



Contracting with the U.S. Department of Defense

United States – Spain Industry Day 2015

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TALKING POINTS



- How DoD Procures Goods and Services
- What DoD Procures – A look at Fiscal Year 2014 Purchases
- How Industry Can Effectively Sell to DoD



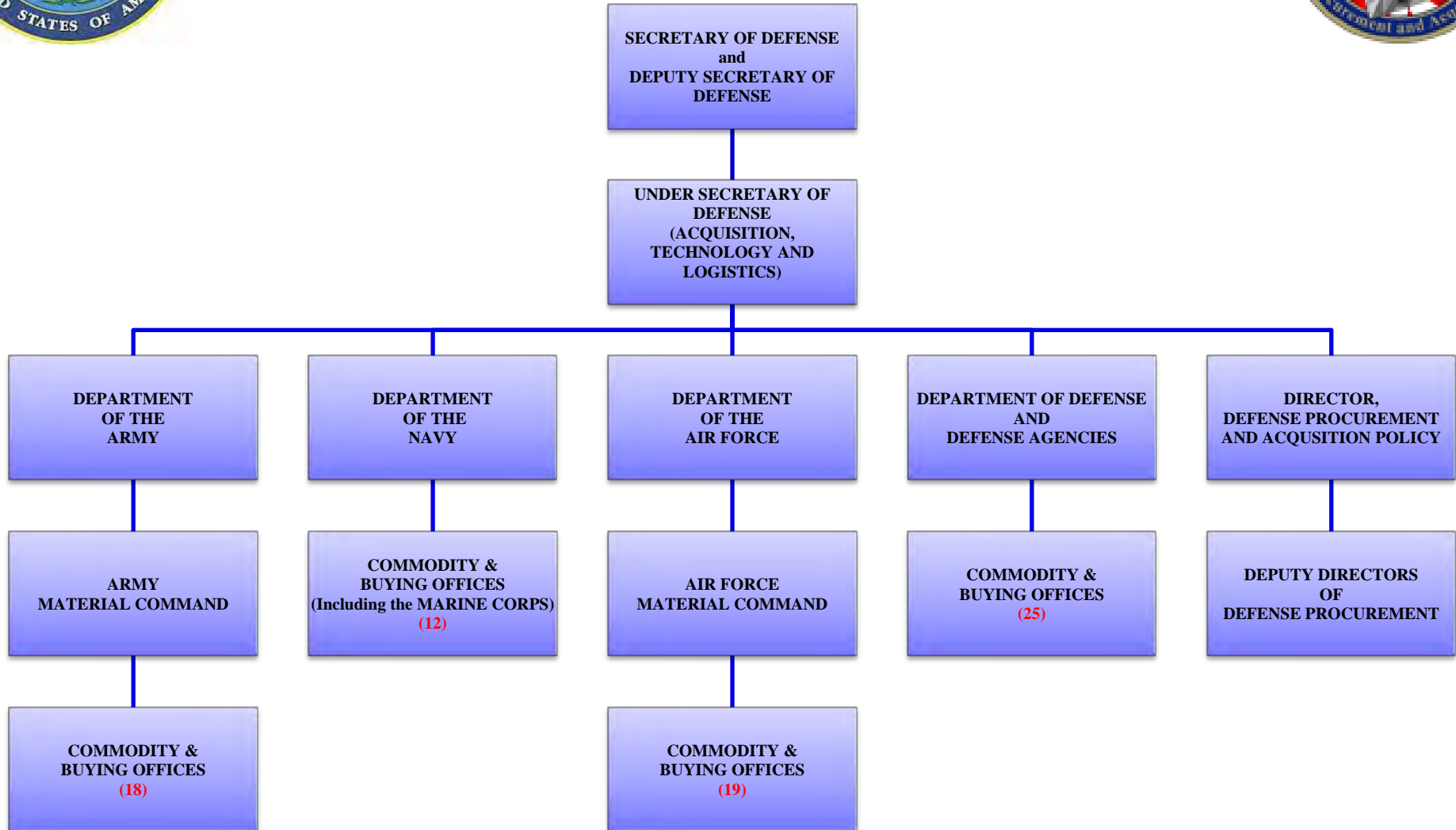
The Defense Procurement System



- Centralized, uniform procurement policy and procedures
 - Laws, regulations, and guiding principles are the same for all defense procurement offices
- Decentralized procurement offices and execution
 - Army, Navy, Air Force, Defense Logistics Agency, and other Defense agencies have individual commodity and procurement offices in different locations around the world.



The Defense Procurement Organization





The Defense Procurement System Guiding Principles



- Conduct Market Research and Planning
- Provide all an opportunity to compete for government contracts
- Publicize opportunities and contract awards
- Select contractors fairly based on objective criteria with no outside influence
- Provide an opportunity to protest
- Advance Government social economic goals
- Award contracts only to responsible contractors

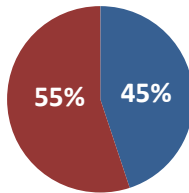


What DoD Procured from Industry in Fiscal Year 2014



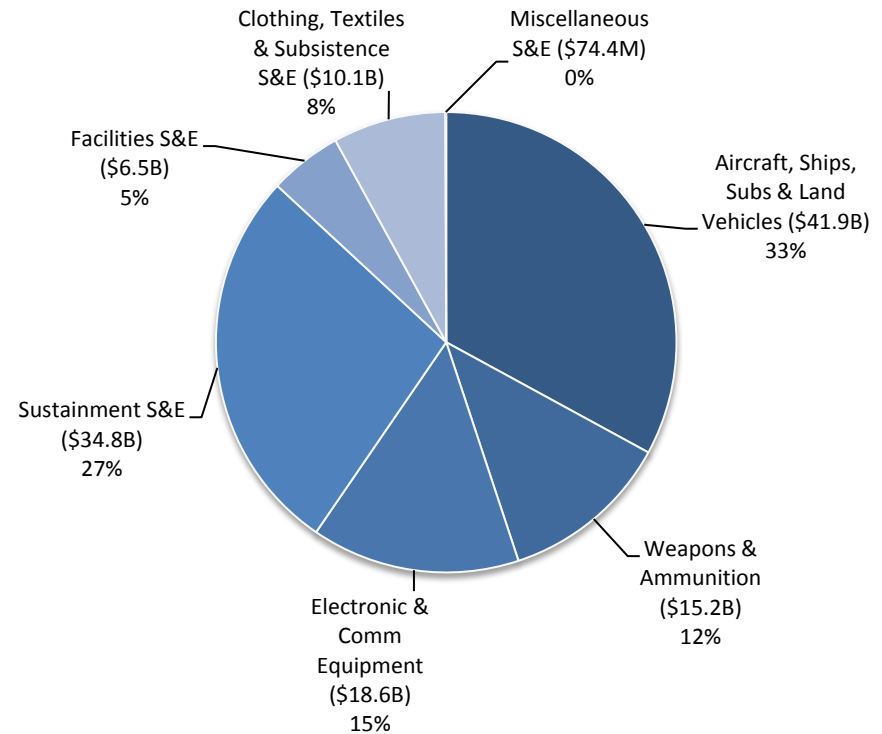
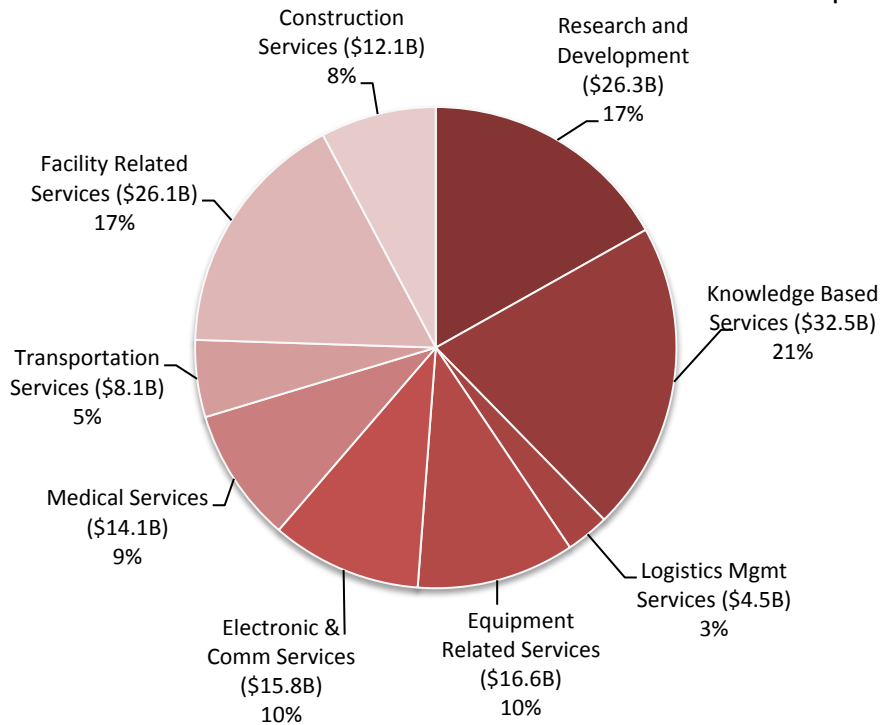
(prime contract data only from both foreign and domestic contractors)

Services
(\$156.1B)



Supplies & Equipment
(\$127.3B)

\$283.4B



Source: Business Intelligence Tool data from 2 Jan 15

Numbers may not add due to rounding



Top 10 Procurements from Foreign Industry in Fiscal Year 2014



Note: The U.S. DoD procurement statistics presented ONLY include prime contracts. This data would not include sub-contracts with foreign companies or foreign owned or controlled companies registered and paying taxes in the U.S. as a U.S. company.

Product or Service	Actions	Contract Obligations (\$12.9B)	Percentage (96.9%)
PETROLEUM	4,155	\$3,941,583,050	29.5%
SERVICES	28,264	\$2,674,424,205	20.0%
CONSTRUCTION	9,789	\$2,174,402,206	16.3%
SUBSISTENCE	40,169	\$1,534,346,283	11.5%
ALL OTHERS NOT IDENTIFIABLE TO ANY OTHER PROCUREMENT PROGRAM	24,897	\$1,324,965,115	9.9%
AIRFRAMES AND SPARES	1,340	\$468,251,736	3.5%
SHIPS	5,546	\$248,448,878	1.9%
OTHER AIRCRAFT EQUIPMENT	693	\$248,298,594	1.9%
COMBAT VEHICLES	482	\$205,062,840	1.5%
ELECTRONICS AND COMMUNICATION EQUIPMENT	705	\$139,788,622	1.1%



Procurements from Spanish Industry in Fiscal Year 2014



Note: The U.S. DoD procurement statistics presented ONLY include prime contracts. This data would not include sub-contracts with foreign companies or foreign owned or controlled companies registered and paying taxes in the U.S. as a U.S. company.

Product or Service	Actions	Contract Obligations
PETROLEUM	112	\$90,775,279
CONSTRUCTION	183	\$37,236,153
ALL OTHERS NOT IDENTIFIABLE TO ANY OTHER PROCUREMENT PROGRAM	141	\$26,039,217
SERVICES	595	\$19,187,981
OTHER FUELS AND LUBRICANTS	25	\$242,290
NON-COMBAT VEHICLES	1	\$25,474
MEDICAL AND DENTAL SUPPLIES AND EQUIPMENT	7	\$24,390
SHIPS	10	\$24,127
SUBSISTENCE	4	\$4,901
CONSTRUCTION EQUIPMENT	1	(\$4,292)
Grand Total	1,079	\$173,555,521



Key Steps Industry Should Consider When Selling to DoD Part 1



- Clearly identify your end product, service, component, or assembly
- Market your capabilities
- Identify contracting activities that are soliciting for the items/services you sell
- Understand how your potential customers do business
- Build relationships and partner with U.S. industry
 - Contact industry associations like AIA and NDIA to assist
- Register your company on the System for Award Management (SAM)
(www.sam.gov)



Key Steps Industry Should Consider When Selling to DoD Part 2



- Compete for contracts at Federal Business Opportunities (www.fbo.gov)
- Follow the proposal submission instructions
- Provide the best proposal based on Cost/Price, Technical, and/or other performance-based requirements
- Negotiate and communicate with US DoD Contracting Officers
- Build successful portfolio of past performance



QUESTIONS???

UNCLASSIFIED//FOUO

http://www.acq.osd.mil/dpap/ Defense Procurement and ...

Defense Procurement and Acquisition Policy Defense Pricing

DPAP | DP

DPAP / DP Home

DPAP Operations

Defense Acquisition Regulations System

Contract Policy and International Contracting

Contract Policy

International Contracting

Contingency Contracting

Acquisition Policy

Program Development and Implementation

eBusiness

Purchase Card

Unique Identification

Government Furnished Property (GFP)

Procure to Pay (P2P)

Guidebooks for Contractor

Defense Procurement and Acquisition Policy

DPAP is responsible for all Contracting and Procurement policy matters including e-Business in the Department of Defense (DoD). DPAP executes that policy through the timely update of the DFARS, PGI, and 5000.1&2.

Vision
Acquisition excellence through leadership with integrity.

Mission
Enable Components to effectively deliver equipment and services that meet the needs of the warfighter through innovative policy, guidance, and oversight while being good stewards of the taxpayers' money.

HOT TOPICS

- DFARS/PGI
- FAR
- Policy Vault
- Acquisition Exchange Program
- CORT Tool
- Scorecards
- Emergencies and Contingencies
- Contract Pricing Reference Guides
- BioBased Reporting
- Accessibility/Section 508

[Read More >>](#)

Defense Pricing

The Director of Defense Pricing reports to the Under Secretary of Defense (Acquisition, Logistics, and Technology) (USD(AT&L)) but is supported by the Defense Procurement and Acquisition Policy office.

Vision
Acquisition excellence through leadership with integrity.

Mission

Mr. Shay D. Assad
Director, Defense Pricing

Mr. Shay D. Assad assumed the role of Director of Defense Pricing in June of 2011. He is responsible for contract pricing policy matters within the Department of Defense (DoD). [Read More](#)

RADM Althea H. "Allie" Coetzee
Acting Director, Defense Procurement and Acquisition Policy

Rear Admiral Allie Coetzee became the Acting Director, Defense Procurement and Acquisition Policy (DPAP) March 2015 after reporting to DPAP in September 2013 as the Deputy Director for Contingency Contracting. Prior to that she served as the Executive Director, Deputy Assistant Secretary of the Navy (Acquisition and Procurement) for two years. [Read More](#)

News

April 1, 2015
Upcoming Webinar: Government Furnished Property Basics
Ms. Carol Vigna and Mr. David Guinasso will present a series of Defense Procurement and Acquisition Policy-developed Government Furnished Property webinars as

11:01 AM
4/7/2015



BACK-UP



Procurement Laws



- U.S. Code: Most procurement laws are incorporated into the U.S. Code. Examples include:
 - Competition in Contracting Act
 - Small Business Act
 - Buy American Act
- Annual Defense Authorization and Appropriation Acts also contain provisions pertaining to procurement.



Procurement Regulations



- Federal Acquisition Regulations (FAR): Applies to virtually all Federal procurement
- Defense Federal Acquisition Regulation Supplement (DFARS): Applies only to DoD
- Military Department Supplements: Applies only to the Military Department (e.g., Army) that issues the Supplement



Competition



- Competition in Contracting Act (10 U.S.C. 2304) requires the head of the agency to obtain full and open competition with certain exceptions
- Approximately 60% of Defense contracts are awarded on a competitive basis



Competition Procedures



- Publish summaries (synopses) of requirements in the *Federal Business Opportunities* website
- Solicit a reasonably broad range of sources
- Treat competing offerors the same:
 - Solicitations should not favor one company over another
 - Provide the same information to all companies
 - Source selection based on ability to satisfy objective requirements (cost, technical, schedule)



Competition

Exceptions are Strictly Limited by Law



- Only one responsible source
- Urgent Requirement
- Mobilization Base/Industrial Preparedness
- International Agreement
- Required by law
- National Security
- Public Interest



Contract Types

Two Main Categories



- Fixed Price
 - Firm Fixed Price and Variations
 - Appropriate where the end item is well defined
 - Contractor assumes risk
 - Options
- Cost Reimbursement
 - Contractor reimbursed for costs incurred
 - Appropriate where there is high risk, i.e. R&D
 - May contain incentives to hold cost down
 - Government assumes risk



Contracting Process

Two Types of Solicitations



- Invitation for Bid (IFB)
 - Requirement is precisely defined
 - Public opening of sealed bids
 - Compete on Price
- Request for Proposals (RFP)
 - Negotiated
 - Compete on technical proposal as well as price and schedule
 - Detailed cost data may be required



Contracting Process Contract Placement



- Publicize the procurement
- Issue the solicitation. Includes terms and conditions, specifications, closing date and basis for award
- Evaluate Responses. Technical merit, management approach, past performance, price reasonableness
- Establish that selected source is Responsible
- Award Contract



Protests & Disputes Resolution



- Any potential or actual offeror may protest a solicitation or award
- All protests must be given consideration
- After award, contract disputes settled in accordance with the Contract Disputes Act
 - Requires contracting officer to issue a final decision on a disputed matter
 - Contractor can appeal the final decision
- Disruption of the procurement process should be minimized



Contract Administration



- Usually delegated to the Defense Contract Management Agency (DCMA)
 - Monitor progress (cost and schedule)
 - Quality assurance
 - Authorize payments
 - Verify accuracy of reports
 - Monitor subcontracts