program;*

- Transparency

*There are two areas within Transparency to be considered: process transparency and program transparency;*

*Current program funding reduces transparency into program performance.*

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<sup>2</sup> INPUT Federal Market IT Forecast 2008-2013, May 2008



- Competition

*Interactive dialogue between requiring entities and the provider community is the foundation for understanding program requirements and is needed to define and constrain the risks of performance, regardless of contract type;*

*Increased interactive exchanges between program personnel and potential bidders will lead to better understanding of the requirements and translate to bidder's ability to propose innovative solutions to better fit the requirements, thus enhancing true competition.*



## Enabling Federal IT Innovation and Results through Strategic Buying and Management

### The Issue

Buying and managing acquired goods and services is the lynch pin to many Federal Government responsibilities and can be the greatest enabler or barrier to successful policy outcomes. Government actions from support for our military weapons systems and services, Medicare and Medicaid health care, infrastructure construction and repair, and information technology products and services are accomplished through Government “business transactions”.

For decades, the focus has been on acquisition through contracts. Yet, gone are the days when acquisition can be viewed as a transactional back-office activity. Due to the growing complexity, intricacy, volume, and criticality of mission requirements, acquisition has become strategically important.

Now, with various urgent recovery and stimulus acts, acquisition has once again moved to the forefront. As a result, Grants have become an even more important method for infusing billions of tax payer dollars into the economy with specific policy purpose.

How tax dollars are spent, by whom and what is accomplished is important to our citizens and is, in fact, a “C” level activity for Government bearing top executive attention.

The significant challenges within the Federal Acquisition environment can be grouped into the four categories listed below:

- a. **Acquisition Workforce:** The federal acquisition workforce (“workforce”) lacks the common framework, knowledge, experience and skills needed to successfully manage the acquisition process to meet the demands of rapid technology innovation and the growing complexity of the federal Government’s mission requirements.
- b. **Program Requirements:** Programs outcomes are not well defined, funded for success, nor oriented towards new performance expectations.
- c. **Transparency:** There is insufficient transparency in both the acquisition process and the management/performance of programs
- d. **Competition:** The nature of today’s complicated contracting process, coupled with inadequacies in the acquisition workforce, have the unintended consequences of reducing competition and increasing protests.

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This paper addresses the status quo, key issues and options for systemic improvements for each of the challenges presented above. However, we recognize that the recommendations for improvement made for each of these areas represent long term change. Lasting change requires time to implement, measure and adjust. At the same time, urgent demands addressed with stimulus and recovery funding means that some more immediate fixes are also required. Therefore, we also include three “quick hits” for consideration.

## Quick Hits

**Use Web 2.0 in generating Competitive Acquisition and Grant requirements –** Transparency, - knowledge of what the Government is buying and its intended purpose and results- is a hallmark of this Administration. The establishment of *Recovery.gov* and its millions of hits in its first weeks of operation demonstrates that citizens do care and are interested in what Government spends and accomplishes. This citizen involvement can be further leveraged in the requirements, contracts and grants processes.

The standard process of releasing a document, invoking a “black-out” period and evaluating proposals to select a contractor or grantee, does not fully use the technologies available today. Group collaboration tools are readily available and commonly used. As private citizens, we can collaborate on line through a wiki, a product review, surveys and topical conversations.

The Government could deploy in a test environment, Web 2.0 tools in the grants and acquisition processes to improve the current description of need (Statement of Work or announcement) as well as highlight new technologies or solutions available. Such tools are now common practice and can improve transparency, increase quality, introduce new ideas,, and leverage the knowledge of the masses for good Government. Initial use of any new tool will take longer and listening to the citizens and incorporating comments may impact “speed”. However, the end result will be greater citizen involvement and improved acquisition results which will drive faster “*time to program impact*”, a better measure than “time to contract issuance”. Such transparency invites oversight groups to be involved early and provide their insight and recommendations for better business transactions.

We recommend that the Government designate a lead agency for contracts and a lead agency for grants to pilot Web 2.0 collaborative technologies to develop grant announcements and contract statements of work or objectives. The lead Agencies can track input and evaluate the results in terms of quality and time impact from collaborative improvements.

**Leverage similarities by establishing a library of grants and contracts –** We recommend taking reuse to the next level. Much has been said about the acquisition workload and workforce challenge. Longer term solutions do include hiring and training more acquisition (and grants) personnel. While hiring and training is on-going, process simplification can help meet the workload challenges.

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The General Services Administration should develop a library of documents for reference and reuse, as appropriate. These can include Government-wide standard templates for statements of work, statements of objectives, and standard elements of Request for Proposal (RFP) response requirements.

Additionally, although numerous external groups have called for “transparency” and publication of Government contracts, these documents have not generally been made publicly available outside the Freedom of Information Act (FOIA) context. FOIA is time consuming, costly and labor intensive. The Obama Administration has directed all executive branch departments and agencies to apply a presumption of openness when administering the FOIA.

The Contracts and Grants community could immediately restructure documents at award in a format that is releasable and publishable. The Government and the Contractor/Awardee would agree at award what information contained in the business agreement is business sensitive and not publicly releasable. This sensitive information would then be put in a separate self-contained section of the document (separately subject to FOIA). The remaining award could be published and indexed, providing the basis for Government reuse, citizen knowledge, and oversight.

***Extend “as a Service” sharing*** – The Integrated Acquisition Environment, established in 2002, was a precursor to Software as a Service. Recognizing the commonality of Government contracts and the information needed, this Government-wide group self-funded, prioritized and developed common systems. Their foray into “Software as a Service” went largely unheralded, although the common systems are now widely used, provide easy access to common information, and offer efficiency to both Government and industry users

The Office of Management and Budget should immediately recognize this best practice, extend the common services to the grants domain, and support the “next” set of common applications which the community has identified for future growth and improvement.

## **Issue 1: Acquisition Workforce**

*The federal acquisition workforce (“workforce”) lacks the common framework, knowledge, experience and skills needed to successfully manage the acquisition process to meet the demands of rapid technology innovation and the growing complexity of the federal Government’s mission requirements.*

### **Assessment of Status Quo**

To successfully meet their agency needs, acquisition workers must be sophisticated, knowledgeable, skilled and experienced business advisors who are able to adjust to the rapid pace of technology innovation in order to execute as a strategic function.

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Today's definition of "Acquisition workforce" is inconsistent between DoD and Civilian agencies. Sometimes acquisition teams include more than contracting officers, combining program managers, project managers and others, such as contracting officer technical representatives and budget personnel. Acquisition practices are not organized to adequately leverage the knowledge and skills of these acquisition teams. Furthermore, the increase in complexity of new requirements and systems due to rapid advancements within the information technology field is creating large skill gaps in the federal acquisition workforce.

An excellent description of the status quo can be found in the Gansler Commission's report titled "Urgent Reform Required: Army Expeditionary Contracting." While the report is focused on Army contingency contracting it contains a number of general conclusions that can readily be applied to daily operational workforce and acquisition management challenges faced in both civilian and DoD agencies. Some excerpts that bear this point out are:

"The Army's acquisition workforce is not adequately staffed, trained, structured or empowered to meet the Army needs of the 21<sup>st</sup> century deployed warfighters."<sup>3</sup>

"Army contracting personnel face over a 600 percent increase in workload, while performing more complex actions than ever before (for sophisticated services and buying systems of systems). Yet the number of Army civilian and military in the contracting workforce is stagnant and declining."<sup>4</sup>

## Key Issues

A fundamental problem is the inconsistency in the definition of 'acquisition'. This leads to disparity in the acquisition approach. Further, there aren't enough qualified and skilled personnel to manage and execute proper IT acquisition, regardless of how this is defined. This is exacerbated by inconsistent career definition, insufficient training opportunities and inadequate compensation structure for acquisition personnel.

Professor Steven Kelman, former Administrator of the Office of Public Policy and currently a professor at the Harvard University Kennedy School of Government, described the workforce as understaffed, undertrained and overwhelmed in a recent article for FCW.com entitled "Management Trumps Oversight".

**Understaffed** - "Since 1988, the size of the acquisition workforce has fluctuated from a high of 67,085 in 1992 to a low of 56,384 in 2000, consequently hovering around the 60,000 mark

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<sup>3</sup> Urgent Reform Required: Army Expeditionary Contracting, Report of the Commission and Program Management in Expeditionary Operations, October 31, 2007

<sup>4</sup> ibid



overall.”<sup>5</sup> The Federal Acquisition Institute (FAI) projects that 57% of these seasoned acquisition professionals are also eligible to retire in 2017<sup>6</sup>. The size of the workforce, even though appearing relatively stable, has not kept pace with the dramatic increase in agency spending since 2001. Last year, the Acquisition Advisory Panel estimates that procurement obligations have risen 60% since then.<sup>7</sup> Professor Steven L. Schooner and Daniel S. Greenspahn provide further insight in a recent paper by stating that “...for the first time in modern U.S. history, the federal Government spends nearly 50 cents of every discretionary dollar on contracts with private firms.”<sup>8</sup> Federal spending on Information Technology (IT) has also grown and is projected to rise to \$87.8 billion in FY2013<sup>9</sup>. This equates to about 20 percent of the total federal spend. The complex nature of IT acquisition, coupled with the current and anticipated environment of rapid technological innovation, will continue to promote an environment where more federal acquisition workers are needed; not the same or less.

**Undertrained** – Specialized skills and experience are required by today’s and tomorrow’s federal acquisition workers to adapt to the growing complexity of their strategic function. The 2007 Contracting Workforce Competencies Survey that was conducted by FAI revealed that knowledge and skill gaps exist in important business competencies, including program management, requirements definition and financial management.<sup>10</sup> In the same survey, requirements for additional training requirements were identified. These are essential for the workforce to gain the critical business skills needed to be successful in today’s complex and rapidly changing acquisition environment. The training needs identified by FAI included strategic planning, negotiation, requirements management, performance-based acquisition, and performance management.<sup>11</sup> While all of these training categories are important, several of these categories shape the ultimate success or failure of any acquisition. Requirements and performance management, if weak or unsatisfactory, will tarnish what would otherwise be viewed as a successful procurement. IT-specific knowledge, such as definition and management of Service-level Agreements and creation of workable incentive structures, is critical. The inability for the Government to adequately describe it’s needs in the beginning of the acquisition process, overly restrictive communications with potential solutions providers, along with the inability to monitor/evaluate the performance of a contract to ensure that the Government receives what it paid for, are perhaps the training areas with the highest payoff that need immediate attention.

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<sup>5</sup> Federal Acquisition Institute, Annual Report on the Federal Acquisition Workforce, Fiscal Year 2007, May 2008,

<sup>6</sup> *ibid*

<sup>7</sup> Report of the Acquisition Advisory Panel to the Office of Federal procurement Policy and the United States Congress, January 2007

<sup>8</sup> Schooner, Steven L. and Greenspahn, Daniel S., Too Dependent on Contractor? Minimum Standards for Responsible Governance, The George Washington University Law School Public Law and Legal Theory Working Paper No. 435, summer 2008.

<sup>9</sup> INPUT Federal Market IT Forecast 2008-2013, May 2008

<sup>10</sup> 2007 Contracting Workforce Competency Survey for the Federal Contracting Workforce, Federal Acquisition Institute, October 2007

<sup>11</sup> *ibid*



**Overwhelmed** – The increases to federal spend and mission requirements, when combined with the growing complexity of the acquisition function, have resulted in an environment where the current workforce generally cannot accomplish their jobs without relying on a significant amount of commercial sector contract support. Although contractors have been supporting federal organizations for over two hundred years, today this “blended” workforce which supplements federal workers has grown to the point where valid concerns have been raised about organizational and personal conflicts of interest, ethics, as well as the overall impact that so many contractors may have on the integrity of the federal procurement process itself. Over time, the burdens placed on the government workforce have diluted its overall effectiveness and influence by hiring contractors to perform inherently governmental roles, such as oversight of other contractors, preparation of budgets, and development of policy, for example.<sup>12</sup>

### Options for Improvement

**Create consistent Government-wide definition for acquisition** – There is a need for a coordinated effort to create a consistent federal-wide acquisition framework across DoD and Civilian agencies. A plan with defined milestones and outcomes is needed to address the changes in Government IT needs from system development to service capabilities. This plan should include the definition of acquisition, the makeup of the acquisition team, the required training for the acquisition team, the career path and compensation of acquisition and procurement personnel related to IT, and the target IT acquisition environment.

**Clearly define the IT acquisition workforce** – IT acquisition workforce definition needs to include representatives from throughout the stakeholder’s community, e.g. project personnel, financial personnel, procurement personnel, end users and IT security personnel as well as the required IT- related training that would give the acquisition team enough IT core competencies and understanding to engage effectively with industry.

**Take immediate action to make Government more attractive for seasoned industry professionals** - Agencies need to immediately address human capital needs in the near- and long-term. Immediate needs could be met by attracting experienced professionals from industry into the Government. Acquisition positions need to be made more attractive to mid- and senior-level industry professionals by simplifying and shortening the federal hiring process and providing salaries commensurate with industry. A major challenge is that mid-level acquisition billets are not attractive to industry professionals because the federal hiring process is so bureaucratic and there is no truly meaningful experience/training equivalency provided for industry acquisition professionals who wish to enter the federal workforce. (There is some DAWIA and FAI training class equivalency, but it is notional.) If more industry professionals can

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<sup>12</sup> Schooner and Greenspahn

<sup>11</sup> Defense AT&L: March-April 2009



be attracted into Government service, they can fill the knowledge and experience gaps that are needed pending the recruitment, training and growth of a younger, less experienced workforce.

**Develop mentoring program(s)** – Although a number of agencies have internal mentoring initiatives (sometimes as part of their intern programs), the time is right for serious discussion among Government acquisition leaders about how effective mentoring can benefit the current and future workforce. Organizations such as National Contract Management Association (NCMA) and several of its chapters have successful mentoring programs and could provide invaluable advice and assistance to federal leaders. Mentoring will enable more seasoned professionals to share their knowledge with junior professionals and should benefit agencies by ensuring that valuable acquisition knowledge is transferred.

**Provide more funding towards training** - The percentage of funds provided to the Acquisition Workforce Training Fund which was established by the Services Acquisition Reform Act of 2003 (SARA), Section 1412 should be increased. More funding will increase the opportunities for the workforce to receive the training which will be needed to close the program management and technology skill gaps.

Each role within the acquisition team needs to be well articulated and accompanied with training plan guidelines as well as a defined career progression. Funds (and time) should also be allocated to allow acquisition personnel to attend both programmatic and technology conferences to keep pace with the market

**Encourage Government and industry exchanges** – Supporting interchanges between Government and industry via organizations such as ACT/IAC will promote understanding of each sector’s challenges, constraints, incentives, and capabilities. Also, establishing a mechanism to allow Government personnel to “intern” in the private sector will enable these workers to gain needed competencies.



## Issue 2: Program Requirements

*Programs outcomes are not well defined, funded for success, nor oriented towards new performance expectations.*

### Assessment of Status Quo

To achieve real program success, agencies must be able to clearly define, articulate and communicate their requirements. This includes communicating the purpose and desired result of the program to all stakeholders, including congressional staffs, OMB personnel, agency CXOs, systems users, acquisition team members and potential bidders..

An example from the September 2008 GAO report on the Secure Border Initiative stated that “the scope and timing of planned SBInet deployments and capabilities have continued to change since the program began and, even now, are unclear.” In addition it stated “the program has not effectively performed key requirements definition and management practices. For example, it has not ensured that different levels of requirements are properly aligned.” The report concluded:

“Federal information technology programs operate in an environment of rapid technology evolution in which some systems components become obsolete while the program is still in development. This pace of technology change requires agile decision making and challenges program teams to keep their technical skill base current to inform these decision-making processes. IT systems and business processes are increasingly interconnected within and across agencies, making it hard to achieve consensus on vision, operational concept, and requirements.”<sup>11</sup>

The reality is that requirements (particularly technology) are difficult to document. By the time they are vetted, written down and receive all the required level of approvals, they usually are outdated. One of the reasons is due to the rapid change in technology; another is due to current events. With the change in technology, new and improved ways are available to solve problems, and new and different ways are available to those who are looking to foil the system. Current events also shift priorities which result in changes in the requirement, schedule and funding.

### Key Issues

Key issues with Program Requirements are:

**Lack of Innovation** - Despite requirements analyses being conducted and program needs documented, agency requirements continue to be more prescriptive rather than results-oriented. Rapid changes in technology, increased systems complexities and interdependencies contribute

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to the challenge of adequately describing the innovative outcomes that programs must have to achieve success.

**Cost Overruns** - Without proper requirements it is impossible for the Government to determine which activities contribute to the overall objective and when the project has met its goal. This can lead to a “shotgun” approach where ancillary activities are performed in hope that they will solve the problem. By the time the true solution emerges there is scope creep and cost overruns.

**Lack of Competition** - Since program requirements drive both competition and the selection of a vendor, unclear requirements lead to a lack of competition since prospective vendors are unwilling to spend limited resources to pursue an opportunity with high risk and investment. This leaves only the incumbent team who knows the work and can score well in the selection process. These incumbent teams continue to win the work over and over resulting in a lack of meaningful competition. Occasionally, large firms with more resources may be willing to make an investment to compete if the requirement is large enough. This occurs when they are able to team with a subcontractor/team member who is part of the incumbent team to gain access to and improve their understanding of the unstated program requirements; thus excluding other firms, especially small and medium size firms, that may offer innovative solutions to the requirement.

## Options for Improvement

**Focus attention on the importance of open communication with industry and the need for adequate, ongoing market research** - More open communication between Government and industry can be enhanced with the promotion of venues where ideas could be shared and where there is an atmosphere of cooperation. This information flow would enable federal acquisition workers to better understand the capabilities of the marketplace and to develop more accurate requirements. By using more “industry days”, site visits, access to program data, and open and frank discussion with prospective vendors, the Government can better describe to prospective vendors the desired outcome. Of course this may be difficult to manage if there are large numbers of prospective vendors. We recommend investigating the use of Web 2.0 technology to facilitate communications with stakeholders and vendor communities.

One of the options available to federal agencies for larger, more complex programs is to adopt the acquisition strategy that awards a pilot task to each of the selected companies. This way the Government can ensure that the final selected vendor has a clear understanding of the requirements and that the vendor will meet the program objective. Many may object to this method, citing additional cost, but the small cost up-front will translate into a large savings by avoiding purchase of a system that does not work and does not meet the objective.

**Solicit requirements from entire acquisition team** – Including representatives from across the stakeholder community will ensure that objectives include management, technical, user,

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financial, schedule, interoperability, environmental, and maintenance perspectives on the program needs. This will facilitate a comprehensive vision of the overall program requirements. We recommend using Web 2.0 technology to promote communication and interactive interchange of viewpoints during the acquisition requirements definition. This contrasts with the current broadcast and response approach used in most market research activities via the current Request for Information (RFI) and “sources sought” process.

***Focus on the desired end result*** – The Government should more extensively use Statements of Objectives (SOO) to define the program outcome desired. Use of the SOO reduces the need for the Government to be technology experts and reduces the time it takes to approve the requirements document since it is results-oriented and states *what* to accomplish instead of *how* to accomplish it. With a properly written SOO, the Government can measure the project on how well it is meeting the stated objectives and whether the project is a good value for the taxpayer.

Further, we recommend that the Government engage the public in discussions on the SOO prior to the release of the solicitation. Potential solutions providers should be included in the requirement discussions in terms of: 1) existing and emerging technology; 2) process and other innovations and 3) industry best practices that can shape the vision of the desired end result of the program.

Web 2.0 technology can be leveraged to engage the interchange between industry and Government as well as provide for additional transparency of the activity. We also recommend increasing the use of competing pilots to validate the best fit solution. Once a program is in progress, performance should be measured relative to desired outcomes and these should be compared against industry benchmark performance as inputs into future requirements.

### **Issue 3: Transparency**

*There is lack of transparency in both the acquisition process and the management/performance of programs.*

#### **Assessment of Status Quo**

No common understanding of what transparency is and what information it will provide results in constant unresolved, an unresolvable, debate. The lack of meaningful decisional information from the start of an acquisition to program/contract completion allows for conjecture by all parties that something is incomplete, incorrect or unacceptable.

The current efforts to provide process, program and information transparency have generated volumes of information but lack the rigor and discipline for the intended uses. Facts, figures and their meaning have become disassociated stovepipes of information not actionable knowledge.

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## Key Issues

Transparency into the acquisition process and contract/program management is really two related but distinct expressions of the same expectation – the need to have meaningful, useful and decisional information in a timely manner. The information needed in each case is different and the interested stakeholders are looking to achieve different objectives:

- 1) Program accountability and improvements are dependent on the ability to measure progress toward a clearly stated result. Transparency on program performance is vital to these activities.
- 2) To assure that taxpayer dollars are invested wisely, and contracted dollars are well spent, agencies must have the ability to provide data to the public in a relatively timely and easy to understand format.

Currently, the majority of program spend data is segregated into smaller projects/contracts that are executed in a decentralized manner. It is difficult to associate the financial data to the description of work performed. Recent improvements in this area has made spend data more accessible via *USASpending.gov*, although detailed descriptions of work connected to individual funding actions and on-going contract performance are not generally available. The availability of information from contract performance management tools is limited and restricted.

Acquisition transparency is different from contract performance transparency. It is about what and when the Government is buying a product or service; how and from whom it plans to procure; whether the considered sources are responsible and performance responsive; and whether the execution of the contracting process allows all interested parties to determine they have had the chance to participate in an equitable manner. Additionally, transparency is about the openness of the dialogue between the Government and the vendor community from the early stages of an acquisition through the selection decision.

## Options for Improvement

***Make better and more effective use of Advanced Procurement Planning [APP]*** - The Federal Acquisition Regulations ( FAR) currently requires APP as a planning and market research technique. Building on this requirement: 1) integrate budget formulation/capital programming milestones; 2) institute a process for early requirements discussions with industry, and 3) reinvigorate the requirement for posting and making available the APP to interested parties with the additional stipulation it be done prior to the start of the fiscal year.

***Make better and more effective use of interactive market research opportunities*** - Encourage and advocate the use of market research to solicit, consider, discuss and evaluate commercial and non-commercial solutions and products. These efforts should become an integral part of justifying, documenting and supporting requirements. The results of these efforts



should be publicly posted to give visibility to all parties of the Government's decisions regarding its requirements.

***Establish a more disciplined and rigorous process for the release of contract-related data***

– Based upon the requirements of FOIA and existing case law, the Government should establish procedures and criteria that facilitate a quick and rationale process of determining what contractor data is or is not releasable. The more immediate the ability to respond or post the available information, or to deny such a request, the less apprehension a requesting party is likely to have that something is not being provided to them that should be.

***Reassess the information being gathered and retained in existing data systems***

– We do not recommend creating a single master database. However, we do recommend selecting from existing systems those that best meet current needs and enhancing them to address the additional legitimate needs that are coming to the forefront. Such systems would aggregate the needed information concerning pre-award, award, contract performance and contract completion/close out. Standardization would be mandated where consistency in reporting is required to perform meaningful analysis. The Government has to tackle the disparate systems that have developed to collect the same data, such as Earned Value Management Systems (EVMS). Additionally, the Government needs to exercise self-restraint – more information does not guarantee better process execution or program management.

***Provide program, performance and contract data for third party product analysis***

– We recommend adopting the weather data model where data is made available to the public as well as to third party applications. Unclassified acquisition and contract performance data, both good and bad, should be detailed to the subtask or delivery order level, complete with technical SOW, and up-to-date within 30 days of any contract actions. Remedy of any errors should be equally swift.

***Require agencies to timely publish updated data on their upcoming requirements***

– Updated data for upcoming orders larger than \$10M, accompanied by the planned SOW or SOO and program contacts for the requirement, should be made available for public access on a quarterly basis. Unless the requirement constitutes a national emergency, the requirement should be advertised for a minimum of one quarter. For large requirements over \$100M, the requirement should be advertised no less than two quarters prior to the solicitation release. Currently, although many agencies publish their anticipated procurement schedules, the information is not timely. Often, the forecasts are only updated on a quarterly or on a semi-annual basis. We recommend that the Government use Web 2.0 technologies to aid in timely updates of upcoming requirements. For those requirements that are still under development, the Government can place them under a 'contemplated' category and start early engagement and discussions with industry.



## Issue 4: Competition

*The nature of today's complicated contracting process, coupled with inadequacies in the acquisition workforce, have the unintended consequences of reducing competition and increasing protests.*

### Assessment of Status Quo

No one seems to be satisfied with competition in today's environment.

**Congress** is concerned that the statistics showing the percentage of dollars spent non-competitively are out-of-balance with competitive expenditures.

**The public** is concerned whether they are getting the most for their tax dollars.

**Agency executives** want to ensure that they can maximize the return on investments spent on programs.

The **program managers** require speed to delivery and are concerned over the length of time it takes to compete and award contracts against their requirements to deliver products/capabilities to their user community.

**Acquisition personnel** must balance between the speed demanded from the program managers against the regulatory requirements to achieve competition – when have sufficient efforts been made, enough offers received, and technical versus price considerations achieved?

**Solutions providers** are concerned that they do not have enough lead time or dialog with the requiring entities to ensure they truly understand the requirements to provide a best-fit solution at competitive pricing. Furthermore, with limited budget and proposal dollars, companies must carefully select to bid against requirements that they clearly understand and believe there is a reasonable chance to win.

In the past, the solution to these competing requirements has been via legislative means and regulatory prescriptions that have now created a complex and costly acquisition system of multiple reporting and oversight layers impacting mission performance and program accomplishments. Yet, what is the definition of adequate competition? Is it defined by the length of time a requirement is advertised, by the means by which it is advertised, by the number of proposals received, or by the effort to provide for competition? How should competition be balanced against mandated set-aside for small and disadvantaged business goals?

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In order to get competition that will result in best-fit solution with real innovations for the desired outcome, potential bidders must be engaged in active dialog with the program acquisition team. To date, the use of the Request For Information (RFI) has been a widely accepted practice to start dialogs with potential bidders. Unfortunately, this type of exchange is non-interactive which limits information interchange, thus limiting the benefits that can be gained. “Industry days” and due diligence sessions provide for a more interactive exchange between program personnel and potential bidders, however, the information provided by the program personnel are limited to generics thereby placing serious constraints to the meaningful exchange between the parties.

## Key Issues

The changing nature of Federal acquisition has given rise to a new awareness that the definition and evidence of competition in the contracting process needs to be rethought. The increased use of indefinite delivery-indefinite quantity (IDIQ) contracts, particularly for services, and the statutory and regulatory responses to this increase highlights that a redefinition of “competition” is needed. The Government’s shifting emphasis to the acquisition of services requires reconsideration of what constitutes adequate and cost- effective competition.

The desire to minimize the cost of Government-specific specifications and standards has to be weighed against the adjustments in process that may be needed to achieve adequate technical and price competition. The extent and role of competition needs to be addressed when contingency contracting is required. There is a current predisposition to fixed price, performance-based service contracts that often conflicts with the Government’s challenge to adequately define its requirements. This forces an assumption of risk that has a chilling effect on both competition and innovation.

***Utilization of inadequate statistics to gauge success*** - The reliance on statistics alone to determine the success of acquisition competition does not provide a true “health-check” of the competitive process. If the same businesses (small or large) receive repetitive awards, it may or may not be because of their quality, cost-effectiveness or competitiveness. Current statistics do not yield insight into what is called fair opportunity. Federal leaders need to look beyond current statistics to see who is getting the public’s money, increasing insight into why and how they are performing.

***Underutilization of informal communication*** - Federal agencies tend to utilize formal methods of communication to solicit information from industry. Always fearful of protest or other challenges from industry, formal communications means are considered safe. Unfortunately, over-reliance on formal communications, especially early in the acquisition process, stifles communication and creates the possibility for misunderstanding. Early-on in the acquisition process it is vital for the Government to engage industry to gain a better understanding of market capabilities, leading edge technology, new ideas, etc. This open communication will help Government buyers construct better and more accurate requirements packages. Better

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and more accurate requirements packages will translate into better contracts and more value to the taxpayer.

## Options for Improvement

**Consider the Transparency improvement options** – Transparency encourages competition. When industry knows what the Government wants, how it determined what it wants, and is afforded the opportunity to interact, industry is more willing to invest funds in the pursuit of opportunities. The more interest, the more proposals, and the more competition.

**Lower the cost of doing business with the Government** – Competing for Government contracts is not easy, nor is it inexpensive. Competing requires an investment; the likelihood of a return on the investment drives the decision to compete. Making it less costly to do business with the government makes the investment more reasonable. To achieve this objective the Government needs to identify and present for discussion with industry its requirements [outcomes/objectives] sooner in the planning stages and it needs to initiate efforts to identify a competitive pool of contractors earlier in the acquisition process and in parallel with the requirements dialogue. Additionally, working through industry associations, the Government should to develop a clear understanding of how industry makes it competition and investment decisions.

**Develop a workable and transparent competition framework** - Define competition expectations that are reasonable and consistent for the majority of the Government's requirements; deal with competition policies in weapons systems and contingency contracting separately from IT systems and services. Policies by themselves do not create competition. Further, competition in and of itself is not the end goal; quotes, bids and proposals with innovative efficient solutions are the results being sought. A clear, transparent and appropriately structured framework for soliciting competition will provide early information, facilitate better understanding of the competition and submission prerequisites, and thus encourage contractors to submit bids to compete.

**Encourage down-selection as a technique for mid-size and large procurements** – Cattle-call procurements that encourage maximum competition throughout the contracting process do not enhance competition and are costly to all parties. Good competition does not require numbers, it requires a good SOW or SOO by the Government and competition among qualified and interested contractors. Down-selecting gets the Government to the qualified competitors quicker, draws the attention of capable and interested contractors, and maximizes the Governments efforts to negotiate contracts whose performance and completion are more assured.

**Reconsider how the Government finances its contracts and task orders** – Requirements justifying capital programming or EVMS should be funded in a manner consistent with the execution of the projects. Artificial segmentation of work, particularly performance-based

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requirements, increases the cost to the Government, requires additional time and effort by Government personnel to manage and administer the contract, and impacts program performance and agency mission.

***Destigmatize the use of Time & Materials (T&M) arrangements*** – Recognize that T&M contract provisions are no more difficult than cost type arrangements. With the increase in services acquisition, we recommend encouraging the use of T&M in the early stages of complex requirements to facilitate the collaborative relationship the Government and to help define the more complex processes and changes associated with conducting performance-based contracting.

***Provide open interchange on current state, future state and funding*** – To increase competition and to ensure best solution/value for the invested dollars, the acquisition process needs to allow multiple interactive interchanges between the program team and the potential bidders throughout the acquisition cycle. Program current status, desired end-state and available funding to achieve that goal should be openly discussed and disclosed. Also, do away with the “quiet period” rule of the past and allow discussions throughout the acquisition cycle, to include discussions of potential solutions within the due diligence sessions.

***Reconsider use of Key personnel*** – Only request key personnel when they are absolutely needed, and where incumbent capture is not expected. Disallow the practice where the entire staff or the majority of the staff is designated as key personnel. Also, all names should be removed from the submitted resumes and they should be judged solely on its merit, not on name recognition.

***Increase reliance on the technical proposal*** – Require that all solicitations ask for a technical proposal describing how the requirements are to be met and tasks accomplished. Similar to the resumes, technical proposals should not contain the name of the bidder and should be judged solely on the proposed solution, not on name recognition. Also, the technical team reviewing the resumes and the technical solution should be different from the past performance review team where company name is disclosed.

***Award multiple competitive pilots where possible*** – Competitive pilots will allow agencies to validate their program assumptions and the feasibility of the target solution prior to full implementation.

## **Vision and Roadmap for Reform**

This paper addresses options for improvements in four major areas within the acquisition environment. However, these improvements need to be addressed as part of the overall integrated Federal acquisition system that is tied to a target vision for the desired acquisition environment. Priority for immediate increase in IT knowledgeable acquisition staffing should be focused on the key IT buying agencies, GSA and DISA.

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To achieve this vision, we recommend expanding the Office of Federal Procurement Policy's statutory authorities and responsibilities to include the formulation and execution of the US Federal Government's Acquisition Strategic Plan. This plan should have as a key objective dramatic reduction in time to program impact, and encourage a spirit of appropriate IT sourcing experimentation. The plan should :

- Significantly increase qualified IT sourcing acquisition professionals in two key IT buying agencies, GSA and DISA, within 180 days.
- Quantify annual acquisition performance improvement goals to be achieved over the next five years, including baseline and annual targets for reduction in time to program impact for Cabinet Departments and large agencies
- Include descriptions of programs/projects, funding, and resources needed to affect the transformation of the acquisition environment
- Be negotiated with stakeholders on deliverable results of changes to the acquisition environment
- Be a working plan with periodic scheduled updates to the stakeholders and to the public on the progress of programs/projects under the plan
- Provide a common acquisition framework for IT acquisition workforce across DoD and Civilian agencies
- Provide a framework for State and Local agencies to improve their own acquisition environment

We also recommend modernizing the acquisition rules, regulations, and processes to adapt to:

- The changing communication style, tools, and technology, especially Web 2.0 tools including social media and cloud computing
- The changing workforce requirements, work habits, and work place expectations
- The affects of the economic pressures on the solutions providers to better select opportunities to compete
- The changing pool of available providers due to merger and acquisitions as the bi-product of the economic pressures on the companies
- The rapid pace of change in technology and shortened life-cycle of IT products
- The change in IT sourcing approaches associated with the shift in government from buying IT systems to buying IT services, including government-wide quality standards for shared services
- The shift from processes for defining contract specifications to defining government-wide standard Service Level Agreements and Service Level Requirements unique to government, such as Identity and Access Controls.

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A transparent, flexible and agile acquisition environment is the key to successful execution of agencies' core missions. The Acquisition environment must be treated as an integrated element with each sub-element, e.g. workforce, regulations, support systems, etc., performing its designated function efficiently and effectively in supporting the integrated environment.

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## Acknowledgements

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Michael Del-Colle, Accenture

Ruth Mullany, Catapult Technology

Peter Tuttle, Distributed Solutions

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