

Navy Gold Coast Small Business Procurement Event: First-hand reporting on DoD and USN budgets and future procurements

BY **BOB GOURLEY** AUGUST 29, 2013 08:59 PM EDT

This week in San Diego, over 1100 registrants heard presentations on how to do business with the Navy. Although billed as a Small Business event, it was equally attended by small, medium and large industries – all hoping to improve their understanding of the upcoming opportunities.

The event was well organized and the information presented was valuable, however this year there were only TWO of the systems commands presenting: NAVFAC and SPAWAR. Unlike years past, there was no representation from NAVAIR, NAVSEA, ONR, NAVFAC and NAVSUP. This was a huge disappointment to the crowd and will cause attendees to reevaluate future interest in attending. However, if your pursuits were in the Construction or Command and Control sectors, there was still considerable information to be gleaned.

Mr. Richard Ginman, Director, Defense Procurement and Acquisition Policy, reviewed the budget cuts and confirmed what the audience already knew: FY2013 will end up about 10% less than FY2012 and FY2014 will be even lower than that. The Better Buying Power 2.0 initiatives that Frank Kendall has put in place will continue to shape the landscape. Anyone doing business with DoD needs to understand how DoD is focusing on the underlying costs of what it buys, trying to get more bang for the buck. DoD has long been dissatisfied with their overall return on investment, especially for IT upgrades. In the commercial world, when a company makes an investment in new technology, they expect (and usually see) a considerable out-year savings. Specifically: costs go down as a result of an initial outlay. DoD wants to be able to see that same down-curve.

Many of the industries represented at the conference provided IT Services to DoD. This area will continue to receive increased scrutiny for several reasons. “Services” represents over 50% of what DoD spends for IT. Unlike an airplane or a router or a new type of hull paint, there is no “technical authority” for “services”. This results in poor quality contracts that don’t clearly articulate what they are trying to achieve.

For years DoD has been trying to roll these service-type contracts up to higher echelons (presumably to take advantage of better contracting expertise). OSD is creating Functional Domain Experts to look at how DoD purchases services, with an eye towards making improvements. Additionally, effort will be expended

to move legitimate service contracts away from large businesses toward small businesses, to save costs. We can expect this effort to continue with a vengeance in 2014.

SPAWAR Commander RADM Pat Brady reemphasized his 2014 priorities: effectively deliver CANES, NGEN and MUOS to the fleet and improve his capabilities as IT Technical Authority to DoN. For the past few years, his folks have strategically prepared for the expected downturn by consolidating and awarding contracts for the above capabilities. Now he is in execution phase, and is able to proceed despite the reduced R&D funding. This is an important point: as the R&D money declines in DoN, the O&M and OPN money is steady or increasing. The Navy focus will be on DEPLOYMENT of capabilities for the next few years.

He will continue to make use of the Service Acquisition Requirements Review Boards, also known as “Contract Courts”. Despite their ominous name, he is focused on making them a “conversation that leadership has with the program managers and others to see WHO is making the decisions and HOW these decisions are made”. He plans to continue to use the Tripwires as a metric for supervisory review. The small amount of R&D funding Navy gets will mostly be funneled out to Industry via the Navy-wide BAA for Rapid Innovation. The pre-solicitation was released on 29 JULY. White papers will be collected until 30 September. Navy will “invite” some of the white-paper submissions to provide a full proposal and awards should be made around Christmas. Navy expects to have up to \$65 Million for this program. Despite the downturn in DoD and DoN funding, the group was mostly upbeat. No one working in DoD expected a future of ever-increasing resources. Professional DoD industries will find plenty of work in the out years, as long as they provide a valued capability. New contractual terms that incentivize productivity in DoD will enable companies that do this well to not only survive the downturn, but also thrive.