



## **PSC Civilian Agencies Council, Veterans Affairs Task Force VA Modernization Feedback**

**September 18, 2017**

### **Background**

On July 19, 2017, Greg Giddens, Executive Director of Acquisition, Logistics and Construction at the U.S. Department of Veterans Affairs (VA), spoke with attendees at the Professional Services Council's (PSC) [FedHealth Conference](#) about the VA Modernization initiative to realign the Department to better serve veterans.<sup>1</sup> Included in the VA Modernization initiative are VA's actions as part of [Executive Order 13781](#) and [OMB Memo 17-22](#). The objectives of the memo are to:

- Create a lean, accountable and efficient government;
- Focus on programs that are of the highest need to citizens while ensuring they are optimally designed, effective and efficient;
- Focus on programs where there is a unique Federal role;
- Optimize the workforce to meet the needs of today and the future;
- Remove barriers that hinder front-line employees from delivering results.

In his presentation, Mr. Giddens discussed streamlining Veterans Affairs Central Office (VACO) and increasing the use of shared services as potential reforms. Mr. Giddens indicated that he would appreciate feedback and ideas on what PSC member companies would like to see the VA adopt to move the VA forward. PSC applauds what Mr. Giddens is working to accomplish. We recognize the difficulty of affecting change in VA.

Prior to Mr. Giddens' request, PSC created an overarching set of recommendations to help the new administration develop a policy and management agenda that improves the operations, effectiveness, and efficiency of the federal government. In a publication entitled "PSC 45: An Agenda for the Next President of the United States,"<sup>2</sup> PSC provided action recommendations focused on four main areas:

- I. Harness Technology and New Business Models to Modernize Government Service Delivery;
- II. Improve Government Operations to Better Compete Globally;
- III. Build a Better Engagement Model to Bring the Best Ideas and Solutions from Industry into Government;
- IV. Develop the Government and Industry Workforces of the Future.

Specific actions identified include technology modernization, improving cybersecurity, gaining better access to commercial innovation, adopting commercial best practices, streamlining/improving the acquisition process, eliminating onerous compliance requirements and attracting/retaining the workforce of the future. We believe many of these recommendations are broadly applicable to VA's modernization efforts.

Additionally, in response to Mr. Giddens' request, PSC convened member companies providing technology and professional services to the VA to develop recommendations specific to the Department with respect to general modernization and change management, healthcare, benefits, Information Technology (IT), and acquisition.

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<sup>1</sup> Department of Veterans Affairs, MyVA Integrated Plan, available at [http://www.va.gov/opa/myva/docs/myva\\_integrated\\_plan.pdf](http://www.va.gov/opa/myva/docs/myva_integrated_plan.pdf).

<sup>2</sup> PSC 45: An Agenda for the Next President of the United States, available at [https://www.pscouncil.org/c/other\\_content/An\\_Agenda\\_for\\_the\\_45th\\_President.aspx](https://www.pscouncil.org/c/other_content/An_Agenda_for_the_45th_President.aspx).



I. **Modernization General/Change Management**

A. *VA Strategic Plan Integration and Implementation*

**Challenge:** Address modernization initiatives as part of the VA Strategic Plan and hold VA officials accountable for performance.

**Recommendation:** Update the VA Strategic Plan in a visionary way and identify officials to implement it.

The VA needs a strategy to prepare for the challenges of the future instead of trying to solve the problems of the past. Use a veteran-centered approach and be visionary about the VA of the future.

PSC recommend that the new Strategic Plan identify a responsible official for completing each part of the plan and identify performance metrics to indicate successful achievement. Performance metrics should be developed, tracked, and then issued as flow-down objectives to organizational units and individuals, as appropriate.

B. *Public Visibility*

**Challenge:** Communicating change and progress against goals to various stakeholders can be time-and-resource intensive.

**Recommendation:** As actions are taken against the 13 Risk Areas and tasks to address the five strategies are implemented, it is important that there be a public dashboard with interim milestones so that industry, the public, and especially veterans understand progress and forthcoming changes.

In addition, the GPRA Modernization Act requires agencies to provide quarterly progress reports via performance.gov with respect to both individual agency and cross-agency priority goals. We recommend that VA work with OMB to promptly identify those current goals that align with the Administration's priorities and direct responsible parties to continue to provide quarterly updates to the performance.gov site. As new goals are added, they should be promptly added to the site and reported on quarterly.

C. *Internal VA Stakeholder Alignment & Training*

**Challenge:** The VA has a decentralized and siloed workforce. Program governance is difficult.

**Recommendation:** Consider proposing appropriation act legislative changes that integrate currently stove-piped VBA, VHA, OIT, VACO budgets under Secretary of the VA authority to better enable him or her to reduce redundancies and increase efficiencies across the entire VA.

**Recommendation:** The VA should consider adopting acquisition governance policies and mechanisms such as DHS Management Directive 102 ([MD-102](#)) and having an Office of Program Accountability and Risk Management (PARM). A key success factor for DHS is having an engaged Chief Acquisition Officer that is supported by Department leadership when entities appeal decisions by the Acquisition Review Board (ARB) that is chaired by the Chief Acquisition Officer.

Another key success factor the VA should implement is making sure that all programs have an approved acquisition program baseline (APB) at each phase in the acquisition lifecycle that clearly articulates what the product or service being acquired is supposed to do, at what cost, and the timeframe for the capability to be achieved. The importance of this document early in the acquisition lifecycle cannot be overstated.



**Recommendation:** Use integrated accountability chains or integrated planning teams.

Modernizing the VA is a team sport. One recommendation made in the PSC’s 2014 Acquisition and Technology Policy Agenda<sup>3</sup> that could be incorporated into future VA reform efforts is to establish “integrated accountability chains” for all significant programs. These integrated teams must have business line leaders empowered to discuss fundamental delivery needs of their business line and senior acquisition personnel who can address the appropriate acquisition strategy early in the lifecycle. Such accountability chains would bring together key stakeholders from across the Department’s functional areas, such as program management, contracting, legal, and financial, to work collaboratively during the acquisition lifecycle of major procurements.<sup>4</sup> Other civilian departments are experimenting with a Joint Requirements Council (JRC) with some civilian differences based on the Joint Requirements Oversight Council (JROC) at DoD.

As an example: There are several major initiatives taking place in different VA organizations which do not appear to have had any coordination and communication between stakeholders in these organizations. Specifically, OI&T has been developing for release a procurement for VA Managed Services (originally VA Tier 0-1-2 and now VA ESD, Tier 0 & 1) that does not seem to take into consideration the work being done by the VEO around Call/Contact Center Optimization (CCO). Further, there was a 311/Tier 1 Contact Center procurement that was originally expected to go out on T4NG, but was released as a GSA USA Contact RFP, and then was suddenly cancelled. Knowing that the VEO is undertaking two key initiatives—VA CCO and the White House Hotline—it made sense that the 311/Tier 1 procurement was cancelled, although it is a shame that it was released, costing industry the time and money to prepare bids. However, just recently, yet another RFI was issued by OI&T, seeking SDVOSB/VOSB firms capable of meeting the requirements of what would now be VA ESD Tier 0-1.

In responding to the mandates of OMB Memo M-17-22, it is critical for the lead of VA Modernization to pull together all organizations currently working on all call/contact center initiatives to ensure that there is truly ONE approach to redesigning the processes to be enabled by newly-architected technology solutions and supported by sufficiently trained people. A true VA enterprise-wide solution should be developed, procured, and implemented to serve the needs of the veterans.

Modernize management styles, not just information technology networks.

**Recommendation:** Create greater Secretary and Deputy Secretary empowerment of delegated decision authority in the acquisition process.

While the Enterprise Program Management Office (ePMO) should be doing much of the acquisition governance and requirements work, there has been no explicit mandate from VA’s leadership that ePMO decisions are the binding VA decision. To enable the huge paradigm shift to achieve the culture change necessary, explicit senior leadership involvement is essential in order to avoid leadership overruling decisions that have been delegated.

The Veterans Affairs Procurement Principles and Myth Busters memos from December 2015 are a welcome message to the VA workforce. To really make them work, however, the message should come from the Secretary or Deputy Secretary as reporting lines across the organization begin/end with them. Additionally, we recommend formalizing the memos in Chapter 8 of the VA Acquisition Regulations (VAAR).

<sup>3</sup> 2014 PSC Acquisition and Technology Policy Agenda, available at [https://www.pscouncil.org/PolicyIssues/AcquisitionPolicy/AcquisitionPolicyIssues/PSC\\_APRC\\_Framework.aspx](https://www.pscouncil.org/PolicyIssues/AcquisitionPolicy/AcquisitionPolicyIssues/PSC_APRC_Framework.aspx).

<sup>4</sup> See DoD Service Acquisition Workshop (SAW), Federal Agency Acquisition Best Practices Examples, available at [www.pscouncil.org/PolicyIssues/CAC\\_Resources/Federal\\_Agency\\_Acquisition\\_Best\\_Practices\\_Examples.aspx](http://www.pscouncil.org/PolicyIssues/CAC_Resources/Federal_Agency_Acquisition_Best_Practices_Examples.aspx).



**Recommendation:** Focus on training and cross-training by rotating program and acquisition staff between these organizations.

A well-trained, skilled and supported workforce that touches any part of the VA's acquisition process is necessary to achieve successful outcomes. But the new generation of workers are still being trained and oriented to traditional and outdated practices and rules. VA should transform the workforce by grounding it in cross-functional development, business acumen, technical skill, and creative thinking. Employees often lack the judgement and business sense to make decisions and there's often a poor understanding of industry capabilities. To achieve this, more than classroom training is necessary. PSC recommends the expansion of initiatives that make frequent rotations for the VA workforce into functional areas outside of their main area of focus. For example, much can be learned by program managers by spending some time working within a Department acquisition office, and vice versa. The VA previously had a successful training program for hospital directors called the Associate Director Training Program. That model could be used to implement such a job-rotation approach. PSC also encourages the VA to permit the Department and the private sector to experiment with personnel rotations. Initiatives such as these can go a long way to remedying the human capital challenges faced by the Department.

**Recommendation:** Incorporate good stories and successes into training and policies.

While compiling good stories in a newsletter is a good first step, find a way for the success to be incorporated into future training so that it can be repeatable and adopted by others effectively. "Find islands of excellence and swim to them."

## II. Healthcare

**Challenge:** VHA purchases medical services for veterans from community health care providers under the Community Care programs, which are comprised primarily of the Veterans Choice Program (Choice) and the "Fee Basis" Care program (Fee Basis), along with several other smaller programs. Approximately \$5.7 billion was budgeted for Choice and \$6.5 billion was budgeted for Fee Basis in FY 2016. Actual payments in the amounts of \$4.3 billion were expended for Choice while \$4.6 billion were expended for Fee Basis as of September 30, 2016<sup>5</sup>.

Local authorization, cost estimation, referral, payment, and third party recoupment for non-VA care has been fraught with challenges, in part attributed to the challenges of the manual processes of estimating costs and reconciling the accounting of payments. As a result, local VAMCs see perpetual estimate/actual cost mismatches, account reconciliation delays, and financial challenges in budget planning and program funding. Essentially, where distortion between cost estimates and actual expenditures exists, local sites find a significant impact on their ability to accurately conduct financial planning, both within and across fiscal years.

**Recommendation:** The field offices need access to data, tools, and methodology to properly estimate the cost of care. The manual processes of estimating costs should be eliminated. The private sector can provide informatics capabilities that will allow VAMCs to properly budget. The data can also be used for VAMCs to make proper make/buy decisions and better understand utilization patterns.

**Challenge:** As streamlined and modernized as the VA strives to become, some veterans' needs are still quite complex.

**Recommendation:** Scale a VA "Navigator" capability.

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<sup>5</sup> VA Office of Inspector General's Audit of VA's Financial Statements for Fiscal Years 2016 and 2015, available at <https://www.va.gov/oig/pubs/VAOIG-16-01484-82.pdf>.



A “Navigator” serves as a single point of contact for referring physicians, patients, and caregivers to provide resources and assistance with accessing clinical and supportive care services. It is often used by best in class medical systems to help patients with complex diseases that require treatment from multiple specialists. Developing a robust cadre of VA Navigators will help coordinate care and make connections among other VA programs and benefits.

### III. Veterans’ Benefits

**Challenge:** Benefits eligibility and claims processing takes a long time.

**Recommendation:** Leverage private sector leading practices from the financial industry. For example, implement a Disability Income Calculator to support Fast-tracking Disability Claims Processing (e.g. TurboTax, OPM Retirement Estimator, MyArmyBenefits). MyArmyBenefits<sup>6</sup> currently has a Disability Income Calculator for Wounded Warriors which could serve as a model. Explore other commercial models’ available information such as a credit score and other financial or public information to help determine eligibility in near real time.

### IV. Information Technology

**Challenge:** Both traditional VA contractors and companies that have not traditionally contracted with VA are consistently developing innovative capabilities and processes that can be harnessed by the Department. How can the VA tap into this innovation quickly without significant cost?

The growing trend of “as a service” delivery models, such as cloud computing, the evolution of the Internet of Things, data analytics, and emerging robotics and unmanned systems are prime examples of how innovation is changing the way the private sector operates. These developments and others may offer unlimited potential to assist the VA in serving veterans. However, for such capabilities to be meaningfully utilized by the VA, it is crucial that the VA effectively communicate its desired outcomes to industry. VA must share both its short- and long-term goals with the public.

**Recommendation:** Articulate desire for innovation and evaluate it in offerors’ proposals.

We encourage the VA to expressly request that industry highlight specific innovations included in their proposals and the expected returns on investment for the Department. PSC previously elaborated on this initiative.<sup>7</sup> To identify innovation, PSC developed an innovation template as a mechanism to facilitate the rapid identification of an innovation.<sup>8</sup> VA’s ability to clearly articulate its interest in innovation and desired outcomes is essential. Just as importantly, proposed innovation(s) and the defined benefit to the VA must be listed as an evaluation criteria for the VA to receive these recommendations in a priced proposal.

**Challenge:** Federal Risk and Authorization Management Program, or FedRAMP, is a government-wide program that provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. The goal was to use a “do once, use many times” framework. FedRAMP authorization will help ensure that many of the common concerns and potential vulnerabilities of cloud are addressed, to include

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<sup>6</sup> MyArmyBenefits Calculator, available at [http://myarmybenefits.us.army.mil/Home/Benefit\\_Calculators/Retirement.html](http://myarmybenefits.us.army.mil/Home/Benefit_Calculators/Retirement.html).

<sup>7</sup> 2013 PSC Leadership Commission Report, available at [https://www.pscouncil.org/i/p/PSC\\_Leadership\\_Commission\\_Report/c/p/2013\\_Commission\\_Report/The\\_2013\\_PS\\_C\\_Leadership\\_Commission\\_Report.aspx?hkey=034adf24-140e-49c1-90de-9da69d1127c9](https://www.pscouncil.org/i/p/PSC_Leadership_Commission_Report/c/p/2013_Commission_Report/The_2013_PS_C_Leadership_Commission_Report.aspx?hkey=034adf24-140e-49c1-90de-9da69d1127c9).

<sup>8</sup> PSC Innovation Template, available at [https://www.pscouncil.org/PolicyIssues/ABPC\\_Resources/PSC\\_Innovation\\_Template.aspx](https://www.pscouncil.org/PolicyIssues/ABPC_Resources/PSC_Innovation_Template.aspx).



standardized processes, continuous security monitoring, encryption, etc. Unfortunately, the Authority to Operate (ATO) process takes too long.

**Recommendation:** VA's ATO process should be streamlined.

Reciprocity is a crucial underpinning of FedRAMP—the willingness of an agency to accept certification and accreditation already conducted by another federal agency, rather than duplicating authorization work already accomplished. Avoid viewing FedRAMP as a baseline and adding VA specific requirements on top of the FedRAMP framework. It is important to work closely with your cloud providers to enable rather than preclude the secure adoption of new capabilities and solutions. Cloud service providers should have documented operating procedures. Look for recognized processes, to include Information Technology Infrastructure Library (ITIL) and ITIL security management, as well as the clear ability to provide comprehensive services including monitoring, security and remediation. Third party accreditations, such as ISO 27001, SSAE 16 and PCI are also indicators that standardized operating procedures and documentation exists.

Be a security-conscious buyer: understand FedRAMP requirements, NIST security controls, NARA CUI guidance. At the same time, implement an effective risk management approach that recognizes the appropriate level of security for the needs of the VA. Adoption of the right security model will help ensure the protection of VA information and systems without slowing down processes or putting unnecessary restrictions on the secure sharing of information.

Improving cybersecurity is a national imperative and must be a crucial component of the VA's cloud strategy. Previous concerns about the security of cloud solutions are being replaced with a recognition that, if done correctly, cloud solutions can significantly improve security by doing away with outdated computing infrastructure and systems.

**Challenge:** Making a buy vs. build (systems development) decision

**Recommendation:** Move away from in-house software development and towards commercially-tested products. Doing so is often faster and cheaper in the long run considering interoperability, updates in technology, and cybersecurity patches.

## V. Acquisition

### A. *Acquisition Strategic Plan*

**Recommendation:** As part of the VA Strategic Plan, the VA should have a supporting acquisition strategic plan to articulate how the VA will acquire the goods and services to achieve the goals of the broader VA plan.

As several other civilian agencies have done, we encourage VA to make the high-level points of the acquisition strategic plan memorable and something that the workforce can repeat as a mantra. For example, in 2012, the DHS Chief Procurement Officer Strategic Plan focused around four strategic priorities: quality contracting, quality people, quality program support, and quality industry/government communication.<sup>9</sup> Under each goal, further sub-goals and objectives can help balance the strategic and the tactical to make the strategic plan applicable to the everyday task.

The plan should also address fundamental acquisition questions that industry would likely have: What does competition mean at VA? How can VA ensure that companies of all sizes have a fair opportunity to compete so

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<sup>9</sup> DHS Chief Procurement Officer Strategic Plan, FY 2012 - 2014, available at [https://www.dhs.gov/sites/default/files/publications/10918-02\\_OCPO\\_strategic\\_plan\\_508\\_2.pdf](https://www.dhs.gov/sites/default/files/publications/10918-02_OCPO_strategic_plan_508_2.pdf).



that the VA has a healthy and robust industrial base of companies to draw from? How does the June 2016 U.S. Supreme Court’s decision in [Kingdomware Technologies](#), which requires the VA to award contracts to veteran-owned businesses under its “Rule of Two” process, impact the VA industrial base? Based on future program office demand, what acquisition vehicles best meet VA requirements? How can industry make investments today to prepare to do business with VA in the future?

*B. Process Refinement*

**Challenge:** The acquisition lifecycle is complex and involves many stakeholders within the VA and industry. The Secretary has the authority to make a Determination and Findings to streamline some decision making, but documentation needed for those are time consuming and often challengeable in court.

**Recommendation:** Clarify the dynamics and processes involved in the VA’s acquisition lifecycle. If the procurement process is too slow and does not deliver needed solutions, fix the process – do not go around it.

We suggest communicating to industry and the VA work force in simple language and include examples of situations that often occur. What are the VA’s procurement steps? What types of conversations/discussions are allowable during each phase? What types of conversations/discussions are never allowable? What types of conversations/discussions are always allowable?

*C. Communication*

**Recommendation:** Publish an inventory of all active IDIQ contracts the VA uses.

With possible procurement policy changes coming in category management and other initiatives, discuss the impact and implications of multiple award acquisition vehicles (T4NG, Schedule 70, OASIS, Alliant 2, etc.) to the VA mission and to the companies that comprise the VA industrial base. How will the VA use these (or other) awards to broaden its contractor base? Other civilian agencies, such as DHS and USAID, publish an inventory of their active IDIQ contracts.

Each acquisition requirement should be scrutinized to identify the appropriate acquisition vehicle.

**Recommendation:** Develop and post a frequently updated VA Acquisition Forecast.

Opportunities, whether at the prime contract formation or at the task order level, should be shared with industry as far in advance as practical. Doing so ensures companies are prepared to offer a solution in a timely manner and this ensures adequate competition. When updating the forecast, identify the contract vehicle the VA intends to use and if it is a set-aside, whether any set-aside-specific socioeconomic category will be used. For example, when VA indicates small business on OASIS, the VA should include the task areas and specific socioeconomic category.

Four years ago, USAID provided its forecast in a quarterly, locked PDF format that made it laborious and time-consuming for prospective bidders to search possible opportunities by function/specialty, location, set-aside, dollar amount, etc. PSC worked with senior USAID leadership to have it issued as a searchable Excel document. The agency also agreed to PSC’s suggestion to host quarterly calls responding to partners’ concerns over individual entries. USAID now allows its contracting officials to provide virtually real-time updates to entries, and seeks to ensure that such changes are easily identifiable to those reviewing the document. PSC believes AID’s efforts deserve greater recognition and replication throughout the federal government.<sup>10</sup>

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<sup>10</sup> USAID Business Forecast, available at <https://www.usaid.gov/business-forecast/search>.



Also, track and publicly report planned and actual procurement administrative lead time (PALT).

**Recommendation:** Create a full-time VA Industry Liaison and Procurement Ombudsman.

Most VA outreach sessions are led by a small business specialist and are, therefore, targeted for small businesses. An industry liaison can be the conduit for engagement with businesses of all sizes. Other civilian agencies, such as those within DHS, GSA, USAID, and Treasury, have formal industry liaisons and a procurement ombudsman to better coordinate strategic industry engagement.

Many civilian agencies<sup>11</sup> are working to help the acquisition workforce truly understand why industry wants to talk with them. PSC has conducted industry perspective sessions at two VA acquisition training conferences to help VA employees understand the parallel action industry is taking during the government’s acquisition lifecycle and why decisions or information made and not made available during the lifecycle impact bid/no-bid decisions among vendors. A full-time industry liaison would be central to helping plan and coordinate future activities.

VA should consider adding strategic forums with both large and small businesses— and VA program customers— to better understand the timeline contractors typically require to prepare a responsible and competitive proposal. This is an opportunity for VA to educate the vendor community on internal timelines, and for vendors to walk VA through all the steps that occur in industry before and after the first FBO announcement is released. This could be a series of webinars, live webcasts, or in-person discussions. It does not have to be specific to any particular procurement; however, the focus would be for government and industry to improve acquisition planning overall. A full-time VA industry liaison would be central to helping plan and coordinate these activities. A full-time industry liaison can help maximize the VA reach and impact with organizations like PSC.

#### *D. Access to Commercial Solutions*

**Challenge:** While many in Congress and the Administration seek to reward government contractors with a demonstrable commitment to helping our veteran heroes, a proliferation of veteran preferences will only limit the VA’s ability to access the best private sector solutions and to achieve the level of modernization necessary.

**Recommendation:** Resist attempts to further increase veteran preference initiatives in contract awards.

We believe that increasing veteran preference initiatives or creating an evaluation factor for “Corporate Commitment to Veterans”<sup>12</sup> will complicate and delay getting veterans the assistance and solutions they need. Contractors are already required to develop an affirmative action plan for veterans pursuant to the Vietnam Era Veterans Readjustment Assistance Act that is enforced by the Office of Federal Contract Compliance Programs (OFCCP) at the Department of Labor (DOL). On March 31, 2017, OFCCP announced its 2017 hiring benchmark of 6.7 percent, but contractors have authority to establish a different ratio. VA should rely on that DOL information as a frame of reference.

**Challenge:** Determining what tasks should be done by the private sector instead of the government can be a difficult exercise.

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<sup>11</sup> Miller, Jason. FedNewsRadio “4 Agencies Try to Reverse Years of industry-government Communication Tartar,” available at <https://federalnewsradio.com/reporters-notebook-jason-miller/2017/06/4-agencies-try-to-reverse-years-of-industry-government-communication-tartar/>.

<sup>12</sup> FedBizOpps, #VA119A17N0221, April 21, 2017, available at: [https://www.fbo.gov/index?s=opportunity&mode=form&id=5bbf5b5b240829d401d719c154216790&tab=core&\\_cview=0](https://www.fbo.gov/index?s=opportunity&mode=form&id=5bbf5b5b240829d401d719c154216790&tab=core&_cview=0). PSC filed comments raising concerns with this approach.



**Recommendation:** Consider outsourcing non-core business functions to the private sector.

The VA performs insurance functions (health care claims processing, benefits claims processing, eligibility, etc.), but claim processing/adjudication is not a core government function. The Department of Defense contracts out claims processing as part of the TRICARE Managed Care Support Contracts. VA should undertake an internal study to better enable a holistic organizational review and restructuring in support of OMB Memo 17-22. As an example, the VA offers a variety of insurance benefits, but insurance is not a core government function. Consider outsourcing this function to the insurance industry.

*E. Performance Based Acquisition*

**Challenge:** Government contracting personnel often manage contractors by quantifiable incremental tasks that show progress toward work being completed. However, this approach often fails to answer the fundamental question: Is the objective of this program being achieved? For example, does the program measure internet impressions, number of clicks, or service level agreements instead of more people signed up for the program, reduction in wait times, reduction in suicides, etc.

**Recommendation:** Make greater use of performance-based or outcome-based acquisition practices.

Performance-based acquisition requires a different management approach. Metrics drive success—not the mechanics of how the work is performed. Focus less on “*how*” and more on “*what*” is getting accomplished. These practices require different program management techniques. Performance incentives can be monetary or non-monetary. Monetary incentives include contract types<sup>13</sup> and alternative payment models or transition periods. Non-monetary incentives include extended-term or award-term contracts, commercialization rights, relief on the audit/regulatory side, and incentives at contract closeout, phase out, etc.

As the VA modernizes, the VA should make greater use of performance-based or outcome-based acquisition practices.

**Recommendation:** Assemble a group of talented acquisition personnel to work on procurements that use the FAR rules in non-traditional ways.

As an example, the DHS Procurement Innovation Lab (PIL) is a virtual initiative to bring together existing acquisition flexibilities along with new ideas about how DHS can quickly and effectively accomplish its missions through acquisition. The PIL employs an integrated project team model that draws together legal, contracting, program and other officials throughout the entire acquisition lifecycle, to proactively share best practices and work through potential pitfalls. By doing so, they hope to improve business and acquisition processes—including the development of solicitations, evaluation criteria, contract closeout, and debriefings—and expedite contract awards while also improving outcomes. They have conducted a handful of procurements in this manner. With procurements that have used similar tactics, some in industry have liked the streamlined process and some have not. Communication is even more important in these rapid procurements.

If the procurement process is too slow and does not deliver needed solutions, fix the process; do not go around it by employing alternative contracting practices, making new rules that are applicable only to certain companies, or by using FFRDCs or non-FAR-based transactions.

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<sup>13</sup> “PSC Taxonomy for Services,” available at [www.pscouncil.org/PolicyIssues/ABPC\\_Resources/PSC\\_Taxonomy\\_for\\_Services.aspx](http://www.pscouncil.org/PolicyIssues/ABPC_Resources/PSC_Taxonomy_for_Services.aspx).



**Conclusion**

PSC appreciates the opportunity to submit our recommendations and the commitment of VA executives to work constructively with industry to achieve better acquisition outcomes. We hope to build on this engagement and dialogue.

For questions or additional information, please contact Bradley Saull at [saul@pscouncil.org](mailto:saul@pscouncil.org).