



Defense Microelectronics Activity (DMEA)
Advanced Technology Support Program IV (ATSP4)
Acquisition Strategy



DMEA/MEEB
18 March 2014





Acquisition Strategy Agenda



- **ATSP Unique Features**
- **Acquisition Approach**
- **ATSP4 Pricing Arrangements**
- **Improving Acquisition Value**
- **ATSP4 Performance Metrics**
- **Other ATSP4 Acquisition Features**
- **ATSP4 Goals**
- **ATSP4 Milestones**



ATSP Key Features



- **Industry and DMEA are synergistic partners**
- **ATSP contractors are mission and customer-oriented DoD partners with significant technical capability in-house**
- **Collaborative relationship, contractor and Government, to quickly meet the needs of the warfighter**
- **Streamlined acquisition and management processes**
- **All prime contractors expected to apply significant technical capability to task orders**
- **Shorter time targets to award**



Acquisition Approach



ATSP3

- Full & Open Competition
- Best Value Trade-off source selection
- 5 year ID/IQ Contract + two 5 year options
- \$6.047 billion aggregate ceiling
- Minimum Award – \$50,000
- Multiple Awards – 8 contractors
- No small business set-aside
- Centralized ordering at DMEA



Acquisition Approach (cont.)



ATSP4

- **Multiple award task order contract (MATOC), indefinite-delivery indefinite quantity (IDIQ)**
- **Broad market research to identify industry capabilities**
- **Considering various small business scenarios**
 - One contract with a partial small business set-aside; or
 - Two contracts, one as a total small business set-aside; or
 - One contract, no small business set-aside
- **Best Value Trade-off Source Selection**
- **Ordering period goal**
 - 10 Years with base and options
 - Length of basic and each option - TBD
- **Estimated aggregate ceiling for all contracts to exceed ATSP3 ceiling**
- **Minimum guarantee has not been set**
- **Limited number of contractors based on resource constraints**



Small Business Utilization



- **ATSP4 team currently researching scenarios to include opportunities for small business awards**
- **ATSP4 will include incentives for large businesses to increase use of subcontracts with small business**
 - Achieving goals may influence profit/fee
 - May influence past performance ratings
- **Dialogue welcome**
 - Virtual Industry Day
 - One-on-ones with contractors
 - E-mail discussion / posted Q&A



Acquisition Approach Scenario #1



- **Two ATSP4 contract pools**
 - One is unrestricted
 - One is set-aside for small businesses
 - # of contractors in each pool limited based on resource constraints

- **Basic Solicitation**
 - Two RFPs
 - Two proposal evaluation criterion
 - Two competitive ranges

- **Considerations**
 - Competition amongst similar sized businesses
 - No cross-pool competition on all ATSP4 tasks

- **Open to other considerations regarding this scenario**



Acquisition Approach Scenario #2



- **One ATSP4 contract pool**
 - Reserved awards in the pool for small businesses
 - # of contractors is limited based on resource constraints
- **Basic Solicitation**
 - One RFP
 - One proposal evaluation criteria
 - Two competitive ranges
- **Considerations**
 - Task competition amongst all contractors small and large
 - All contractors, large and small, have access to all posted requirements
 - PCO discretion for task SB set-aside
 - More unknowns with wider field of contractors
- **Open to other considerations regarding this scenario**



Acquisition Approach Scenario #3



- **One ATSP4 contract pool**
 - Unrestricted competition
 - No reserved small business awards
 - # of contractors is limited based on resource constraints
 - Historical ATSP scenario
- **Basic Solicitation**
 - One RFP
 - One proposal evaluation criteria
 - One competitive range
- **Considerations**
 - Contract incentives encourage significant small business subcontracting, as with all scenarios
 - Impact toward DoD SB Goals
- **Open to other considerations regarding this scenario**



ATSP4 Pricing Arrangements



- **Pricing Arrangements under consideration**
 - Firm Fixed Price (FFP)
 - Fixed Price Incentive (FPI) Firm Target
 - Cost Plus Incentive Fee (CPIF)
 - Cost Plus Fixed Fee (CPFF)

- **Time & Materials (T&M)**
 - Available on ATSP3 and previous contracts
 - 0 task orders used T&M
 - Will not be included on ATSP4

- **Forward Pricing Rates desired**
 - Rapid acquisition
 - Responsiveness to requirements
 - Avoid lengthy audits/delays



Improving Acquisition Value



- **Better Buying Power (BBP) requires strategy to achieve better value**
- **Weighted Guidelines (WGL)**
 - On every FFP, FPI, CPIF task orders
 - CPFF orders when over TINA certification threshold
- **FPI or CPIF considered on tasks valued over Earned Value Management (EVM) threshold**
- **DMEA is currently developing performance based metrics to determine allowable profit and fee ranges at contractual level**
 - Industry comments encouraged



ATSP4 Performance Metrics



Performance Metric Categories

- **Contract Performance**

- Evaluation of overall ATSP4 program management
- Metric Categories: Program management (program reviews, proposal submission, negotiation) and reporting timeliness/accuracy on a contractual level

- **Task Performance**

- Evaluation of performance on individual tasks
- Metric Categories: Technical, schedule, and cost evaluation on a task order level

- **Small Business**

- Evaluation of small business usage
- Metric Categories: Utilization rate and reporting
- N/A for Small Businesses



ATSP4 Performance Metrics (cont.)



- **Each metric will be connected to the requirements of the PWS/contract**
- **Each metric is intended to:**
 - Improve performance over previous ATSP3 contract
 - Meet DoD socioeconomic goals
 - Provide DMEA more insight and influence over performance
- **Each metric has its own acceptable quality level (AQL)**
 - AQLs defined at the contract/task level



Performance Metric Scoring



- **Each metric will have its own:**
 - Unit of measurement
 - Nominal Amount
 - Positive and Negative Ranges
 - Stipulations (i.e., government caused, requirement waived, etc.)
 - Category and subcategory weightings
- **The performance metric score then:**
 - Either positive or negative
 - Influences an end evaluation score
 - Overall Score: “Allowable Fee/Profit Adjustment” (AFPA)
 - Affects the next ordering period’s WGL input values/ranges
- **Depending on its value, the AFPA influences the allowable range and normal value for fee/profit negotiations through the Weighted Guidelines (WGL) methodology**
 - See DFARS 215.404-71-2



Weighted Guidelines Process



- **Weighted Guidelines is the DoD's methodology for calculating profit/fee**
- **Weighted Guidelines Inputs**
 - Contractor Risk Factors – **this is where AFPA is applied**
 - Technical
 - Management/cost control
 - Performance Risk
 - Contract Type Risk
 - Financing
 - Facilities Capital Employed (COM)
 - Cost efficiency factor
- **DFARS 215.404-71 provides ranges for all WGL inputs**
 - AFPA adjusts the normal and designated ranges for technical and management/cost control
 - All other inputs are unaffected by AFPA



AFPA Scoring Positive Score Example



DoD Provided WGL Ranges		
	Normal Value	Designated Range
Standard (Std)	5%	3% to 7%
Technology Incentive (TI)	9%	7% to 11%
CPFF Ceiling	15% R&D, 10% Other Eng statutory limits	

Suppose an AFPA score is 0.5% (generally good performance):

The end result would be a positive change to the lower range and normal values for WGL.

AFPA Adjusted WGL Ranges		
	Normal Value	Designated Range
Standard (Std)	5.5%	3.5% to 7%
Technology Incentive (TI)	9.5%	7.5% to 11%
CPFF Ceiling	15% R&D, 10% Other Eng statutory limits	



AFPA Scoring Negative Score Example



DoD Provided WGL Ranges		
	Normal Value	Designated Range
Standard (Std)	5%	3% to 7%
Technology Incentive (TI)	9%	7% to 11%
CPFF Ceiling	15% R&D, 10% Other Eng statutory limits	

Suppose an AFPA score is -0.5% (generally fair - poor performance):

The end result would be a negative change to the upper range and normal values for WGL.

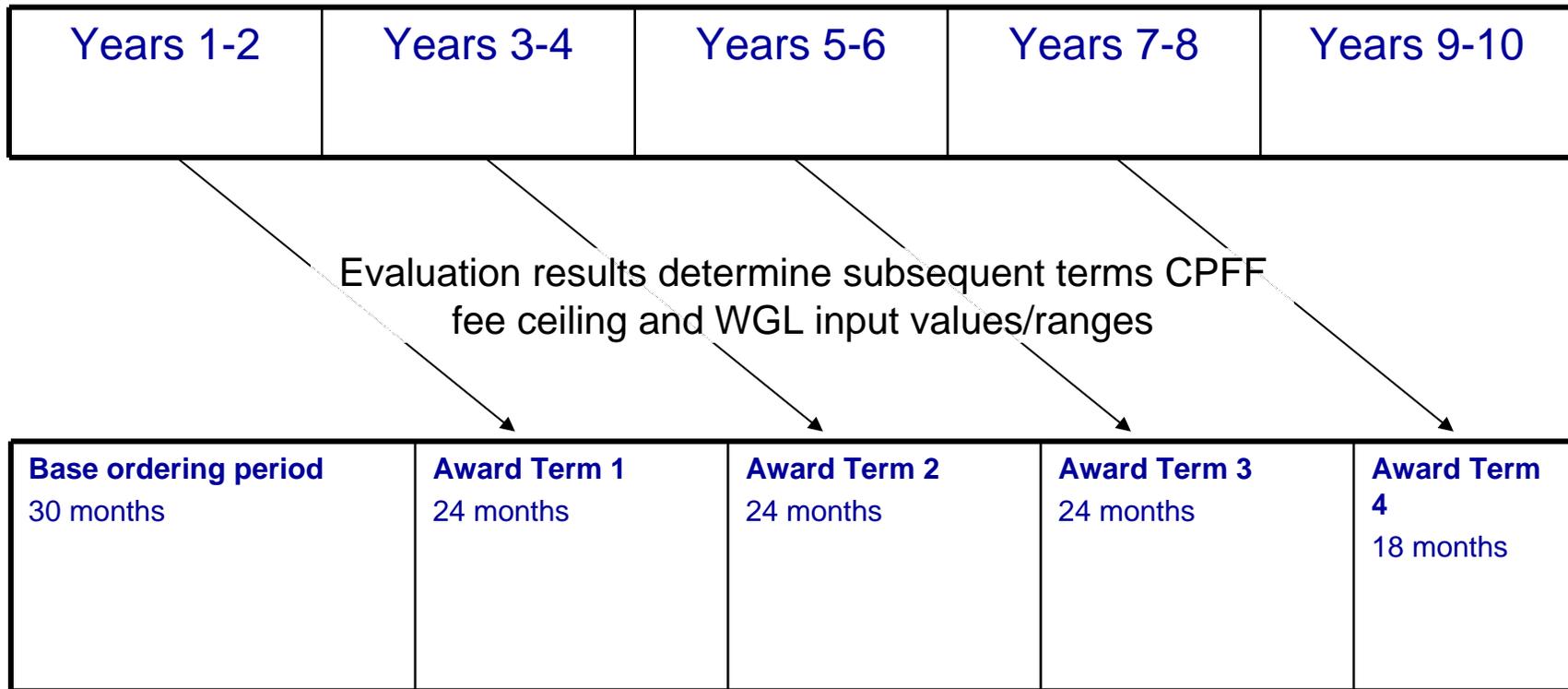
AFPA Adjusted WGL Ranges		
	Normal Value	Designated Range
Standard (Std)	4.5%	3% to 6.5%
Technology Incentive (TI)	8.5%	7% to 10.5%
CPFF Ceiling	14.5% R&D, 9.5% Other Eng statutory limits	



10-year Performance Metrics Plan



Performance Evaluation Periods

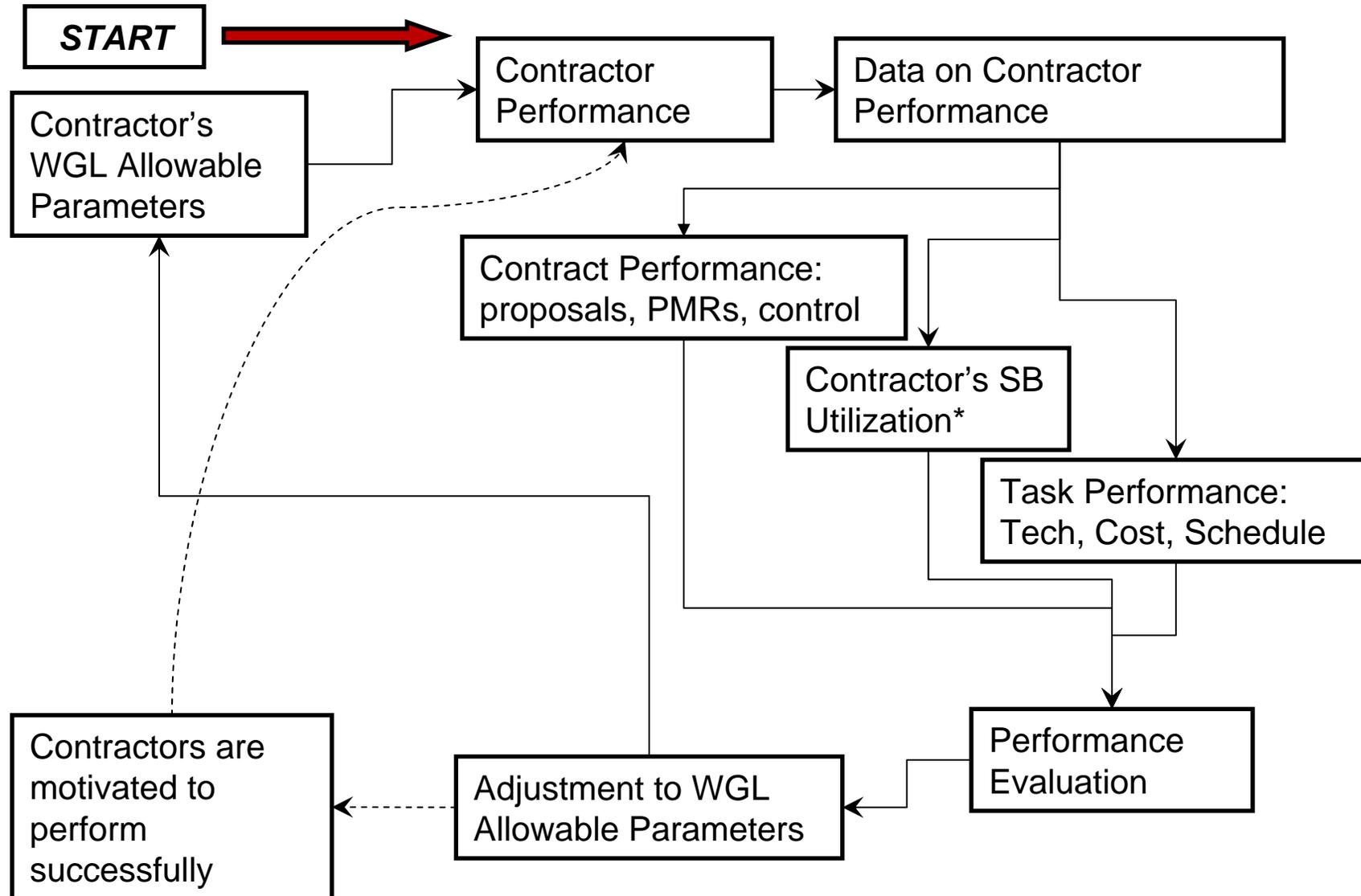


Exercise of Award Term does not increase min quantity

Metric scores are not cumulative across ordering periods



Contractor Performance Relationships





Other ATSP4 Acquisition Features



- **No manufacturing exclusion clause for follow-on work**
- **On-Ramp and Off-Ramp provisions (formerly Rolling-Admissions on ATSP3)**
- **Ordering Procedures**
 - Cost proposals are required for each task
 - TINA certification for tasks over threshold
- **CAGE code based awards**
 - Parent company may propose divisions of the company as prime offerors



Other ATSP4 Acquisition Features



- **Contract Security Classification Specification (DD 254)**
 - Tasks may deal with classified information, equipment, and facilities
 - Security requirements are identified at the task order level
- **Data Rights disclosure requirement**
 - Propose restricted, limited, government purpose rights
 - Must be negotiated/approved at the task order level
 - DFARS Subpart 227 clauses apply
- **Centralized ordering & responsibility**
 - DMEA Contracting awards basics and modifications
 - DMEA delegates portions of contract administration to DCMA
 - Contractor's local / on-site DCMA office handles everyday contract administration



ATSP4 Acquisition Goals

- **Incorporate Industry Input**
 - Small Business Utilization
 - Alternative performance metrics
 - Improving effective competition rates
- **Anticipate Award Without Discussions**
 - Best and Final Offer; sufficient to make selection and announcement
- **Task Competition**
 - ATSP4 expects task competition; lack of task participation may lead to off-ramp
- **FPRAs or FRRs on every proposal is the goal**
 - Reduces the need to negotiate individual rates
 - Rapid acquisition
 - Responsiveness to requirements
 - Avoid lengthy audits/delays



ATSP4 Acquisition Milestones



- **User and Requirements Analysis** **13 May 2013**
- **Sources Sought Survey** **2 Jan 2014**
- **FBO Announcement** **24 Feb 2014**
- **Virtual Industry Day** **18 Mar 2014**
- **“Build RFP” Process** **Mar to July 2014**
- **Pre-solicitation Conference** **Sep/Oct 2014**
- **Formal RFP** **Oct/Nov 2014**
- **Proposals Due** **Dec 2014/Jan 2015**
- **Discussions (if needed)** **Q2 CY2015**
- **Announce Selections** **Q3 CY2015**
- **Contract Award with 1st TO** **Q4 CY2015**



End Industry Day



- **What we want from you**
 - Feedback and questions regarding the ATSP4 requirements and acquisition strategy
 - Alternative ideas to the current approach
- **Questions and Comments**
 - All chat questions have been recorded and will be answered via a posted Q&A on the ATSP4 source selection website
- **One-on-One Meetings**
 - After the webinar, all questions and comments need to be reserved for e-mail communication or until one-on-one telecom meetings
 - E-mail ATSP4ss@dmea.osd.mil with your questions and request for one-on-one meetings



Accessibility



All ATSP4 related information, slides presented, and Q&A will be posted to the ATSP4 source selection download page:

<http://www.dmea.osd.mil/atsp4ss/>