

Section 1423 Panel Meeting

Long Beach, Calif.

July 27, 2005

Steve Ayers

Senior Vice President,

Contracts and Procurement

Science Applications International Corp.

San Diego, Calif.

10 Steps Toward Improving Federal Acquisition of Services

Performance-Based Services Acquisition

- ❑ End-users uncomfortable with specifying the 'what' and leaving it to contractors to figure out the 'how'
- ❑ RFPs simply recast SOWs as SOOs
- ❑ In order for PBSA to succeed, Government needs to overcome internal resistance through sustained awareness, training effort

Cascading Set-Asides

- ❑ Source selection process in which all categories of offerors—both large and small businesses—compete and agency then looks for winner by category
- ❑ Allows agency to avoid deciding its acquisition strategy at outset
- ❑ Forces offerors to waste B&P costs
- ❑ No FAR coverage

Subcontractor Costs Under Time and Materials Contracts

- ❑ DCAA disallowing profit on subcontracted effort
- ❑ Primes expend considerable effort in managing subcontracts
- ❑ Inherent risk in subcontracting
- ❑ Primes have a right to make a profit
- ❑ T&M contracts are a customary commercial practice
- ❑ Inconsistent treatment of ODCs

Post-Award Audits

- ❑ FARA did away with post-award audits of commercial item contracts
- ❑ GSA ANPR seeks to reinstate post-award audits
- ❑ No justification
 - Existing access to records sufficient
 - Burdensome, especially for SB
- ❑ Increase in pre-award audits should allay concerns

Organizational Conflicts of Interest

- ❑ Uneven application of policy allows clearly inappropriate activities yet is over-reaching
- ❑ Need to steer middle course that recognizes OCI mitigation plans

Low Cost vs. Best Value

- ❑ Tendency to award IT services to low-cost bidder encourages buying in
- ❑ Nearly 60% of all contracts result in increased costs
- ❑ Need to ensure price realism of proposed solution

Fragmentation of Acquisition Policy, Procedures, & Contracts

- ❑ Uniformity and consistency promised in FAR being undercut by agency-unique rules, systems, e.g., DHS, FAA
- ❑ GSA reorganization will require major adjustment
- ❑ Contractors burdened in having to keep up with multiple policies and duplicative IDIQ and MAC contracts

Lack of Transparency in Rulemaking

- ❑ Agencies removing guidance from regulations and placing in other locations
- ❑ Contractors forced to hunt down new repositories
- ❑ Need to ensure that all relevant guidance is readily accessible

Early Input/Intervention in Rulemaking Process

- ❑ Rulemaking process does not allow public input until tail end
- ❑ Providing for early awareness, involvement would avoid needless rework, delay
- ❑ Options:
 - Hold public meetings on agenda
 - Create mechanism within OFPP

Institutionalized Approach to Lessons Learned

- Establish Lessons Learned office in DAU
- Analyze procurements to determine what worked and what didn't

Conclusion

- ❑ Need to recognize that procurement of services takes place in commercial context
- ❑ Contractors need consistency
- ❑ Minimize nonvalue-added requirements
- ❑ Accept, work within limitations of system