39.103 Modular contracting.

(a) This section implements 41 U.S.C. 2308. *Modular contracting* is intended to reduce program risk and to incentivize contractor performance while meeting the Government's need for timely access to rapidly changing technology. Consistent with the agency's *information technology* architecture, agencies *should*, to the maximum extent practicable, use *modular contracting* to acquire *major systems* (see 2.101) of *information technology*. Agencies *may* also use *modular contracting* to acquire non-*major systems* of *information technology*.

(b) When using *modular contracting*, an *acquisition* of a system of *information technology may* be divided into several smaller *acquisition* increments that-

(1) Are easier to manage individually than would be possible in one comprehensive *acquisition*;

(2) Address complex *information technology* objectives incrementally in order to enhance the likelihood of achieving workable systems or solutions for attainment of those objectives;

(3) Provide for delivery, implementation, and testing of workable systems or solutions in discrete increments, each of which comprises a system or solution that is not dependent on any subsequent increment in order to perform its principal functions;

(4) Provide an opportunity for subsequent increments to take advantage of any evolution in technology or needs that occur during implementation and use of the earlier increments; and

(5) Reduce risk of potential adverse consequences on the overall project by isolating and avoiding custom-designed *components* of the system.

(c) The characteristics of an increment *may* vary depending upon the type of *information technology* being acquired and the nature of the system being developed. The following factors *may* be considered:

(1) To promote compatibility, the *information technology* acquired through *modular contracting* for each increment *should* comply with common or commercially acceptable *information technology* standards when available and appropriate, and *shall* conform to the agency's master *information technology* architecture.

(2) The performance requirements of each increment *should* be consistent with the performance requirements of the completed, overall system within which the *information technology* will function and *should* address interface requirements with succeeding increments.

(d) For each increment, *contracting officers shall* choose an appropriate *contracting* technique that facilitates the *acquisition* of subsequent increments. Pursuant to parts 16 and 17 of the Federal *Acquisition* Regulation, *contracting officers shall* select the contract type and method appropriate to the circumstances (*e.g.,* indefinite delivery, indefinite quantity contracts, single contract with *options*, successive contracts, multiple awards, *task order* contracts). Contract(s) *shall* be structured to ensure that the Government is not required to procure additional increments.

(e) To avoid obsolescence, a modular contract for *information technology should*, to the maximum extent practicable, be awarded within 180 days after the date on which the *solicitation* is issued. If award cannot be made within 180 days, agencies *should* consider cancellation of the *solicitation* in accordance with 14.209 or 15.206(e). To the maximum extent practicable, deliveries under the

contract *should* be scheduled to occur within 18 months after issuance of the *solicitation*.

Parent topic: Subpart 39.1 - General