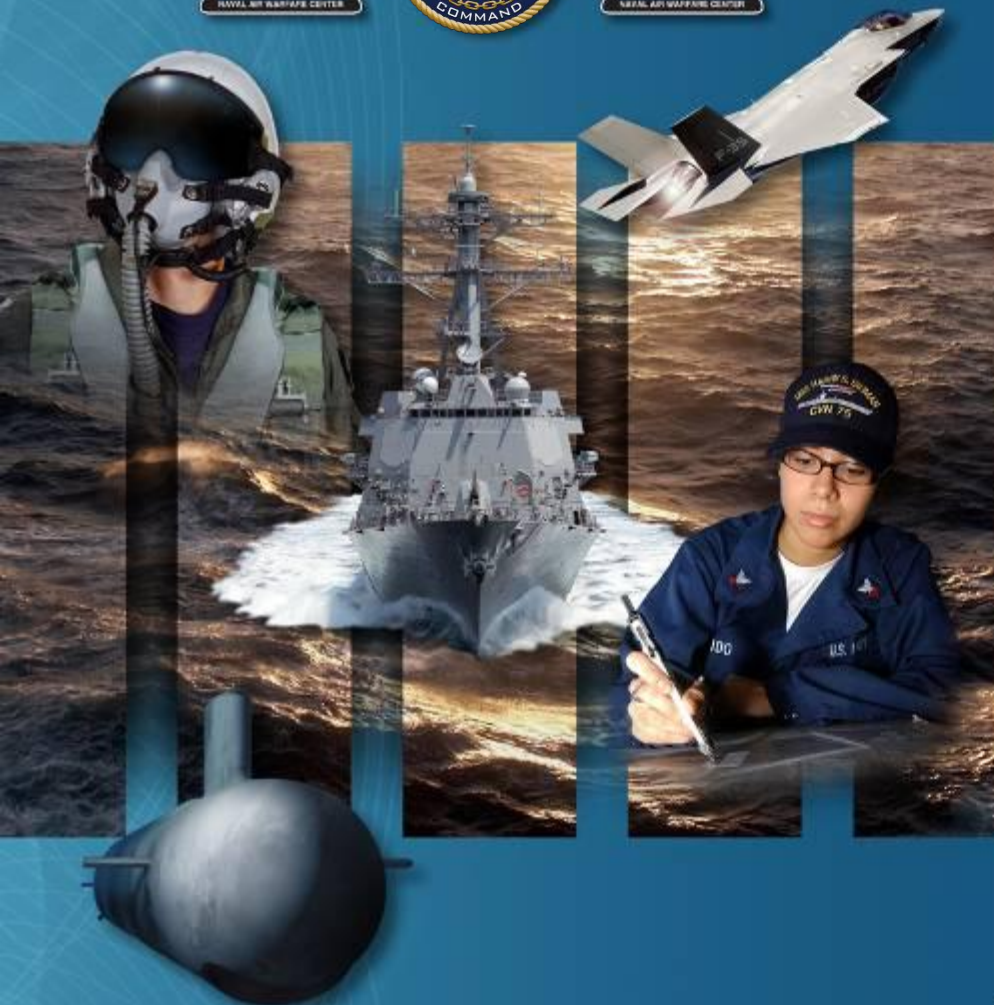


NAVAL AIR WARFARE CENTER  
TRAINING SYSTEMS DIVISION  
ORLANDO FLORIDA



**Better Buying Power  
Brief  
to the**

**5th Annual Research,  
Development, Testing and  
Acquisition Defense  
Forum  
Orlando**

**Mr. Walt Augustin  
Technical Director**

14 April 2011

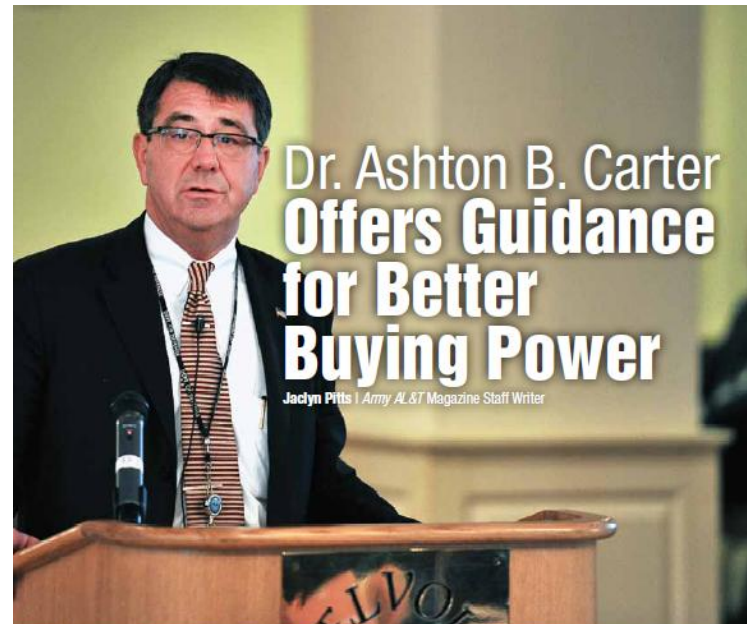


# What is “Better Buying Power”



Dr. Ashton Carter, the Undersecretary of Defense for Acquisition, Technology and Logistics issued guidance this past June and again in September, on how to get greater value to the taxpayer out of the products and services we acquire for the warfighter.

**“Do More Without More”**



Dr. Ashton B. Carter, under secretary of defense for acquisition, technology and logistics, addresses the audience as the keynote speaker Nov. 2, 2010, during the 2010 Program Executive Officers/Systems Command Commanders' Conference. (U.S. Army photo by Erica Kobren, Defense Acquisition University)



# Better Buying Power 5 Objectives



- Target affordability and control cost growth
- Incentivize productivity and innovation in industry
- Promote real competition
- Improve tradecraft in services acquisition
- Reduce Non-productive processes and bureaucracy

**More capability**





# How are we implementing Better Buying guidance



- **Target affordability and control cost growth**
  - Mandate affordability as a requirement
  - Drive productivity growth through Will Cost/Should Cost management
  - Eliminate redundancy within warfighting portfolios
  - Make production rates economical and hold them steady
  - Set shorter program timelines and manage to them
- **Examples:**
  - Improved acquisition planning
  - TSD 4.2 Cost Analysis Team
  - Cross-service “gap analysis”
  - TSD 5.1 Test & Evaluation capability





# How are we implementing Better Buying guidance



- **Incentivize productivity and innovation in industry**
  - Reward contractors for successful supply chain and indirect expense management
  - Increase the use of Fixed-Price Incentive Firm Target contract type where appropriate
  - Adjust progress payments to incentivize performance
  - Extend the Navy's Preferred Supplier Program to a DoD-wide pilot
  - Reinvigorate industry's IRAD
- **Examples:**
  - Alignment of profit/fee on subcontracted work with prime contractor burden in managing subcontractor risk and value
  - Growth in "incentive" type contracts with 50/50 share ratios
  - Negotiation of and agreement of contract finance terms of mutual benefit



# How are we implementing Better Buying guidance



- **Promote Real Competition**
  - Present a competitive strategy at each program Milestone
  - Remove obstacles to competition
  - Increase dynamic small business role in defense marketplace competition
- **Examples:**
  - Adequate solicitation response times
  - Industry outreach (TSIS, I/ITSEC, LRAF, OSBP, Industry Forums and Business Opportunities webpage)
  - Favorable rate of “Effective Competition” achieved under Multiple Award Contracts
  - Open systems architectures/avoidance of proprietary solutions
  - Acquisition of software and data rights



# How are we implementing Better Buying guidance



- **Improve Tradecraft in Services Acquisition**
  - Create a senior manager for acquisition of services
  - Adopt uniform taxonomy for different types of services
  - Address causes of poor tradecraft in services acquisition
  - Increase small business participation in providing service
- **Examples:**
  - Most NAWCTSD-acquired services considered either “Knowledge Based” or “Equipment Related”
  - More frequent recompetes of CSS requirements anticipated
  - Services requirements pre-disposed to cost reimbursable contract type unless requirements are stable, then fixed price
  - ASG assisting in improving PWS templates
  - Leveraging agility and flat organizational structures of small business, including those under FTSS-III



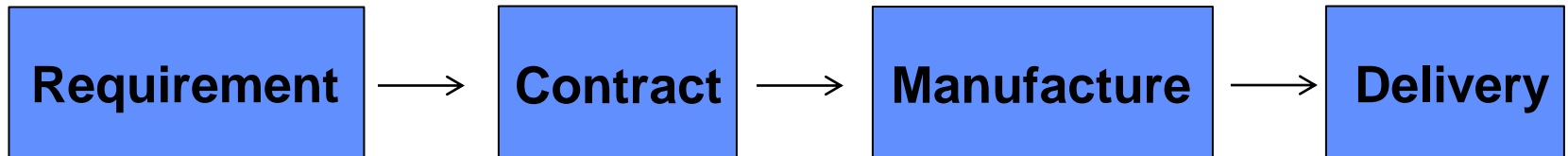
# How are we implementing Better Buying guidance



- **Reduce Non-productive Processes and Bureaucracy**
  - Reduce the # of OSD-level reviews to those necessary
  - Eliminate low value-added statutory processes
  - Reduce, by half, the volume and cost of internal and congressional reports
  - Reduce non-value-added overhead imposed on industry
  - Align DCMA and DCAA processes
  - Increase use of Forward Pricing Rate Recommendations to reduce administrative costs
- **Examples:**
  - FPRRs being relied upon to establish negotiation objectives
  - ACQcel
  - Program Success Orientation Team



**Reduce Time**



**Reduce Cost**