



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
RESEARCH, DEVELOPMENT AND ACQUISITION  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

APR 20 2001

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (USD(AT&L))

Subj: COMMERCIAL ACQUISITION PLAN

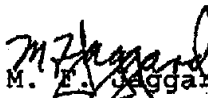
Ref: (a) USD(AT&L) memo of January 5, 2001

Encl: (1) Navy Commercial Acquisition Plan Utilizing  
FAR Part 12

As requested by reference (a), enclosure (1) is provided.

The development and implementation of an integrated plan to meet the goals established by reference (a) will require significant time and effort to coordinate the effort for all Department of the Navy acquisition activities. Some acquisition activities will exceed the goals, while others, because of the systems and items that are procured, will not. Through coordinated and focused effort and training, significant improvements can be achieved and the goals met or exceeded.

My point of contact is Mr. Ronald G. Ostrom (703) 602-2798, fax (703) 602-2117, email (ostrom.ronald@hq.navy.mil).

  
M. F. Daggar  
CAPT, SC, USN  
Executive Director (Acting)  
Acquisition and Business Management

**Navy Commercial Acquisition Plan**  
**Utilizing FAR Part 12**

**OBJECTIVE:**

To achieve or exceed the Goals for Commercial Acquisitions established by the Under Secretary of Defense for Acquisition, Technology & Logistics (USD(AT&L)) in his memo of January 5, 2001.

**GOALS:**

The Department of Navy goals are to:

- (1) Double the dollar value of Federal Acquisition Regulations (FAR) Part 12 contract actions awarded in (FY) 1999 by the end of FY 2005. The 1999 baseline was \$1.3B.
- (2) Strive to increase the number of FAR Part 12 contract actions awarded to 50 percent of all contract actions awarded by the end of FY 2005.

(For the purposes of these goals, a contract action is defined as any new contract award and/or new delivery order placed against a contract, awarded with a value greater than \$25,000.00).

**ACTION ITEMS/PLAN:**

(1) **Management Emphasis:**

- (a) Assistant Secretary of the Navy for Research, Development and Acquisition (ASN(RD&A)) will issue a memorandum to all Department of Navy (DON) acquisition activities expressing the importance of meeting these goals, the benefits of using commercial items and using FAR Part 12.
- (b) DON acquisition activities will establish an internal plan for meeting their respective internal goals.
- (c) DON acquisition activities will report quarterly on lessons learned. Reports will be distributed throughout all DON acquisition activities.
- (d) DON acquisition activities will be directed to place information on their homepages, points of contact where commercial sources may submit proposals or documentation on commercial items/products, which they feel may have military or Navy application. Points of contact will be listed by various specialty categories.

- (e) The DON will establish a technology resource team whose objective it will be to scour existing commercial technology and technology in research for possible military utilization. The team will consist of members from each of the DON acquisition activities. This will include searching trade magazines, attending trade shows and Business Opportunity Days and demonstrations.
- (f) The document, which establishes the procurement requirement (PR), will contain a certification signed by the Program Manager (PM)/Requiring Agent, which states, "This requirement can/cannot be met by a commercial item." with supporting information. A similar certification by the contracting officer will be contained in Justification and Authorizations (J&As) and Business Clearance Memorandums (BCMs).
- (g) A contract clause will be developed which will be included in all contracts, requiring contractors to search for commercial items, which may be incorporated as replacements for or parts of existing systems.
- (h) On September 18, 2000 the DON implemented the Innovative Commercial Contracting Strategy Program that was discussed in Assistant Secretary of the Navy for Research, Development and Acquisition (ASN(RD&A)) memorandum of April 24, 2000 (Attachment (1)). RADM G. H. Jenkins, Jr. the Deputy for Acquisition and Business Management (ASN(RD&A) (ABM)) will be visiting DON Acquisition activities in the near future to promote the benefits of the program. The program is a two-phase solicitation process wherein industry is requested to recommend commercial solutions from existing technology for existing Navy needs or problems. Electronic distribution of the solicitation is encouraged. The resulting contract will be issued utilizing FAR Part 12 on a performance-based statement of objectives. This program is fully described on the web under "Advance NAPS Notice" at <http://www.abm.rda.hq.navy.mil/naps/index.html>

(2) Training:

- (a) The Director, Acquisition Career Management will coordinate with Defense Acquisition University to ensure this subject is incorporated into and emphasized in the training curriculum.
- (b) Each Department of Navy acquisition activity will incorporate this issue into their internal training sessions to ensure that all members of the acquisition team (requirements, program management, logistics, contracting, legal, etc.) are aware of the emphasis and the benefits of commercial items and FAR Part 12.
- (c) Guides and tools will be developed to assist in the market research for commercial items.

(3) Metrics: ASN(RD&A)ABM will track the purchases made by the DON acquisition activities utilizing the DD 350 system and will report status quarterly.



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APR 24 2000

MEMORANDUM FOR DISTRIBUTION

Subj: INNOVATIVE COMMERCIAL CONTRACTING STRATEGIES

Encl: (1) A Naval Strategy for Commercial Contracting

In order for the Department of the Navy (DoN) Research, Development and Acquisition team to continue to meet warfighter needs, it is imperative that we identify new and innovative ways to acquire better products and services faster and at lower costs. Toward this end, we have devised an innovative strategy for identifying and acquiring commercial solutions to meet DoN requirements. This strategy uses a blend of the Broad Agency Announcement concept, industry commercial best practices and FAR Part 12 contracting methods. As you are all probably aware, the use of innovative strategies to make the best use of available commercial products and services is continuing to receive much high-level attention. I encourage you to incorporate the strategy described in enclosure (1) in appropriate acquisitions under your cognizance.

My Deputy for Acquisition and Business Management, RADM Bill Jenkins, will be contacting each HCA in the near future to discuss initiatives in implementing this strategy. I am interested in ensuring open and timely communications between our offices, and in establishing feedback channels for communicating successes and lessons learned. Finally, please let me know of any additional concepts or approaches you think would contribute to our mutual effort to increase the use of commercial items to best meet our warfighters' needs. RADM Jenkins can be reached at telephone number 703-602-2338 or e-mail: [jenkins.gwilym@hq.navy.mil](mailto:jenkins.gwilym@hq.navy.mil).

  
H. LEE BUCHANAN

Distribution:  
HCAs  
FEOs  
DRPMs  
DASNs

Attachment (1)

## A NAVAL STRATEGY FOR COMMERCIAL CONTRACTING

### "A Reengineering Tool"

**Purpose:** We have identified a new and innovative approach to acquire goods and services. The strategy uses a blend of the Broad Agency Announcement concept with industry commercial practices and FAR Part 12 commercial guidelines. This strategy will allow us to contract for the "commercial idea/strategy" vice the traditional end user's "pre-defined product or service". Industry participates at the onset by defining the state of what is possible. This approach allows us to continuously receive state-of-the-art commercial ideas that could be used or modified to satisfy specific requirements.

The new strategy uses a two-phase acquisition approach: Commercial Area Announcement and Request for Commercial Offering.

**Phase I: Commercial Area Announcement (CAA).** The primary objective of the CAA is to provide us with a comprehensive picture of "the state of what is possible" in the commercial world with respect to satisfying our requirements. We will use the CAA as a form of market research within business sectors. We will publish a CAA in numerous public journals (e.g. Wall Street Journal and USA Today), as well as the Commerce Business Daily (CBD), detailing the overarching concept. We will also conduct a "Business Opportunities Day" to disseminate our requirement and to clarify our objectives with industry. Through the CAA, we will encourage industry to submit their diverse and innovative approaches for satisfying a generic requirement within a business sector.

In the CAA phase there is no commitment to contract. From a commercial standpoint, the CAA is a tool for industry to inform us, in broad terms, what possibilities they foresee for satisfying our requirement. Industry will provide their commercial "solution" to a performance based Statement of Objectives.

**Phase II: Request for Commercial Offering (RCO).** (CBD notice reaffirmed) We will review and integrate industry's input from Phase I, and issue a 2-3 page RCO that provides our Statement of Objectives. Industry will review the RCO and if interested they will respond to the

RCO with complete detail as to how their concepts/ideas will meet and potentially exceed the performance based objectives. Industry's commercial offerings are to identify their break-through strategies, proprietary aspects, and detailed processes for achieving their specific unique ideas. These pioneering strategies from industry are expected to specifically identify small business alliances/partnering arrangements and by their commercial nature they will be fixed price or fixed price incentive agreements. All of Phase II will be conducted in an environment of full and open competition.

**Conclusion:** This revolutionary strategy is a hybrid of existing public and commercial practices. This approach shifts the fulcrum of competition from that of the end item to that of an idea. It is designed to take maximum advantage of the acquisition of commercial items, and is underwritten by FAR Part 12. An advance Navy Acquisition Procedures Supplement (NAPS) notice will be issued with detailed guidance to contracting officers.