



Opportunities for Small Business

***A discussion on leveraging Strategic
Sourcing Contract Solutions, Policy, and
Impact on Small Business***

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Agenda

Current
Acquisition
Environment

Current DON
Contract
Solutions
and Policy

Future Small
Business
Opportunities

Conclusion





Guidance and Background



- OMB directed use of Strategic Sourcing in memo dated May 2005
- Economic pressure drives need to:
 - Create efficiencies
 - Leverage contracts
 - Reduce costs
- Impact on small business:
 - More leveraged vehicles will require small business to compete for more orders
 - Less use of transactional purchasing (such as purchase card and purchase orders)





Strategic Sourcing Considerations

Benefits of Strategic Sourcing in every contract action

Change in Consumption/ Volume

Reduction in Cost Per Unit

Improved Operating Efficiency

Improved Supply Management

- Demand Management
- Specification Review

(Are we really buying the Government's minimum requirement?)

- Pricing Improvements
- Supply Chain Savings
- Reduced Lifecycle Costs

(Can we reduce the vendor's costs/ overhead?)

- Performance Monitoring
- Reduced Procurement Related Operating Expense
- Reduced Non-Procurement Related Operating Expense

(Can we consolidate and order less frequently? Reduce transactions?)

• Socio-economic Goals

- Optimized Supplier Relationships

(Is there a niche for small businesses? Can we have more parallel MAC vehicles for Lg / Sm business?)



Budget Impact



Real Challenges - driven by real budget impact

\$252M total reflects the actual reduction taken by Navy Commands beginning in FY12

	Strategies Established/ Identified			Strategies Implemented					Grand Total
	Standard Program Mgmt	Integrated Logistics Support	Gen IT Dev & Support	Office Furniture	Office Supplies	Wireless Services	Maritime Coatings	Janitorial	
FY 12-16 Projected Budget Reductions*	69	58.9	107	5.1	6.4	4.8	0.3	0.4	251.9

*All amounts shown in \$M

**Strategic Sourcing Program Goal:
Help Commands Absorb their Budget Reductions through Acquisition Policies and Requirements Management**



Current Behavior



- How We Buy Today:
 - Transactional Contract Vehicles:
 - Purchase card buys
 - Purchase Orders
 - One time stand alone contracts
 - General Services Administration (GSA) Orders
- Common Buying Weaknesses:
 - Failure to maximize competition
 - Failure to leverage small businesses
 - Failure to engage vendors to understand cost drivers



**Strategic Sourcing Program Goal:
Identify and Recommend Opportunities to Leverage Best Practices,
Technology and Other Resources**



Targeted Solutions



- DOD has emphasized targeted behaviors to reduce costs and achieve efficiencies
 - Promote Real Competition
 - Allow reasonable time to bid
 - Increase small business role in competition
 - Enhance competition by requiring more frequent re-competes of knowledge based services requirements
 - Limit the use of time and materials and award fee contracts
 - Increase small business participation in services acquisitions



The Strategic Sourcing process includes analyzing data trends and developing acquisition strategies and solutions



Current Vehicles Competed



The DON has established sourcing strategies for a number of supplies and services:

Wireless Services	• Contracts for Cell phones, Blackberries, etc.
Office Supplies	• GSA FSSI BPAs
Incidental Janitorial Supplies	• Specific Multiple Award IDIQs; includes SB
Furniture BPA	• DON BPAs / Policy signed in Sept 2011
Maritime Coatings	• Competitively awarded IDIQ contracts
Integrated Logistics Support	• GBS Contracts and SEAPORT-O
Standard Program Management Services	• SEAPORT-E
IT Development and Support Services	• Policy signed April 2012 for use of established contract vehicles

Multiple award IDIQs and BPAs contain provisions for fair opportunity comparison or competition at delivery/task order levels. Periods of performance were decreased to allow regular opportunities for new entrants within 3-5 years.



Office Supplies



- Since 2006, Navy policy has required activities to purchase office supplies through the DOD EMALL Navy Contract Corridor and local base supply stores (ServMarts)
- The DOD EMALL allows for immediate price comparison
 - GSA's Federal Strategic Sourcing Initiative (FSSI) Office Supply BPAs are hosted on the Navy Contract Corridor on DOD EMALL
 - The FSSI BPAs, commonly referred to as "OS2", were competitively awarded for use by all Federal Agencies and have offered discounts to their regular GSA/FSS schedule pricing
 - OS2 suite consists of 15 BPAs
 - 13 of the OS2 suite BPAs are small business





Furniture BPAs



- Navy awarded a suite of 120 Furniture BPAs under the GSA's Federal Supply Schedule Program in 2011
- Solicitation made through GSA eBuy system
- Solicitation included four regions which increased award opportunities for small businesses
- Specific contracting authority delegation and NAVSUP policy requires Naval Facilities Engineering Command (NAVFAC) and Fleet and Industrial Supply Center (FISC) contracting offices to use these BPAs
- DON policy signed in September 2011 for use of the BPAs



NAVY FURNITURE BPAs



Special Item Number		Small Businesses	Large Businesses
711	Packaged Office	40	8 *
7111	Furniture Systems and Workstation Clusters	12	12*
7112	Work surfaces, Workstations, Computer Furniture and Accessories	25	18*
7113	Filing and Storage Cabinets, Shelves, Mobile Carts, Dollies, Rack & Accessories	14	15*
7118	Executive Office Furniture	6	11*
71118	Multipurpose Seating	13	14*
71200	Dormitory and Quarters Packaged Rooms	12	4
71204	Dormitory, Quarters and Residential Case goods and Beds	18	4
71 301	Complete Daycare, Classroom and Preschool Solutions	3	2*
71 310	Industrial and Institutional Furniture	2	3
TOTAL		92	30

* Includes UNICOR



Spiral II Spend Analysis

Small Business/Socio-Economic Participation

- Data for the period of 1 October 2011 through 29 February 2012

Socio Economic Participation

Socio Economic Category	Spend	# of Calls	% of Total Spend	% of Total Calls
Large	\$7,759,470.96	1,123	34.87%	79.42%
Small	\$12,907,883.21	271	58.01%	19.17%
UNICOR	\$1,583,998.87	20	7.12%	1.41%
8(a)	\$534,570.90	15	2.40%	1.06%
SDVOB	\$163,781.11	37	0.74%	2.62%
Women Owned	\$1,025,417.94	31	4.61%	2.19%
8(a) Women Owned Small Business	\$489,398.84	12	2.20%	0.85%
Small Disadvantaged Business	\$725,447.24	19	3.26%	1.34%
Hub Zone	\$22,519.98	17	0.10%	1.20%
Economically Disadvantaged Women Owned Small Business	\$0.00	0	0.00%	0.00%
TOTAL	\$22,251,353.04	1,414	100.00%	100.00%



Small Business/Socio-Economic Participation



•Data for the period of 1 October 2011 through 30 April 2012

Socio Economic Participation				
Socio Economic Category	Spend	# of Calls	% of Total Spend	% of Total Calls
Large	\$11,250,183.71	1,405	35.08%	76.23%
Small	\$17,379,696.20	412	54.20%	22.35%
UNICOR	\$3,436,632.41	26	10.72%	1.41%
8(a)	\$588,116.77	20	1.83%	1.09%
SDVOB	\$718,654.10	43	2.24%	2.33%
Women Owned	\$1,511,486.94	61	4.71%	3.31%
8(a) Women Owned Small Business	\$638,869.79	28	1.99%	1.52%
Small Disadvantaged Business	\$786,008.22	26	2.45%	1.41%
Hub Zone	\$337,335.72	33	1.05%	1.79%
Economically Disadvantaged Women Owned Small Business	\$303,161.81	1	0.95%	0.05%
TOTAL	\$32,066,512.32	1,843	100.00%	100.00%



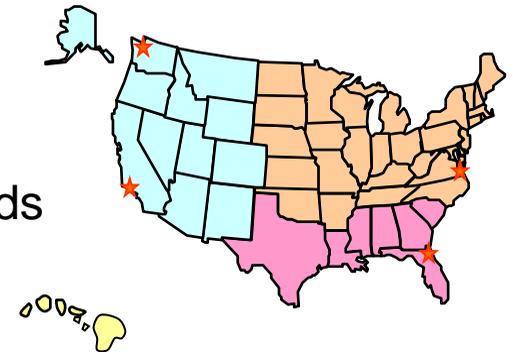
Integrated Logistics Support



Global Business Solutions (GBS)

A Navy-wide multiple award IDIQ contract 100% Small Business Solution
(*suite of 25 small business awardees for the 4 GBS regions*)

- GBS is a sourcing strategy for Integrated Logistics Support to improve purchasing behavior and reduce total ownership cost for the Navy
- Savings as of 5/1/12 of \$12.7M
- Increased real competition through award of competitive task orders
- 100% small business set-aside
- Firm Fixed Price or Cost Plus Fixed Fee orders
- 4 geographic regions maximizes number of awards
- GBS contract hosted on SeaPort-o





IT Development and Support Services



- The Navy has developed a sourcing strategy for IT services based on improving competition and maximizing use of existing solutions
- Navy-wide mandatory policy issued in April 2012
- Strategy emphasizes using existing contract solutions, such as GSA Alliant and NIH NIRAAC contracts which offer suites of small business contracts
- Goal is to increase competition and reduce costs
- Other existing solutions being evaluated based on cost benefit and small business opportunities



Standard Program Management Services



- The Navy is developing a sourcing strategy for Standard Program Management services aimed at increasing competition and use of more appropriate contract types
- No Navy-wide mandatory policy
- Goal is to use Performance Work Statement (PWS) templates for improving competition and contract definition
- Emphasis on using existing contract solutions such as SEAPORT-e and increasing competition
- Small businesses are well represented on SEAPORT-e



DOD EMALL



- DOD EMALL: An online tool –
 - Hosting IDIQ contracts and BPAs
 - Facilitates comparison of prices
 - Allows ordering officers to place orders and use the Purchase Card as a method of payment
- DOD EMALL ordering significantly streamlines acquisition process and reduces requirements for generating written orders
- DOD EMALL is removing “open market catalogs” from DOD EMALL.
- Navy’s position -
 - Navy Contract Corridor hosts competitively awarded vehicles
 - Vendors must receive a contract or BPA to be hosted in the Navy Contracts Corridor





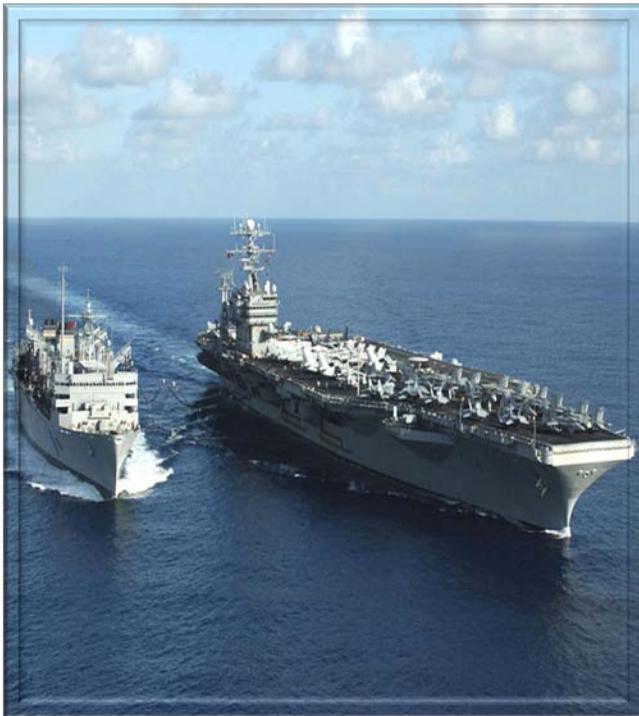
SEAPORT-E and SEAPORT-O



- SEAPORT-E: Directed as a source for Navy contracts since 2005
 - Hosts wide range of IDIQ contracts
 - Recommend source of Standard Program Mgmt. services
 - Facilitates competition on a common contracting platform
- SEAPORT-O : New functionality in SEAPORT – allows for new contracts
 - Functionality allows hosting contracts for all DON to use
 - Currently hosts the GBS contract
 - Allows competition with increased flexibility in evaluation process



Future Strategic Sourcing Focus



Focus on areas targeted by additional budget reductions

Strategic Sourcing will work with Commands to identify areas for improved contracting and changes in buying behavior to offset cuts

Commitment to leverage solutions with maximizing opportunities for small business



Small Business Take-Aways



- Emphasis on competition
- Commitment to Maximizing Opportunities for Small Businesses
- Selection of purchase vehicles based on a variety of considerations
 - Product or service
 - Size of the market / Socio-economic considerations
 - Consideration of how orders are placed
- Preference is for multiple award contract vehicles
- Customers and Contracting Offices must be engaging industry
- Watch for GSA e-Buy, Navy Electronic Commerce On-line (NECO), or FEDBIZOPs announcements