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Description of document: Defense Logistics Agency (DLA) Land and Maritime  
Annual Competition Achievement Report, FY 2013

Requested date: 2018

Release date: 01-June-2018

Posted date: 28-September-2020

Source of document: FOIA Request  
HQ FOIA and Privacy  
Defense Logistics Agency  
8725 John J. Kingman Road  
Attn: Room 1326  
Fort Belvoir, VA 22060  
[FOIAonline](#)

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3990 E Broad St  
Columbus, OH 43213-1152

May 31, 2018

DLA-LANDM-2018-002785 has been processed with the following final disposition: Full grant.

Sincerely,

Kimberly Schmidt  
Land and Maritime

## Annual Competition Achievement Report for FY13 Defense Logistics Agency (DLA) Land and Maritime

In accordance with FAR 6.502(b)(2), DLA Land and Maritime hereby submits the following report.

### 1. Competition Rates Achieved:

- a. FY13 Competition goals:
  - i. Dollars Land: 74.5% Effective Competition Base-Line 75.0%
  - ii. Dollars Maritime: 78.5% Effective Competition Base-Line 75.0%
- b. FY13 Competition Rates Achieved as provided by J72 on 15 Oct 13:
  - i. Dollars Land: 77.49% Effective Competition 68.01%
  - ii. Dollars Maritime: 72.97% Effective Competition 69.35%
- c. Breakdown of Achieved Rates pulled from FPDS on 15 Oct 13:

Land FY13 Competition	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
Land Albany	171	\$38,013,708.70	99	57.89%	\$8,970,261.51	23.60%
Land Aberdeen	360	\$93,126,738.32	182	50.56%	\$39,250,583.91	42.15%
Land Warren	880	\$142,646,119.11	513	58.30%	\$56,784,422.77	39.81%
Land Columbus	38,464	\$950,105,354.90	36,142	93.96%	\$844,031,572.26	88.84%
total	39,875	\$1,223,891,921.03	36,936	92.63%	\$949,036,840.45	77.54%

Maritime FY13 Competition	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
Maritime Shipyards	8,876	\$86,257,214.71	5,468	61.60%	\$62,511,073.51	72.47%
Maritime Mechanicsburg	5,449	\$348,097,731.14	925	16.98%	\$43,661,353.25	12.54%
Maritime Columbus	66,984	\$1,202,821,137.50	64,331	96.04%	\$1,089,641,223.71	90.59%
total	81,309	\$1,637,176,083.35	70,724	86.98%	\$1,195,813,650.47	73.04%

Land and Maritime retrieved FPDS data on 15 October, 2013 to analyze site-specific issues and areas of opportunity. While the numbers do not match those provided by J72 the variances are less than .1% and are therefore considered to be valid and of worth. No detailed data is available for effective competition.

In 2014 the Competition Advocate office will be working closely with all Land and Maritime offsite commands to better coordinate recording and to actively reach out to our extended contracting personnel and vendors to try to develop enhanced competition wherever possible. Authority, system access, process control, etc., however, are limited where all detachments are concerned and, in turn, the effectiveness of plans to address competition is thus limited. Consider this explanation from DLA Land Warren:

“DLA Land Warren's mission in supporting the US Army TACOM LCMC Integrated Logistics Support Center (ILSC) in the acquisition of depot level repairable (DLR) supplies presents a unique situation with regard to competitive procurement. Due to the nature of our role in supporting ILSC, the

detachment support for our customer is driven by the acquisition requirements and priorities established by the Army's material availability requirements, demand planning, etc. The requirements are defined and planned by ILSC and transmitted to the Detachment for procurement. Additionally, ILSC specifies if the item is eligible for competitive procurement.”

Effective competition is difficult to define and difficult to capture. Material may be coded one way in the system, translate into a different set of circumstances for solicitation, and rest in yet another state during evaluation and award. For some purposes it is defined by AMC/AMSC code, and for other purposes it is defined by the number of and nature of the offerors. The difficulty of nailing down an appropriate definition that can then be reliably captured systemically suggests that this is not a conclusive metric and should be removed from the reporting requirement.

## 2. Competition Advocate Activities:

The Competition Advocate Office during 2013 worked closely with Operations Support (formerly Value Engineering) on a Command-directed Lean Six Sigma black belt team tasked with studying and executing the production flow, coordination, tracking and oversight of incoming Alternate Offer and Source Approval Request technical data packages to maximize enhanced competition and develop better quality vendor technical data packages for increased service approvals. Additionally this office has actively participated in all available Vendor Out-reach programs either by briefing/presentation or by supplying support guidance, literature and revamped internet websites / points of contact information.

Land Aberdeen’s Director, Deputy Director, and local Competition Advocate/Small Business Director attended the 2012 C4ISR Advanced Planning Briefing for Industry (APBI). At that session, they hosted an area where contractors could meet with the Land Aberdeen Competition Advocate to learn more about Aberdeen’s Contracting Opportunities. There were over 550 attendees at the APBI composed of both contractors and government employees. They plan to also attend the 2013 C4ISR Advanced Planning Briefing for Industry (APBI).

Under Mr. Kenneth Goodson Competition Advocate and Ms. Lilli Hopson, Competition Advocate (Acting) this Columbus Procurement Process Support Directorate cooperated in the development of better definition of the FPDS data system and subsequent acquisition specialist training.

## 3. New initiatives required to increase the acquisition of commercial items:

Due to a continual effort to develop both Market Research tools and focus, buyers are conducting more intensive Market Research and contacting more vendors prior to submitting J&A documents. FAR Part 13.5 was covered during recent Time To Award training, and more buyers are becoming fluent in the commercial item buy process. Increased efforts are being made to re-evaluate classification of material that was previously thought of as non-commercial and solicit/award them as commercial items.

DLA Land Aberdeen uses their Collaborative Acquisition Strategy Sessions (CASS) and new Document Review Sessions (DRS) to emphasize the importance of the acquisition of commercial items and they will continue to be used as such moving forward.

#### 4. New initiatives to increase competition:

DLA Land and Maritime worked with DLA R&D to develop an automated process called Matching Acquisition Strategies to Industry Capabilities (MASIC) that reduce direct material costs by attracting more suppliers. The MASIC Tool incorporates industry's input, creates protocols, and develops software to automatically group NSNs for long-term contracts based on shared parameters. The NSN groupings are evaluated through the national supplier data base to locate current and new vendors; based on physical characteristics, capabilities, requirements and functions. The MASIC Tool will tailor the solicitations to correspond to the needs of DLA Land and Maritime and capabilities of the vendors.

The Land Directorate has been stressing the use of the Supply Assurance Through Multisource Contracting clause, which allows them to keep the procurement pipeline going with proven sources, while unproven sources are given partial quantities to perform and become qualified, i.e. pass First Article Testing, Production Lot Testing, etc.. This has been presented as an acquisition topic at the Land Director's call and it is also a part of their acquisition first line supervisor performance plans. Each year the Land Directorate refers some of the highest dollar sole source NIINs to the Operations Support directorate for break-out potential. The most recent success story in that effort was the "Hawker Battery" project. The Operations Support directorate is in the process of gathering data to quantify those efforts.

The Strategic Acquisitions Program Directorate posts sources sought notices for all sole/limited source items during the market research stage of an acquisition with the hopes of gaining advanced knowledge of any possible alternate sources so as to provide those sources, in advance, with the information they need to submit their SAR packages to start the approval process. For items defined as competitive but which have historically been procured from only one source, a pre-solicitation sources sought notice is posted, including a link to the drawings, in an attempt to attract new sources. In addition, for that same population of items, they are increasing their usage of partial set-asides in an attempt to develop small business sources.

In 2014 the Competition Advocate office as part of the Procurement Process Support Directorate will work to develop a program with support from the Value Management Team, Operations Support to actively identify and monitor a select list of items for which DLA Land and Maritime has significant, historical annual procurement requirements. Coordinated data pulls will be considered to look at contracting and technical factors as well as volume dollar procurements, and other populations of items will also be researched.

In 2014, if funding and resources allow - the Competition Advocate Office will actively participate in conferences and workshops regarding 'Doing Business with DLA' in coordination with the Small Business Office through briefings, supply of guidance on Competition Advocate oversight policies, process of submitting Alternate Offer & Source Approval Request packages and enhanced Contracting personnel training in the reporting of FPDS data. Additionally to participate in periodic industry panels, one-on-one vendor counseling / conference calls and as needed manufacturing site visits.

#### 5. New initiatives to ensure requirements are stated in terms of functions to be performed, performance required or essential physical characteristics:

The Competition Advocate will continue to consider avenues for challenging the Engineering Support Activity (ESA) in regards to enhanced/clearer testing and technical requirements and faster review times.

J&A reviews have been strengthened to hold the expectation of more documentation in this area. The Competition Advocate will consider formalizing this requirement/expectation via workforce training and publications.

6. Any barriers to the acquisition of commercial items or competition that remain:

Lack of technical data - Military services continue to buy systems without any technical data to support them. This puts the Government in a sole source position for most of the items on that end item. When it is no longer profitable to supply certain items the Original Equipment Manufacturer (OEM) obsolete these spare parts and the Government can't force them to turn over the data. They want to sell the next generation of end item whether the Government wants it or not. The lack of parts support causes the Government to explore expensive options like reverse engineering or developing new sources.

Extensive testing requirements - Performance testing, first article testing, functional testing, and certifications are expensive and often eliminate potential suppliers from consideration. Engineering Support Activities and Program Managers are risk adverse and want to ensure the safety and performance of these spare parts with little or no concern for cost. Unfortunately, these requirements are often restrictive and not necessary to buy a good part.

Extensive technical requirements - Some NIINs do have data packages available, but many of the historical vendors have either gone out of business, no longer make the NIIN if they are still operating, or do not have the staff to deal with mounting requirements such as documentation, RFID, DNA marking, special packaging, etc., so they refuse to bid/quote.

339 requests for engineering support - Long response times required for 339 support requests inhibit the Government's ability to capitalize on immediate procurements. Besides frustrating the potential contractors and discouraging them from future alternate offers, procurements are often awarded based on immediate need at a much higher cost. If the supply planner/acquisition specialist knew that a 339 response would be received in a timely manner they would be more willing to hold a purchase until an answer was received from the services approving the new source.

Design changes - When faced with competition OEMs will frequently incorporate design changes to their parts to eliminate the competition. If they can get even a relatively minor design change approved, any competitors part numbers must be removed from that stock number. This reduces competition and increases the Government's cost to support that item and the system it is used in.

Underutilization of Multi-source Awards (awards to new sources) - Once we get a new source approved it would be helpful in encouraging them to get approved on other items if they got an award. This also allows them to demonstrate that they can manufacture the item. Frequently, when an original equipment manufacturer sees that another source has been approved they reduce their price to undercut the new source. New sources make capital investments to develop their alternate item but are unable to recoup investment until they receive an award.

Long Term Contracts (LTCs) - Long term contracts negatively affect competition by locking in a source with a set pricing schedule. This discourages companies from trying to get approved because of the large investment required. Also, once the contract term (usually 5 years) has passed, alternate manufacturers are no longer interested in supplying these parts and have frequently disposed of the equipment required to produce the items. Vendor education is slowly overcoming this industry perception, but it continues to be the feedback from industry when pursuing breakout actions on items covered by LTCs. Recent efforts with the Strategic Acquisition Programs Directorate have resulted in items on LTC being solicited from additional approved sources. VE will continue to push for the utilization of newly approved sources on LTCs. A new effort is underway to identify items that VE is working on for dissemination to the acquisition community.

Technical data for transferred items – As a rule, when there is a transfer of a series of NSNs from the services to DLA Land and Maritime, multiple set of drawings are often not yet fully processed with active NSNs assigned – yet the Government has manufacturers’ drawings at the service level. Due to many of our service Engineering Support Activities being heavily loaded, the assignment of NSNs recently transferred to DLA is not ranked as a high priority. We have several platforms/systems with such incomplete transfers showing less than competitive coding in our systems. It is the intention of this office to request technical support resources be allocated to actively follow-up and develop full technical data, that would facilitate enhanced competition working in coordination with the Service ESAs if technical data is identified already existing in Government possession.

Procuring items with aging technology for which there are limited sources. (Batteries and tubes are great examples.)

Quantities required are very small and quantity unit pack is not acceptable to the customer due to limited funds or the type of item required. Vendors no-quote stating that small quantity is cost prohibitive.

7. Other ways in which the agency has emphasized the acquisition of commercial items and competition in areas such as acquisition training and research.

DLA Land Aberdeen continues to manage customer requirements through monthly customer relationship/outreach meetings with Aberdeen’s four primary Customers within CECOM’s Logistics Readiness Center (LRC). The Customer Directorates supported are: Command Control Communications – Tactical, Power and Engineering, Enterprise Soldier Aviation and Intelligence, Electronics Warfare and Sensors. The monthly meetings provide a “bird’s eye view” of on-going and future procurement requirements. These meetings offer the ability to work through issues affecting competition and small business activities.

DLA Land Aberdeen’s continued use of the Collaborative Acquisition Strategy Sessions (CASS) and new Document Review Sessions (DRS) with the customer allows planning, preparation and discussion of factors that create competition barriers or impediments early in the procurement process. The CASS is a discussion between the requiring activity and the contracting staff to address all aspects of a specific procurement action in the requirements definition and acquisition strategy development phase that influence competition and small business opportunities. The DRS is done to finalize the strategic plan for the acquisition and the supporting documents to execute the procurement. CASS and DRS meetings are used to emphasize the importance of the acquisition of both commercial and competitive items and they will continue to be used to foster competition moving forward.

The DLA Land and Maritime Small Business Programs Office works closely with our Competition Advocate, as many of their objectives serve common goals. Fostering competition, by building a strong small business community, has long been central to the focus of both offices. The Office of Small Business Programs uses a Scorecard Plan, based upon the overarching guidelines presented in the DLA FY13 Small Business Improvement and Marketing Plan. The paragraphs below detail our efforts, in concert with the Competition Advocate, to promote competition and innovation, through the robust participation of small businesses:

- a. Commitment to Small Business Utilization
  - i. Monthly Small Business Advisory Council (SBAC) formed to lead SB performance improvements. These sessions engage Command and Directorate level leaders in discussions on improving small business participation.
  - ii. Weekly SB Performance data is sent to leadership as we track small business- and socio-economic - award dollars. By keeping goals front and center in the minds of leadership, small business participation is shown to be important to the acquisition workforce. Performance data flows down to Supervisors, Contracting Officers, and buyers.
  - iii. Supply Chain recognition of SB achievements. DLA Land and Maritime is working on a SB Champions Recognition program, to recognize DLA Land and Maritime personnel for supporting Small Businesses.
  - iv. Collaborative Acquisition Strategy Sessions (CASS) for early evaluation of potential of SB participation in large projects.
  
- b. Training of Acquisition Staff
  - i. Launch of Small Business Toolbox.
  - ii. Financial assistance training by the Columbus Small Business Administration (SBA) District staff.
  - iii. SBA Procurement Center Representative (PCR) small business contracting training.
  
- c. Outreach to Small Businesses
  - i. Launched a Webinar room and worked with 14 DLA Land and Maritime subject matter experts to provide 17 webinars. The Office Small Business Programs hosted webinars for the following topics: DLA Internet Bid Board System (DIBBS), Women Owned Small Business (WOSB) Program, Small Disadvantaged Business - 8(a) Program, AbilityOne Capabilities Briefing, National Institute of Standards and Technology (NIST) DIBBS Webinar, Top 10 Contractor Tips, National Tooling and Machining Association (NTMA) Webinar, Contract Manufacturer's Purchasing Fair, Doing Business With DLA – WOSB, NIST, Pre and Post Award WOSB, DIBBS WOSB, First Destination Transportation Packaging Initiative (FDTPI).
  - ii. The Office of small business Programs participates in many conferences and workshops across the country. We provide information on doing business with DLA by conducting DLA Overview, DLA Internet Bid Board System training, panel facilitation and/or member, matchmaking, one-on-one counseling and site visits. Some of our partners for FY13 were the Procurement Technical Assistance Center Network, Small Business/Minority & Women Business Expo, State of Ohio Biz Matchmaker, NTMA Contract Purchasing Fairs, Michigan Defense Exposition, TACOM Small Business Fair, Precision Metal forming Association and Small Business Administration.



- d. Consultations: On a daily basis the Office Small Business Programs handles calls from the DIBBS Help Desk, calls and visits to the Business Counseling Center and inquiries regarding the various socioeconomic programs. Counseling method can be by are by walk-in, telephone, E-Mail, or letter. For FY 13, the Small Business Programs Office annotated 12,503 consultations.
- e. Update of SB and Training Knowledge and Opportunity (TKO) websites to improve tracking.
- f. Addition Value Management as third day of TKOs.  
TKO Seminars for Suppliers: DLA Land and Maritime Office Small Business Programs continues to lead DLA hosting the acclaimed Training, Knowledge and Opportunities (TKO) Seminars for Suppliers. SB SME support at DLA Land and Maritime Industry forums.
- g. Subcontracting  
Added Prime Contractor POCs for Subcontracting plans on the SB website.
- h. Unbundling  
Agreed to Small Business Technical Advisors (SBTAs) to help with NSN breakout and SAPD pre-solicitation package reviews.

## DLA Land and Maritime Non-Quantifiable VM Projects for FY 2012:

### Reverse Engineering

Reverse Engineering (RE): DLA Land and Maritime expanded our reverse engineering capabilities to our customers. RE has developed a process flow to identify required steps for managing RE efforts from Business Case development through technical data package development and engineering support coordination/approval. The DLA Land and Maritime Value Engineering RE team has successfully partnered with TACOM Tactical Vehicles and Mine Resistant Ambush Protected (MRAP) Joint Program Office on project selection and working to further define our RE process flow. FY13 resulted in 16 projects initiated using 4 alternate means of RE support.

### 3-D Data

In dealings with contractors providing technical data to the Government, it has become necessary to provide requirements for the format and content of that data. This has brought attention to the challenges associated with three dimensional data. The Value Management office is now working with Land and Maritime policy associates and querying our military service counterparts to formalize what future requirements should look like. Three Dimensional (3D) data has many benefits over traditional 2-D data for contractors and the government. Significant cost and lead time savings could be realized with the proper application of a 3-D program. In FY13 VE participated in a pilot project with the Navy to identify candidates for 3-D printing. Also, J3 is sponsoring an R&D task to identify what DLA needs to do to prepare DLA to use 3D tech data in its daily procurement activities. A VE engineer has been assigned to support this effort.

### Big Ideas

This Command driven initiative is aimed at reducing material cost on DLA Land and Maritime purchased material. Included in this initiative were efforts like Mine Resistant Ambush Protected (MRAP) vehicle sole source NSN breakout, expansion of supplier network via the Reverse Engineering Program, and an accelerated effort to increase competition on DLA Land and Maritime purchased material as a whole. Additional focus was given to identifying NSNs where government owned technical data may exist. One example was the Up Armor Construction Equipment project. VE was able to change the procurement method from sole source to competitive on 88 NSNs by coordinating the release of the technical data packages with the Army Engineering Support Activity (ESA). This effort resulted in \$3.7M savings in FY13. Overall, VE reported \$67.1M in savings for FY13.

### Source Approval Request (SAR) Process Improvement

The Source Approval Request (SAR) process was a focus area and, as a result of an FY12 Black Belt project, was streamlined and centralized to the Competition Advocate's office. Value Management's role was expanded to include the review of both solicited and unsolicited SAR packages with emphasis on increasing the number of SARs submitted to the Engineering Support Activities. In FY13, the Value Management Office, in conjunction with the Competition Advocate's Office, implemented the recommendations of a lean six effort to improve the tracking, evaluation and approval of SARs. Now SARs come to the Competition Advocates Office for initial review and are logged in. The acceptable

SAR packages are then forwarded to VE for technical evaluation. SAR packages that pass the technical evaluation are forwarded to the appropriate Engineering Support Activities (ESAs) for approval. For inadequate SAR packages the VE analyst is to contact the contractor to attempt to resolve deficiencies. If the ESAs have any questions they can contact the VE analyst for resolution. The two databases that existed earlier this year were combined to avoid input errors and duplication of effort. The goal of the lean six project was to increase the number of SAR packages forwarded to the ESAs by 100%. At the end of September this metric was at 268%. The improved processing and direct analyst interaction with the contractors and ESAs has resulted in more additional sources being added to DLA managed NSNs. The new process resulted in 37 recorded source approvals for FY13.

### Pricing Assistance

The Value Management pricing office has worked with the procurement policy pricing office to develop policy and procedures for routing and answering pricing inquiries. It was determined that many of the buyers do not know to which office to send their inquiries in any given situation. Therefore the two pricing offices worked together to develop a plan to make the buyers aware of the available pricing offices mailboxes. Training will also be developed to explain the differences between what questions each of the pricing offices can answer. The team is also developing standardized response memorandums to make the information provided more consistent and easier to use.

### Sustaining Engineering (SE)

SE includes technical activities aimed at maintaining or improving the readiness of existing systems. Continued additional outreach to new customers was accomplished via informing Weapon System Support Managers of the programs, capabilities, and available funding throughout FY12. Particular emphasis was given to the Industrial Base Integration Team (IBIT) sponsored by TARDEC. The IBIT consists of Army Weapon System Program Managers, Industrial Base Engineering Team representatives, DLA Land and Maritime Weapon System Managers, and Value Management. The team meets weekly and provides a forum for sustaining engineering project discussion. The savings documented as result of our SE effort in FY13 was in excess of \$2.6M.

#### 8. Tentative Proposed FY14 Competition Goals for dollars:

- a. FY13 Competition Rates Achieved as provided by J72 on 15 Oct 13:
  - i. Dollars Land: 77.49% Effective Competition 68.01%
  - ii. Dollars Maritime: 72.97% Effective Competition 69.35%
  
- b. FY14 Projected Expenditures:
  - i. Land Obligations
    - 1. FY13 Act - \$1,367.83 M
    - 2. FY14 Proj - \$1,438.31 M
  - ii. Maritime Obligations
    - 1. FY13 Act - \$1,362.80 M
    - 2. FY14 Proj - \$913.136 M

- c. Recommend the FY 14 goal is the same as FY13 for the following reasons:
- i. There are multiple reset programs occurring at the Army Depots for MRAP during FY14. Given most of the MRAP unique NIINs are sole source to the MRAP OEMs, it is unlikely that our competition efforts in other areas will be able to offset the large volume and percentage of sole source buys for the MRAP programs this year.
  - ii. The shipyard schedule remains consistent with previous years, therefore, demand is not expected to change.
  - iii. Technical data and specifications are too often proprietary to the original equipment manufacturer (OEM). The pivot point for expanded success in maximizing competition is the funding for the necessary technical expertise to collaborate with our customers in reverse engineering unrestricted military technical data packages (TDP) and specifications. Following the creation of new unrestricted TDPs and specifications, additional funding would be needed to conduct qualification and approval of new contractors.
  - iv. Depot Level Repairable Rates remained stable from FY12. This stability is a reflection of the complex nature of the contract actions and the trade-off decision by the program managers not to buy the Technical Data Packages (TDP) associated with the items we acquire. The lack of technical data will be a continuing barrier throughout FY14. Funding is necessary as well, then, to procure technical data from the OEMs when practicable.
  - v. Sequestration is a continuing concern into FY14. One of the larger procurements for FY13, the Single Channel Ground and Airborne Radio System (SINCGARS) was cancelled by the customer. This procurement was expected to be a small business set-aside contracts that would have boosted competition and small business goals. The changing needs of our customers, like the SINCGARS cancellation, have impacted our competition rates.
  - vi. Customer demands and requisitions drive the nature of items being procured, and represent the overshadowing determination of whether or not our purchases have a competitive manufacturing base or present the opportunity to develop a competitive manufacturing base.
  - vii. Based upon the continuing effects of Sequestration, the lack of technical data and the complex nature of our acquisitions, DLA Land Aberdeen proposes 15% of FY14 dollar will be competitive in nature

## Annual Competition Achievement Report for FY14 Defense Logistics Agency (DLA) Land and Maritime

In accordance with FAR 6.502(b)(2), DLA Land and Maritime hereby submits the following report.

### 1. Competition Rates:

- a. FY14 Competition goals:
  - i. Dollars Land: 76.% Effective Competition Base-Line 75.0%
  - ii. Dollars Maritime: 75.% Effective Competition Base-Line 75.0%
- b. FY14 Competition Rates Achieved as provided by J72 on 3 Nov 14:
  - i. Dollars Land: 76.91% Effective Competition 58.83%
  - ii. Dollars Maritime: 76.% Effective Competition 69.21%
- c. Breakdown of Achieved Rates pulled from FPDS on 31 Oct 14:

Land FY14 Competition	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
Land Albany	182	\$34,847,578.90	135	74.18%	\$13,194,413.68	37.86%
Land Aberdeen	321	\$192,639,678.84	176	54.83%	\$62,312,364.97	32.35%
Land Warren	733	\$216,355,445.24	450	61.39%	\$119,756,125.12	55.35%
Land Columbus	37,998	\$798,911,621.91	37,204	97.91%	\$765,359,809.41	95.80%
total	39,234	\$1,242,754,324.89	37,965	96.77%	\$960,622,713.18	77.3%

Maritime FY14 Competition	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
Maritime Shipyards	8,691	\$116,808,125.64	5,425	62.42%	\$88,368,084.98	75.65%
Maritime Mechanicsburg	6,044	\$344,922,019.11	997	16.50%	\$40,953,908.77	11.87%
Maritime Columbus	77,593	\$1,375,215,221.94	74,292	95.75%	\$1,276,620,852.02	92.83%
total	92,328	\$1,836,945,366.69	80,714	87.42%	\$1,405,942,845.77	76.5%

Land and Maritime retrieved FPDS data on 31 October, 2014 to analyze site-specific issues and areas of opportunity. While the numbers do not match those provided by J72 the variances are only 1.7% for the Land figures and .66% for Maritime figures and therefore are considered to be valid and of worth. No detailed data is available for effective competition.

As explained in previous years' Competition Reports, effective competition is difficult to define and difficult to capture. Material may be coded one way in the system, translate into a different set of circumstances for solicitation, and rest in yet another state during evaluation and award. For some purposes it is defined by AMC/AMSC code, and for other purposes it is defined by the number of and nature of the offerors. Land and Maritime continues to assert that the difficulty of nailing down an appropriate definition that can then be reliably captured systemically suggests that this is not a conclusive metric and should be removed from the reporting requirement.

## 2. Competition Advocate Activities:

The Competition Advocate Office during 2014 worked closely with the Land and Maritime Operations Support Directorate to enhance the already redesigned production flow, coordination, tracking and oversight of incoming Alternate Offer and Source Approval Request (SAR) technical data packages. The intent of this collaboration was to maximize competition and ensure timely and productive reviews of SAR packages. Additionally this office has actively participated in all available Vendor Out-reach programs either by briefing/presentation or by supplying support guidance, literature and revamped internet websites / points of contact information. The Acquisition Policy Office also worked with the Operations Support Directorate to develop contracting methods for encouraging and supporting alternate offer submissions and newly approved sources.

The Land Aberdeen Director, Acquisition Division Chief, and local Competition Advocate/Small Business Director are attending the 2014 C4ISR Small Business (SB) Conference and the Advanced Planning Briefing for Industry (APBI) being held 17-19 November 2014. At this conference they will host an area where contractors can meet with the Land Aberdeen Competition Advocate to learn more about Aberdeen's Contracting Opportunities. There are over 500 attendees scheduled to attend the SB conference and APBI composed of both contractors and government employees.

## 3. Initiatives to increase the acquisition of commercial items:

Land Columbus buyers are conducting more intensive Market Research, contacting more vendors, and asking for additional clarifications on the item descriptions/specs prior to completing their Acquisition Plans. This has assisted in converting some previously non-commercial vehicle maintenance kits to commercial items and streamlining the acquisition process on those items.

Maritime Columbus buyers use synopses and market surveys to encourage vendors to supply information to support commercial item procurements.

The Land and Maritime Strategic Programs Directorate is working on several Commercial Price List projects including Cummins, CAT, Oshkosh, and Axeltch/Meritor. They are faced with barriers such as government rules and regulations that are not in sync with commercial practices and resource constraints for many companies who now face added requirements like packaging and labeling, but are focused on working through the barriers and establishing commercial price list contracts.

## 4. Initiatives to increase competition:

In 2015 the Competition Advocate office will continue to work closely with all Land and Maritime offsite commands to maximize collaboration and data management and to actively reach out to our extended contracting personnel and vendors to try to develop enhanced competition wherever possible. Authority, system access, process control, etc., however, are limited where all detachments are concerned and, in turn, the effectiveness of plans to address competition is thus limited. The nature of commodities and of the procurement process at the detachments remains entrenched as well, presenting hindrances to competition. As offered by DLA Land Warren: "DLA LAND Warren is a reactionary buying cell. As US ARMY TACOM LCMC Integrated Logistics Support Center (ILSC) is our customer, we buy items such engines for Abrams tanks, transmissions for Bradley Fighting Vehicles,

axles for the HMMWV, etc.” 87% of Warren’s ) buys are sole source and the US Government does not own the Tech Data Package.

DLA Land and Maritime is encouraged by the recent issuance of the OUSD AT&L Memo and Guidelines and the building of emphasis on “creating and maintaining a competitive environment throughout the life cycle of a given product or service.” We feel that several concepts contained therein will go far to address any barriers faced by the Land and Maritime detachments as well as the Columbus offices and the agency alike. Keeping industry involved to the maximum extent possible and throughout the product life cycle, using Open System Architecture and the related best practices already in place, and attempts to obtain/purchase data as well as securing alternatives to fully detailed technical data packages will go far to prevent “vendor lock” and assure competitive environments by the time the spare parts phase of the product life cycle is reached. Dual sourcing and multi sourcing approaches, as well as many other concepts covered in the Guidelines, will bolster the level of competitive as well.

DLA Land and Maritime worked with DLA R&D to develop an automated process called Matching Acquisition Strategies to Industry Capabilities (MASIC) that reduce direct material costs by attracting more suppliers. The MASIC Tool incorporates industry’s input, creates protocols, and develops software to automatically group NSNs for long-term contracts based on shared parameters. The NSN groupings are evaluated through the national supplier data base to locate current and new vendors; based on physical characteristics, capabilities, requirements and functions. The capabilities and requirements of the Matching Acquisition Strategies to Industry Capabilities (MASIC) Program are in the process of being rolled into an organic program in J6. The MASIC transition is in the initial stage and will be spearheaded by J6.

The Land and Maritime Strategic Acquisitions Program Directorate has established a dedicated market research team consisting of one industrial specialist and two buyers. The concept is intended to centralize the market research effort and provide specialized and focused information to the entire workforce. As this is a fairly new initiative the details and mechanics of the process are currently being developed and enhanced.

For the Strategic Acquisitions Program Directorate sources sought notices continue to be an avenue used to gather input from our Industrial Base to gain improved insight on how we can both enhance competition (identify additional interested sources) as well as explore the commercial availability of the material that we’re looking to procure. For items defined as competitive but which have historically been procured from only one source, a pre-solicitation sources sought notice is posted, including a link to the drawings, in an attempt to attract new sources.

The Strategic Acquisitions Program Directorate awarded contract SPE7MX14D0103 after approving additional source Montreal Bronze via an alternate offer and Source Approval Request (SAR). The contract underwent a competitive reverse auction and resulted in total savings of \$122,535.23 when compared to historical pricing from the original source, Milwaukee Valve. The global valve is a 21N (nuclear submarine) item and the total dollar value of the award was \$676,599.

The Hawker battery is the number one ordered item in DLA. The Strategic Acquisitions Program Directorate identified the NSN as a split award candidate in order to preserve the competitive base throughout the life of the LTC. EnerSys received 70% of the allocation under SPE7LX14D0020 and Exide 30% allocation under SPE7LX14D0021. At the time of the February 2014 award, there was an LTC in place with only EnerSys as the approved source. Based on the estimated quantities outlined in this procurement if these quantities had been bought against the existing sole source LTC we would pay

as high as \$77,579,652.15 versus the 70%/30% split price of \$58,810,844.88. The directorate maintains such focus on increasing the number of multiple awards contracts for all high density items.

The Land Directorate has been stressing the use of the Supply Assurance Through Multisource Contracting clause, which allows us to keep the procurement pipeline going with proven sources, while unproven sources are given partial quantities to perform and become qualified, i.e. pass First Article Testing, Production Lot Testing, etc.. This has been presented as an Acquisition topic at the FL Director's call and it is also a part of our acquisition (1102) first line supervisor performance plans. We have been particularly emphasizing this acquisition approach on our high moving, never out of stock "Super KID" items.

Each year the Land Directorate refers some of their highest dollar sole source NIINs to the V Directorate for break-out potential. The most recent effort was submitting 107 "Super KID" NIINs coded sole source to V for potential break-out opportunities. This would not only enhance competition and drive unit prices down, but also assist in solving capacity issues we face with some sole source vendors.

DLA Land Warren continues to foster the relationship with the TACOM Competition Advocate and appropriate vendors to identify Army-owned National Stock Numbers where additional sources can be qualified (large or small businesses) to compete on future DLR procurements.

In DLA Maritime Columbus the buyers make it a point to ask any small businesses that quotes but is not approved to submit a SAR package for future procurements. In addition, increased market research using internet sources such as the Dynamic Small Business site is being encouraged. Buyers are contacting previous awardees and qualified sources to enhance competition. When a sole offer is received or pricing on quotes is questionable, other approved sources are contacted in an attempt to increase competition. In several instance Maritime has reached out to Operations Support in hopes of reverse engineering items to provide for better competition and to help lower unit prices. There have been situations where attempts to purchase the drawing rights from the manufacture were made.

In 2014 the Competition Advocate office as part of the Procurement Process Support Directorate has worked to develop a program with support from the Value Management Team, Operations Support to identify and monitor a select list of items for which DLA Land and Maritime has significant, historical annual procurement requirements. Coordinated data pulls were done to look at contracting and technical factors as well as DOLLAR volume procurements.

In 2015, if funding and resources allow, the Competition Advocate Office will actively participate in conferences and workshops regarding 'Doing Business with DLA' in coordination with the Small Business Office through webinars, briefings, supply of guidance on Competition Advocate oversight policies, process of submitting Alternate Offer and Source Approval Request packages, and contracting personnel training in the use of sourcing / reporting of FPDS data. Additionally the Competition Advocate Office staff will participate in industry panels, one-on-one vendor counseling and conference calls.



5. New initiatives to ensure requirements are stated in terms of functions to be performed, performance required or essential physical characteristics:

The Competition Advocate office will continue cross-process support activities with DLA Land and Maritime Operations Support in the areas of Alternate Offer / Source Approval Request technical data package reviews and coordination with the Engineering Support Activity (ESA) to establish clear test and technical requirements with faster review times.

J&A reviews have been strengthened to hold the expectation of more documentation in this area. The Competition Advocate in conjunction with the local Office of Counsel have communicated and advised the workforce on this requirement/expectation via focused sessions and council discussions.

6. Any barriers to the acquisition of commercial items or competition that remain:

Lost sources - Regarding NIINs that do have data packages available, some of the historical vendors have either gone out of business or no longer make the NIIN, as it is no longer a profitable line for them. Others have downsized and no longer have the staff to deal with mounting bureaucracy, such as testing requirements, legal documentation, RFID, DNA marking, etc., so they refuse to quote directly to DLA, but may go through a third party vendor, which increases the price.

Lack of technical data - The military services continue to buy systems without any technical data to support them. This puts the Government in a sole source position for most of the items on that end item. When it is no longer profitable to supply certain items the OEMs obsolete these spare parts and the Government can't force them to turn over the data. They want to sell the next generation of end item whether the Government wants it or not. The lack of parts support causes the Government to explore expensive options like reverse engineering or developing new sources.

Extensive testing requirements - Performance testing, first article and functional testing are expensive and often eliminate potential suppliers from consideration. Engineering Support Activities and Program Managers are risk adverse and want to ensure the safety and performance of these spare parts with little or no concern for cost. Unfortunately, these requirements are often restrictive and not necessary to buy a good part.

Services are placing first article testing requirements on more and more NSNs with no waived sources. Many suppliers are not willing to quote on items with such requirements.

OEMs and manufacturer representatives - We have also experienced an increase in OEMs and manufactures who have been approached by several manufacture reps to enter into "exclusive" dealer arrangements including high royalty fees as well which has limited our ability to obtain a "reasonable" price from the actual manufactures. Because of these agreements they are prohibited from quoting directly to us.

Limited manufacturing sources - There are limited manufacturing sources in both the microcircuit (5962) and tube (5960) markets.

339 requests for engineering support - Long response times required for 339 support requests inhibit the Government's ability to capitalize on immediate procurements. Beside frustrating the potential contractors and discouraging them from future alternate offers, procurements are often awarded based on immediate need at a much higher cost. If the supply planner/acquisition specialist knew that a 339

response would be received in a timely manner they would be more willing to hold a purchase until an answer was received from the services approving the new source.

Design changes - When faced with competition OEMs will frequently incorporate design changes to their parts to eliminate the competition. If they can get even a relatively minor design change approved, any competitors part numbers must be removed from that stock number. This reduces competition and increases the Governments cost to support that item and the system it is used in.

Long Term Contracts (LTCs) - Long term contracts negatively affect competition by locking in a source with a set pricing schedule. This discourages companies from trying to get approved because of the large investment required. Also, once the contract term (usually 5 years) has passed, alternate manufacturers are no longer interested in supplying these parts and have frequently disposed of the equipment required to produce the items. Vendor education is slowly overcoming this industry perception, but it continues to be the feedback from industry when pursuing breakout actions on items covered by LTCs. Recent efforts with the Strategic Acquisition Programs Directorate have resulted in items on LTC being solicited from additional approved sources. VE will continue to push for the utilization of newly approved sources on LTCs. A new effort is underway to identify items that VE is working on for dissemination to the acquisition community.

7. Other ways in which the agency has emphasized the acquisition of commercial items and competition in areas such as acquisition training and research.

DLA Land Aberdeen continues to manage customer requirements through monthly customer relationship/outreach meetings with Aberdeen's four primary Customers within CECOM's Logistics Readiness Center (LRC). The Customer Directorates we support are: Command Control Communications – Tactical, Power and Environmental, Enterprise Soldier Aviation and Intelligence, Electronics Warfare and Sensors. The monthly meetings provide a “bird's eye view” of on-going and future procurement requirements. At these meetings we have the ability to work through issues affecting competition and small business activities.

DLA Land Aberdeen's continued use of the Collaborative Acquisition Strategy Sessions (CASS) and new Document Review Sessions (DRS) with the customer allows planning, preparation and discussion of factors that create competition barriers or impediments early in the procurement process. The CASS discussion between the requiring activity and the contracting staff addresses all aspects of a specific procurement action in the requirements definition and acquisition strategy development phase that influence competition and small business opportunities. The DRS is done to finalize the strategic plan for the acquisition and the supporting documents to execute the procurement.

The DLA Land and Maritime Small Business Programs Office works closely with our Competition Advocate, as many of their objectives serve common goals. Fostering competition, by building a strong small business community, has long been central to the focus of both offices. The Office of Small Business Programs uses a Scorecard Plan, based upon the overarching guidelines presented in the DLA FY14 Small Business Improvement and Marketing Plan. The paragraphs below detail our efforts, in concert with the Competition Advocate, to promote competition and innovation, through the robust participation of small businesses:

- At the core of DLA Land and Maritime’s management commitment to small business is the Small Business Advisory Council (SBAC), Comprised of senior leaders, Chief Contracting Officers and subject matter experts, this group is chartered to establish, track and communicate the small business procurement goals as well as to address barriers to achieving them. Each DLA Land and Maritime Business Unit was challenged to develop a project designed to promote one of the four Socio-economic categories.
- Small Business Award Performance ended the year slightly behind FY13 in terms of Small Business award percentage and dollars awarded to small business. The year-end percentage was above the 53% Land and Maritime projected and recommended to DLA HQ at the beginning of FY14.

Small business achievement rates in the socioeconomic categories, on the other hand, continued to show improvement overall and ended the FY ahead of FY13 in terms of award percentage and dollars awarded to small business in the socioeconomic categories, despite finishing the year behind the statutory goals in all but the Woman Owned Small Business category. Showing greatest improvement was awards to HubZone businesses, which improved from 0.63% in FY13 to 1.11% in FY14, followed by awards to Service-Disabled Veteran-owned Small Businesses, which improved from 1.17% in FY13 to 1.80%. Award dollars in all four socioeconomic categories exceeded the amounts awarded in FY13.

- DLA Land and Maritime created a Small Business Set-aside Tool Box on its Acquisition Portal to consolidate policy guidance, how-to guides and sample documents to assist Buyers in conducting rigorous market research and developing recommendations for full, partial or socio-economic program set-asides for small businesses. The Tool Box also provides policies and “how tos” on subcontracting plans, Certificates of Competency as well as requests for waivers to the Non-manufacturing rule. This one-stop resource is not only designed to help generate more awards to small businesses, but to also help buyers minimize their time to make these awards.
- Training Knowledge and Opportunities (TKO) – Offered five times in FY14, these two-day seminars for 146 vendors cover a variety of interesting topics including:
  - Doing Business with DLA
  - DIBBS quoting
  - Source Approval Requests

These classroom sessions were supplemented with a series of 19 webinars streamed from the OSBP to 332 small business suppliers and representatives on topics related to doing business with DLA and successfully managing contract awards with them.

#### DLA Land and Maritime Non-Quantifiable VM Projects for FY 2014:

Multi-source Awards (awards to new sources) - Once we get a new source approved, there is now a tool available to provide for them to get at least a partial award. A Defense Acquisition Guidance (DAG) document was prepared to allow the buyer to make a multiple award if the new source quotes lower than the last competitive price. This allows the new source to recoup some of their non-recurring costs and allows them to demonstrate that they can manufacture the item. Very frequently, when an original equipment manufacturer sees that another source has been approved they reduce their price to undercut the new source.

#### Reverse Engineering

Reverse Engineering (RE): DLA Land and Maritime expanded our reverse engineering capabilities to our customers. RE has developed a process flow to identify required steps for managing RE efforts from Business Case development through technical data package development and engineering support

coordination/approval. The DLA Land and Maritime Value Engineering RE team has successfully partnered with TACOM Tactical Vehicles and MRAP (Mine Resistant Ambush Protected) Joint Program Office on project selection and working to further define our RE process flow. FY14 resulted in 16 projects initiated using 4 alternate means of RE support.

### 3-D Data

In dealings with contractors providing technical data to the Government, it has become necessary to provide requirements for the format and content of that data. This has brought attention to the challenges associated with three dimensional data. The Value Management office is now working with Land and Maritime policy associates and querying our military service counterparts to formalize what future requirements should look like. Three Dimensional (3D) data has many benefits over traditional 2-D data for contractors and the government. Significant cost and lead time savings could be realized with the proper application of a 3-D program. In FY13 VE participated in a pilot project with the Navy to identify candidates for 3-D printing. Also, J3 is sponsoring an R&D task to identify what DLA needs to do to prepare DLA to use 3D tech data in its daily procurement activities. A VE engineer has been assigned to support this effort.

### Source Approval Request (SAR) Process Improvement

The Value Management Office, in conjunction with the Competition Advocate's Office, implemented the recommendations of a lean six effort to improve the tracking, evaluation and approval of SARs. There was previously no centralized entry point for SAR packages. Now they all come to the Competition Advocates Office for initial review and are logged in. The acceptable SARs are then forwarded to VE for technical evaluation. Adequate SAR packages are forwarded to the appropriate Engineering Support Activities (ESAs) for approval. For inadequate SAR packages the VE analyst is to contact the contractor to attempt to resolve the inadequacies. If the ESAs have any questions they can contact the VE analyst for resolution. The two databases that existed earlier this year were combined to avoid input errors and duplication of effort. The goal of the lean six project was to increase the number of SAR packages forwarded to the ESAs by 100%. At the end of September the increase in packages forwarded stood at 268%. The improved processing and direct analyst interaction with the contractors and ESAs has resulted in more additional sources being added to DLA managed NSNs. For the year the SAR program saved \$2.5M. The submissions that were sent to the ESAs finished at a rate of 58.5% and the Land and Maritime Work In Progress (WIP) went down from 31 SARs to 10. The WIP greater than 15 days old went from 28 in October to 8 in September.

### Sustaining Engineering (SE)

SE includes technical activities aimed at maintaining or improving the readiness of existing systems. Continued additional outreach to new customers was accomplished via informing Weapon System Support Managers of the programs capabilities and available funding throughout FY14. Particular emphasis was given to the Industrial Base Integration Team (IBIT) sponsored by TARDEC. The IBIT consists of Army Weapon System Program Managers, Industrial Base Engineering Team representatives, DLA Land and Maritime Weapon System Managers, and Value Management. The team meets weekly and provides a forum for sustaining engineering project discussion. The savings documented as result of our SE effort in FY14 was in excess of \$2.6M.

## Pricing Assistance

The Value Management pricing office has worked with the procurement policy pricing office to develop policy and procedures for routing and answering pricing inquiries. It was determined that many of the buyers do not know which office to send their inquiries to in any given situation. Therefore the two pricing offices worked together to develop a plan to make the buyers aware of the available pricing offices mailboxes. Training was also developed to explain the differences between what questions each of the pricing offices answers. The team is also developing standardized response memorandums to make the information provided more consistent and easier to use.

### 8. Tentative Proposed FY15 Competition Goals for dollars:

#### a. FY14 Competition Rates Achieved as provided by J72 on 03 Nov 14:

- i. Dollars Land: 76.91% Effective Competition 58.83%
- ii. Dollars Maritime: 76% Effective Competition 69.21%

#### b. FY15 Projected Expenditures:

##### i. Land Obligations

FY14 Act - 1,321.86 M

FY15 Proj - 1,183.64 M

##### ii. Maritime Materiel Obligations

FY14 Act - 1,245.935 M

FY15 Proj - 956.811 M

#### c. Recommend the FY 14 goal is the same as FY13 for the following reasons:

- i. There are multiple reset programs (Red River Army Depot and Livorno, Italy Army Depot) occurring for MRAP during FY15. There is also a reset program for the Marine Corps M1 Abrams Tank occurring through FY17. Given most of the MRAP unique NIINs are sole source to the MRAP OEMs, and many M1 Abrams Tank NIINs are sole source or source controlled, it is unlikely that our competition efforts in other areas will be able to offset the large volume and percentage of sole source buys for the aforementioned programs in FY15.
- ii. Technical data and specifications are too often proprietary to the original equipment manufacturer (OEM). The pivot point for expanded success in maximizing competition is the funding for the necessary technical expertise to collaborate with our customers in reverse engineering unrestricted military technical data packages (TDP) and specifications. Following the creation of new unrestricted TDPs and specifications, additional funding would be needed to conduct qualification and approval of new contractors.

- iii. The shipyard schedule is expected to remain consistent with previous years, therefore demand is not expected to change.
- iv. Demands for ALRE have increased with new CIT log gains, however, ALRE CAI and CSI items are procured only from Navy approved sources.
- v. Customer demands and requisitions drive the nature of items being procured, and represent the overshadowing determination of whether or not our purchases have a competitive manufacturing base or present the opportunity to develop a competitive manufacturing base.
- vi. In FY15 DLA Land Aberdeen proposes 14 % as a realistic competition goal. We view FY14 as an anomaly and based upon current workload expect the FY15 competition rate to be closer to our historical average of 14%. At this time, we see lower customer demand and shifting requirement priorities within our customer organization. As with past years, the complex nature of our contract actions and the trade-off decision by the program managers not to buy the Technical Data Packages (TDP) associated with the items we acquire will continue to be a major barrier to competition throughout FY15. We will continue to use CASS and DRS meetings to emphasize the importance of the acquisition of both commercial and competitive items.

# Annual Competition Achievement Report for FY15 Defense Logistics Agency (DLA) Land and Maritime

In accordance with FAR 6.502(b)(2), DLA Land and Maritime hereby submits the following report.

## 1. Competition Rates:

- a. FY15 Competition goals:
  - i. Dollars Land: 78.94%
  - ii. Dollars Maritime: 78.23%
- b. Breakdown of Achieved Rates pulled from FPDS on 12 Nov 15:

Land FY15 Competition	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
Land Albany	163	\$21,651,518.72	118	72.39%	\$12,319,179.16	56.90%
Land Aberdeen	357	\$134,613,294.48	192	53.78%	\$39,859,415.28	29.61%
Land Warren	1,186	\$273,251,267.58	724	61.05%	\$139,370,059.89	51.00%
Land Columbus	85,839	\$885,992,554.58	80,926	94.28%	\$842,331,663.44	95.08%
total	87,545	\$1,315,438,635.36	81,960	93.62%	\$1,033,880,317.77	78.60%

Maritime FY15 Competition	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
Maritime Shipyards	10,017	\$126,801,866.58	6,187	61.77%	\$97,368,068.10	76.79%
Maritime Mechanicsburg	5,651	\$353,931,932.98	766	13.56%	\$44,864,836.34	12.68%
Maritime Columbus	178,484	\$1,695,917,214.65	157,344	88.16%	\$1,559,643,539.76	91.96%
total	194,152	\$2,176,651,014.21	164,297	84.62%	\$1,701,876,444.20	78.19%

Land and Maritime retrieved FPDS data on 12 November, 2015 to analyze performance and areas of opportunity. Although the final overall percentages for Completed Dollars are shaded red and technically the numbers do not meet the goal, Land was only .4% shy of their goal and Maritime was only .05% shy of their goal. If rounded to a whole number the goals would have been met and if limited to Columbus - where so much more of the process is under DLA control - the goals would have been met.

## 2. Competition Advocate Activities:

During 2015 the Competition Advocate Office worked closely with the Land and Maritime Operations Support Directorate to grow the already improved process of managing incoming Alternate Offer and Source Approval Request (SAR) technical data packages. The intent of this collaboration is to maximize competition and ensure timely and productive reviews of SAR packages. Additionally this office has actively participated in all available Vendor Out-reach programs either by briefing/presentation or by supplying support guidance, literature, revamped internet websites, and points of contact. Last year the Acquisition Policy Office worked with the Operations Support Directorate to develop contracting methods for encouraging and supporting alternate offer submissions and newly approved sources. Early this year a tracking and reporting process was developed by the two teams to ascertain consistency and success.



### **3. Initiatives to increase the acquisition of commercial items:**

The Strategic Acquisitions Program Directorate developed a centralized Market Research Team which links to all offices conducting market research-related actions to improve and share vendor/market/commodity based intelligence.

Land and Maritime continues to lean in to market research encouraging buyers to reach out to potential suppliers, actively follow up on approved sources who are not bidding, and to seek clear item descriptions/technical specifications from technicians to promote fullest possible participation and enhance identification of commercial items.

### **4. Initiatives to increase competition:**

In 2016 the Competition Advocate office will continue to work closely with all Land and Maritime offsite commands to maximize collaboration and data management and to actively reach out to our extended contracting personnel and vendors to try to develop enhanced competition wherever possible. Authority, system access, process control, etc., however, are limited where all detachments are concerned and, in turn, the effectiveness of plans to address competition is thus limited. The nature of commodities and of the procurement process at the detachments remains entrenched as well, presenting hindrances to competition. As offered last year by DLA Land Warren 87% of Warren's buys are sole source and the US Government does not own the Tech Data Package.

Maritime Columbus continues its commitment to seek out and maximize the capabilities of industry through participation in and attendance at Industry Capability Briefings and Ability One conferences, by face-to-face meetings and plant visits, and by public recognition of success stories and successful associates. They actively team with technical personnel to identify SDVs and SDBs and explore broadening product lines and continue to maximize the use of partial set-asides.

Maritime Columbus issues a weekly publication "Socio-Economic Score Board" which keeps the work force informed of how well Maritime is progressing in meeting its socio-economic goals. In FY16, in accordance with the Maritime Supplier Operations Directorate's FY16 Small Business Scorecard Plan, an emphasis will be placed on all Small Business and Socioeconomic categories. This equates to contacting and working with the DLA Land and Maritime Columbus Small Business Office to obtain more sources and using the Small Business Dynamic Search Tool to target more sources to promote competition. During FY16, the Maritime Directorate will invite and introduce proven vendors to acquisition forums and periodic meetings.

Fair Opportunities – Long Term Contract Multiple Awards: Award of long term arrangements to multiple small business entities where continuous cost savings are achieved via competing deliver orders to meet customer requirements. For FY 15, the Strategic Acquisition Program Directorate (SAPD) maintained 19 active multiple award arrangements and awarded 8 new arrangements

DLA Land and Maritime Operations Support Goals for FY16:

- Increase amount of initiated Reverse Engineering projects by 25% from the previous year.

- Increase NSNs posted within bailment program by 25%.
- Expand teaming effort with other ESAs (site visits – capability review).
- Reutilization of depot material.
- Identification of missed savings not being submitted by supply chains (contract material cancellations, material reduction being ordered, NSN cancellations, source approvals, competitive status charges).

**5. New initiatives to ensure requirements are stated in terms of functions to be performed, performance required or essential physical characteristics:**

The Competition Advocate office will continue cross-process support activities with DLA Land and Maritime Operations Support in the areas of Alternate Offer / Source Approval Request technical data package reviews and coordination with the Engineering Support Activity (ESA) to establish clear test and technical requirements with faster review times.

J&A reviews were strengthened last year to hold the expectation of more documentation in this area. The Competition Advocate in conjunction with the local Office of Counsel communicated and advised the workforce on this requirement/expectation and there is a definite improvement this year in demonstration of the essential requirements.

Maritime Columbus works closely with the technical community, including the cognizant Engineering Support Activities, to closely examine specifications and how they can be made less stringent to facilitate attracting new suppliers. The Maritime buyers actively team with technical personnel to identify instances where First Article Testing can be waived for suppliers who offer similar products within the product line.

**6. Any barriers to the acquisition of commercial items or competition that remain:**

Major barriers to overcome to improve the Value Engineering program and/or achieve savings:

- Quantity/Quality of Source Approval Request submissions by manufacturers.
- Reduction in obligation authority in L&M.
- Reduction in sole source breakout NSN pool.
- Competing organizational metrics.
- Lack of technical data - The military services continue to buy systems without any technical data to support them. This puts the Government in a sole source position for most of the items on that end item. When it is no longer profitable to supply certain items the OEMs obsolete these spare parts and the Government can't force them to turn over the data. They want to sell the next generation of end item whether the Government wants it or not. The lack of parts support causes the Government to explore expensive options like reverse engineering or developing new sources.
- Extensive testing requirements - Performance testing, first article and functional testing are expensive and often eliminate potential suppliers from consideration. Engineering Support Activities and Program Managers are risk adverse and want to ensure the safety and performance of these spare parts with little or no concern for cost. Unfortunately, these requirements are often restrictive and not necessary to buy a good part.
- Services are placing first article testing requirements on more and more NSNs with no waived sources. Many suppliers are not willing to quote on items with such requirements.

- OEMs and manufacturer representatives - We have also experienced an increase in OEMs and manufactures who have been approached by several manufacture reps to enter into "exclusive" dealer arrangements including high royalty fees as well which has limited our ability to obtain a "reasonable" price from the actual manufactures. Because of these agreements they are prohibited from quoting directly to us.
- Limited manufacturing sources - There are limited manufacturing sources in both the microcircuit (5962) and tube (5960) markets.
- 339 requests for engineering support - Long response times required for 339 support requests inhibit the Government's ability to capitalize on immediate procurements. Beside frustrating the potential contractors and discouraging them from future alternate offers, procurements are often awarded based on immediate need at a much higher cost. If the supply planner/acquisition specialist knew that a 339 response would be received in a timely manner they would be more willing to hold a purchase until an answer was received from the services approving the new source.
- Design changes - When faced with competition OEMs will frequently incorporate design changes to their parts to eliminate the competition. If they can get even a relatively minor design change approved, any competitors part numbers must be removed from that stock number. This reduces competition and increases the Governments cost to support that item and the system it is used in.
- Long Term Contracts (LTCs) - Long term contracts negatively affect competition by locking in a source with a set pricing schedule. This discourages companies from trying to get approved because of the large investment required. Also, once the contract term (usually 5 years) has passed, alternate manufacturers are no longer interested in supplying these parts and have frequently disposed of the equipment required to produce the items. Vendor education is slowly overcoming this industry perception, but it continues to be the feedback from industry when pursuing breakout actions on items covered by LTCs.

Key activities planned to overcome these barriers:

- Identify and work projects based on NIIN importance.
  - High to low ADQ/ADV for active items of supply.
  - High risk, long lead time, non-procurable, overpriced, backorder items.
- DLA Land and Maritime Operations Support will continue to push for the utilization of newly approved sources on LTCs or on sole source items.
  - Work with Strategic Acquisition Programs Directorate in having items removed from LTC when additional sources have been identified.
  - Identify items on LTC that VE is working on for dissemination to the acquisition community.
- Perform reverse engineering in developing technical data packages for active items of supply
- Purchase data from manufacturer's for government ownership.
- Identify overdue 339s related to current buys related to Source Approval Requests and/or reverse engineering and elevate for completion (when applicable).
- Army – DLA L&M partnership.
  - Engagement of service Engineering Support Activities related to process improvement (339, ECP process).
  - RE/OM DLA- Army service partnership.

- In FY16 the Land and Maritime Competition Advocate Office intends to meet with DLA Land - Warren and Army, TACOM to support efforts to expand Competition opportunities through cooperation with TACOM Competition Advocate and Small Business Offices (Budget allowing).
- Small Business participation (TKO, Webinars).
- Posting list on L&M Website related to sole source and reverse engineering NSNs.
- Research method for identification and tracking of NSNs which have been changed from competitive to more restrictive coding in an effort to reduce loss of competitive NSNs as markets tighten.
- Close cooperation between the Land and Maritime Competition Advocate and the Land and Maritime Operations Support Directorate, Value Engineering office, in developing next level Alternate Offer/SAR tracking tool via leveraged V'Stars program.

#### **7. Other ways in which the agency has emphasized the acquisition of commercial items and competition in areas such as acquisition training and research.**

The new DFARS Part 6.3 requirement for a sources sought notice has served as an impetus in the attempt to attract new sources. While the number of positive responses did not increase proportionally in FY15 we hope to capture improvements stemming from new emphasis on creating and maintaining competitive environments throughout the life cycle of a product.

The new DFARS Part 6.3 requirement to review past Justification and Approvals has, as intended, allowed for the identification and resolution of promised actions for which there had been no follow-through. Much of these actions had to do with additional research and vendor contact. Again, while positive results have not yet been seen as a result of this new oversight effort it is hoped that FY16 will yield results.

DLA Land and Maritime Strategic Acquisition Programs Directorate, in an attempt to increase competition as well increase the opportunity for dollars awarded to Small Business, developed a process to coordinate with the Small Business office during the project development stage of Long Term Contracts (LTCs). All LTC packages are sent to DU for review to determine if additional small business sources can be identified as recommended sources of supply to the Contracting Officer. During FY15, 500 projects were coordinated covering 46K NIINs worth \$520M in ADV; 386 projects completed the coordination process covering 19K NIINs worth \$332M in ADV with 114 In-Process. This process contributed to increase competition as well as awarding 21% more in LTC dollars to SB over FY14 performance.

DLA Land Aberdeen continues to manage customer requirements through monthly customer relationship/outreach meetings with Aberdeen's four primary Customers within CECOM's Logistics Readiness Center (LRC). The Customer Directorates we support are: Command Control Communications – Tactical, Power and Environmental, Enterprise Soldier Aviation and Intelligence, Electronics Warfare and Sensors. The monthly meetings provide a "bird's eye view" of on-going and future procurement requirements. At these meetings we have the ability to work through issues affecting competition and small business activities.

DLA Land Aberdeen's continued use of the Collaborative Acquisition Strategy Sessions (CASS) and Document Review Sessions (DRS) with the customer allows planning, preparation and discussion of

factors that create competition barriers or impediments early in the procurement process. These discussions with the requiring activity and the contracting staff address all aspects of a specific procurement action in the requirements definition and acquisition strategy development phase that influence competition and small business opportunities. The DRS is done to finalize the strategic plan for the acquisition and the supporting documents to execute the procurement.

The DLA Aberdeen Director, Acquisition Division Chief, and local Competition Advocate/Small Business Director attended the 2015 C4ISR Small Business (SB) Conference and Advanced Planning Briefing for Industry (APBI) held 3-5 November 2015. At this conference, the Land Aberdeen Competition Advocate networked with contractors interested in learning more about Aberdeen's Contracting Opportunities. CECOM conducted auditorium briefings to publicize upcoming procurements. There were over 500 attendees scheduled to attend the conference.

In FY16 DLA Land Aberdeen has an initiative to establish a process with the customer earlier in the market research phase to develop new and better ways to positively impact future competition for customer requirements. The initiative centers around modifying the market surveys, how they are announced and increasing the details provided.

The DLA Land and Maritime Small Business Programs Office works closely with our Competition Advocate, as many of their shared objectives serve common goals. Fostering competition, by building a strong small business industrial base, has long been the focus of both offices. The Office of Small Business Programs uses a Scorecard Plan, based upon the overarching guidelines presented in the DLA FY15 Small Business Improvement and Marketing Plan. The paragraphs below detail our efforts, in concert with the Competition Advocate, to promote competition and innovation, through the robust participation of small businesses:

- At the core of DLA Land and Maritime's management commitment to small business is the Small Business Advisory Council (SBAC), Comprised of senior leaders, Chief Contracting Officers and subject matter experts, this group is chartered to establish, track and communicate the small business procurement goals as well as to address barriers to achieving them. Each DLA Land and Maritime Business Unit was challenged to develop a project designed to promote one of the four Socio-economic categories. The Competition Advocate is a member of this council.
- Small Business Award Performance ended the year slightly ahead of FY14 in terms of Small Business award percentage and dollars awarded to small business. The year-end percentage of award dollars to eligible small businesses was 53%, representing \$1.7 Billion dollars.

Small business achievement rates in the socio-economic categories continued to show improvement. DLA Land and Maritime met the 5% goal for award dollars to Woman Owned Small Business (9.8%). For all four socio-economic categories, DLA Land and Maritime awarded more dollars than in FY14. Service-Disabled Veteran-owned Small Businesses award dollars increased by over \$30M over FY14, finishing at \$83M.

- Training Knowledge and Opportunities (TKO) – Offered five times in FY15, these two-day seminars for vendors cover a variety of interesting topics including:
  - Doing Business with DLA
  - DIBBS quoting

- Source Approval Requests

These classroom sessions were supplemented with a series of webinars streamed from the OSBP to small business suppliers on topics related to doing business with DLA.

## **8. Tentative Proposed FY16 Competition Goals for dollars:**

### a. FY15 Competition Rates Achieved:

- i. Dollars Land: 78.6%
- ii. Dollars Maritime: 78.19%

### b. FY15 Projected Expenditures:

#### i. Land Materiel Obligations:

FY15 Actual - \$1,496M

PB16/FY16 Projected - \$1,176M

#### ii. Maritime Materiel Obligations:

FY15 Actual - \$1,293M

PB16/FY16 Projected - \$981M

### c. Recommend the FY16 goal is the same as FY15 for the following reasons:

- i. In spite of Better Buying Power initiatives to positively affect competition from program onset the intended effects will take time to trickle through to the purchase of consumables. Technical data and specifications are still too often proprietary to the original equipment manufacturer (OEM) and the Services are not acquiring/transferring adequate technical data to enable DLA competitive procurement action.
- ii. Customer demands and requisitions drive the nature of items being procured, and represent the overshadowing determination of whether or not our purchases have a competitive manufacturing base or present the opportunity to develop a competitive manufacturing base.
- iii. In FY15 the Federal Procurement Data System Next Generation (FPDS-NG) reflected DLA Land Aberdeen had a competition rate of 29.61%. This is consistent with FY14 (32.35%) and exceeded our competition goal of 14% target for FY15. While the competition rate exceeded our FY 2015 competition goal rate, we anticipate the FY16 rate will decrease slightly.

Based upon known requirements from our customer, it appears that approximately 16 % of our requirements are competitive. As we look forward and keeping in mind our performance over the last two years, we recommend an FY16 stretch goal of 22%. We view FY14 and FY15 as an indicator of what is possible.

However, in hand requirements provide a different perspective of our potential competition rate. Another factor influencing our goal setting process is the indication from our customers that we will see lower customer demands in FY16 due to shrinking budgets. As with past years, the complex nature of our contract actions and the trade-off decision by the program managers not to buy the Technical Data Packages (TDP) associated with the items we acquire will continue to be a major barrier to competition throughout FY16. We will continue to use CASS and DRS meetings, and innovative solutions that may evolve from our market research discussions to emphasize the importance of competition to the acquisition process.



## Annual Competition Achievement Report for FY16 Defense Logistics Agency (DLA) Land and Maritime

In accordance with FAR 6.502(b)(2), DLA Land and Maritime hereby submits the following report.

### 1. Competition Rates:

a. FY16 Competition goals:

i. Dollars Land: 82%

ii. Dollars Maritime: 82%

b. Breakdown of Achieved Rates pulled from FPDS on 27 October, 2016:

Land FY16 Competition	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
Land Albany	179	\$16,809,629.34	146	81.56%	\$9,544,293.31	56.78%
Land Aberdeen	368	\$201,755,803.74	214	58.15%	\$106,582,965.93	52.83%
Land Warren	1,389	\$492,368,584.42	911	65.59%	\$231,719,711.82	47.06%
Land Columbus	170,115	\$932,714,608.58	152,907	89.88%	\$892,349,205.69	95.67%
total	172,051	\$1,643,648,626.08	154,178	89.61%	\$1,240,196,176.75	<b>75.45%</b>

Maritime FY16 Competition	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
Maritime Shipyards	9,790	\$107,477,081.55	5,549	56.68%	\$79,384,679.23	73.86%
Maritime Mechanicsburg	6,283	\$428,545,186.37	1,024	16.30%	\$68,880,706.04	16.07%
Maritime Columbus	396,671	\$1,715,294,805.90	322,565	81.32%	\$1,505,004,275.70	87.74%
total	412,744	\$2,251,317,073.82	329,138	79.74%	\$1,653,269,660.97	<b>73.44%</b>

Land and Maritime retrieved FPDS data on 27 October, 2016 to assess current performance, compare with historical performance, and consider input for FY17's competition goals. In recent years Land and Maritime executed quite closely to their goals which hovered between approximately 75% and 79%. (See summary charts below.) In FY16, however, competed dollars as a percentage of overall dollars has decreased slightly in comparison to significantly elevated competition goals.

Land FY13 Competition (goal – 74.5%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	39,875	\$1,223,891,921.03	36,936	92.63%	\$949,036,840.45	<b>77.54%</b>
Maritime FY13 Competition (goal – 78.5%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	81,309	\$1,637,176,083.35	70,724	86.98%	\$1,195,813,650.47	<b>73.04%</b>

Land FY14 Competition (goal – 76%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	39,234	\$1,242,754,324.89	37,965	96.77%	\$960,622,713.18	<b>77.3%</b>
Maritime FY14 Competition (goal – 76%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	92,328	\$1,836,945,366.69	80,714	87.42%	\$1,405,942,845.77	<b>76.5%</b>

Land FY15 Competition (goal – 78.94%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	87,545	\$1,315,438,635.36	81,960	93.62%	\$1,033,880,317.77	<b>78.60%</b>
Maritime FY15 Competition (goal – 78.2%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	194,152	\$2,176,651,014.21	164,297	84.62%	\$1,701,876,444.20	<b>78.19%</b>

It should be noted that DLA Land and Maritime has long maintained that the agency has very little control over the competitive condition of a spare part or repairable NIIN when management is not passed to us until after the critical opportunity to secure data and/or data rights has passed.

## 2. Competition Advocate Activities:

This year the Competition Advocate office was very active in a number of programs discussed below in section #7, and we also worked with the acquisition policy team in support of the clause rewrites and changes to the Technical Standard Text Object (STO) messaging system. We have continued in our overall support of all Land and Maritime directorate efforts including Legal and CUM/UPS team investigations, and we currently manage daily communications for three different DLA vendor & internal acquisition staff support mailboxes.

In FY14 the Acquisition Policy Office worked with the Operations Support Directorate to develop contracting methods for encouraging and supporting alternate offer submissions and newly approved sources. In FY15 a tracking and reporting process was developed by the two teams to ascertain consistency and success of the new method. In FY16 with the help of all organization, such as Land Columbus who shares that they have been “emphasizing the use of the Supply Assurance through Multisource Contracting clause to ensure we are expanding competition, while maintaining Warfighter Support through a proven source” we tracked 65 approved Source Approval Requests (SARs) in the program that resulted in \$26.8M in government savings.

We also worked in close association with the Operations Support staff of both DLA Land and Maritime and DLA Aviation on the design and roll out of a new SAR tracking system that is necessarily independent from the legacy AARTS software. The additional efforts have resulted in speaking with a single voice to Engineering Support Activities (ESAs) as they undergo multiple personnel assignment changes and forward deployments.

In 2017 we are looking forward to expanded efforts to stream-line our web sites and update our Vendor Out-Reach materials to better support distance learning and computer based training for added competition awareness, and enhancing our Purchasing Specialists and Products Specialists understanding of how they can better utilize our services. Additionally, with closer communications & VTC training sessions with DLA Land and Maritime Shipyard and DLR sites, we look to increase their awareness of our services, exchange ideas on competition enhancement efforts, and facilitate better coordination in promotion of customer-focused competition efforts.

Lastly, in an effort to develop better tracking and communications with prime Engineering Support Activities this Office will be reaching-out to several of our ESA Command Competition Management Offices to exchange ideas, coordinate how the DLA Land and Maritime Competition Advocate can better assist the services and establish better points of contact for information and interface.

Two Land and Maritime projects, one largely completed and one still in concept development, will contribute significantly to our organization's efforts to increase competition levels.

The first is a DLA Land and Maritime Continuous Process Improvement (CPI) project to streamline the market research process. The new process involves pulling data on future, applicable procurements (PRGEN list) and utilizing SAPD's existing market research resources to perform the FAR Part 10 requirement; making the information available to assigned acquisition specialists upon PR generation and assignment.

Each month, the Land and Maritime Business Process Support Planning & Analysis Team will send the PRGEN list for anticipated purchase requests (PR) greater than the simplified acquisition threshold to the Market Research Team and the SAPD Data Analysis team. The list will be scrubbed and divided by supply chains and the Sourcing Strategy Specialists (SSS) will create market research packages for each NIIN requirement. Information will include supply planning information, packaging information, procurement history, and surge requirements. The SSS will send out market surveys to all approved and potential sources of supply and create a folder for all information gathered on the project. SAPD Quality Assurance Specialists (QAS) will verify AMC/AMSC codes and approved sources, and provide item use/purpose, end item, etc..

The SAPD Market Research Team Acquisition Specialist's will issue a Sources Sought notice and research the information available from the Industrial Specialists, Value Engineering, and the Small Business Office Community. They will attach miscellaneous information pertinent to the acquisition (proof of commerciality, price lists, invoices, conversation records, written correspondence, email communications, acknowledgement of vendor understanding of TINA/certified cost and pricing data requirements, etc.) and prepare a summary and post it to the PrePR database. In this way the acquisition specialists can access the entire package on their desktop via a link in the Discipline Production Control (DPC) database.

This process will allow for improved market information to be consistently made available to the acquisition workforce.

The second of these projects is the Commodity Council, chartered to "established to facilitate strategic engagements with major Industry Trade Associations relevant to Defense Logistics Agency (DLA) Land and Maritime's commodity portfolio. This forum will bring different procurement functional areas and supply chains together with a set of partners from the broader industrial sector in order to share ideas and information, discuss developments within each industry that could affect the DLA acquisition community and its customers, identify solutions to minimize negative impacts, and resolve problems. The overall objective is to improve communication with industry and gather data and

information that can be used to inform sound acquisition decisions and strategies, promote more effective supply chain management, and ultimately improve support to the warfighter.” (Draft Commodity Council charter, October 2016)

Goals for the council include the establishment of robust communication with major industry sectors, early identification and analysis of significant changes and obsolescence issues within the industry that could have impact across the supply chains, and identification of opportunities to partner with Industry Trade Associations on Research & Development opportunities that could impact warfighter support. Integrated Product Teams will have regular scheduled meetings and will brief the Senior Acquisition Executive monthly. The following Integrated Product Teams (IPT) have been established to facilitate and carry out the goals of the Council:

**Fluid Handling IPT:**

**Lead:** Maritime Supplier Operations Fluid Handling Division (FMD) Chief

**Industry Trade Associations:** Association for Hose & Accessories Distribution (AHAD), SAE Aerospace Couplings, Fittings, Hose and Tubing Assemblies Committee (SAE G-3), and Fluid Conductors & Connectors Technical Committee (FCCTC)

**Active Devices IPT:**

**Lead:** Maritime Supplier Operations Active Devices Division (FMT) Chief

**Industry Trade Associations:** Semi-conductor Industry Association (SIA), JEDEC Government Liaison Committee (JEDEC JC-13), SAE Solid State Devices Committee (SAE G-12), SAE Component Parts Committee (SAE G-11), and Association Connecting Electronics Industries (IPC)

**Electrical Devices IPT:**

**Lead:** Maritime Supplier Operations Electrical Devices Division (FMV) Chief

**Industry Trade Associations:** National Electrical Manufacturers Association (NEMA), Motor and Equipment Manufacturers Association (MEMA), Hydraulic Institute, Wire Association International (WAI), SAE Wire and Cable Committee (SAE AE-8D), Compressed Air and Gas Institute (CAGI)

**Batteries & Tires IPT:**

**Lead:** Land Supplier Operations Batteries/Tires Division (FLC) Chief

**Industry Trade Associations:** Independent Battery Manufacturers Association (IBMA), SAE Battery Standards Committee, Battery Council International (BCI), SAE Truck and Bus Military Industry Tire Task Force, Tire Industry Association (TIA), Rubber Manufacturers Association (RMA)

### **Small Arms & Armament IPT:**

**Lead:** Land Supplier Operations Combat Vehicle and Armament Division (FLD) Chief

**Industry Trade Associations:** Sporting Arms and Ammunition Manufacturer's Institute (SAAMI), Firearms Industry Trade Association/National Shooting Sports Foundation (NSSF), American Firearms Retailers Association (AFRA), NDIA Armaments Division, NDIA Small Arms Committee

### **Metals IPT:**

**Lead:** Maritime Customer Operations Industrial Division (QMB) Chief

**Industry Trade Associations:** Forging Industry Association, American Iron and Steel Institute (AISI), American Society of Metals International, and The Minerals, Metals and Materials Society (TMS)

### Contributions to the promotion of competition from the Land and Maritime Small Business office:

Small businesses contribute much to the competitive marketplace. The Competition Advocate, along with the Office of Small Business Programs, work together to identify and support new small business endeavors. For FY16, the Office of Small Business Programs engaged new businesses, and worked to support existing small business concerns:

- The Small Business Advisory Council (SBAC), comprised of senior leaders, Chief Contracting Officers and subject matter experts, is chartered to communicate the small business procurement goals as well as addressing barriers to achieving them. Each DLA Land and Maritime business unit was challenged to develop a Scorecard Plan in support of small business participation in the acquisition process. Each unit was also tasked with identifying a project designed to promote one of the four Socio-economic categories. The Competition Advocate is a member of this council.
- Small business award performance for FY16 resulted in \$1.8 Billion dollars awarded to small businesses. This represents 49% of total eligible dollars. DLA Land and Maritime exceeded the statutory goals for Women-Owned Small Business performing at 9% (Goal 5%), contributing \$337 Million in award dollars. DLA Land and Maritime award dollars for Service-Disabled Veteran-Owned businesses exceeded goal at 3.5% (Goal 3%), awarding \$131 Million dollars.
- Training Knowledge and Opportunities (TKO) Seminars – Offered six times in FY16, these two-day seminars for new and returning vendors cover a variety of topics including:
  - Doing Business with DLA
  - DIBBS quoting
  - Source Approval Requests

This year, a special session was held for trainers from Procurement Technical Assistance Centers (PTACS), a network of non-profit organizations that assist new vendors in learning to do business with DLA.

- Supplier outreach by the Office of Small Business Programs included these highlighted events:
  - GACO, PTAC 28th Annual Procurement Fair
  - 2016 DLA Land and Maritime Ability One Day
  - Michigan Minority Procurement Conference
  - Michigan Defense Expo
  - The 13th Annual National Convention of Service Disabled Veteran Owned and Small Businesses
  - 29th Annual Procurement Opportunities Fair
  - 2016 DLA Land & Maritime Supplier Conference & Exposition

Procurements or activities where competition was instrumental in achieving substantial cost savings or other benefits:

A Land Columbus vendor was quoting a \$55,000 First Article Test (FAT) charge and a high unit price as well. Once they found out via Reverse Auction activity and during negotiations that they were no longer the only source they completely eliminated their FAT charges and reduced their unit price as well. Competition had a direct impact on the pricing in this situation.

At Maritime Pearl Harbor low dollar value nuts/bolts/screws, required in considerable quantity, continue to be the best place to implement competitive procurements.

At Maritime Portsmouth the original requirement package for Sound Dampening Tiles stated the requirement was sole sourced to Electric Boat (EB). However, after a sources sought was posted, the "true" manufacturer of the product was not only able to provide a substantial savings in cost, but also reduced the expected one year lead time from EB to 4-6 weeks from them.

### **3. Initiatives to increase the acquisition of commercial items:**

Maritime Columbus continues to engage their technical community to find commercial item solutions to fulfill our acquisition needs. Barriers often exist when system design of the end products are over specified, when commercial items may meet the Government's requirements.

Land Columbus continues to ask questions and research the item early in the procurement process in support of the acquisition of commercial items.

Maritime Pearl Harbor finds that it is important to understand and apply market research to arrive at the most suitable acquisition approach. They try to maintain a solid understanding of the industry and market that supports shipyard requirements through investigations and discovery, surveys, requests for information, trade events, associations, site visits, "industry days," etc. They research historical files for similar acquisitions, review recent market research, former bidder lists, current awardees, and other related information. They also reach out to knowledgeable small business contract professionals, such as small business specialists within DLA Land & Maritime.

Pearl Harbor utilizes the following databases and other resources:

System for Award Management (SAM)

Dynamic Small Business Search (DSBS)

Federal Business Opportunities

Federal Procurement Data System

Federal Supply Schedule (find similar item vendors)

Commercial search engines (such as google)

Haystack

EDA

NAVSEA Authorized Vendor List (AVL)

Other shipyard detachments

Maritime Mechanicsburg finds it productive to:

- Utilize previous commerciality determinations from other organizations
- Continue to have open dialogue with their vendors
- Incorporate commerciality questions as part of the market research documents that they send to vendors or post on FedBizOpps when utilizing Sources Sought Notices
- Update AMCs for follow-on acquisitions when they determine that NIINs are commercial

SAPD Commercial Procurement Successes:

SAPD had success on two SUPER KID NIIN commercial procurements where they were able to entice two Original Equipment Manufacturers (OEMs) to offer directly to the Government for the “very first time”. All prior awards on these NIINs had been to distributors, adding no value, and merely serving as pass-through entities. Awarding these long term contracts to these OEMs resulted in the lowest prices and deliveries ever obtained by the Government. See table below.

Award PIIN	Awardee	Unit Price Savings %	Delivery Improvement %
SPE7MX16D5000	Sure Power (55156)	18%	12%
SPE7MX16D0148	P55 LTD (K6019)	16%	20%

Both procurements were solicited under commercial procedures and, therefore, Certified Cost or Pricing Data was exempted (ref. FAR 15.403-1(c)(3)). SAPD provided information to both OEMS, explaining exactly what was required by the Government to make a commerciality determination. This communication was vital for their understanding of the strict commerciality requirements. Ultimately, both OEMs were able to provide ample explanation regarding the connection between their similar commercial items and the military items, with technical differences costed out between the two parts. Additionally, unreacted invoices were provided on the similar commercial items.



#### **4. Initiatives to protect and/or increase competition:**

##### *Tungsten Rhenium Program*

##### Background

Global Tungsten and Powders (GTP) was the sole domestic producer of Tungsten-Rhenium wire. In February 2012, Plansee, the parent company of GTP, directed that production of wire cease as of February 2013. GTP's wire production was based on a four level process: ingot production; ingot-to-rod production; rod-to-wire production; and, testing. GTP had a yield rate of less than 25% for wire it produced.

While wire production stopped over three years ago, GTP agreed to continue ingot production for an additional five years. Ingot production is expected to cease sometime in 2017; that might occur as soon as February with the end of Plansee's fiscal year. Currently, GTP is producing ingots one day per month. There have been major personnel layoffs as this program grinds to a halt. GTP does not maintain a standing inventory of ingots.

The loss of the sole source domestic qualified provider of Tungsten-Rhenium wire for tube applications is a significant issue for DLA and all DoD stakeholders. Without a qualified domestic source, DoD may not be able to procure tubes requiring Tungsten-Rhenium wire and this has the potential to negatively impact the war fighting capabilities.

Microwave power tubes and solid-state devices are used to generate and amplify microwave energy -- a form of electromagnetic radiation -- for a variety of applications, including military ones. One of the primary military applications for Tungsten-Rhenium wire is used in nearly 40% of all Electron Tubes (ETs) and is critical to a class of ETs called Traveling Wave Tubes (TWTs). It is part of products such as klystrons, TWTs, and crossed-field amplifiers in use today in radar systems (roughly 17 separate weapon systems).

##### Program Description

The Warstopper Program is investing roughly \$3.2 million to create, maintain and manage a reserve inventory of Tungsten-Rhenium ingots at Rhenium Alloys, Inc. (RAI) to facilitate the production of various sizes of Tungsten-Rhenium wire for use in components of electron tubes. The ready availability of Tungsten-Rhenium ingots will serve as a mitigation strategy to ensure availability of Tungsten-Rhenium wire in order to meet the production and sustainment of DLA procured products.

The goal of the program is to appropriately manage the inventory of Tungsten-Rhenium ingot, so Tungsten-Rhenium wire is available downstream in the supply chain. Warstopper funding will be used to reestablish wire production capacity at the mill level to facilitate normal production of electron tubes and accommodate any DoD surge requirements. If the mill is incapable of obtaining Tungsten-Rhenium ingot, the downstream manufactured product Tungsten-Rhenium wire will not be available to support the war fighter. The approach of placing investments upstream has proven to be a much more efficient and effective use of available funding.

## Impact

The loss of the sole source domestic qualified provider of Tungsten-Rhenium wire for tube applications is a significant issue for DLA and all DoD stakeholders. Without a qualified domestic source, DoD may not be able to procure tubes requiring Tungsten-Rhenium wire and this has the potential to impact the war fighting capabilities.

Tungsten rhenium wire is part of products such as klystrons, TWTs, and crossed-field amplifiers in use today in radar systems (roughly 17 separate weapon systems). For Return-On-Investment (ROI) has been quantified as follows:

- (1) From 2012 through 2014, the average DLA volume of sales for ETs was \$20.6 M. This value was determined in the DLA Electron Tube Industry Analysis study, dated January 17, 2015.
- (2) Tungsten-Rhenium wire is used in approximately 40% of the ETs managed by DLA. This percentage was established during discussions with the Electron Tube industry.
- (3) For the years 2012 through 2014 the procurement value of ETs using Tungsten-Rhenium wire managed by DLA was \$8.24 M, which is 40% of \$20.6 M.
- (4) It is estimated that DLA procures and manages 20% of the Electron Tubes used by DoD. This value was also determined in the DLA Electron Tube Industry Analysis study, dated January 17, 2015. The calculated value of ETs used by DoD containing Tungsten-Rhenium wire is \$103M annually.

Considering the information provided, the ROI for DLA managed inventory investment exceeds 27 to 1 and the DoD investment is 341 to 1. As stated previously in this document, without the buffer inventory of Tungsten-Rhenium ingots, the production of the resulting wire will be zero and the loss of over \$103M/year worth of ETs is at stake.

Weapon system applications affected include within the three aforementioned radar classes, there exist several other subcategories based primarily on the operational use of the radar system, including Land-Based Air Defense Radars; Battlefield, Missile Control, and Ground Surveillance Radars; Naval and Coastal Surveillance Radars; Naval Fire-Control Radars; Airborne Surveillance Radars; Airborne Fire-Control Radars; Spaceborne Radar Systems; Military Air Traffic Control (ATC), Instrumentation and Ranging Radars; Simple Pulse Radar; Moving-Target Indication (MTI) Radar; Airborne Moving-Target Indication (AMTI) Radar; Pulse Doppler Radar; High-Range Resolution Radar; Pulse-Compression Radar; Synthetic Aperture Radar (SAR); Side-Looking Airborne Radar (SLAR); Imaging Radar; Tracking Radar; Track-While-Scan (TWS) Radar; 3-D Radar; Electronically Scanned Phased-Array Radar; Continuous-Wave (CW) Radar; Frequency-modulated Continuous-wave (FM-CW) Radar; and High Frequency Over-the-Horizon (HF OTH) Radar.

The Warstopper Program funded tungsten rhenium program creates a new supplier for the ingot base material and the tungsten rhenium wire for use in the radar systems procured by DOD and DLA.

The Land and Maritime Operations Support Value Management Reverse Engineering (RE) office:

- Has added 4 new Engineering positions to increase RE capabilities.
- Has an RE contract in place for commercial sector participation.
- Established TARDEC service agreement to support RE and Sustainment Engineering projects.
- Is developing a Benét Laboratories U.S. Army RDECOM ARDEC service agreement for RE participation.

- Has the Mechanical and Electronic Product Test Centers engaged in RE efforts for the development of technical data packages to be used in full and open competition.
- Is generating talks with NAVSEA Keyport in partnering with DLA L&M around RE/Organic Manufacturing assistance.
- Shares the following project activity:

### Pending Project

#### M872-M872A3 Trailer Panels

- Project was initiated due to overpricing and numerous configuration issues with systems
- Technical Data Package (TDP) development for full and open competition
- Estimated saving potential of \$300-\$500K per year for 10 years

### Successful Projects

#### Hot Oil Valve

- Captured: \$2.135 mil claimed for negotiations, \$927K to date
- Total Projected Annual Cost Savings: ~\$1.2 mil/year

#### Friction Plate

- Total Projected Annual Cost Savings: \$275K/year
- Last price \$2300 new cost \$200

In accordance with the Maritime Columbus Supplier Operations Directorate's FY17 Small Business Scorecard Plan, an emphasis will be placed on all Small Business and Socioeconomic categories. This equates to contacting and working with the DLA Land and Maritime Columbus Small Business Office to obtain more sources. Additionally, DLA land and Maritime will use the Small Business Dynamic Search Tool to target more sources to promote competition. During FY17, the Maritime Directorate will invite and introduce proven vendors to acquisition forums and periodic meetings. Maritime will also attend Industry Forums to attract more vendors to the DIBBS process and doing business with DLA.

#### Additional Maritime Columbus activity:

- Continues its commitment to seek out and maximize industry capabilities
  - Continues support through participation and attendance at Industry Capability Briefings and Ability One conferences
  - Initiates and monitors the progress of the coordination between Product Specialists and Ability One to identify good candidates
- Associates will continue to be recognized for contributions to competition via Command Staff Meeting Note submissions and at Director's Calls
- Outreach to Small Business
  - Continue to promote participation in Small Business webinar sessions verified by quarterly reporting

- Actively team with technical personnel to identify SDVs and SDBs and explore broadening product line
- Maintaining an open channel of communication with Small Business suppliers
- Continue to maximize the use of partial set-asides and seek out Ability One Opportunities
- Continue with MSO's weekly updated publication "Socio-Economic Score Board" which keeps the work force informed of how well Maritime is progressing in meeting its socio-economic goals.

DLA Land Aberdeen continues to manage customer requirements through monthly customer relationship/outreach meetings with Aberdeen's four primary customers within CECOM's Integrated Logistics Support Command (ILSC). These monthly meetings provide a "bird's eye view" of on-going and future procurement requirements. At these meetings we have the ability to work through issues affecting competition and small business participation.

DLA Land Aberdeen's continued use of Collaborative Acquisition Strategy Sessions (CASS) and Document Review Sessions (DRS) with the customer allows planning, preparation and discussion of factors that impact competition early in the procurement process. The CASS discussions between the requiring activity and the contracting staff address various aspects of a specific procurement action in the requirements definition and acquisition strategy development phases. Two focus areas are the factors that influence competition and small business opportunities. Once these issues are resolved, the DRS meeting is used to finalize the acquisition plan and other supporting documents to execute the procurement.

The Land Aberdeen Director, Acquisition Division Chief, and local Competition Advocate/Small Business Director attended the FY 2016 C4ISR Small Business (SB) Conference and Advanced Planning Briefing for Industry (APBI). At this conference, the Land Aberdeen Competition Advocate networked with contractors interested in learning more about Aberdeen's Contracting Opportunities. CECOM conducted auditorium briefings to publicize upcoming procurements. There were over 400 attendees at the conference. We plan to attend the 2017 APBI scheduled from 30 January through 2 February.

Continuing in FY17 is a Land Aberdeen market research initiative to develop new and better ways to positively impact future competition for our customer requirements. We are shaping the process with the customer to provide input earlier in the market research phase. The initiative centers around using a unified teaming approach to develop or modify market surveys with tailored announcements targeting associated industry sectors such that potential bidder's responses are more complete and provide valuable information to the procurement process.

Land Aberdeen continues to use CASS and DRS meetings to advise our customers on expanding competition. We also attempt to implement innovative solutions that may evolve from our market research efforts to increase competition during the acquisition process.

DLA Maritime Pearl Harbor made a conscious effort to reduce the amount of sole-source contracts by vastly limiting the amount of noncompetitive awards. Many of the noncompetitive justifications received from the shipyard were weak and lacked clear reasoning to support their request. Customer justifications were habitually written to limit competition by failing to provide clear descriptions of materials. In addition, shipyard customers had become accustomed to working with selected vendors and unwilling to expand their market research to increase competition. Contracting Officers were challenged to validate circumstances permitting other than full and open competition such as "only one

responsible source will satisfy agency requirements.” In most cases, Contracting Officers were successful in locating other vendors capable of providing the required material. We also adhere to procurement rules that require the organization to seek additional competition for solicitations that produce one offer. Solicitations are extended and amended to allow for large businesses to compete after determining a lack of interest by small businesses.

Maritime Pearl Harbor is also focusing efforts on establishing multi-year contracts that are awarded to a number of various-sized businesses based primarily on past experience and offered pricing. The goal is to qualify more than one source under original procurements and award orders on a competitive basis.

Additionally, contracts are occasionally split into more than one award in order to take advantage of cost savings. For example, in an environment with unequal cost information, both the vendor and the buyer benefit from a split award over a winner-take-all award.

Maritime Mechanicsburg actions taken in FY16 to increase effective competition:

- Worked with the operation codes on specific systems to break out individual NIINs
- Utilized Sources Sought Notices on all sole source requirements over the Simplified Acquisition Threshold
- Utilized the Vendor History Database
- Worked with large sole source contractors (Lockheed, Raytheon, General Dynamics) to break out NIINs in which the Large contractors did not add any value

Maritime Mechanicsburg new initiatives to increase dollars competed:

- Continue the FY16 initiatives as we are trending in the right direction
- Verify with operation codes / ISEA that Acquisition Method Codes are accurate
- Provide updated training to our associates about conducting comprehensive market research
- Entertain the idea of utilizing Sources Sought Notices on sole source requirements under SAT

DLA shipyards continue to work directly with our customer to ensure effective competition is utilized. Additionally, Maritime Portsmouth has increased the use of sources sought for requirements over \$150K in spite of the fact that they primarily use FAR 13 for their requirements and it is not required. They have increased their ability to not only find competition, but also find ways to set aside for socio-economic concerns.

**5. New initiatives to ensure requirements are stated in terms of functions to be performed, performance required or essential physical characteristics:**

At Maritime Portsmouth they work to "debunk" inaccurate sole source statements by asking more questions to ensure that what has been stated is factual.

In Maritime Columbus they:

- Continue to work closely with the technical community, including the cognizant Engineering Support Activities, to closely examine specifications and how they can be made less stringent to facilitate attracting new suppliers
- Actively team with technical personnel to identify instances where First Article Testing can be waived for suppliers who offer similar products within the product line
- Maintaining an open channel of communication with the supplier base

Maritime Pearl Harbor advises their customers to prepare specifications geared toward obtaining full and open competition. Their goal is to avoid crafting requirements, specifications, or a solicitation too narrowly that vendors are essentially excluded from the pool of potential offerors. Pearl Harbor recognizes that competition is the cornerstone of a sound acquisition process and a critical tool for achieving the best return on investment for taxpayers.

**6. Any barriers to the acquisition of commercial items or competition that remain:**

In 2017 the Land and Maritime Competition Advocate will work with the local SBA PCR, the local Small Business office, and the Land and Maritime acquisition policy office to collaborate on smarter ways to bring small business goals and competition goals together in ways that are optimal for customer support and compliant with regulatory coverage.

Barriers identified by The Land and Maritime Operations Support Value Management RE office:

- Identifying good business case items that can be reversed engineered at a reasonable cost that don't have exorbitant qualification testing requirements
- Getting new sources approved by the ESA on high volume parts that impact mission readiness (risk)
- ESA reviews related to 339s affecting mission readiness/system upgrade programs and not on SAR submittals
- DLA is currently unable to utilize the Replenishment Parts Purchase or Borrow (RPPOB) Program Information per the applicable guideline on sourced controlled items
- Sourced controlled items not being reviewed by Air Force and Navy ESAs. Contractors must coordinate directly with the OEM to become an approved source. OEM has no incentive to approve additional sources
- Air Force and Navy items that are Aviation related utilize a different SAR package format from the established DLA format which results in missing information requiring intense cross referencing and/or rework
- Obtaining latest revision of the drawing from service activities. Services working on changes but not informing DLA related to efforts

Maritime Pearl Harbor offers that it is difficult to establish a second source if the system or component uses proprietary information. Many contractors incorporate components and parts in their systems for which they hold the proprietary rights. Also, with Virginia-class submarine materials becoming increasingly unique, only limited facilities are available to produce some parts, so the pool of competitors for an increasing number of requirements is reduced. For example, we have found that relatively few companies could supply cable assemblies, modules, and components for VACL subs.

Maritime Mechanicsburg barriers/obstacles to competition include:

- Aging systems still in production
- Reliance on NAVSUP WSS technicians for complete Tech Data Packages
- No access to view drawings in Navy's repository
- Cannot contact the Navy's ISEA without the Navy being charged, therefore have to use the technicians as "middle men"

Maritime Portsmouth has to deal with sole source/Brand Name statements with non-factual information that is not discovered until late in the process which requires contracting to have to start the requirement over.

## **7. Other ways in which the agency has emphasized the acquisition of commercial items and competition in areas such as acquisition training and research.**

During 2016 the Competition Advocate office participated and directly supported Vendor Education and Out-Reach efforts in coordination with the Land and Maritime Small Business Office and U.S. Army TACOM/ TARDEC. These efforts included vendor familiarization programs, such as the Training, Knowledge & Opportunities (TKOs), Ohio Match-Maker Conference, Cleveland Business-to-Business Match-maker (SBA), International Automobile Conference & Exposition, and DLA Suppliers Conference & Exposition. They also included one-on-one business meetings with vendors, serving as break-out session presenters and subject matter experts and instructors. We have also been actively involved in Acquisition Specialist professional training sessions, Acquisition Functional Forums, the Acquisition Council, the Small Business Advisory Council, the Simplified Acquisition Working Group, the Post Awards Working Group, and individual manufacturers' staff training upon request.

Additionally, operations organizations supported training and research efforts. For example, Maritime Columbus continually ensures that their staff is trained, while also actively interfacing with our Industry Partners via face-to-face meetings and plant visits. Their teams continue to request training on an as needed basis to keep abreast of changes within industry and the resultant impact on the industrial base.

## **8. Tentative Proposed FY17 Competition Goals for dollars:**

- a. FY16 Competition Rates Achieved:
  - i. Dollars Land: 75.45%
  - ii. Dollars Maritime: 73.44%
  
- b. FY17 Projected Expenditures:
  - i. Land Materiel Obligations:
    - FY16 Actual - \$1,350.86M
    - FY17 Projected - \$1.233B
  
  - ii. Maritime Materiel Obligations:
    - FY16 Actual - \$1,329.42M
    - FY17 Projected - \$1.070B
  
- c. Recommend the FY17 goal is the same as FY16 for the following reasons:
  - i. As stated in Section #1, the agency has very little control over the competitive condition of a spare part or repairable NIIN when management is not passed to us until after the critical opportunity to secure data and/or data rights has passed. Customer demands and requisitions drive the nature of items being procured, and represent the overshadowing determination of whether or not our purchases have a competitive manufacturing base or present the opportunity to develop a competitive manufacturing base.
  
  - ii. DLA Land and Maritime has been, and will continue, receiving a large number of MTRV NSNs through transfer. The MTRV vehicle numbers will remain around 8700 trucks; however, the NSNs have increased to approximately 7,900 NSNs (many of which are high dollar items). For the first year or two, we expect most of these items will be sole source to Oshkosh. Additionally, HMMWV is going through divestiture of approximately 10K vehicles and JLTV is a new system with new NSNs being assigned. The OEM (Oshkosh) has a production contract for 989 JLTVs to be produced by 30 Dec 17. Provisioning is in process with just shy of 2500 lines that have been sent to DLIS for NSN assignment. These JLTV items will also be sole source to Oshkosh until some of them can be broken out.
  
  - iii. The intended effects of Better Buying Power initiatives to positively affect competition will take time to cascade through from program onset to the purchase



of consumables. Technical data and specifications are still too often proprietary to the original equipment manufacturer (OEM) and the Services are not acquiring/transferring adequate technical data to enable DLA competitive procurement action.

- iv. Land Aberdeen looks at their LTCs as the stability in their workload. During FY16 they spent approximately 95% of their annual obligations on LTCs. In FY16 23% of that was coded competitive. The other 5% of the workload was less competitive and pulled down the overall competition rate. Looking forward and keeping in mind those numbers, they expect a similar level of execution and therefore recommend an FY17 competition goal of 21%. Another factor influencing their goal setting process is lower customer demands in FY17 due to shrinking budgets. Additionally, the complex nature of their contract actions and the lack of Technical Data Packages (TDP) associated with these items continue to be a major barrier to competition.
- v. Maritime Pearl Harbor's efforts are quite simply focused on maintaining the "status quo" on competition goals.
- vi. Maritime Portsmouth finds that due to the restrictive nature of what they procure it is hard to get competition when the boats require specific material to be replaced because of proprietary drawings or NAVSEA directives.
- vii. Maritime Portsmouth offers that there will be more VA class boats to refit and overhaul at PNSY. The stock system is not currently prepared to handle these jobs which requires the non-standard procurement offices to purchase more material to support the lack of material in the stock system.

## Annual Competition Achievement Report for FY17 Defense Logistics Agency (DLA) Land and Maritime

In accordance with FAR 6.502(b)(2), DLA Land and Maritime hereby submits the following report.

### 1. Competition Rates:

a. FY17 Competition goals:

i. Dollars Land: 77%

ii. Dollars Maritime: 77%

b. Breakdown of Achieved Rates pulled from FPDS on 4 October, 2017:

Land FY17 Competition	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
Land Albany	169	\$14,982,676.99	163	96.45%	\$12,608,691.74	84.16%
Land Aberdeen	486	\$245,193,541.24	310	63.79%	\$104,553,555.35	42.64%
Land Warren	2,025	\$893,078,060.35	1,339	66.12%	\$532,538,271.79	59.63%
Land Columbus	241,988	\$1,052,590,775.71	222,256	91.85%	\$976,139,018.35	92.74%
total	244,668	\$2,205,845,054.29	224,068	91.58%	\$1,625,839,537.23	<b>73.71%</b>

Maritime FY17 Competition	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
Maritime Shipyards	9,238	\$114,268,746.45	5,589	60.50%	\$88,567,299.63	77.51%
Maritime Mechanicsburg	6,832	\$505,955,946.52	1,125	16.47%	\$58,913,666.28	11.64%
Maritime Columbus	299,184	\$1,654,966,211.10	255,914	85.54%	\$1,479,458,993.16	89.40%
total	315,254	\$2,275,190,904.07	262,628	83.31%	\$1,626,939,959.07	<b>71.51%</b>

DLA Land and Maritime retrieved FPDS data on 4 October, 2017 to assess FY17 performance, compare the year's performance with historical performance, and consider input for the FY18 competition goals. In FY13 through FY15 Land and Maritime executed quite closely to their goals, with all numbers hovering in the mid-seventies. (See summary charts below.) In FY16 competed dollars as a percentage of overall dollars decreased several percentage points in comparison to significantly elevated competition goals, leaving a significant gap. While the goals for FY17 returned to a more reasonable rate the Land and Maritime rates dropped again, albeit at less of a drop than the prior year.

Land FY13 Competition (goal – 74.5%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	39,875	\$1,223,891,921.03	36,936	92.63%	\$949,036,840.45	<b>77.54%</b>
Maritime FY13 Competition (goal – 78.5%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	81,309	\$1,637,176,083.35	70,724	86.98%	\$1,195,813,650.47	<b>73.04%</b>

Land FY14 Competition (goal – 76%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	39,234	\$1,242,754,324.89	37,965	96.77%	\$960,622,713.18	<b>77.3%</b>
Maritime FY14 Competition (goal – 76%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	92,328	\$1,836,945,366.69	80,714	87.42%	\$1,405,942,845.77	<b>76.5%</b>

Land FY15 Competition (goal – 78.94%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	87,545	\$1,315,438,635.36	81,960	93.62%	\$1,033,880,317.77	<b>78.60%</b>
Maritime FY15 Competition (goal – 78.2%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	194,152	\$2,176,651,014.21	164,297	84.62%	\$1,701,876,444.20	<b>78.19%</b>

Land FY16 Competition (goal – 82%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	172,051	\$1,643,648,626.08	154,178	89.61%	\$1,240,196,176.75	<b>75.45%</b>
Maritime FY16 Competition (goal – 82%)	Total Actions	Total Dollars	Completed Actions	% Completed Actions	Completed Dollars	% Completed Dollars
total	412,744	\$2,251,317,073.82	329,138	79.74%	\$1,653,269,660.97	<b>73.44%</b>

The trend of strategic initiatives and contracts to cover larger quantities and grow significantly in dollar value is having a detrimental effect on competition rates. While there is no argument that there is much goodness in the customer solutions and support offered by high visibility contracts and performance based initiatives, etc., those strategic contracts are more often than not building from sole-source conditions, with little room to inject any competition. It should be also be noted that Land and Maritime has long maintained that the agency has very little control over the competitive condition of a spare part or repairable NIIN, be it on a long term strategic contract or a stand-alone buy, because we assume management well past the critical opportunity to secure data and/or data rights. In tandem, the majority of Original Equipment Manufacturers (OEMs) are unwilling to provide drawings to the government. Until this scenario changes our best efforts will result in only marginal gains. Land and Maritime does, however, continue to press in an effort to achieve those gains.

## 2. Competition Advocate Activities:

This year the Competition Advocate office has been very active in supporting a number of programs discussed below. We have also worked closely with the Small Business and Value Engineering offices in promoting greater vendor competition, and actively managed the Alternate Offer and Unsolicited Offer (Source Approval Request) technical data package review process.

This office has participated in support of the DLAD and DFARS clause reviews and the related changes to the Technical Standard Text Object (STO) messaging system and its implementation. We have continued in our overall support of all Land and Maritime directorate efforts, including legal and CUM/UPS investigations, and we currently manage the daily communications of three different DLA vendor and internal acquisition staff support mailboxes.

In the past fiscal year, the Competition Advocacy team continued to collaborate with the Acquisition Policy Office and the Operations Support Directorate to improve or enhance our efforts to encourage and support alternate offer submissions and retention of newly approved sources. Additionally, implementation of the Alternate Offer & Unsolicited Offer tracking and reporting system, used by both this office and the Value Engineering office, has provided for enhanced monitoring and enabled better coordination with Service Engineering Support Activities (ESA).

This office has actively supported the timely review and processing of Justification and Approvals for Other than Full and Open Competition (J&As) for Land and Maritime supply chains and our attached

Commands. A third layer of J&A support was added within the office to ensure timely service for Land and Maritime buy offices in the face of a surging large purchase workload for Army requirements.

This fiscal year our staff has actively participated in and briefed at several vendor out-reach and educational venues. We have led several campaigns to motivate new potential vendors, improve technical data package evaluations, and establish better relations with primary service customers. In 2018 we are planning to expand this effort through additional informational discussions and personal coordination with added primary Service Competition Management & Engineering offices. We also intend to expand the use of VTC distance learning and web based training for added competition awareness. We will work to expand our interaction with the Technical / Quality Council in an attempt to enhance Product Specialists' awareness of the services this office offers, and we hope to participate in training of new Contracting and Purchasing Specialists to enhance their understanding of how they can resolve vendor source issues and lighten their workloads through better utilization of the services we offer.

In conjunction with the Defense Performance Management and Appraisal Program (DPMAP) rollout we reevaluated and reset our Alternate Offer Monitor metrics in pursuit of better customer service and communications.

The work done last year via the Land and Maritime Continuous Process Improvement (CPI) project, to streamline the market research process by utilizing SAPD's existing market research resources, continues to pay dividends. It has allowed for improved market information to be consistently made available to the acquisition workforce, and it has provided a forum for expanded conversations and an opened aperture in regards to market research.

Lastly, in efforts to develop better tracking and communications with primary Service Engineering Support Activities our staff will continue the out-reach to Service Command Competition Management Offices and other DLA PFLA to exchange ideas, discuss programs of the Land and Maritime Competition Advocate office and establish better points of contact for information and interaction.

#### Contributions to the promotion of competition from the Land and Maritime Small Business office:

Small businesses strongly contribute to the competitive marketplace. The Competition Advocate, along with the Office of Small Business Programs, collaborate together to identify and support new small business endeavors. For FY17, the Office of Small Business Programs engaged new businesses while working to support existing small business concerns:

- The Small Business Advisory Council (SBAC), comprised of senior leaders, Chief of the Contracting Office, and subject matter experts, is chartered to communicate Small Business procurement goals, as well as addressing barriers to achieving them. Each Land and Maritime business unit was challenged to develop a Scorecard Plan in support of small business participation in the acquisition process. Each unit was also tasked with identifying a project designed to promote one of the four Socio-economic categories. The Competition Advocate is a member of this council.
- Small business award performance for FY17 resulted in \$1.9 billion dollars awarded to small businesses. This represents 44.63% of total eligible dollars. Land and Maritime exceeded the statutory goals for Women-Owned Small Businesses by performing at 7.65% (Goal 5%), and contributing \$332 million in award dollars. Land and Maritime award dollars for Service-

Disabled Veteran-Owned Businesses exceeded the goal by attaining 3.23% (Goal 3%) and awarding \$140.4 million dollars.

- Training Knowledge and Opportunities (TKO) Seminars – Offered six times in FY17 and serving 264 vendors, these two-day seminars for new and returning vendors covered introductory to complex subjects including:
  - Doing Business with DLA
  - Technical Data Packages
  - Source Approval Requests
  
- Webinars – Offered 13 times during FY17, these webinars allowed for interaction between current and prospective vendors with Land and Maritime subject matter experts. Four hundred and seventy three vendors were assisted through this service. There were multiple topics covered including:
  - Packaging
  - DIBBS: Solicitations
  - Past Performance Information Retrieval System (PPIRS)
  
- Supplier outreach by the Office of Small Business Programs included these highlighted events:
  - ChallengeHER (Chicago, IL)
  - National 8(a) Association 2017 Conference
  - Nashville Small Business Industry Day
  - 2017 North County Matchmaker Event (Watertown, NY)
  - The 14th Annual National Convention of Service Disabled Veteran Owned and Small Businesses
  - 5th Annual B2G Conference and Expo
  - 2017 Ohio Business Matchmaker
  - Indiana PTAC Industry Day
  - 8th Annual Michigan Defense Exposition (MDEX)
  - PTAC “Macomb Meet the Buyer”

Procurements or activities where competition was instrumental in achieving substantial cost savings or other benefits:

At the Portsmouth Naval Shipyard they achieved savings via their NASA Solutions for Enterprise-Wide Procurement (SEWP) procurements which provide the ability to procure IT products. They are GWACs (5 year w/5 Year Option) and the majority of vendors are small business types to include SDVOSB, HUBZone, and EDWOSB. Their website is [www.swep.nasa.gov](http://www.swep.nasa.gov).

### **3. Initiatives to increase the acquisition of commercial items:**

The Land and Maritime Reverse Engineering team developed and awarded a new commercial reverse engineering contract. The Reverse Engineering Technical Data Initiative (RETDI) contract was funded for \$1M per year for 5 years. The contract was awarded competitively to 6 companies (5 small, 1 large). The deliverables under this contract are to supply adequate TDPs for full and open competition. The first project was awarded in FY 17 and initial drawings have been received and reviewed.

Land Aberdeen (Aberdeen) is continuing the use of Collaborative Acquisition Strategy Sessions (CASS) and Document Review Sessions (DRS) between the Customer and Contracting. This allows planning, preparation, and discussion of factors that may affect competition early on in the procurement process. The CASS discusses various aspects of a particular procurement action, which includes requirements definition and acquisition strategy development. These CASS meetings also address three focus areas, including identification of possible commercial items, potential for competition (including review of any applicable technical data), and small business opportunities. The identification of commercial items involves comparing the Government's requirement to the commercial marketplace for form, fit, and function. Additionally, review of acquisition method coding and intellectual property (i.e. technical data

packages/drawings) for possible opportunities for competition. Potential small business opportunities are also discussed based on the market research results. Once complete, a DRS meeting is held to finalize the acquisition strategy and the acquisition requirements package is finalized.

Maritime Portsmouth (Portsmouth) indicates that they will utilize stock system procurement information to find vendors.

Maritime Supplier Operations continues to engage the technical community to find commercial item solutions to fulfill acquisition needs, and continues to further promote reaching out to DCMA's "Commercial Item Group" (CIG) in making commerciality determinations.

In Mechanicsburg, in addition to using internal resources, they are using the NAVSUP WSS Engineering Organization to improve the quality of their commercial item determinations.

The benefits of the previously-mentioned streamlining of the market research process include an enhanced visibility of commerciality information as offered by government research or supplier information. The Competition Advocate finds, in reviewing J&As, that buyers from both Columbus proper and from the detachments routinely utilize Haystack, EDA, and service and public web-based resources to seek out commercial sources and information.

#### **4. Initiatives to protect and/or increase competition:**

The Land and Maritime Value Engineering team, a division of the Engineering and Technical Support directorate, was again responsible for a number of key initiatives shared below.

In FY 17 the Land and Maritime (L&M) Reverse Engineering (RE) team worked with Army TARDEC under the current DoD service agreement of \$1M per year in identifying potential candidates for RE. The L&M RE team reviewed 48 NSNs as possible RE candidates and the Army identified 21 NSNs in which they can offer assistance. DLA funded 10 U.S. Army Tank Automotive Research and Development Command (TARDEC) projects covering 32 National Stock Numbers (NSNs). Funding in the amount of \$924,282 was issued to the Army and is expected to generate an estimated \$5M in annual savings over a 6 year period. The expected outcome from TARDEC is to produce approved deliverable, fully competitive technical data packages. The demand value of these 32 NSNs will be solicited utilizing full and open competition following project completion.

Another support agreement like the TARDEC agreement shared above is being developed with the Keyport Naval Ship Yard in Keyport, Washington. Funding for \$1M per year for 5 years will be requested to fund projects on Land and Maritime NSNs that the Navy agrees would provide the most benefit to the government. The purpose of this is to obtain a technical data package in making the item competitive in nature. Currently 50 plus NSNs is being identified for Navy review with expected return on investment 6:1.

Lastly, the RE team determined it would be beneficial to expand its partnership with the local DSCC Mechanical and Electronic Product Test Centers and will eventually expand this partnership to the Product Test Centers at Troop Support in Philadelphia. Currently there are 4 NSNs being reviewed by the Mechanical Test Center to assist in the development of a technical data package with the intention of making the item more competitive in nature. The test centers will include dimensional material and functional testing to support Reverse Engineering and Sustaining Engineering projects.

The benefits of RE will include configuration, obsolescence, sole source, and back order issue resolution for the Land and Maritime Supply Chain. Currently in FY17, RE Reverse Engineering programs has generated \$2.5M in government savings.

The Source Approval Request (SAR) program continues to show impressive results in the application and successful approval of packages. Within VE, an ongoing effort has been made to work with companies in the development of technical data packages around the required format on SAR submittals. Based on our engagement VE package acceptance rate has improved to 90% with an ESA approval rate 50%. The VE team identifies valid candidates and post them on the L&M VE website for companies' submittals of limited sourced and hard to buy items.

The L&M Research and Development (R&D) Program Manager is on the supply chain support team in the Value Management division. The DLA headquarters R&D lead advertised a Small Business Innovation Research (SBIR) program in 2017 to investigate increasing competition on a select set of NSNs. Awards were made and the anticipated results of these efforts will be the addition of an additional source of supply to each NSN in FY18. The average cost reduction realized by adding a new source on sole sourced NSNs is 30%-40%.

It is a VE team goal to reduce the rejection rate of SAR packages by personally working with companies on their packages around weapon system applications. There is also ongoing development of the VE website including validating NSN candidates with the ESA before posting out to the customers. VE continues to engage with Small Business and TARDEC.

The Maritime Supplier Operations division continues its commitment to seek out and maximize the capabilities of their industry partners by:

- Continuing support through participation and attendance at Industry Capability Briefings and Ability One conferences
- Initiating and monitoring the progress of the coordination between Product Specialists and Ability One to identify good candidates
- Continuing the successful strategy of reaching out to detachments in securing supplier base listing in areas where competitive opportunities exist
- Continuing to use "Sources Sought" notices on high dollar acquisitions.
- Continuing to recognize associates for related accomplishments via Command Note submissions and at FM Director's Calls

Maritime Supplier Operations also seeks competition through small business collaboration by:

- Continuing to promote participation in Small Business webinar sessions and TKO sessions
  - Actively teaming with technical personnel to identify SDVs and SDBs and explore broadening product lines
  - Maintaining an open channel of communication with Small Business suppliers
  - Continuing to maximize the use of partial set-asides and seek out Ability One Opportunities
  - Continuing to publish their weekly "Socio-Economic Score Board" which keeps the work force informed of how well Maritime is progressing in meeting its socio-economic goals.
- 
- Using the Small Business Dynamic Search Tool to target more sources to promote competition.
  - Inviting and introducing proven vendors to acquisition forums and periodic meetings and attending Industry Forums to attract more vendors to the DIBBS process and doing business with DLA.



Both Land and Land Warren (Warren) emphasize the use of the Multisource Contracting clause to ensure they are expanding competition while maintaining Warfighter Support through a proven source.

Portsmouth utilizes sources sought notifications for all procurements above the simplified acquisition threshold and makes maximum use of their extensive small business vendor base.

Maritime Pearl Harbor (Pearl Harbor) also utilizes sources sought notifications for all procurements above the simplified acquisition threshold and, in cases when market research does not provide for possible sources, posts solicitations on FedBozOps regardless of dollar amount. They utilize the contracting program (PD2) to find vendors used by the other shipyards in order to increase dollars completed.

Mechanicsburg is working on increasing and improving their Sources Sought notices. They also continue to transition the General Purposes Electronic Test Equipment (GPETE) Program Long Term Contract requirements from Navy Contracting to Mechanicsburg Contracting. They issued 11 GPETE LTCs in FY17. With the three issued so far in FY18, they manage 17 GPETE LTCs. They expect to continue issuing 10 to 12 GPETE LTCs per year...maintaining 55-60 five year LTCs; that will average approximately \$25M of yearly obligations. Unlike most Mechanicsburg requirements, 75% of the GPETE requirements are competitive!

The Aberdeen Director, Acquisition Division Chief, and local Competition Advocate/Small Business Director attended the FY 2017 C4ISR Small Business (SB) Conference and Advanced Planning Briefing for Industry (APBI) in January 2017. At this conference, the Aberdeen's Competition Advocate networked with contractors who were interested in learning more about Aberdeen's current contracting opportunities. Auditorium briefings were conducted to publicize upcoming procurements to the numerous companies in attendance. Additionally, Aberdeen also attended the "first-ever" CECOM Capabilities Day in August 2017 and participated in one-on-one collaborative sessions with Army representatives and industry. In the Spring/Summer 2018, Aberdeen's leaders plan to attend the 2018 C4ISR SB Conference and APBI. Aberdeen's local Competition Advocate/Small Business Director will also attend the Baltimore area's "Business to Government" conference in 3rd Quarter 2018.

To help increase competition and small business opportunities, Warren held numerous outreach sessions with contractors, both large and small. They held one outreach session that was exclusively for Warren which was beneficial because several large OEMs were present. Other contractors were able to meet face to face with representatives from the OEMs to discuss contracting possibilities. They received much positive feedback from industry regarding this outreach event.

Warren hosted numerous contractors at their site and held face to face meetings that outlined how the company could better do business with DLA and also what the company's capabilities were. The information was used to try and match vendors with DLA requirements based on those capabilities.

Warren is also compiling a database of 'hard to quote and provide' items. Several contractors have asked for this listing, and until that list is compiled they are providing the 'hard to bid' list from Columbus.

Additionally, Warren is challenging their engineering support when they see the same source identified all the time as the only source capable. They are encouraging a more robust market research process with their technical support office and requirements office, and impressing upon them the need to be more current instead of just assuming information from a previous search is still applicable.

**5. New initiatives to ensure requirements are stated in terms of functions to be performed, performance required or essential physical characteristics:**

Aberdeen will continue implementation of its comprehensive market research initiative with their Army customer. This initiative uses a unified teaming approach with Army Engineers, Contracting Associates, and local Competition Advocate/Small Business Director to develop or assist with market surveys that target the appropriate industry sectors. This collaboration results in a more complete and detailed description of the Government's requirements to potential bidders. The market survey results provide valuable information for the Government to use during pre-solicitation planning. This initiative also opens the door to develop new and better ways to improve competition in the future through clear identification of the Army's requirements. Going forward, they plan to continue to refine this process with customers and look for new ways to gather industry feedback earlier in the acquisition process through industry outreach. Events such as Integrated Logistics Support Center (ILSC) Capabilities Days, Small Business Conferences, and face-to-face meetings with vendors allow for increased competition and discovery of new small business and potential socio-economic prospects for the ILSC's requirements.

Maritime Supplier Operations continues to work closely with the technical community, including the cognizant Engineering Support Activities, to closely examine specifications and how they can be made less stringent to facilitate attracting new suppliers. They actively team with technical personnel to identify instances where First Article Testing can be waived for suppliers who offer similar products within the product line, and they maintain an open channel of communication with the supplier base. They pitch competition as a key pillar in price justification documentation

Similarly, Pearl Harbor is working with their customers to request better and more detailed descriptions so that they may find other vendors that can provide the material.

**6. Any barriers to the acquisition of commercial items or competition that remain:**

Portsmouth deals with barriers in the following areas:

- Virginia class submarine material procurements. Finding data is proprietary therefore required to procure through Northrup Grumman -Electric Boat or Huntington Ingalls.
- IT Software/Licenses/Equipment procurements are sole source or brand name only per DISA, NMCI, and proprietary requirements.
- Equipment with proprietary repair/replacement parts.
- unique non-commercial submarine material; unique industrial equipment; modifications to MILSPEC/FEDSPEC items.

Pearl Harbor deals with the same barriers regarding supplies from Electric Boat that are proprietary to the Virginia Class Submarine. Other supplies that can only be provided by Electric Boat are paint for submarines and industrial gases.

At Warren there is a barrier to competition for one of their most procured items - track and track shoes. It would take millions of dollars for any other contractors to get certified as a supplier.

A barrier that impacts the Maritime Supplier Operations team as well as other Land and Maritime teams

is the logistical difficulties we face supporting obsolete and aged platforms which directly leads to a shrinking industrial base. Another barrier felt across the supply chains is the inability for many small businesses to compete with the large businesses for pricing/delivery of "competitive" items.

Mechanicsburg echoes yet another concern mentioned throughout this document and by all of their peer organizations within Land and Maritime – that our ability to compete contract actions are extremely dependent on the requirements generated and the technical/engineering data on these requirements.

## **7. Other ways in which the agency has emphasized the acquisition of commercial items and competition in areas such as acquisition training and research.**

The Procurement Process Support Directorate, to include the Competition Advocate team, continued in 2017 to participate and collaborate in Acquisition Specialist professional training sessions, Acquisition Functional Forums, the Acquisition Council, the Small Business Advisory Council, the Simplified Acquisition Working Group, the Post Awards Working Group, and individual manufacturers' staff training upon request.

Collaborative training efforts occur outside of the Competition Advocate Office and BP as well. One example of this collaborative training is found in the Maritime Supplier Operations directorate, who:

- Continues to partner with Industry Partners via face-to-face meetings and plant visits.
- Continues to request training on an as needed basis to keep abreast of changes within industry and the resultant impact on the industrial base.
- Continues and further promotes "Buyer Cross Training" with Tech/Quality to bolster skill set for identifying opportunities for breaking sole source.

The Land and Maritime Acquisition Sustainment Training Program provides small and large group sessions on Market Research, Alternate Offers, and other related topics.

## **8. Tentative Proposed FY18 Competition Goals for dollars:**

### a. FY17 Competition Rates Achieved:

- i. Dollars Land: 73.71%
- ii. Dollars Maritime: 71.51%

### b. FY18 Projected Expenditures:

#### i. Land Materiel Obligations:

FY17 Actual - \$1.429B  
FY18 Projected - \$1.481B

#### ii. Maritime Materiel Obligations:

FY17 Actual - \$1.320B  
FY18 Projected - \$1.247B

### c. Recommend the FY18 goal is the same as FY17 for the following reasons:

- i. The downward (or stagnant, at best) trend in the competed dollars as a percentage of overall dollars, in contrast to the increase in overall dollars, is representative of the increased use of strategic long term contract actions – which are more often than not sole source – and the increasing dollar values of said contracts. The dramatic increase in total actions is likely also representative of this trend, as delivery orders are issued in greater numbers than the one-time buys they replaced, releasing in a manner more immediately responsive to requirements, with smaller quantities and shorter deliveries.
- ii. As discussed herein and in related communications throughout the agency, DLA has very little control over the competitive condition of a spare part or repairable NIIN when management is not passed to us until after the critical opportunity to secure data and/or data rights has passed. Customer demands and requisitions drive the nature of items being procured, and represent the overshadowing determination of whether or not our purchases have a competitive manufacturing base or present the opportunity to develop a competitive manufacturing base.
- iii. The intended effects of Better Buying Power and other initiatives to positively affect competition will take time to cascade through from program onset to the purchase of consumables. Technical data and specifications are still too often proprietary to the original equipment manufacturer (OEM) and the Services are not acquiring/transferring adequate technical data to enable DLA competitive procurement action.

iv. Portsmouth:

For FY18 will:

- Apply higher scrutiny of sole source, brand name only procurement requests.
- Continue to utilize sources sought FBO announcements for >\$150K procurements.
- Try Small Dynamic Business Search for Hubzone vendors for all procurements >\$25K

*Insight on any major weapons systems for which the demands are expected to change significantly in FY '18:* Virginia Class Submarine - increase in large business procurements and fewer commercial buys. Stock system has zero balances for assigned NSNs, projected quantities are higher than expected, items projected with zero failure or are not due for replacement until later in life cycle are requiring replacement.

v. Pearl:

For FY18 will:

- Implement new initiatives as in using the vendors listed in our contracting program (PD2). This will provide vendors/contractors used by the other shipyard that we may not know of or have never used - should increase Pearl Harbor's competitive contracts.

- Work with the customer (PHNSY) to provide a more detailed description, thus allowing the vendor to better know whether or not they can provide the material, rather than a brief description with a part number. A more detailed description will allow vendors to submit quotes and will increase our competitive contracts.

vi. Aberdeen:

For FY18 will:

- Continue to manage customer requirements through monthly customer relationship/outreach meetings with Aberdeen's four primary customers within CECOM's Integrated Logistics Support Command (ILSC). These monthly meetings provide a "bird's eye view" of on-going and future procurement requirements. At these meetings, we have the ability to work through issues affecting competition and small business participation.
- Continue to utilize comprehensive market research and aggressive industry outreach to maximize opportunities for competition.

*Insight on any major weapons systems for which the demands are expected to change significantly in FY '18*

- In FY17, the Federal Procurement Data System Next Generation (FPDS-NG) data reflected Aberdeen's competition rate at 37.07%. This competition rate exceeded FY16's competition rate (20.97%) by approximately 16 percentage points. For FY18, we anticipate spending an additional \$50M in sole-source requirements to Raytheon for our new mission to perform contracting for Patriot System sustainment. Accounting for this new mission, we recommend a FY18 competition goal of 30%.
- For FY17, we spent over \$246M in obligations, and \$90.9M of that was competitive. We expect those spending levels and patterns to remain about the same for CECOM, however, the \$50M in new Patriot sole-source work will bring the total spend to about \$300M. The complex nature of the reparable items we procure for the Army, along with the government's lack of ownership of the Technical Data Packages (TDP) associated with these items continue to be major barriers to competition.

vii. Mechanicsburg:

For FY18 will:

Ensure additional refinement of our market research and improved J&A reviews at NAVSUP WSS (our technical and requirements customer).

*Insight on any major weapons systems for which the demands are expected to change significantly in FY '18:* Mechanicsburg received a significant spike in FY17 Phalanx Close In Weapon System (CIWS) requirements. 90% of these requirements were sole source to Raytheon. While we have several of the FY17 requirements to award in FY18, the significant CWIS demand we received in FY17 may not continue in FY18.

viii. Maritime Supplier Operations:

For FY18 will:

- Aggressively communicate throughout the Maritime organization our FY18 competition goals and monitoring our continued progress toward goal attainment will be key cornerstones to our FY18 strategy.
- Take actions such as exploring the expanded use of partial set-asides when practical and economically feasible are envisioned to pay back dividends.
- Continue our FY17 success in partnering with the Small Business office in locating Hub Zone suppliers to increase our industrial supplier base.
- Aggressively reach out and visit our small business suppliers which will help us to better marry capabilities with customer needs.

ix. Land Supplier Operations:

*Insight on any major weapons systems for which the demands are expected to change significantly in FY '18:* The initial intelligence from our Army depots is that they anticipate submitting a Bill of Materials (BOMs) for over 150 programs. Our customer facing directorate is working with the depots to firm up details and will be conducting a supportability assessment. Based upon our supportability assessment, the depots may alter the number of programs they intend to reset.