

**Strategic Objective: Improve acquisition processes from requirements definition to execution phase and through lifecycle enhancements, to acquire and sustain military-unique and commercial item**

## **OVERVIEW:**

In the Better Buying Power (BBP) initiative announced in September 2010, and re-emphasized in the November 2012 memorandum introducing BBP 2.0, the Under Secretary of Defense for Acquisition, Technology and Logistics (USD (AT&L)) directed the acquisition professionals in DoD to deliver better value to the taxpayer and warfighter by improving the way DoD does business. Next to supporting the Armed Forces at war, this was the President's and Secretary of Defense's highest priority for DoD's acquisition professionals. USD (AT&L) pointed out their continuing responsibility to procure the critical goods and services U.S. Armed Forces need in the years ahead without having ever-increasing budgets to pay for them. DoD's BBP initiatives focus attention on achieving affordable programs, controlling costs throughout the product lifecycle, incentivizing productivity and innovation in industry and government, eliminating unproductive processes and bureaucracy, promoting effective competition, improving tradecraft in acquisition of services, and improving the professionalism of the total acquisition workforce. On April 9, 2015, USD (AT&L) announced in an implementation directive the next step in the BBP continuum – BBP 3.0 Achieving Dominant Capabilities through Technical Excellence and Innovation. BBP 3.0 places a stronger emphasis on innovation, technical excellence, and quality of products.

DoD Components have incorporated BBP concepts into their acquisition programs, resulting in sound programs where requirements and resources are matched at program initiation.

**Performance Indicators:**

| <b>DoD STRATEGIC GOAL #4: Achieve Dominant Capabilities through Innovation and Technical Excellence</b>  |   |   |  |
|--|---|---|--|
| <b>Performance Goals</b>   | <b>Performance Measure Indicators</b>   | <b>Prior Year Results</b>   | <b>FY15 Results</b>                              |
| <b>Strategic Objective (SO) 4.3: Improve acquisition processes from requirements definition to execution phase and through lifecycle enhancements, to acquire and sustain military-unique and commercial items.</b>  |   |   |  |
| FY14-15 APG 4.3.1: By September 30, 2015, DoD will improve its acquisition process by ensuring that the median cycle time for Major Defense Acquisition Programs (MDAPs) will not increase by more than 2 percent from the previous year; the average rate of acquisition cost growth for MDAPs will not exceed 3 percent from the previous year; the annual number of MDAP breaches--significant or critical cost overruns for reasons other than approved changes in quantity--will be zero; and DoD will increase the amount of contract obligations that are competitively awarded from 58 percent in FY 2014 to 59 percent in FY 2015. (USD (AT&L))   | Average rate of acquisition cost growth from the previous year for Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after.  | FY10-11 Actual: N/A<br>FY12 Actual: -0.3<br>FY13 Actual: -1.42<br>FY14 Actual: 0.21                   | FY15 Target: </=3%<br><b>FY15 Result: -0.41%</b> |
|  | Median percentage cycle time deviation from the previous year active Major Defense Acquisition Programs (MDAPs) starting in FY 2002 and after.  | FY10 Actual: 4.4<br>FY11 Actual: 4.5<br>FY12 Actual: 6.6<br>FY13 Actual: 5.37<br>FY14 Actual: 0       | FY15 Target: </=2%<br><b>FY15 Result: 0%</b>     |
|  | Number of Major Defense Acquisition Program (MDAP) breaches (equal to or greater than 15 percent of current Acquisition Program Baseline (APB) unit cost or equal or greater than 30 percent of original APB unit cost) | FY10 Actual: N/A<br>FY11 Actual: 4<br>FY12 Actual: 1<br>FY13 Actual: 0<br>FY14 Actual: 1              | FY15 Target: 0<br><b>FY15 Result: 0</b>          |
|  | Percentage of contract obligations that are competitively awarded   | FY10 Actual: 61.7<br>FY11 Actual: 58.5<br>FY12 Actual: 57.5<br>FY13 Actual: 56.9<br>FY14 Actual: 58.7 | FY15 Target: 59%<br><b>FY15 Result: 55.1%</b>    |
| <p><b>Cross Agency Priority Goal (CAP) - Strategic Sourcing:</b> Expand the use of high-quality, high-value strategic sourcing solutions in order to improve the government’s buying power and reduce contract duplication across government.</p> <p>Department of Defense engages with the CAP Goal for Strategic Sourcing initiatives. This CAP Goal progress can be located at <a href="http://www.performance.gov">www.performance.gov</a>.</p> <p>DoD continues to work with OMB and OFPP as a contributing member of the Category Management Leadership Council (CMLC) in order to expand the use of strategic sourcing solutions across the DoD and Federal Government. The DoD continues to analyze contract spend in order to find solutions which increase savings, reduce duplication and increase spend under management. DoD also will be the Federal Category Manager for the Transportation Category.</p> |   |   |  |

**Department of Defense’s Data Completeness and Reliability Statement–Fiscal Year 2015 Annual Performance Report**  
*Each Goal Owner has attested the performance results and narrative information included in this report is complete, accurate, and reliable; and that data validation and verification procedures are documented and available upon request.*

## **Measuring our Progress**

### **FY 2015 APR Progress Update:**

The Department met three of the four goals.

### **Areas of Challenge:**

For the competitively awarded contract obligation goal, the Department achieved a 55.1 percent competition rate for FY 2015. The Military Departments attributed difficulties with achieving their goals to high value sole source Foreign Military Sales and “Bridge” contracts having a significant impact on the FY 2015 competition rates. Additionally, contracts for major non-competitive shipbuilding and aviation programs driven by historical strategic decisions made years ago continue to impact competition achievement for the long term. Fiscal uncertainty, including at least a partial year continuing resolution, and continued downward pressure on base and Overseas Contingency Operations funding will negatively impact the FY 2016 and future competition rates.

### **Mitigation:**

AT&L is undertaking additional analysis of FY 2014-2015 competition rates. For FY 2016, the Director of Defense Procurement and Acquisition Policy (DPAP), with Component input, will examine differing circumstances and projected competitive opportunities to enable more meaningful and achievable goals.