

# SERVICES CONTRACTING

13 July 2016



Foundational Learning



Workflow Learning



Performance Learning

**Presenter:**

Kim Thompson

[Kimberley.Thompson@dau.mil](mailto:Kimberley.Thompson@dau.mil)

(703)805-5168

**Moderator:**

Rick Ezzell

[Richard.Ezzell@dau.mil](mailto:Richard.Ezzell@dau.mil)

(703)805-5455



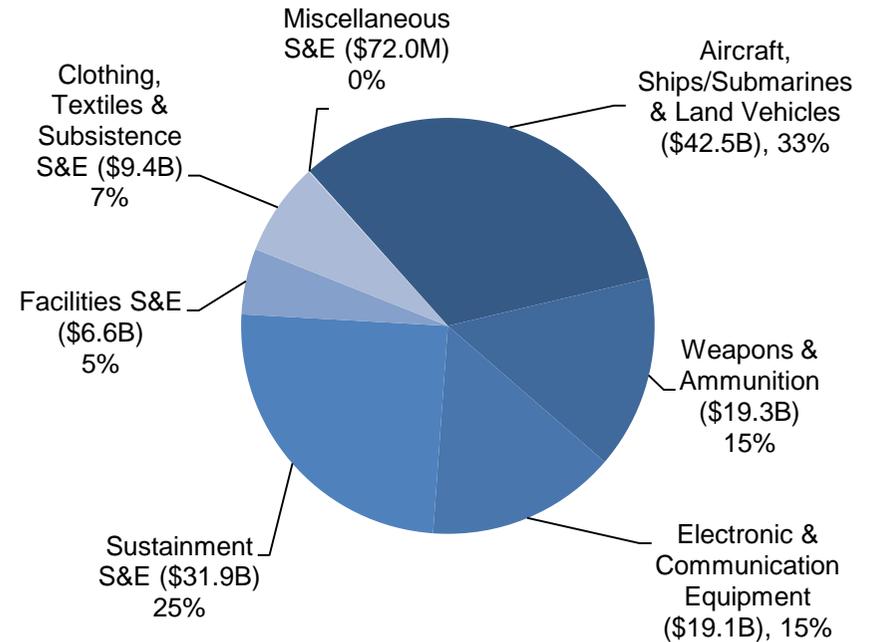
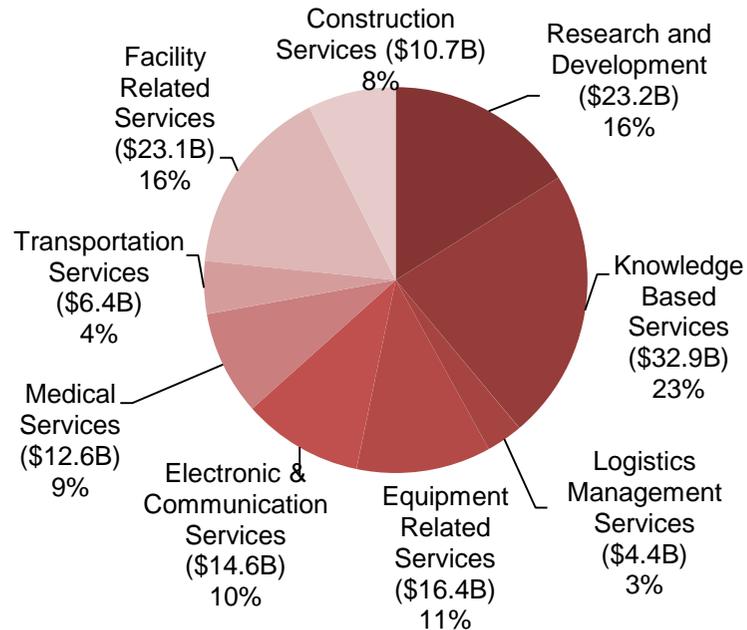


# Services = 53% of DoD Spend in FY15

**Services**  
(\$144.3B)



**S&E**  
(\$128.8B)



Source: Business Intelligence  
Tool data from 12 Nov15

Numbers may not add due to rounding

Services are Different

Regulation & Policy

Service Acquisition Process

**SERVICES  
ARE  
DIFFERENT**



# Services are Different

Requirements: frequently less specific, less performance-oriented than those for systems or equipment

Performance Standards, Acceptable Quality Levels: difficult to define measurable performance standards and realistic assessment strategies for service tasks

Contract Vehicle and Type: need to tailor vehicle and contract line item (CLIN) type to requirement and risk, but in practice, relatively rigid rules frequently apply to services acquisitions – eg, MUST use firm fixed price CLINs, MUST use a pre-existing specific Multiple Award Contract vehicle



# Services are Different

Acquisitions Process: more ad hoc than Defense Acquisition System (phases & milestones) applicable to equipment & systems

Time and Resources: more constrained; staff tends to be less experienced and trained (frequently non-DAWIA).

Performance Management: critical that Government team do a good job of *managing* services, but management frequently is hampered by

- indefinite requirements
- poor or non-existent contractual performance standards
- insufficient Government resources for assessment & management

**“Inherently Governmental Functions”** => functions so intimately related to the public interest as to mandate performance by Federal employees.

In addition, must give special consideration to in-sourcing functions **“closely associated”** with Inherently Governmental Functions.

# Services – Special Challenges

**“Personal Services”** => Contractor personnel are subject – either by the contract’s express terms or by the manner of its administration – to relatively continuous supervision and control by the Govt.

Contractor personal services are prohibited unless specifically authorized by law (e.g., services of certain experts and consultants).

Some risk factors for Personal Services:

- vague, indefinite requirements
- requirements that are not sufficiently performance-based
- lack of performance standards and acceptable quality levels
- labor-hour or time-and-materials contract types
- co-location of contractor personnel in Government facilities

# REGULATION & POLICY



# DoDI 5000.74



## Department of Defense INSTRUCTION

NUMBER 5000.74  
January 5, 2016

USD(AT&L)

SUBJECT: Defense Acquisition of Services

References: See Enclosure 1

1. **PURPOSE.** In accordance with the authority in DoD Directive (DoDD) 5134.01 (Reference (a)), this instruction:

- a. Establishes policy, assigns responsibilities, and provides direction for the acquisition of contracted services.
- b. Establishes and implements a management structure for the acquisition of contracted services.
- c. Consistent with statutory and regulatory requirements for the acquisitions of services, authorizes DoD Component decision authorities to tailor the procedures in this instruction to best achieve cost, schedule, and performance objectives.
- d. Uses a data collection system (Federal Procurement Data System – Next Generation (FPDS-NG)) to provide management information with regard to each purchase of services by a DoD Component.
- e. Incorporates and cancels Enclosure 9 of DoD Instruction (DoDI) 5000.02, (Reference (b)) in accordance with the authority in DoDD 5000.01 (Reference (c)).

### 2. **APPLICABILITY**

a. This instruction applies to:

(1) OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this instruction as the “DoD Components”).

## DoDI 5000.74 January 5, 2016:

- Establishes policy, assigns responsibilities, provides direction
- Implements management structure for acquisition of services
- Authorizes decision authorities to tailor procedures
- Mandates data collection to provide management information
- Incorporates and cancels Enclosure 9 of DoDI 5000.02, (8 Dec, 2008)



# DoDI 5000.74 doesn't apply to Services:

- Managed and reviewed as part of defense acquisition programs and IT programs
- Meeting Major Automated Information Systems thresholds (including software as a service)
- Included in non-major programs whose primary purpose is to provide capabilities, goods, or systems in accordance with DODI 5000.02
- Listed in FAR 37.502 (personal service, below SAT, etc.)



## DoDI 5000.74 doesn't apply to Services: (cont.)

- Included in classified, cryptologic, and intelligence projects (except to the extent practical at discretion of senior officials)
- From DoD Federally Funded Research and Development Centers
- In direct support of declared overseas contingency, humanitarian or peacekeeping operations as defined in FAR 2.101
- Required to respond/recover from an emergency or disaster (Presidential declaration)



# 5000.74 Enclosures

**Encl. 1:** References

**Encl. 2:** Responsibilities

**Encl. 3:** Oversight of Contracted Services Portfolios

**Encl. 4:** Key Services Acquisition Management Roles,  
Responsibilities

**Encl. 5:** Requirements Development, Validation and Oversight

**Encl. 6:** Data Collection, Reporting, and Inventory of Contracted  
Services

**Encl. 7:** Considerations for IT Services (including IT as-a-service)



# Encl. 3: Contracted Services Portfolios

## Portfolio Management:

- Provides framework for strategic oversight by USD(AT&L)
- Improves transparency of requirements across DoD
- Reduces redundant business arrangements for similar services
- Increases awareness of alternative business arrangements
- Requires sharing of data within and across organizations
- Collaboration enables DoD to leverage
  - Resources
  - Buying Power



# Encl. 4: Management Roles, Responsibilities

- **Senior Services Managers (SSMs):**
  - Responsible for planning, strategic sourcing, reporting, execution, and management of acquisitions of services
  - Establish strategic management structures, data, metrics, processes
  - Identify, forecast, and track pending requirements
  - Develop processes to implement Services Requirements Review Boards (SRRBs)
  - Support acquisition strategy and peer review process for contracted services acquisitions  $\geq$  \$1 billion (\$500 million for non-competitive acquisitions)
  - Support training and development of services acquisition workforce<sub>15</sub>



# Encl. 5: Requirements Development, Validation, Oversight

**Services Requirements Review Board** (SRRB) process for acquisitions  $\geq$  \$10M annually\*

- Reviews, validates, prioritizes and approves service requirements to inform budget and acquisition processes
- Prioritizes services requirements to support funding decisions
- Increases collaboration among stakeholders on key strategy decisions and fosters proactive management by Components
- Chair to approve requirements before initiation of any specific acquisition action unless otherwise directed (not necessary for exercising previously approved options)

*(\* Components should have similar process for smaller services acquisitions.)*



## \*Overview\*

# Key Current Services Issues & Initiatives

---

- Pressure on budgets, staffing (staff reductions, Govt. employees v. contracted services) continues
- Improve requirements identification, prevent requirements creep, and expand use of requirements review boards and tripwires
- Emphasize post-Award management of contractors providing services
- Identify, assess, train and support personnel (including non-DAWIA) with services acquisition-related responsibilities



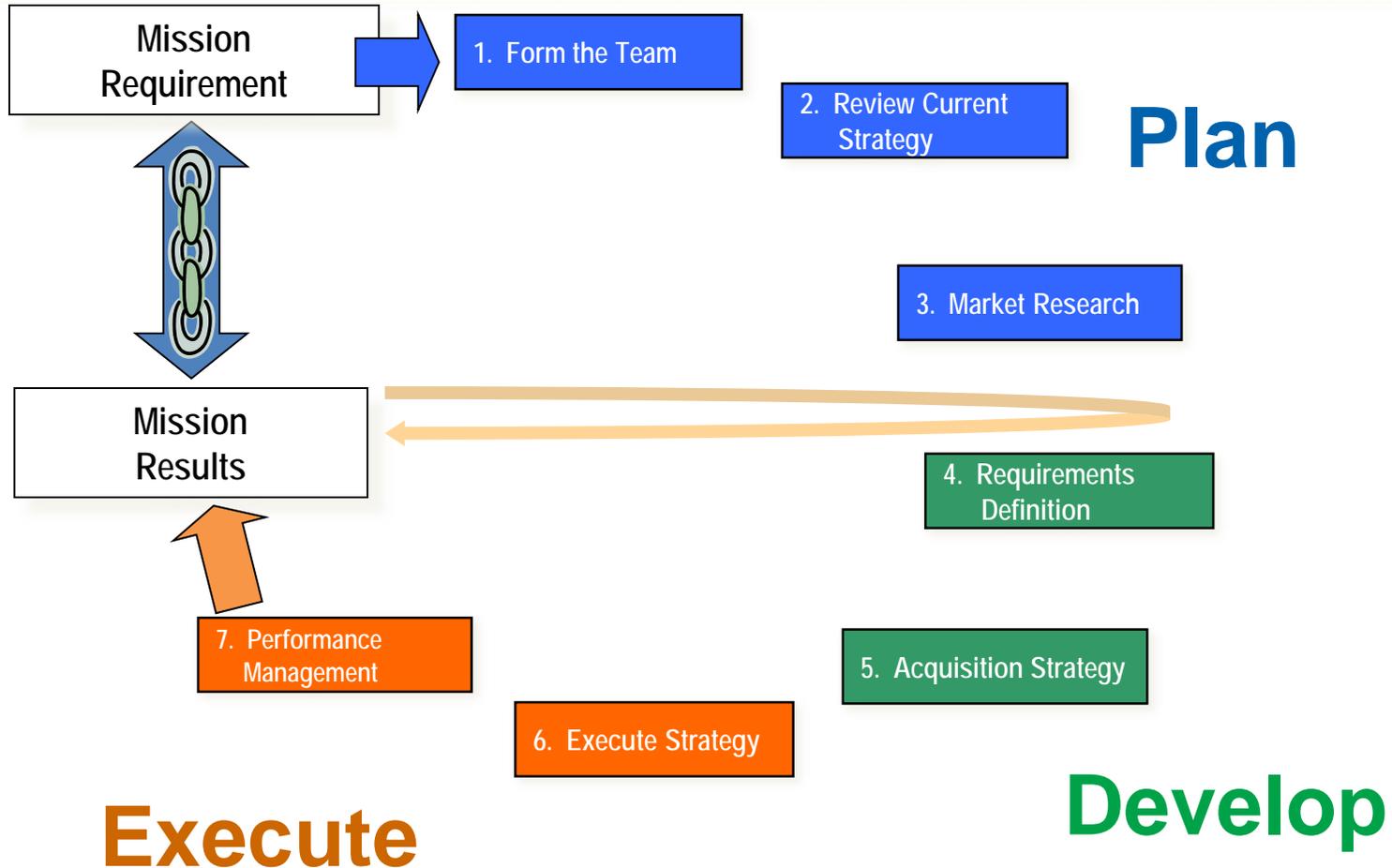
## \*Overview\*

# Key Current Services Issues & Initiatives

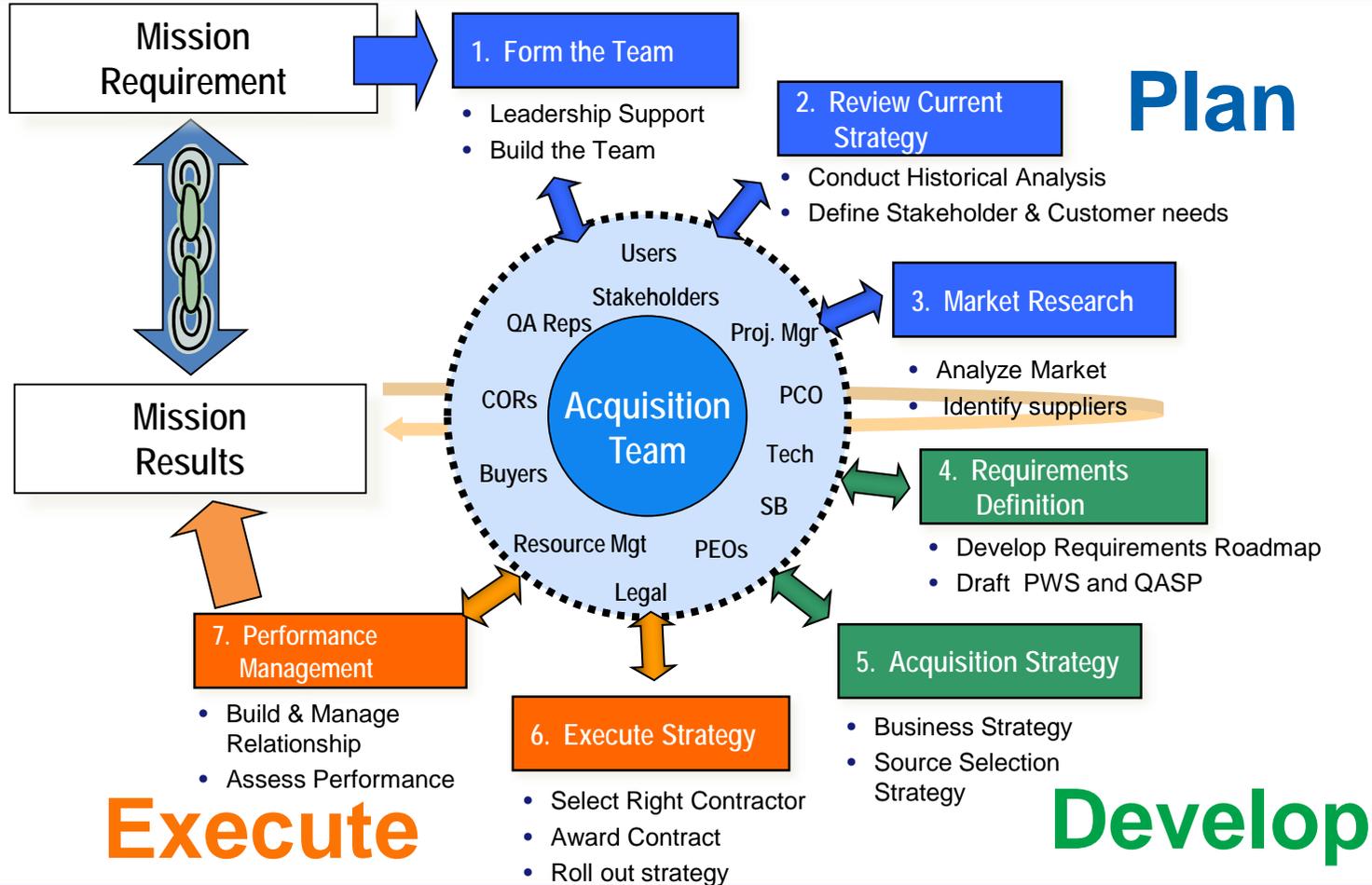
- Establish baseline data, specific goals for improving service acquisition, and associated metrics to improve visibility and accountability, measure productivity, and assess management progress
- Increase Small Business utilization; improve market research
- Expansion of strategic sourcing initiatives with respect to service acquisition portfolio groups

# SERVICES ACQUISITION PROCESS

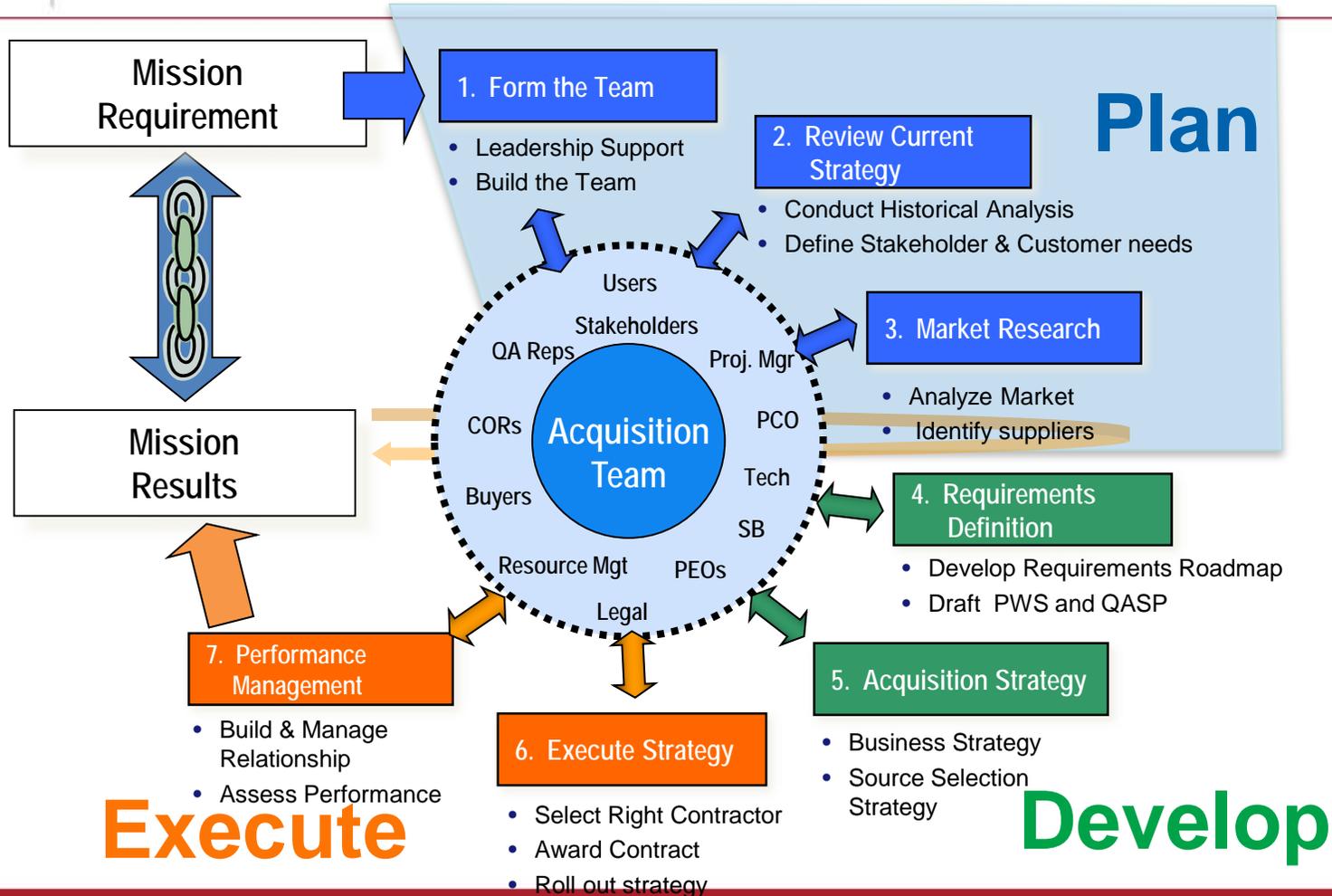
# 7-Step Service Acquisition Process



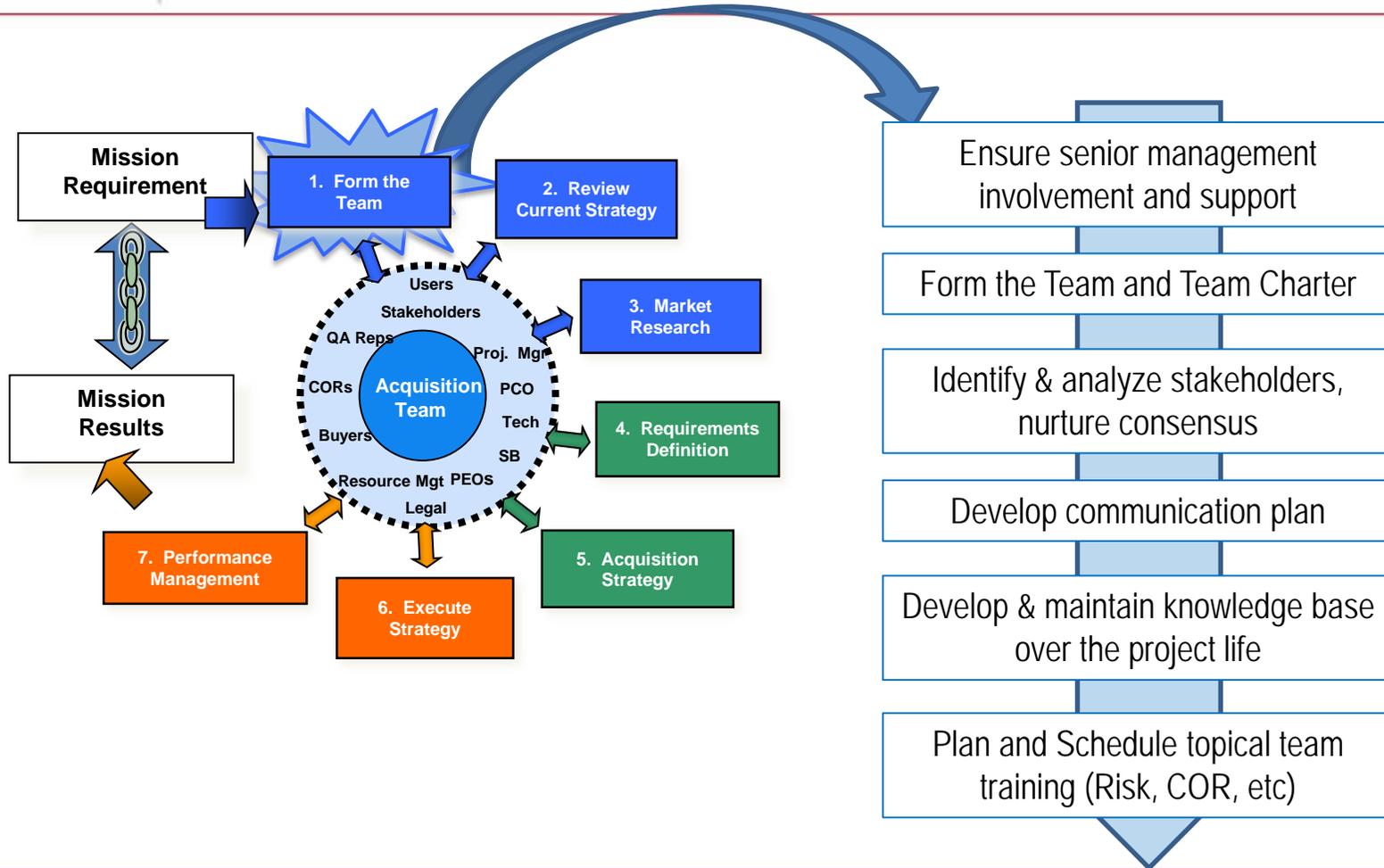
# Service Acquisition Process



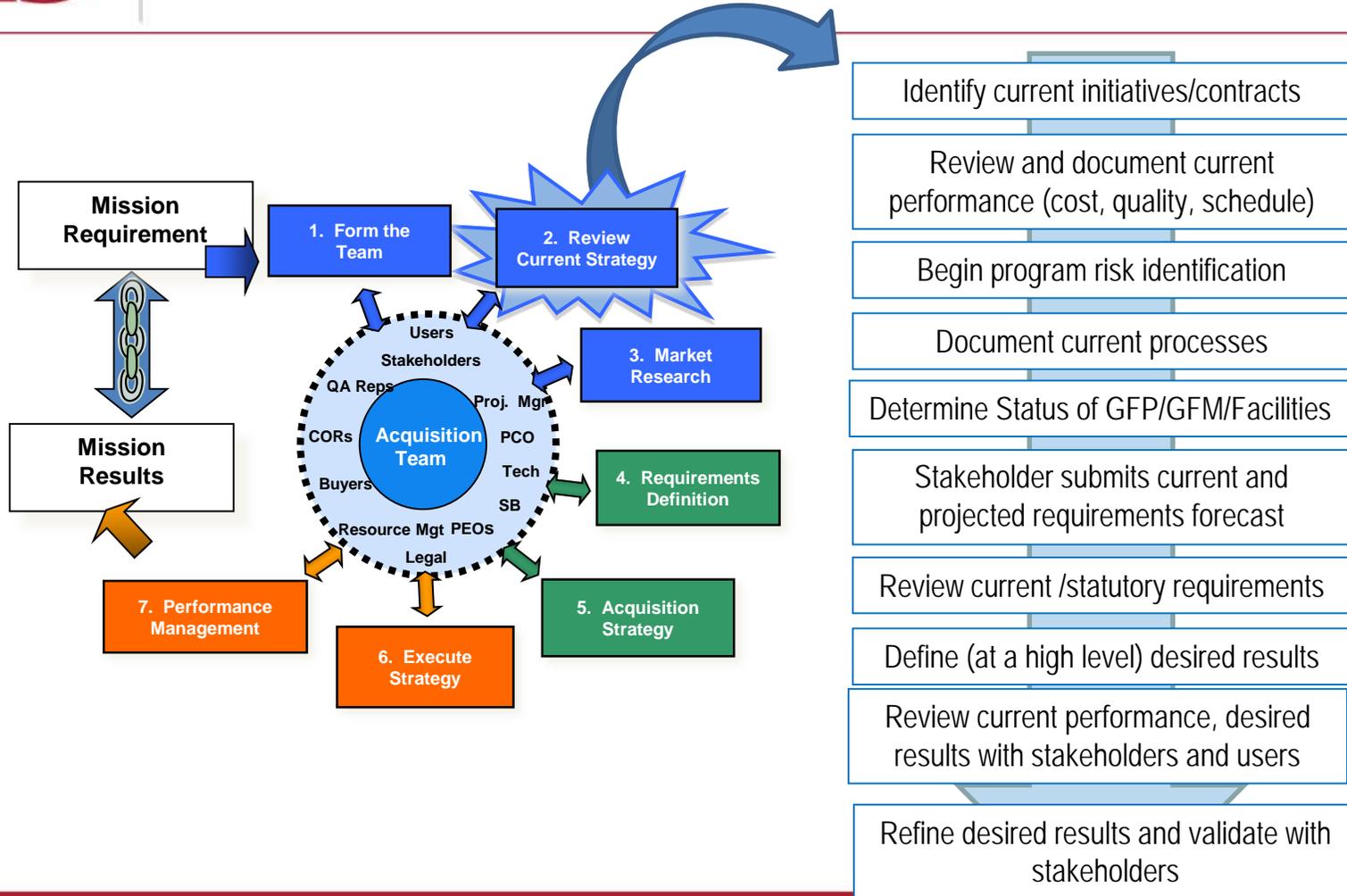
# Service Acquisition Process



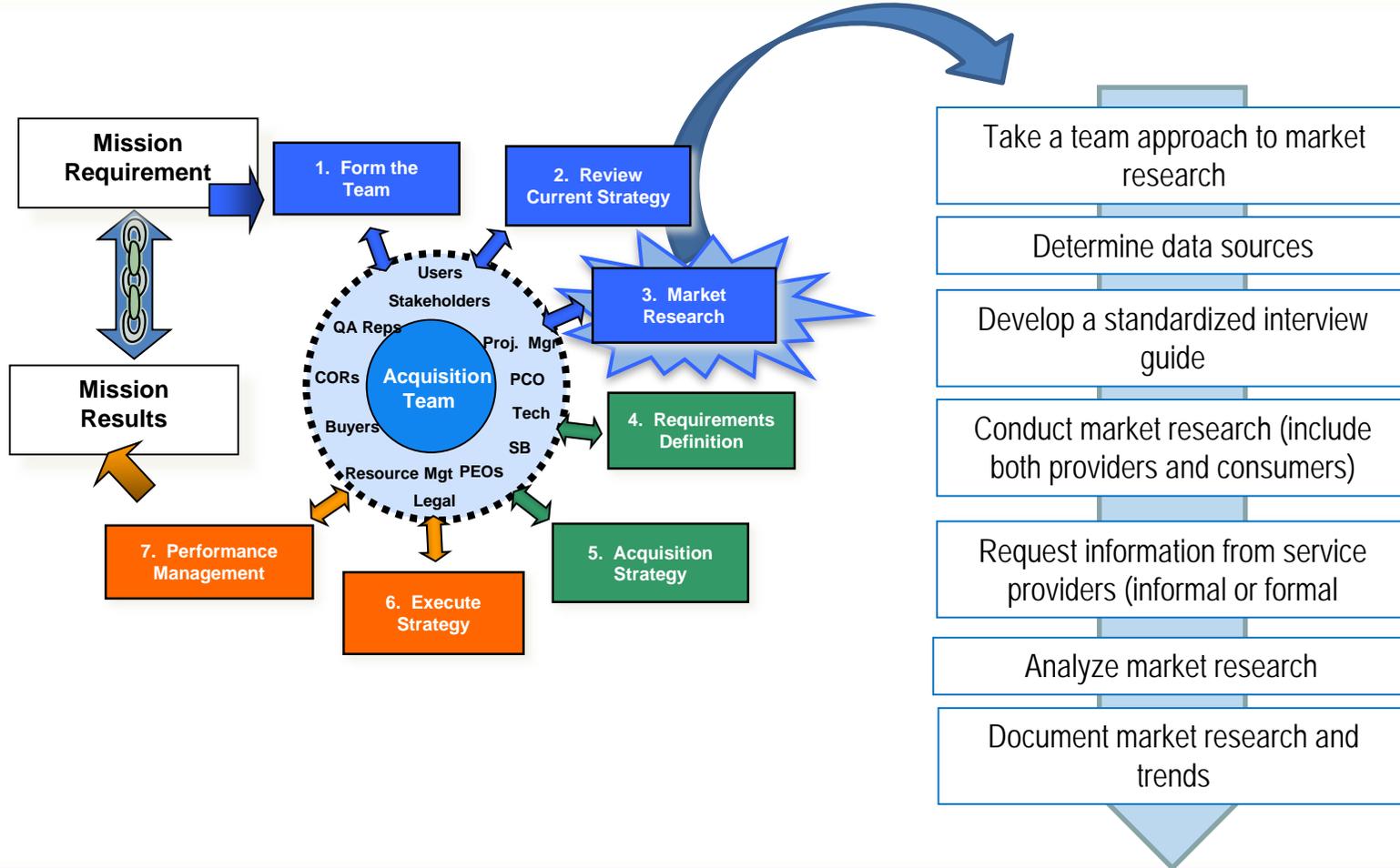
# Step One – Form the Team



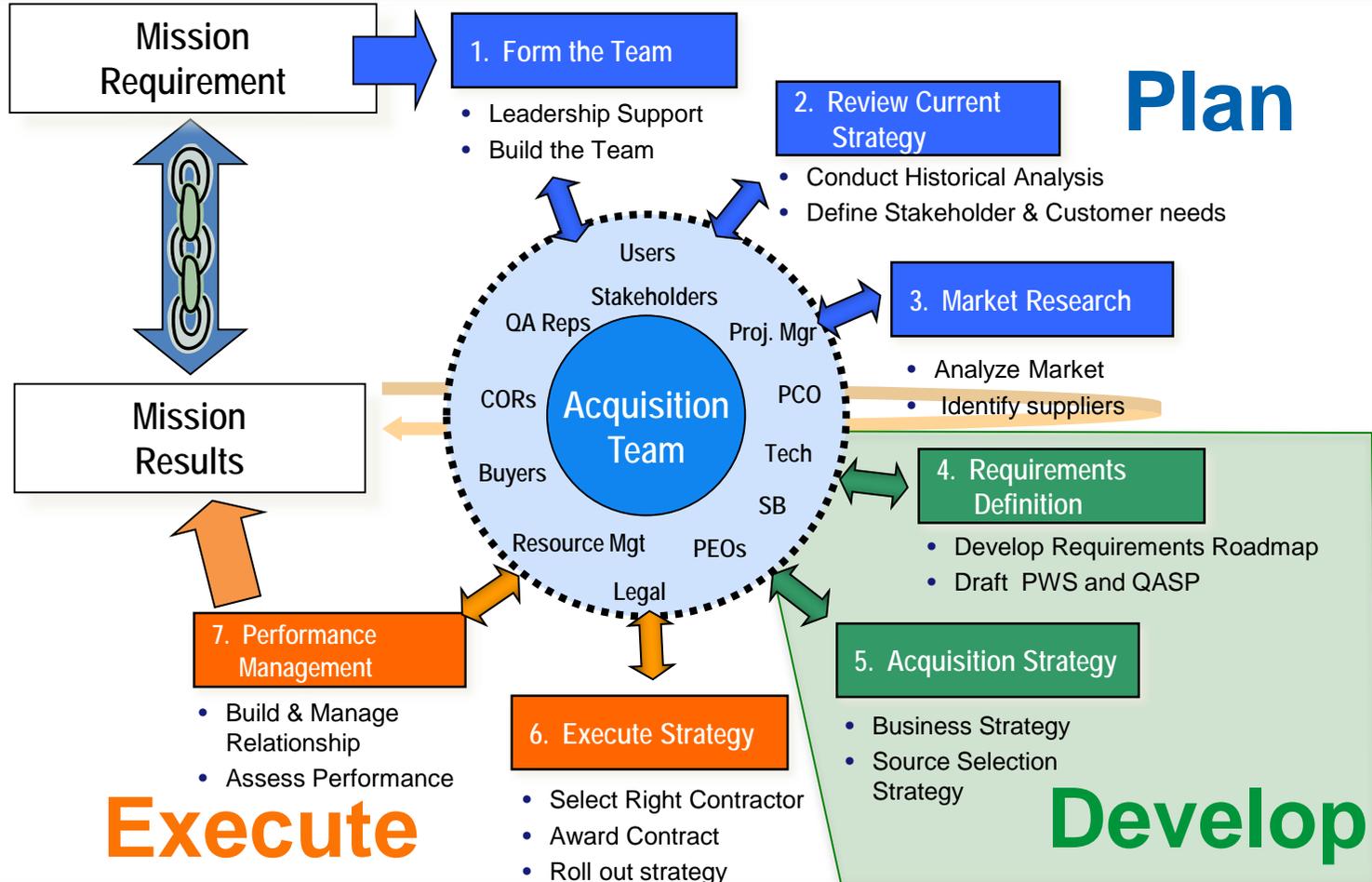
# Step 2 - Review Current Strategy



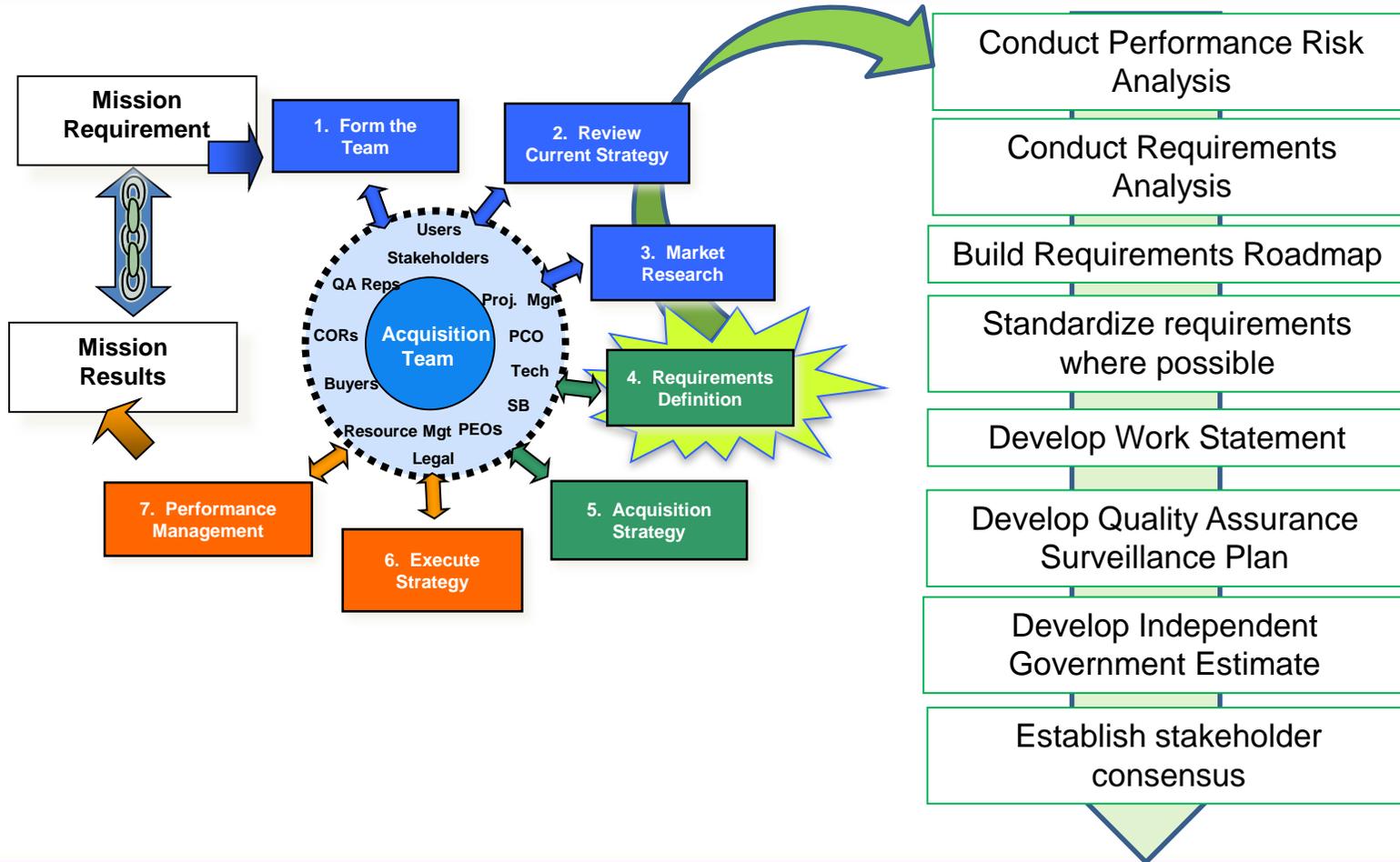
# Step Three – Market Research



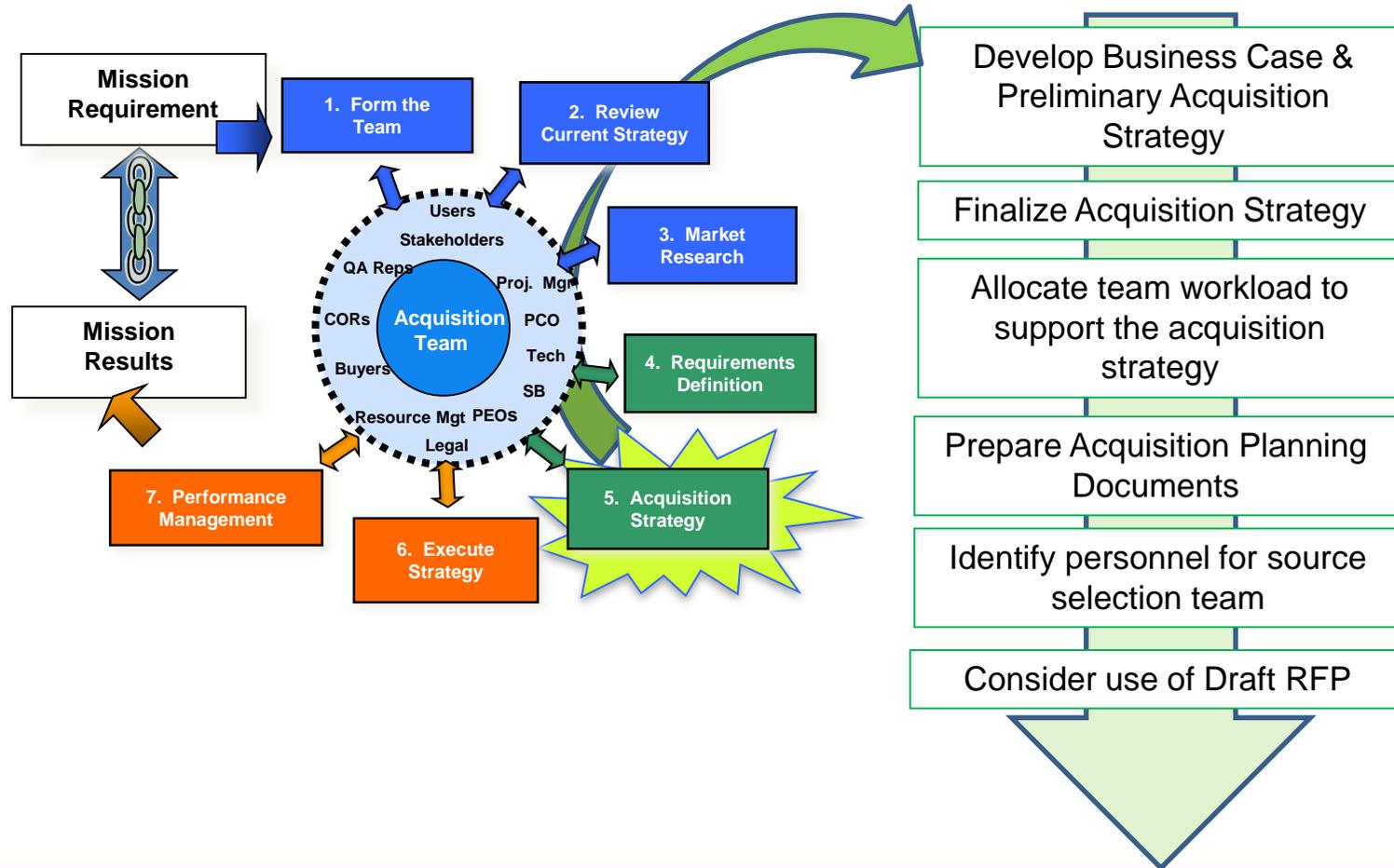
# Service Acquisition Process



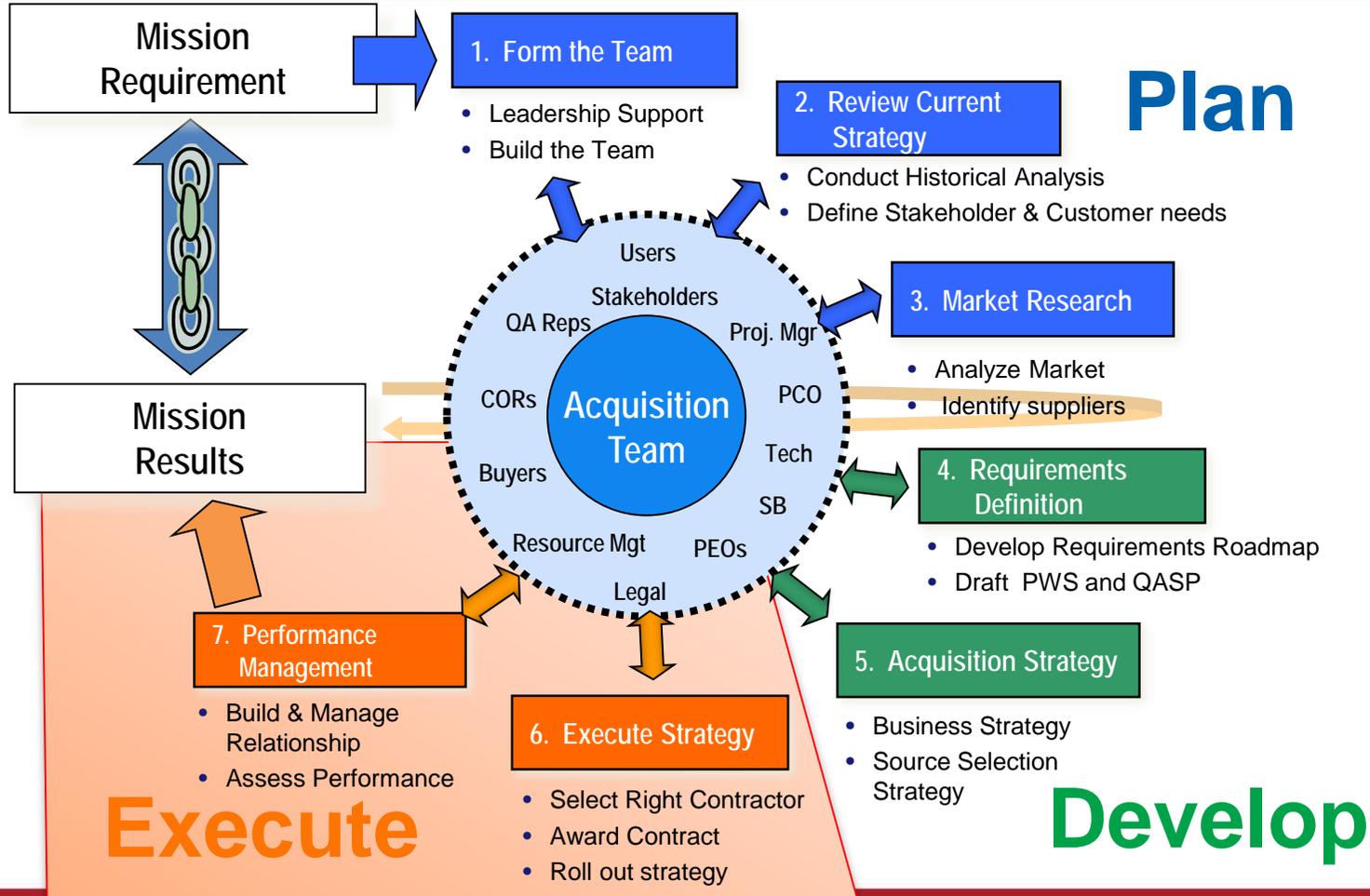
# Step Four – Requirement Definition



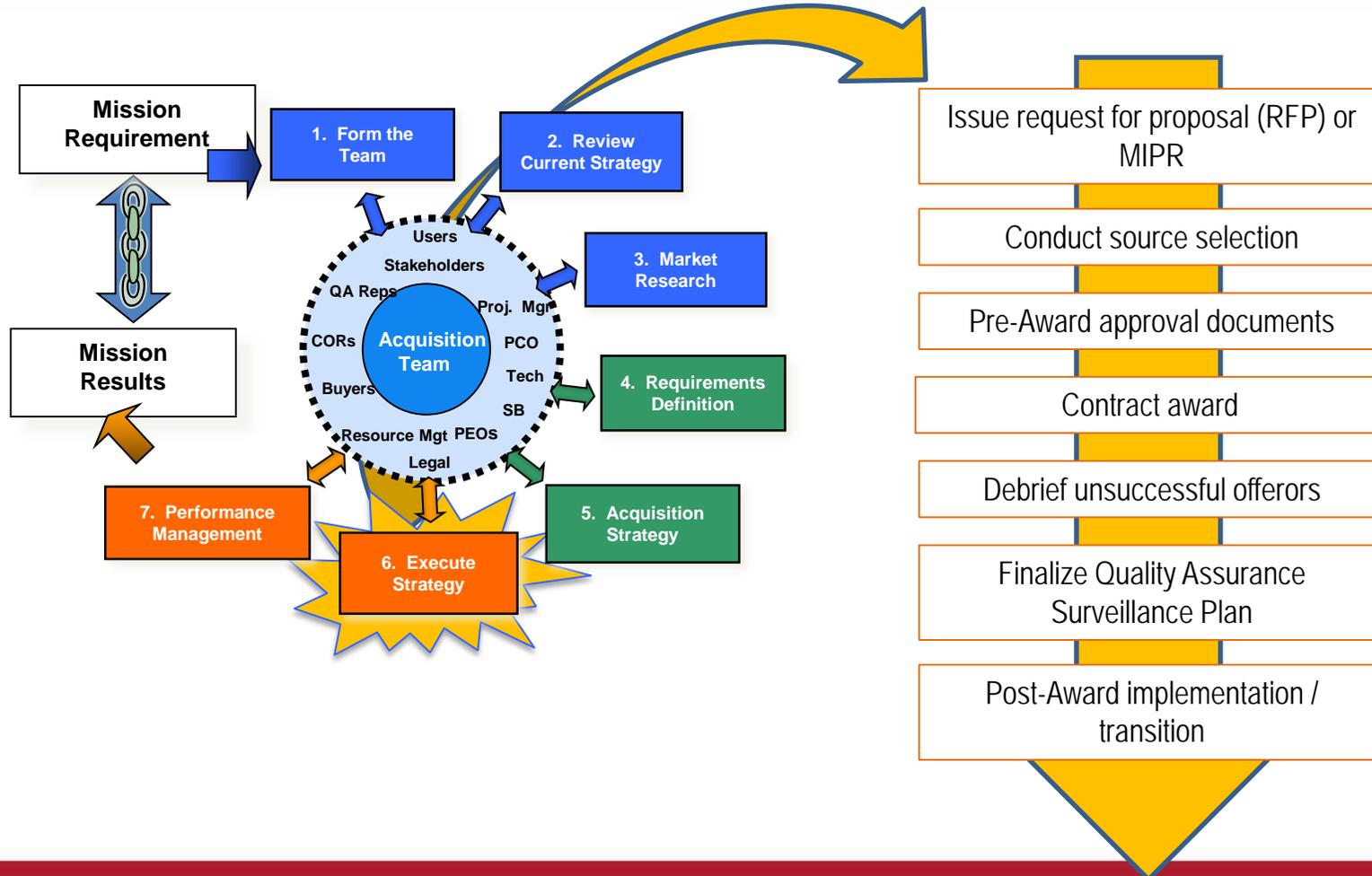
# Step Five – Acquisition Strategy



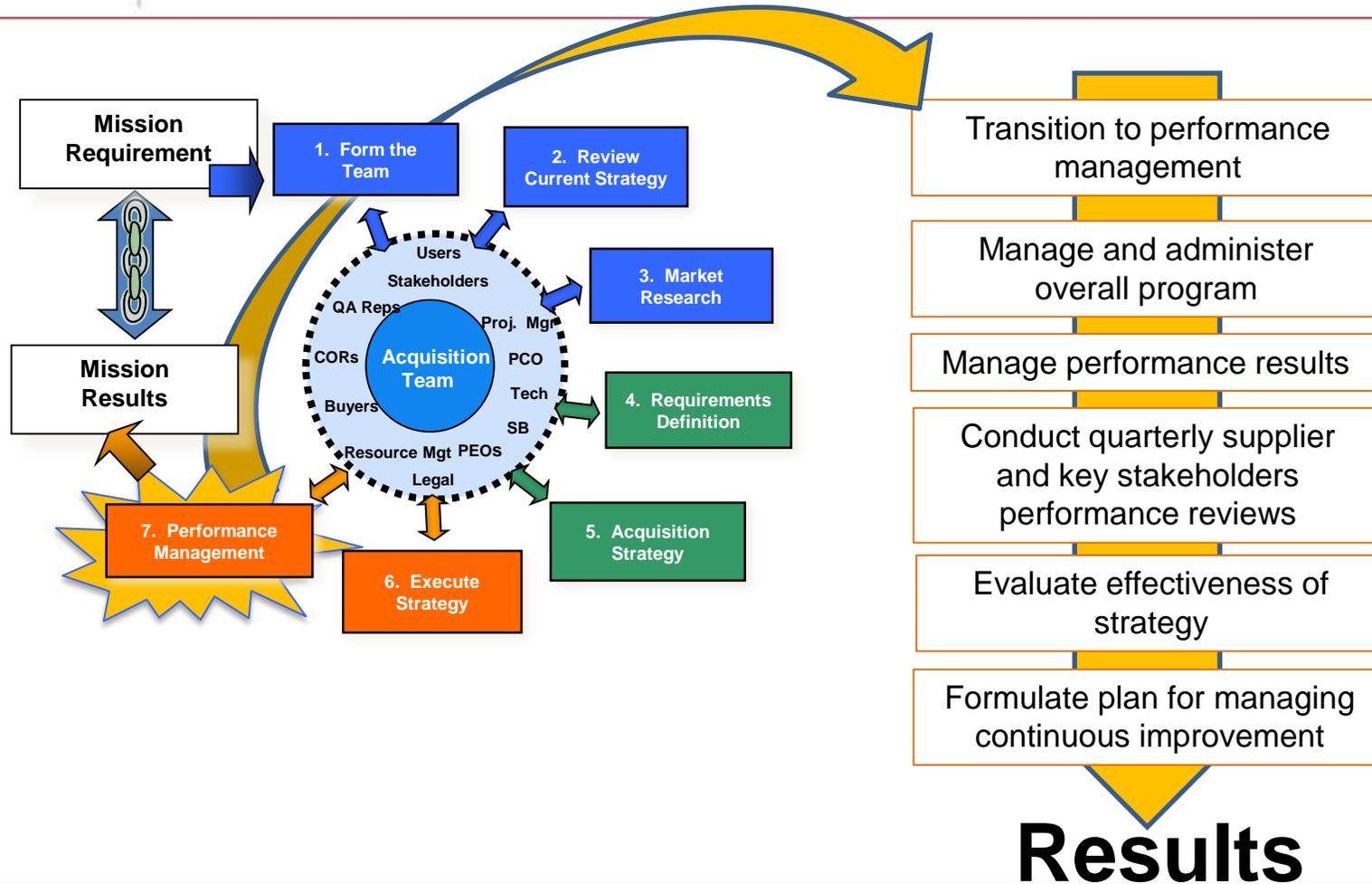
# Service Acquisition Process



# Step Six – Execute Strategy



# Step Seven – Performance Management



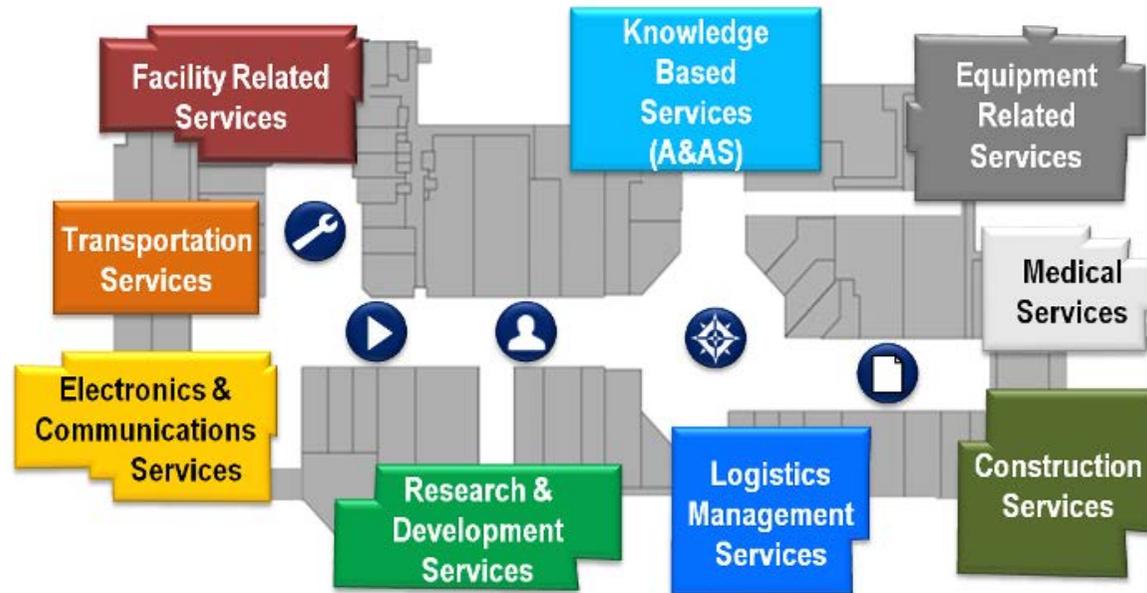
# DAU RESOURCES



# Some DAU Courses, Workshops

- [CLC 013 Services Acquisition](#)
  - Continuous Learning Module (online)
- [ACQ 265 Mission-Focused Services Acquisition](#)
  - Classroom Course (4 days)
- [WSM 008 Developing Performance Requirements for Service Acquisitions](#)
  - Overview Workshop (1 day)
- [WSM 012 Services Acquisition Workshop \(SAW\)](#)
  - Tailored Workshop for teams working specific services acquisition efforts (4+ days )

# Service Acquisition Mall - SAM



<http://sam.dau.mil>



Acquisition Community Connection

*Where the Defense Acquisition Workforce Meets to Share Knowledge*

# Acquisition Center of Excellence (ACE) for Services

**<https://acc.dau.mil>**



# DAU Acquisition Requirements Roadmap Tool (ARRT)

Provides an easy step-by-step approach to help the team build and organize:

- Acquisition Requirements,
- Performance Standards
- Acceptable Quality Levels
- Assessment Methods



Generates editable documents from acquisition requirements, based on customizable templates:

- Work Breakdown Structure (WBS)
- Performance Work Statement (PWS)
- Quality Assurance Surveillance Plan (QASP)
- Performance Requirements Summary (PRS)



Foundational Learning



Workflow Learning



Performance Learning

# *Questions?*



Foundational Learning



Workflow Learning



Performance Learning

# ***BACK-UP***



# Inherently Governmental - Examples

- Exercise discretion in applying Govt. Authority
- Provide legal advice, interpretation of regulations & statutes to Govt officials
- Direct conduct of criminal investigations
- Control of prosecutions & performance of adjudicatory functions
- Command of military forces; combat
- Conduct foreign relations, determine foreign policy
- Determine agency policy (eg, determining content & application of regulations)
- Draft Congressional testimony, responses to Congressional correspondence, agency responses to audit reports
- Make value judgments for Govt.
- Direction, control of intelligence ops
- Interview, select individuals for Fed. Govt. employment
- Direction, control of Federal employees
- Disposition (& terms) of Govt. property
- Source Selection or performance evaluation voting member; approval of contractual documents; awarding, administering, terminating Govt. contracts
- Determine budget policy, guidance, strategy
- Determine Federal program priorities for budget requests
- Control treasury accounts