

Delivering Results: A Framework for Federal Government Technology Access & Acquisition



December 2015

The Federal government today has a tremendous opportunity—through the adoption of a common set of guiding principles for the federal marketplace—to ensure that it has access to the best ideas and solutions that all of industry has to offer. Regardless of where or how a company may approach the federal market, these principles form the core of a sound, competitive, open, and effective acquisition process.

Our collective goal is to enable the government to reach, directly or indirectly, the full array of capabilities and solutions that exist in the private sector to deliver effective mission results.

- 1. A Common Goal – The Common Good.** The private sector is united in its efforts to help the federal government deliver more effective mission results for the citizens of our nation.
- 2. Competition and Innovation.** We must identify and mitigate or remove barriers to participation by all providers, regardless of whether they choose to approach the government directly or through teaming and subcontracting relationships. No matter where one sits in the market, the same core business principles and requirements exist.
- 3. Collaboration.** Collaboration must become a central component of government operations – working towards a common set of goals and measures. Continuous and open communication between government and industry to ensure optimal outcomes are achieved is crucial.
- 4. Contracting Flexibility.** Federal contracting approaches must facilitate the rapid insertion of new technology and alternative approaches. Government must take advantage of current flexibilities in the Federal Acquisition Regulation (FAR).
- 5. Risks/Rewards.** A clear understanding of responsibility, accountability, collective risk management and rewards for both government and industry will help to ensure success.
- 6. Workforce.** A well-trained, experienced, skilled and supported federal acquisition workforce is necessary to achieve successful outcomes.

Today's Environment

Shifting Marketplace. We're in the midst of a fundamental and multi-layered shift in the federal marketplace. The "convergence" of traditional professional services and technology work is creating innovative new solutions to address government requirements. The adoption of outcome-based solutions allows government to strategically partner with industry and gain the value of industry best practices, on-going research and development and a sharing of risks/rewards. Further, the migration to "consumption-based" models of acquisition, such as for cloud computing, gives government the ability to have more rapid access to new ideas while simultaneously eliminating the need for large, up-front capital investments.

At the same time, a wide array of rapidly developed, innovative applications are increasingly available both through existing contractors and new companies. Yet, the government continues to struggle to adapt its traditional acquisition processes to take advantage of this full array of capabilities. To realize the full potential of this market shift, significant changes will need to take place both in how government buys and how industry offers solutions. Indeed, today's services "market" is not actually one market at all; it is an amalgam of diverse functional capabilities. It has a cyclical nature, as new capabilities advance to the "commodity" phase but then go through additional cycles of development and modernization. The marketplace also reflects ongoing changes in technology providers both through the changing approaches and offerings of traditional providers and the emergence of new providers.

Workforce Crisis. The government is faced with a workforce crisis. The federal technology workforce is aging and government is having trouble attracting and retaining new workers with the skills and experience to deliver cutting edge solutions. At the same time, the federal acquisition workforce is increasingly young, inexperienced, and by and large, is not being provided adequate professional development and training in critical thinking, business acumen and technical skills.

Fiscal Uncertainty. The government is facing a time of continuing fiscal uncertainty, and must find ways to obtain (from industry) and deliver

(to citizens) new services and solutions in this fiscally constrained environment.

Risk Avoidance. Going forward, smart acquisitions will center largely on maximizing resources for investment in innovation and continuous improvement rather than sustainment of existing systems. The increasingly rapid evolution of technology demands an acquisition system that has speed, agility, transparency, competitiveness, and an acceptance for managed levels of risk. Yet the federal environment today is overly dominated by risk aversion, a lack of consistent leadership support for and empowerment of the workforce and the expectations of a defect-free environment.

Guiding Principles and Actions

1. A Common Goal – The Common Good. The private sector is united in its efforts to help the federal government deliver more effective mission results for the citizens of our nation.

2. Competition and Innovation. We must identify and mitigate or remove barriers to participation by all providers, regardless of whether they choose to approach the government directly or through teaming and subcontracting relationships. No matter where one sits in the market, the same core business principles and requirements exist.

Bringing real innovation to the government marketplace is hampered by antiquated requirements processes, overly limiting statements of work, lack of awareness of the "art of the possible" and more. These limitations impact companies of all types and sizes that have both the capacity and interest in bringing innovative solutions to government. To begin to address these challenges, a range of changes need to be implemented immediately. Some will bear immediate fruit while others will take time and sustained leadership attention:

- Broaden the definition of a "commercial item" or "commercial service" to permit the entity producing the item or delivering the service to qualify so that

each item does not have to individually meet the definition.

- Require all significant programs be led and managed by an “Integrated Accountability Chain,” that includes lead participants with functional decision making authority from all key internal stakeholder components (customer/operator, contracting, engineering, legal, budget, etc.)
- Require, incentivize, evaluate and report on internal and cross-functional communications and collaborations.
- When innovation is a goal for an acquisition, an “innovation template” should be added as an addendum to the RFP. This template can be populated by bidders to call-out specific innovations included in their proposal, their individual and collective costs, and expected returns on investment.
- Insert an “emerging technology provision” into technology solicitations and resulting contracts that allows contractors to integrate new or evolving technology into their solution during performance.
- Require the use of Statements of Objectives instead of Statements of Work; also require that, where relevant, RFPs explicitly allow for alternative proposals that will be fully evaluated and scored.
- Conduct a study evaluating the utility and impacts of government certifications, such as FedRAMP, as well as the availability of alternative certifications.
- Require that specific credit be given for innovation in acquisition decisions and the disclosure of absolute weights of all evaluation factors (cost, technical performance, risk, etc.) in solicitations and task order requests that include evaluation factors.
- Create incentives or remove disincentives for prime contractors to engage with and include emerging contractors/capabilities. Current rules actually disincentivize partnerships and subcontracting. This will be especially important in those cases where the optimal route for new entrants and for the government customer is for the new entrant to partner with traditional providers to “get to scale.”
- Remove and simplify government unique regulatory and compliance burdens that most significantly impact the opportunity costs associated with the government marketplace.
- Re-iterate and enforce commercial items and services statutes and rules, including prohibitions on cost audits except in cases where specific, deleterious information justifies such audits.
- Eliminate the contractor compensation allowable cost caps for all but the very few top executives of a company; instead rely on competitive market forces within the relevant human capital market(s) to ensure fair and reasonable compensation.
- If the allowable cost compensation caps remain, exemptions to the caps should broadly include all high-demand career fields appropriate to the needs of the agency.
- Raise the Cost Accounting Standards (CAS) threshold, explicitly prohibit CAS from being required for any small business set-asides and conduct an independent study on the utility and impact of CAS.
- Revise and clarify the intellectual property and rights in data regulations to ensure they are consistent with contemporary practice

3. Collaboration. Collaboration must become a central component of government operations – working towards a common set of goals and measures. Continuous and open communication between government and industry to ensure optimal outcomes are achieved is crucial.

- Explicitly authorize and require continuous communications—within the precepts of federal procurement integrity laws—within the government (between the program and contracting offices) and between the government and contractors.
- Require that post-award debriefings to contractors contain all information that would otherwise be releasable in the course of a legal discovery process, including a detailed description of how the contractor was rated in each of the evaluation criteria.

- Require post-award “kick-off meetings” between all key government stakeholders and the contractor as a means of ensuring a common understanding of requirements and the establishment of performance baselines and expectations.

4. Contracting Flexibility. Federal contracting approaches must facilitate the rapid insertion of new technology and alternative approaches. Government must take advantage of current flexibilities in the Federal Acquisition Regulation (FAR).

- All acquisition strategies should be developed to fit the nature of the work to be performed, based on an objective taxonomy focusing on risk and complexity. Best value/cost-technical tradeoff (CTTO) should be the default evaluation technique used for services acquisitions except for the most basic, commoditized requirements.
- Statements of Objectives (SOOs) should be the default solicitation technique for all but the most basic “commoditized” IT or services acquisitions, and especially used for major IT and complex services acquisitions.
- When SOOs are not used, requests for proposals (RFPs) should explicitly allow contractors to offer an alternative solution or strategy that differs from the specific prescriptions included in the RFP as long as the proposed solution or strategy still meets the desired outcome.
- Avoid the use of inappropriate procurement methods (e.g. reverse auctions) for other than purely commodity-based requirements.
- Recognize the value of commercial solutions, commercial items and commercial compliance requirements.

5. Risks/Rewards. A clear understanding of responsibility, accountability, collective risk management and rewards for both government and industry will help to ensure success.

Industry must be given the opportunity to offer new ideas, technologies and approaches, and be held accountable for results and price (not costs). Government contracting officers must be incentivized by the delivery of successful mission

outcomes. Together, industry and government can effectively manage risks as opposed to current contracting approaches that, in an attempt to avoid risk, stifle the adoption of best practices.

- Prime contractor past performance, including relevant commercial past performance, should be a key metric on all solicitations.
- Revitalize the past performance reporting system by requiring the thorough and timely completion of past performance evaluations by government offices coupled with timely notice to affected contractor(s).
- Institute “360 degree” assessments of the acquisition process.

6. Workforce. A well-trained, experienced, skilled and supported federal acquisition workforce is necessary to achieve successful outcomes.

- Amend the Office of Federal Procurement Policy Act to give OFPP statutory authority over the entire acquisition workforce, including clear authority and responsibility over program managers.
- Create a clearly defined career path for program management in the civilian agencies.
- Institute new acquisition workforce requirements to include mandatory cross-functional rotations and training.
- Create a new cross-functional career path for “technology management.”
- Create an Acquisition Excellence Council (AEC) with responsibilities including redesigning and restructuring the federal acquisition training system and developing a common evaluation and assessment process.
- Launch a pilot program to identify and test alternative acquisition workforce training and development tools.
- Align acquisition workforce requirements and certifications to the type of acquisition the employee will be conducting.

About



The Professional Services Council (PSC) is the voice of the government technology and professional services industry, representing the full range and diversity of the government services sector. PSC is the most respected industry leader on legislative and regulatory issues related to government acquisition, business and technology. PSC helps shape public policy, leads strategic coalitions, and works to build consensus between government and industry. PSC's nearly 400 member companies represent small, medium, and large businesses that provide federal agencies with services of all kinds, including information technology, engineering, logistics, facilities management, operations and maintenance, consulting, international development, scientific, social, environmental services, and more. Together, the trade association's members employ hundreds of thousands of Americans in all 50 states. To learn more, visit: www.pscouncil.org.



TECHNOLOGY COUNCILS OF NORTH AMERICA

INSIGHTS. CONNECTIONS. EXPERTISE.

The Technology Councils of North America (TECNA) serves as the voice for the North American technology community and represents more than 50 IT and Technology trade organization. Our members represent over 22,000 technology-related companies throughout North America. We bring value to state and regional technology organizations in their effort to foster collaboration, innovation and the exchange of ideas within the fast paced and quick changing world of technology. Follow TECNA on Twitter @TechCouncils.