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U.S. Army Contracting Command



Contracting's Role in Acquisition

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ACC-APG



Agenda

- **Introduction to ACC-APG**
- **Contracting in the Acquisition Process**
- **Government Contracting Process**
- **Budget Information**
- **Trends in Acquisition and Contracting**
- **Focus of Contracting**



ACC-APG Consolidation

- 1 April 2011: ACC Executive Director directed the consolidation of the former ACC-APG (SCRT) and ACC-APG (C4ISR) Centers

- Phased approach
 - Phase I, 26 May 2011 – ACC-APG Executive Director briefed the ACC Executive Director and Deputy on progress to date and received approval of the consolidation strategy.

 - Phase II, 15 Aug 2011 – Phase II began with approval of the consolidation strategy, single PARC with 3 HCAs.

 - Phase III, 1 Oct 2011 – Phase III concluded with FOC 1 Oct 2011.

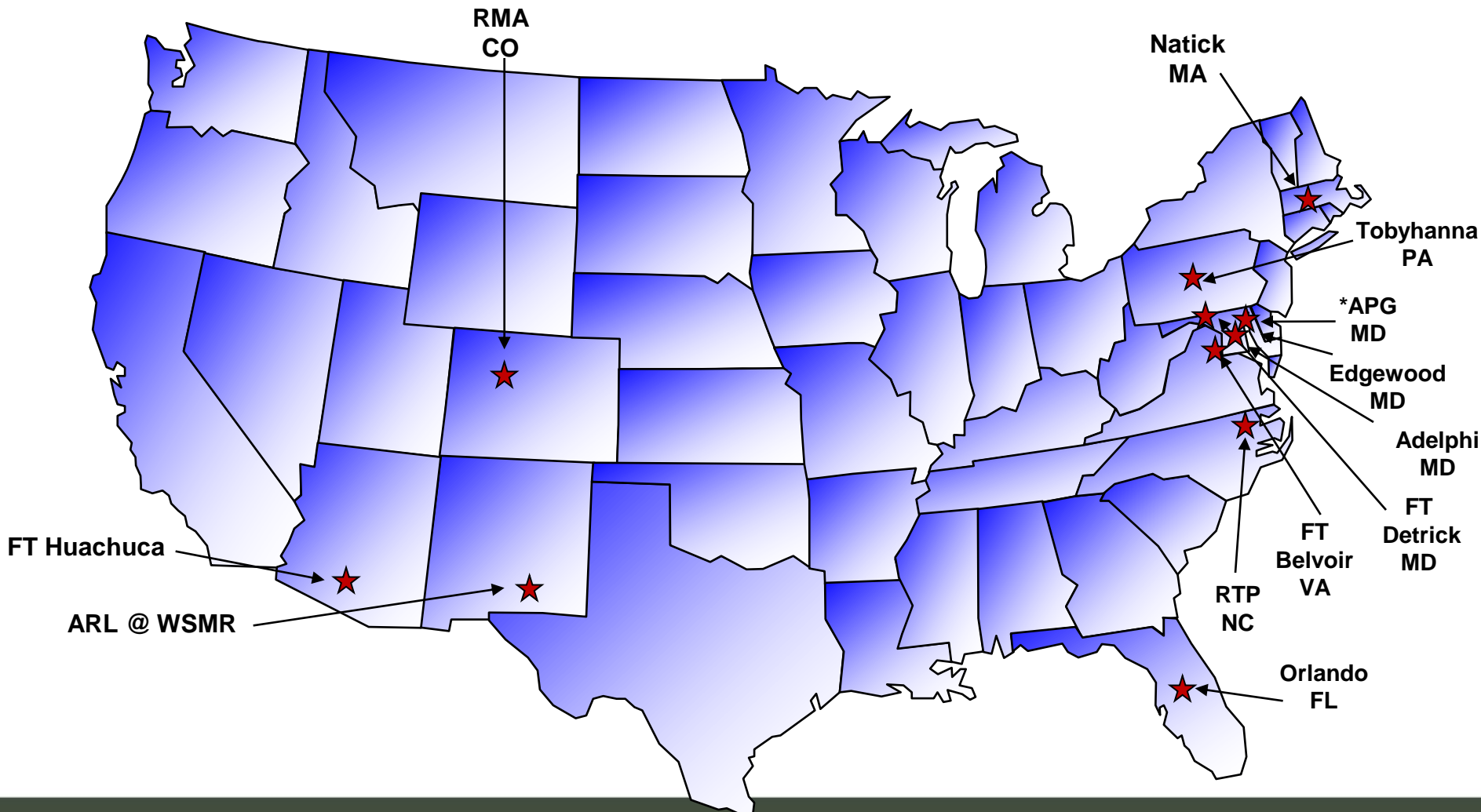


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ACC-APG Locations



ACC-APG



ACC-APG Actions/Obligations

ACC-APG RDECOM/SCRT

	<u><i>Actions</i></u>	<u><i>\$Obligated</i></u>
FY05	14,500	\$3.4B
FY06	15,100	\$4B
FY07	16,500	\$6.1B
FY08	23,500	\$6.3B
FY09	23,000	\$6.9B
FY10	22,000	\$7.2B
FY11	22,000	\$6.5B

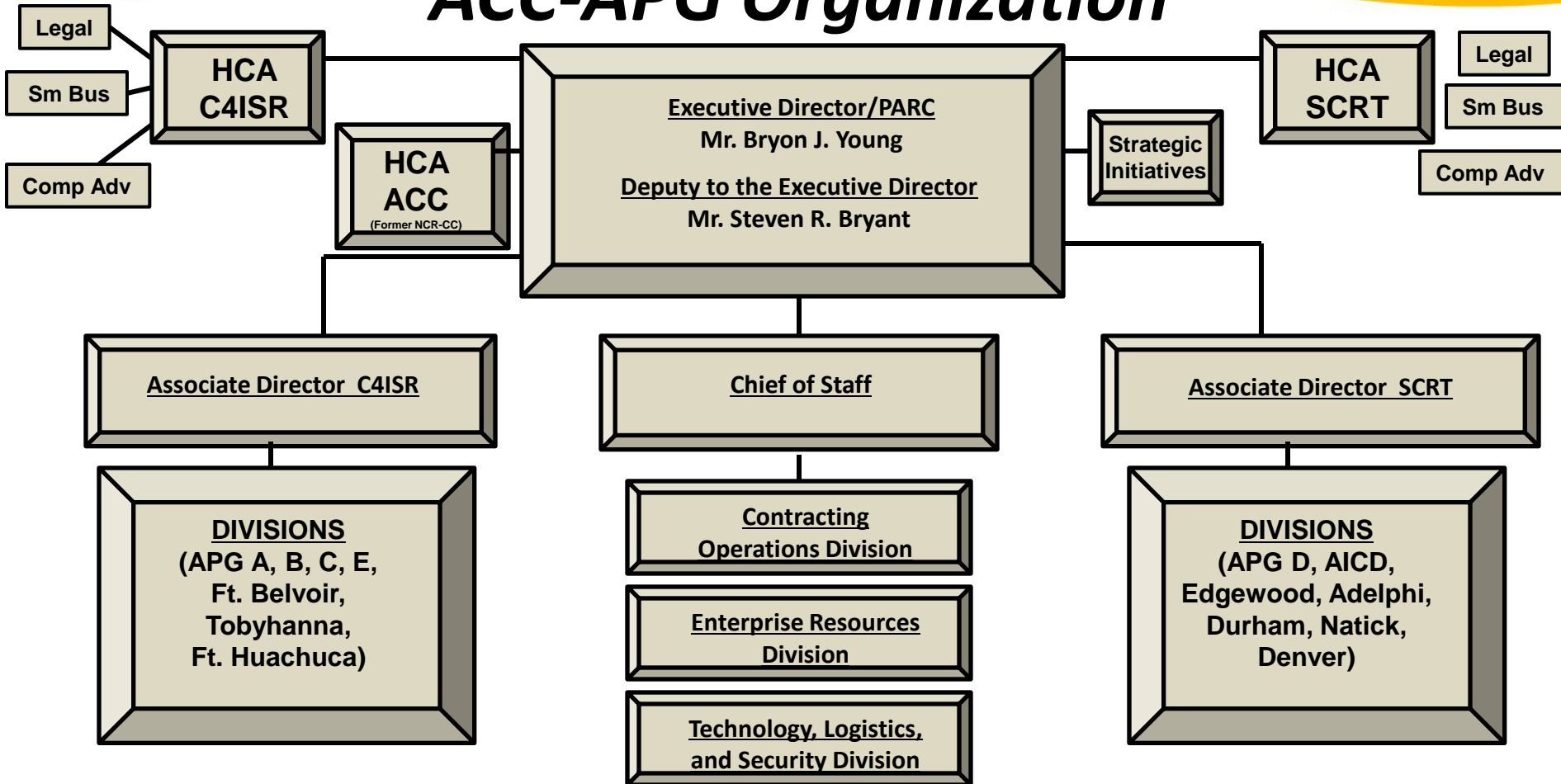
ACC-APG CECOM/C4ISR

	<u><i>Actions</i></u>	<u><i>\$Obligated</i></u>
FY05	14,000	\$8B
FY06	16,000	\$11.5B
FY07	17,000	\$12B
FY08	25,000	\$14.5B
FY09	24,000	\$15B
FY10	22,000	\$14B
FY11	26,500	\$11.7B

FY11 Combined Totals
Approx. 48.5K Actions & >\$18B Obligated



ACC-APG Organization





Contracting in the Acquisition Process

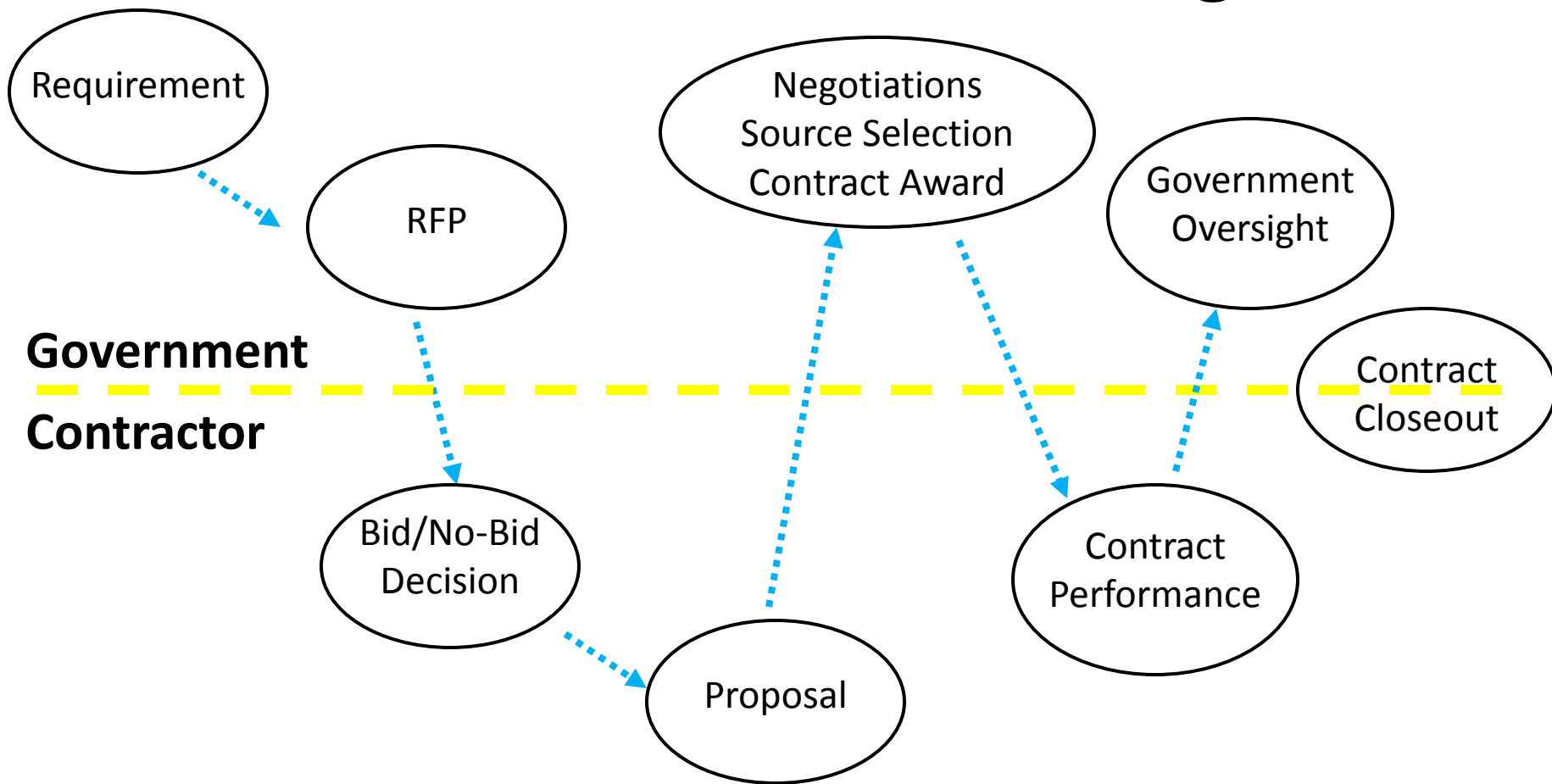
- Acquisition is a process by which the Army:
 - Determines needs/requirements
 - Conducts research to define alternative solutions
 - Selects best solution
 - Produces materiel used to equip military forces

- Contracting bridges the gap between Army requirements and vendors that can satisfy those requirements
 - Full partners in the acq life cycle management process
 - Help customers plan, define requirements, develop acq strategies and documentation
 - Knowledgeable of current/projected economic conditions and impact on industry
 - Manage risk, develop, and negotiate mutually beneficial business arrangements





Government Contracting





Budgeting and Contracting

➤ Budgeting

- Accomplished well in advance of planned contract award
- In compliance with funding policies of appropriation to be used
- Amount based on “**most likely price**” of planned work effort
- Funds above budgeted amount may be needed for contract modifications, overruns, requests for equitable adjustments, claims and litigation judgments; request funds when known

➤ Contracting

- Action during execution phase of acquisition process
- Upon award/mod, must have and obligate total amount of funds for “price” of effort (exception – R&D work)
- Contract “price” = contractor’s “cost” plus company profit or fee



Budget Guidance & Budget Realities

- **“...military spending on things large and small can and should expect closer, harsher scrutiny.”**
- **“...it is unlikely that we will achieve the real growth rates necessary to sustain current force structure.”**
- **“Another category ripe for scrutiny should be overhead”**
- **“...reduce funding devoted to unneeded or low-priority overhead.. eliminating unneeded programs and activities...”**
- **“But other savings can be found within programs and activities we do need, by conducting them more efficiently.”**
- **“...the savings we are seeking will not be found overnight.”**
- **“We need the input and involvement of industry...”**



Trends in Acquisition and Contracting Next 1-5 Years

- **Emphasis on “Affordability” and “Productivity” in Defense Spending – Driven by Dr. Carter & Mr. Panetta**
- **Consolidate Common Items (Both Supplies and Services)**
- **Expect more emphasis on cost/price**
 - **LPTA = Lowest Price Technically Acceptable**



Contracting Focus

- **Government Customer Requirements/ Objectives**
 - Metrics
 - Spend Plans
 - Milestone Planning/Slips/Managing Expectations
 - Post Award Metrics
- **Managing Quality of Spend vs. Quantity of Spend**



Any Questions?