FAA ACQUISITION MANAGEMENT SYSTEM

Overview and Lessons Learned

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ASU-100

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Basis for Reform

◆ 1996 DOT Appropriations Act (November 1995)

"In consultation with such non-governmental experts in acquisition management systems as he may employ, and notwithstanding the provisions of Federal acquisition law, the Administrator of the FAA shall develop and implement an acquisition management system for the FAA that addresses the unique needs of the agency and, at a minimum, provides for more timely and cost-effective acquisitions of equipment and materials."

Basis for Reform

◆ *"The following provisions of Federal acquisition law shall not apply to the new acquisition management system:*

➢ Title III of the Federal Property and Administration Services Act of 1949 (41 USC 252-266)

➢ The Office of Federal Procurement Policy Act (41 USC 401 et seq.)

➢ The Federal Acquisition Streamlining Act of 1994 (PL 103-355)

➢ The Small Business Act (15 USC 631 et seq.), except that all reasonable opportunities to be awarded contracts shall be provided to small business concerns and small business owned and controlled by socially and economically disadvantaged individuals.

➢ The Competition in Contracting Act.

➢ Subchapter V of Chapter 35 of Title 31, relating to the procurement protest system.

➢ The Brooks Automatic Data Processing Act (40 USC 759)

➢ The Federal Acquisition Regulation and any laws not listed above providing authority to promulgate regulations in the Federal Acquisition Regulation."

Basis for Reform

◆ 1996 Federal Aviation Administration Authorization Act of 1996

"New F&E contracts that are 150% of cost goal, fail to achieve 50% of performance goals, or are 150% behind schedule are to be terminated. Administrator may continue only when termination would be inconsistent with safe development/operation of system. Actions to be justified to authorizers/appropriators.

Programs 10% over cost, that fail to achieve at least 90% of performance goals, or 10% behind schedule should be considered for termination."

Acquisition vs. Procurement Reform

◆ The legislative relief for the FAA in congressional language was focused on procurement reform.

◆ The FAA approached procurement reform in the context of reform for the entire acquisition system. Discussions on the Hill confirmed this was the correct assumption.

Blue Ribbon Committee on Acquisition

◆ *"In consultation with such non-governmental experts in acquisition management systems as he may employ,…."*

Members:

◆ Mr. Dennis DeGaetano	Director of Acquisitions, FAA (Chairperson)
◆ Dr. Robert Roll	Rand Corporation
◆ Dr. Ralph Nash,	George Washington University
◆ Mrs. Darlene Druyun	Assistant Secretary of the Air Force for Acquisition
◆ Dr. Jacques Gansler	TASC, Inc.
◆ Mr. Bert Concklin	Professional Services Council
◆ Mr. Steve Kalish	Computer Sciences Corporation
◆ Dr. Steve Kelman	Office of Federal Procurement Policy
◆ Mr. LeRoy Haugh	Aerospace Industries Association
◆ Mr. Philip. K. Howard, Esq.	Howard, Darby, & Levin
◆ Mr. Matthew E. Brislawn	Boeing Defense & Space Group
◆ Ms. Melissa Spillenkothen	Assistant Secretary for Administration, DOT
◆ Ms. Pat Mcnall	Assistant Chief Counsel for Procurement Law, FAA
◆ Mr. John Turner	Regional Administrator, Central Region, FAA
◆ Mrs. Luz Hopewell	Director of SDBU, DOT
◆ Mr. Stanley Rivers	Deputy Director, Airway Facilities Service, FAA
◆ Mr. Marty Phillips	Director, IOT&E, FAA

Components of Acquisition Reform

⇨   Lifecycle Acquisition Management

Integrated Product Development System

Workforce Learning

Metrics

Budget Reform

Procurement

Guiding Principles - Acquisition

- Lifecycle process
- Applicable to all acquisition programs, regardless of dollars
- Applicable to systems, software, facilities, and services programs
- Lifecycle partnership between operators and providers
- More attention to Mission Analysis and Investment Analysis
- Preference for NDI/COTS
- Investment decisions at corporate level
- Program decisions at IPT level
- Little policy - A lot of guidance and tools
- Integration of acquisition and budgeting processes
- Achieve 50% reduction in time, 20% reduction in cost, within 3 years
- Framework for evolutionary product development

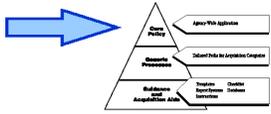# *Structure of the Acquisition Management System (AMS)*
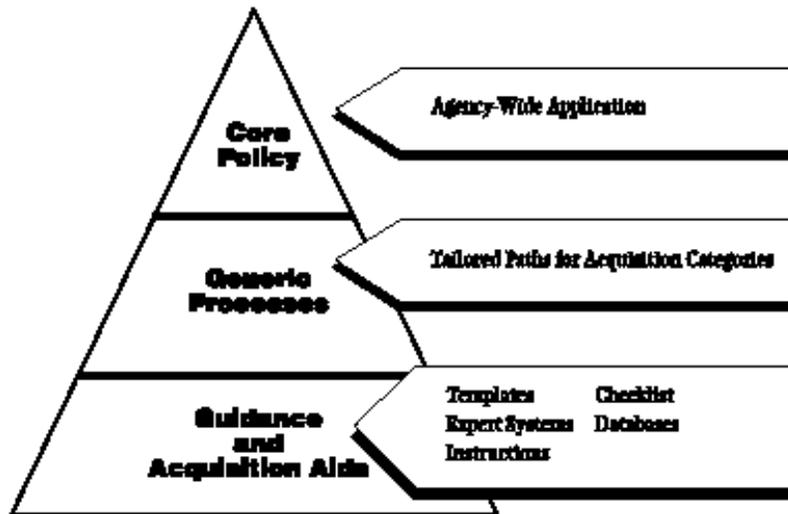
- ◆ **Core Policy**
  - – Essential and top-level requirements (Lean and mean)

- ◆ **Generic Proceses**
  - – Activity flowcharts and tailored guidance for all lifecycle phases, all types of programs

- ◆ **Aids and Tools**
  - – Reference system and functional guidance for all aspects of acquisition and procurement
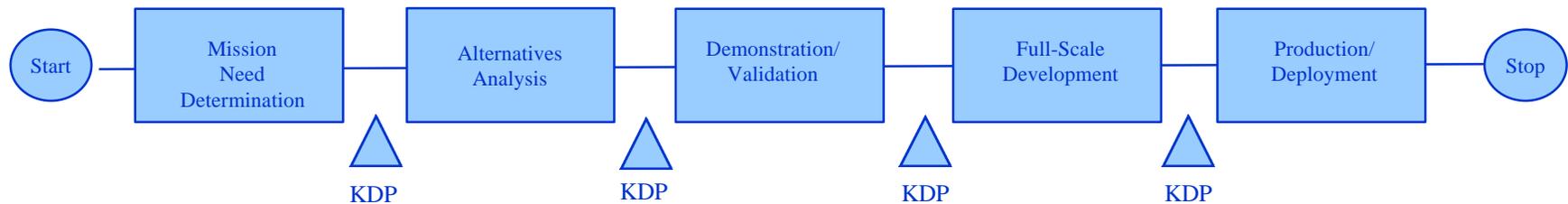
Core Policy

◆ Single policy document, "Acquisition Management System," (Report to Congress) dated April 1, 1996.

◆ Major revision dated June 2, 1997.

◆ More frequent revisions will occur starting April, 1998.

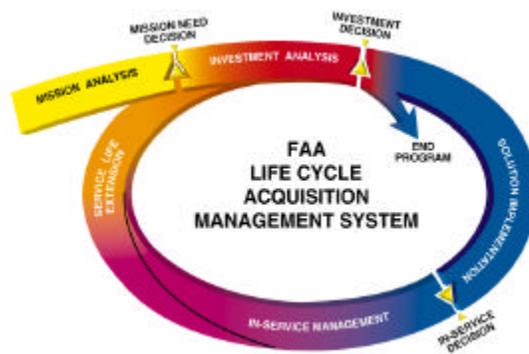◆ Official record of the policy is on the Internet (FAST), not on paper.

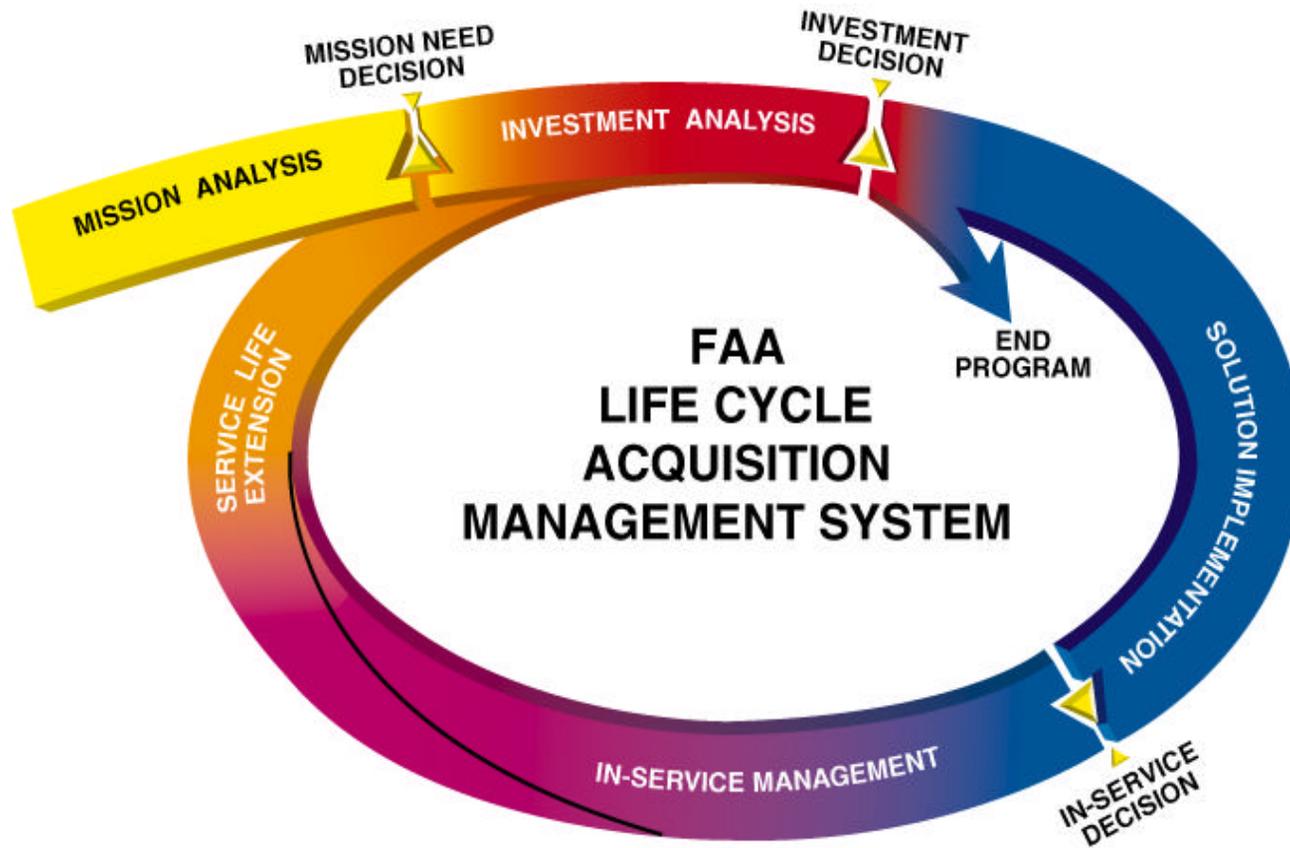# AMS Policy - A Shift in Acquisition Philosophy

From Linear:

Start	Mission Need Determination	Alternatives Analysis	Demonstration/ Validation	Full-Scale Development	Production/ Deployment	Stop

KDP   KDP   KDP   KDP

To Life Cycle:

FAA LIFE CYCLE ACQUISITION MANAGEMENT SYSTEM

• One seamless lifecycle acquisition system

• Continuous technology refresh

• Partnership throughout between users and providers

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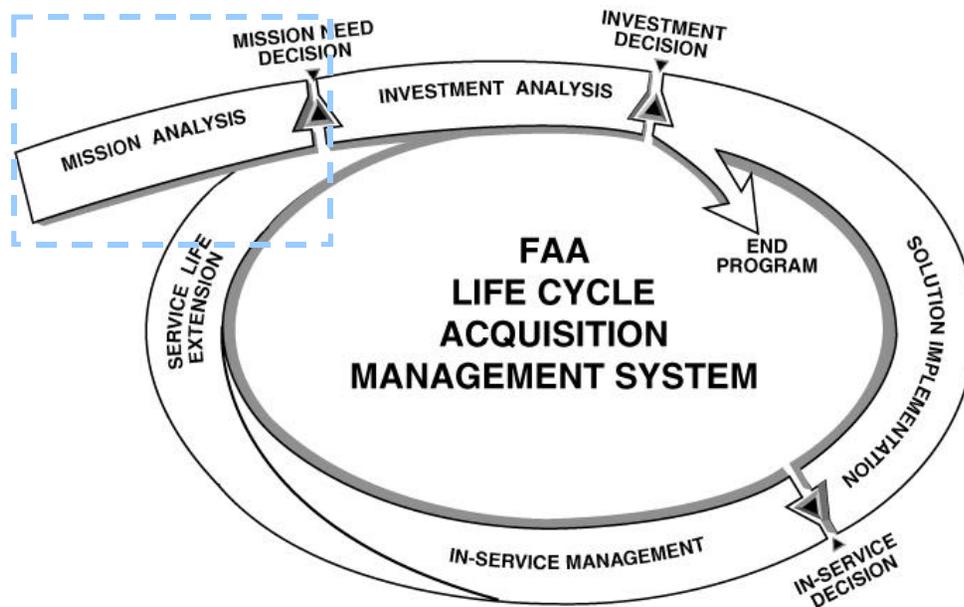# *Lifecycle Acquisition Management Process*

Mission Analysis

MISSION NEED DECISION

INVESTMENT DECISION

MISSION ANALYSIS

INVESTMENT ANALYSIS

SERVICE LIFE EXTENSION

FAA
LIFE CYCLE
ACQUISITION
MANAGEMENT SYSTEM

END PROGRAM

SOLUTION IMPLEMENTATION

IN-SERVICE MANAGEMENT

IN-SERVICE DECISION

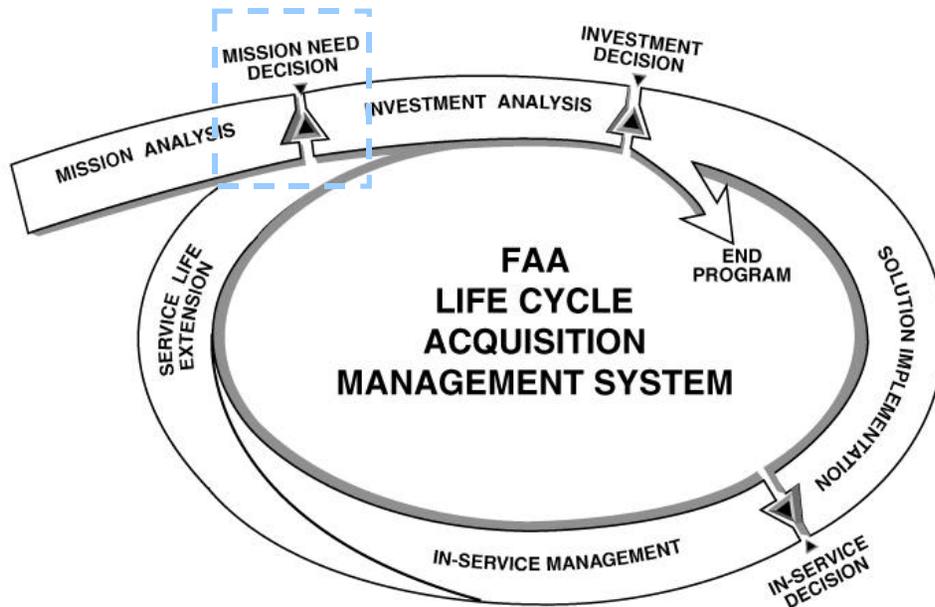**Continuous analytical function**

Focus on user needs, technology opportunities, concepts of operation, and NAS Architecture

Participation by users, customers, developers, industry, unions, etc.

Each line of business conducts mission analysis

Mission Need Decision

MISSION NEED DECISION

INVESTMENT DECISION

MISSION ANALYSIS

INVESTMENT ANALYSIS

SERVICE LIFE EXTENSION

FAA
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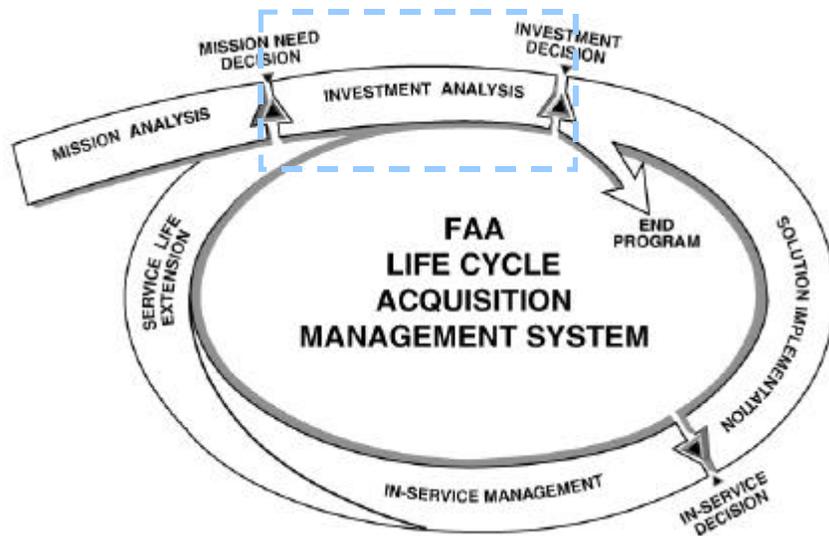
Joint Resources Council (JRC) Decision:

✓ **Approve mission need**

✓ **Prioritize need against all other Agency needs**

✓ **Authorize proceed into Investment Analysis**

JRC Chairperson:

Associate Administrator, line-of-business with the need

Investment Analysis

FAA LIFE CYCLE ACQUISITION MANAGEMENT SYSTEM

Requirements-driven process

Preference for commercial and non-developmental solutions

Sponsor/developer/IA staff teams determine best solution to meet needs and requirements
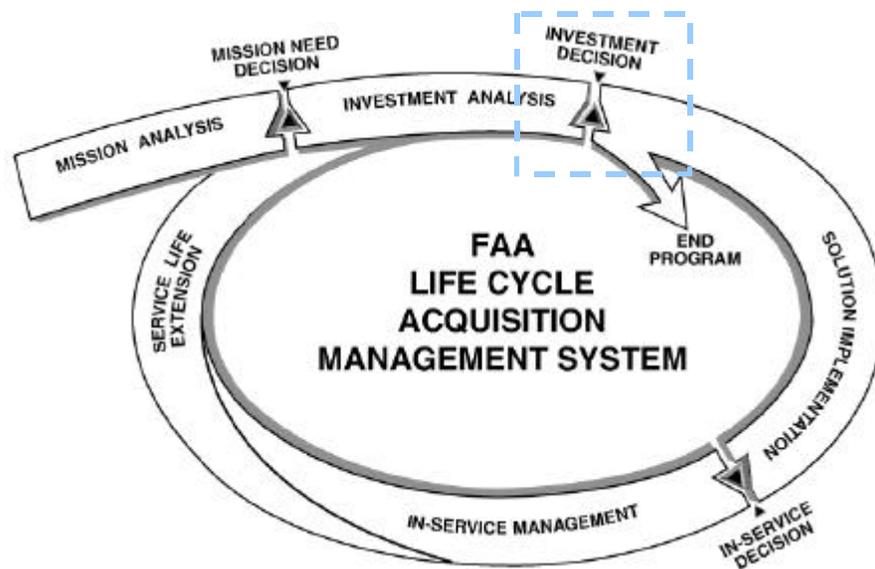
Stresses affordability at investment decision. Do not establish program without identified funding

Acquisition Program Baselines developed for candidate solutions

Corporate-level decision

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Investment Decision
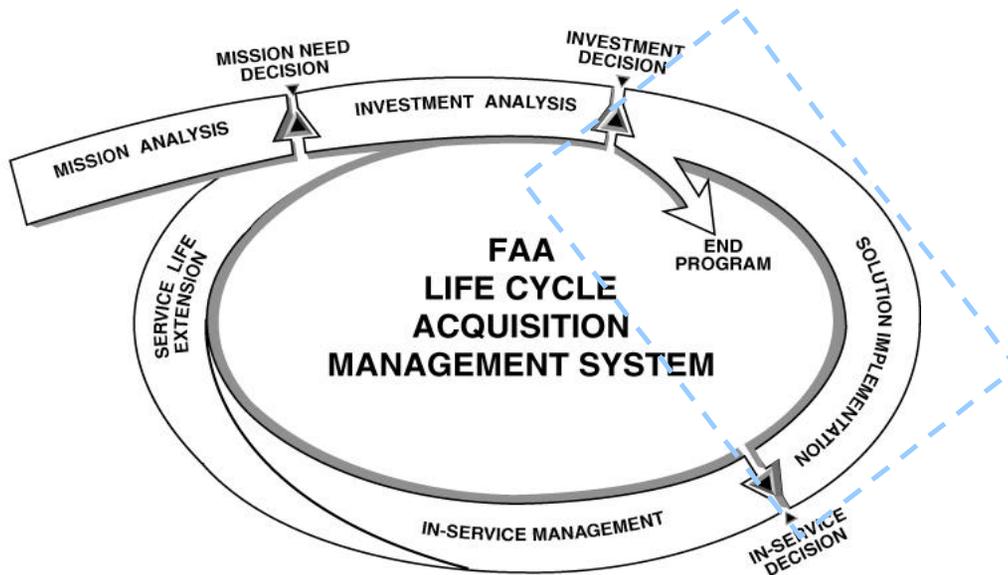

JRC Decision

✓ Select solution

✓ Establish and fully fund (LCC) acquisition program

✓ Establish program baseline (cost, schedule, performance, benefits)

✓ Assign and empower IPT

✓ Define any future Corporate involvement in program decisions

JRC Chairperson: Acquisition Executive

Solution Implementation

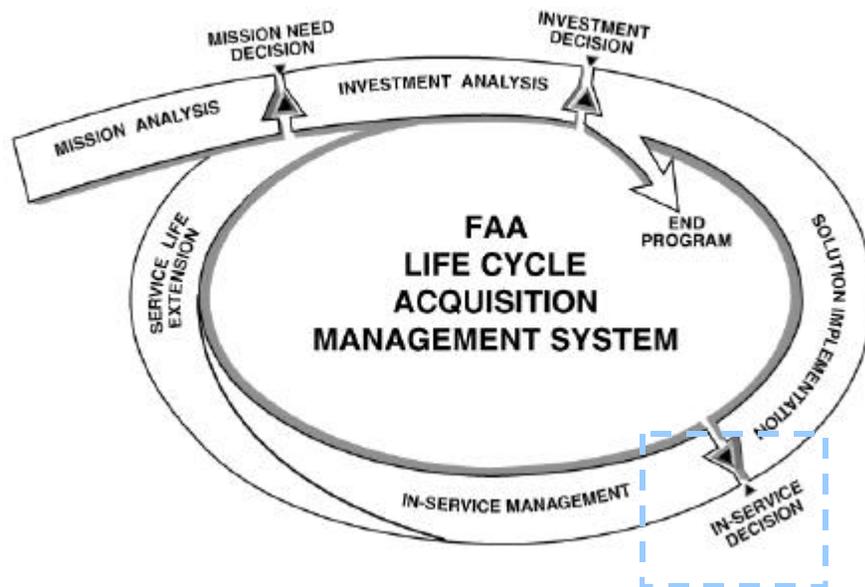Conducted by IPTs with members from developers, operators, users, customers, unions, etc.

IPT manages program within cost, schedule, performance, benefit baselines

Program decisions made by the IPT

Baseline (APB) changes go to JRC.

In-Service Decision

Decision Authority determined at Investment Decision by JRC

Required for all programs that field equipment or systems in the National Airspace System

Normal decision authority will be IPT

The line of business with the need will independently monitor, provide guidance, raise concerns, and brief the decision authority.

Office of IOT&E provides independent determination of operational readiness to decision authority

In-Service Management
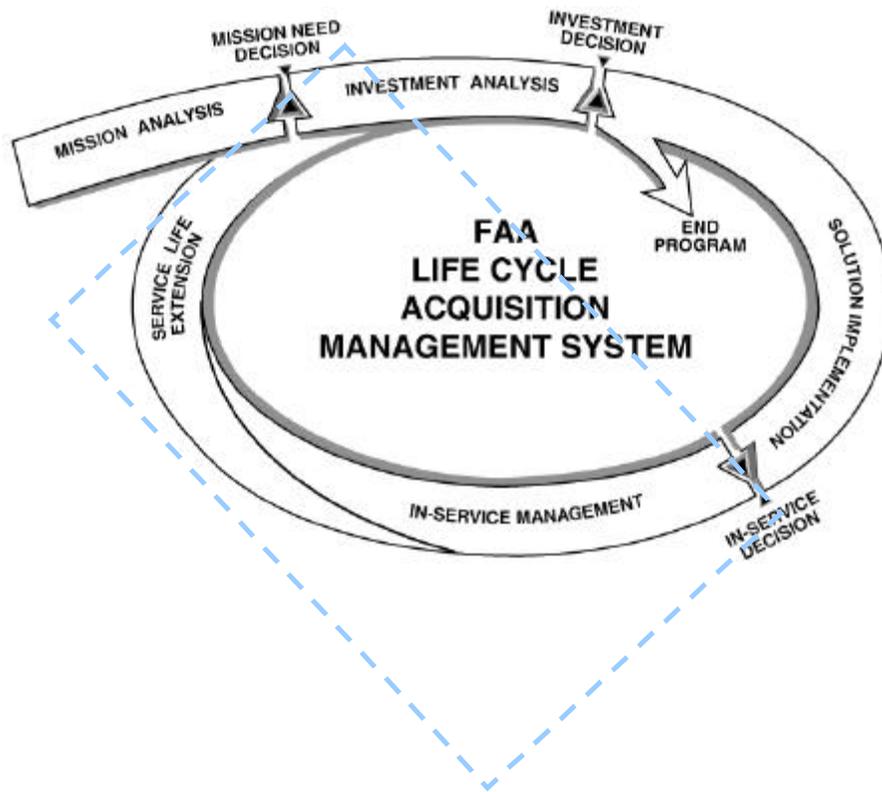
Focus on continuous product evolution and improvement

IPT remains responsible for fielded products (latent, defects, upgrades, P^3I, sustainment, service life-extension)

Partnership among operators, maintainers, and lifecycle IPT

Generic Processes

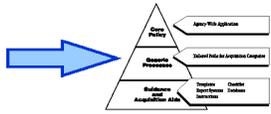◆ Tailored Activity Flowcharts with supporting links for every activity in the acquisition lifecycle phase, such as

– Activity description

– Who Does?

– Who Approves?

– Product

– References

– Documents

– Policy

◆ Processes include:

– Mission Analysis

– Investment Analysis

– Solution Implementation

» Systems and Software (4 variations)

» Facilities (2 variations)

» Services (3 variations)

» Others to be developed

– JRC Process

– Best Practices - sub processes

◆ All processes available in FAST

- **Computer-based Reference System**
- **Functional Disciplines Guidance (HF, CM, RM, T&E, etc.)**
- **Document Guidance and Templates**
- **References**
- **Procurement Toolbox**
  - Guidance
  - Contract Writing Tool
  - Clauses
  - Forms
- **ODR Information**
- **Links to outside Web Sites**
- **Lessons Learned**
- **Past Performance database**
- **Metrics**

FAA Acquisition System Toolset (FAST)

- ◆ The OFFICIAL single source for acquisition policy, guidance, generic processes, aids, and tools
- ◆ Replaces Paper documents
- ◆ Always current
- ◆ Internet-based (http://fast.faa.gov)
- ◆ One stop shopping
- ◆ Organized for easy access of the right information at the right time
- ◆ Access at every workstation
- ◆ Changes done under Configuration Management

Components of Acquisition Reform

Lifecycle Acquisition Management

➡ Integrated Product Development System

Workforce Learning

Metrics

Budget Reform
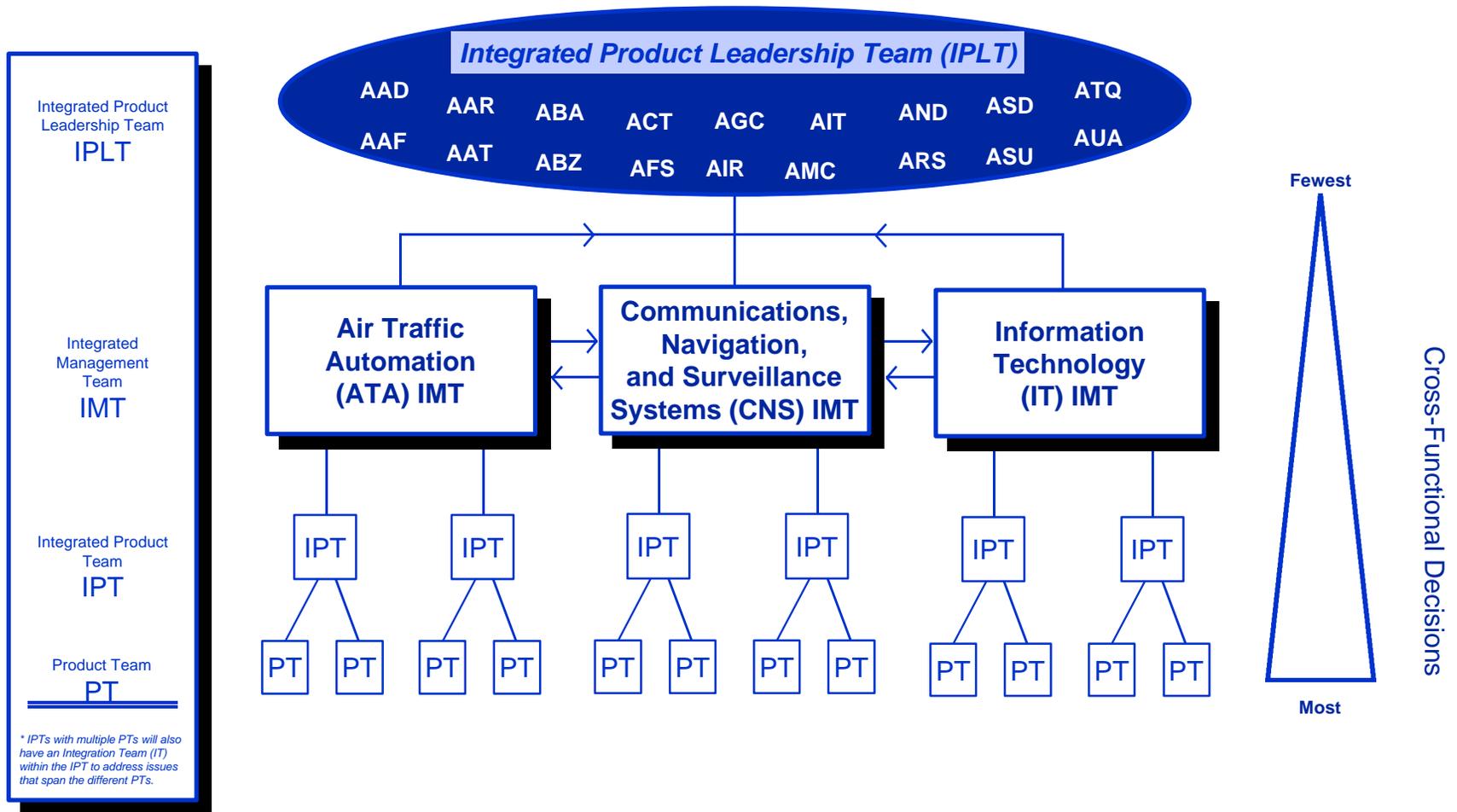
Procurement

Integrated Product Management System (IPDS)

- Implementing arm of AMS
- A comprehensive teaming approach that emphasizes lifecycle acquisition, cross-functional collaboration, and shared accountability
- All stakeholders are represented on the teams
- Empowerment to the lowest possible team level
- Teams leading teams
- IPT leadership typically shifts over time

IPDS Model

Integrated Product Leadership Team (IPLT)

| AAD | AAR | ABA | ACT | AGC | AIT | AND | ASD | ATQ |
| AAF | AAT | ABZ | AFS | AIR | AMC | ARS | ASU | AUA |

Integrated Product Leadership Team — **IPLT**

Integrated Management Team — **IMT**

Integrated Product Team — **IPT**

Product Team — **PT**

* IPTs with multiple PTs will also have an Integration Team (IT) within the IPT to address issues that span the different PTs.

Air Traffic Automation (ATA) IMT

Communications, Navigation, and Surveillance Systems (CNS) IMT

Information Technology (IT) IMT

IPT   IPT   IPT   IPT   IPT   IPT

PT PT   PT PT   PT PT   PT PT   PT PT   PT PT

Fewest

Most

Cross-Functional Decisions

Components of Acquisition Reform

Lifecycle Acquisition Management

Integrated Product Development System

Workforce Learning

Metrics

Budget Reform

Procurement

Workforce Learning System

- Identifies, maintains, and continuously assesses workforce capabilities
- Acquisition Executive is responsible for level of competence of the acquisition workforce
- Little acquisition and procurement policy and lots of guidance relies on increased competence of people
- The FAA Intellectual Capital Investment Plan (ICIP) is coupled with other agency planning documents
- Competencies, and the assessment of current skill inventory, under development
- Encourages self-directed assessment and learning

Components of Acquisition Reform

Lifecycle Acquisition Management

Integrated Product Development System

Workforce Learning

➡ Metrics

Budget Reform

Procurement

Metrics

- ◆ Acquisition Program Baseline is primary program control mechanism (Cost, schedule, requirements, benefits)

- ◆ Benefits are part of APB and must be managed

- ◆ Emphasis on compliance with Government Performance and Results Act of 1993 (GPRA)

- ◆ FAA organizational Performance Plans are directly linked to acquisition program metrics

Components of Acquisition Reform

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Budget Reform

Procurement

Budget Reform

◆ Not Realized

◆ Needed:
  – Mission Analysis budget line item (Non-program specific)
  – Investment Analysis budget line item (Non-program specific)
  – Start-up funds for new programs
  – Operations Appropriation Plan for acquisition programs
  – FUNDED Congressional mandates and add-ons
  – Stable and reliable funding

Lessons Learned - Lifecycle Acquisition Management

Going Well

♦ Cross-functional involvement of users and providers in all aspects of lifecycle (Stovepipes breaking down, more collaborative decisionmaking)

♦ Acquisition Program Baselines being established for all programs

♦ Development and use of FAST, the official single source of all acquisition policy, process, and guidance. Increased development of FAA standardized guidance and processes.

♦ Improved top-level agency mission focus. (Concepts of Operation, NAS Architecture, Performance Plans, JRC and IPLT commitment)

♦ FAA acquisition program decisionmaking working well and saving time without formal OST oversight and approval.

Lessons Learned - Lifecycle Acquisition Management

Needs Improvement

- Organizational cultural change
- Management understanding and advocacy for AMS
- Discipline in the execution of acquisition policy
- Understaffed Investment Analysis capability
- Unstable program baselines - Internal and external causes
- Weakness in certain functional capabilities (Risk Management, EVM)
- In-Service Management teaming of Users/Maintainers with IPTs
- Budget Reform
- Metrics for all components of acquisition lifecycle
- Implementation of Learning System

Components of Acquisition Reform

Lifecycle Acquisition Management

Integrated Product Development System

Workforce Learning

Metrics

Budget Reform

Procurement

Guiding Principles - Procurement

- Enable the selection of contractors with best value
- Focus on key discriminators in source selection
- Open communications with offerors
- Competition is the preferred method - Single source when necessary
- Internal process to resolve protests and disputes
- Source selection authority at IPT level, or lower
- Combine little policy, much guidance, and common sense business judgment
- Simplified/commercial procurement process
- Direct, competition-based small business utilization program

Procurement Reform Features

- Flexibility to tailor process to circumstances
- Open and tailored communications/discussions with offerors
- Reasonable competition focuses on offerors most likely to receive an award
- Use of Qualified Vendor's Lists (QVL)
- Tailored source selection procedures
  - Innovative proposal methods (Oral proposals, prequalification, etc.)
  - Use of best value selection criteria (e.g. past performance and cost)
  - Use of Internet
  - Shortened proposal submission times
- Direct competition-based small business process
- Source Selection Authority at IPT Leader-level or lower
- Internal protest and dispute resolution process
- Encourages common sense contracting instead of reliance on rigid FAR rules
- Expanded use of credit cards and third party drafts consistent with prudent business practice

Procurement Tools - On-line

- Electronic policy and guidance
- Contract Writing Tool
- Program Document templates
- Contract clauses and guidance
- Lessons Learned Database
- Contractor Past Performance Database
- Electronic Forms
- Office of Dispute Resolution Decisions and Orders
- Contracting opportunities system

Procurement Protests and Disputes

- Internal Office of Dispute Resolution handles cases
- Substantially more protests compared to pre-AMS. Majority have been withdrawn, dismissed, or settled.
- Approximately same number of disputes as pre-AMS. 75% have been settled.
- Lack of clear process and inadequate staffing, now corrected, caused early problems and numbers of cases.
- Status of all protests and disputes available on FAST Internet site.
- Open and frequent communications is a benefit.

Contract Statistics

New contract awards (18 month period to, and after, AMS)

	Pre-AMS	Post-AMS
Small Business (includes 8(a)/SEDB)	*76%*	*75%*
8(a)/SEDB	*26%*	*15%*
Competitive	*55%*	*73%*
Single Source (excludes 8(a)/SEDB)	*18%*	*22%*

Lessons Learned - (What IPTs experience)

- $15M competitive award made in 6 weeks from public announcement using downselect process and team.

- Meaningful market surveys save solicitation and evaluation time and improves quality of solicitations and proposals .

- The Internet is invaluable for issuing SIRs.

- Oral proposals have reduced evaluation time and provided the source selection team an opportunity to observe how their key personnel will operate.

- Vendor participation in developing specifications and SOW has resulted in quality proposals and reduced costs to offerors.

- Qualified Vendor Lists provide for quick awards in repetitive, simplified requirements and reduces vendor costs.

- Flexible public announcement times allows the IPTs to tailor the process to the requirement.

Lessons Learned - Procurement

Going Well

- Flexibility has significantly reduced procurement lead time, from solicitiation to award
- Cost savings for industry to bid
- Open communications permits better understanding of FAA requirements by industry
- Simplified procedures being used whenever possible
- Prequalifying vendors for routine/repetitive requirements is resulting in more competent contractors

Lessons Learned - Procurement

Needs Improvement

- Training and awareness
- Risk taking and innovation by Contracting Officers.
- Break FAR habits
- Understanding of protest and dispute resolution process by vendors
- Understanding and use of Internet (FAST)
- Cultural change

Joint Resources Council (JRC)

- ◆ **Makes corporate-level decisions, as follows:**
  - – Mission Need Decision
  - – Investment Decision
  - – APB change decisions
  - – Approval of the FAA budget submissions
  - – Approval of the National Airspace System (NAS) Architecture

- ◆ **Membership**
  - – Associate Administrators for each line of business (Air Traffic Services, Airports, Regulation & Certification, Civil Aviation Security, Administration, Commercial Space Transportation, Research & Acquisitions)
  - – Acquisition Executive
  - – Assistant Administrators for System Safety, & Policy, Planning, and International Aviation
  - – Chief Financial Officer
  - – Legal Counsel

Acquisition Planning and Control Documents

- Mission Need Statement
- Requirements Document
- Investment Analysis Report
- Acquisition Program Baseline
- Acquisition Strategy Paper
- Integrated Program Plan