

# Directorate of Contracting

*WR-ALC/PK*



**REQUIREMENTS SYMPOSIUM 2006**



# Contracting Mission

WR-ALC/PK



*Acquire and support  
warfighting capabilities  
through responsive business  
solutions*



# FY06 Warner Robins Contracting Initiatives

*WR-ALC/PK*

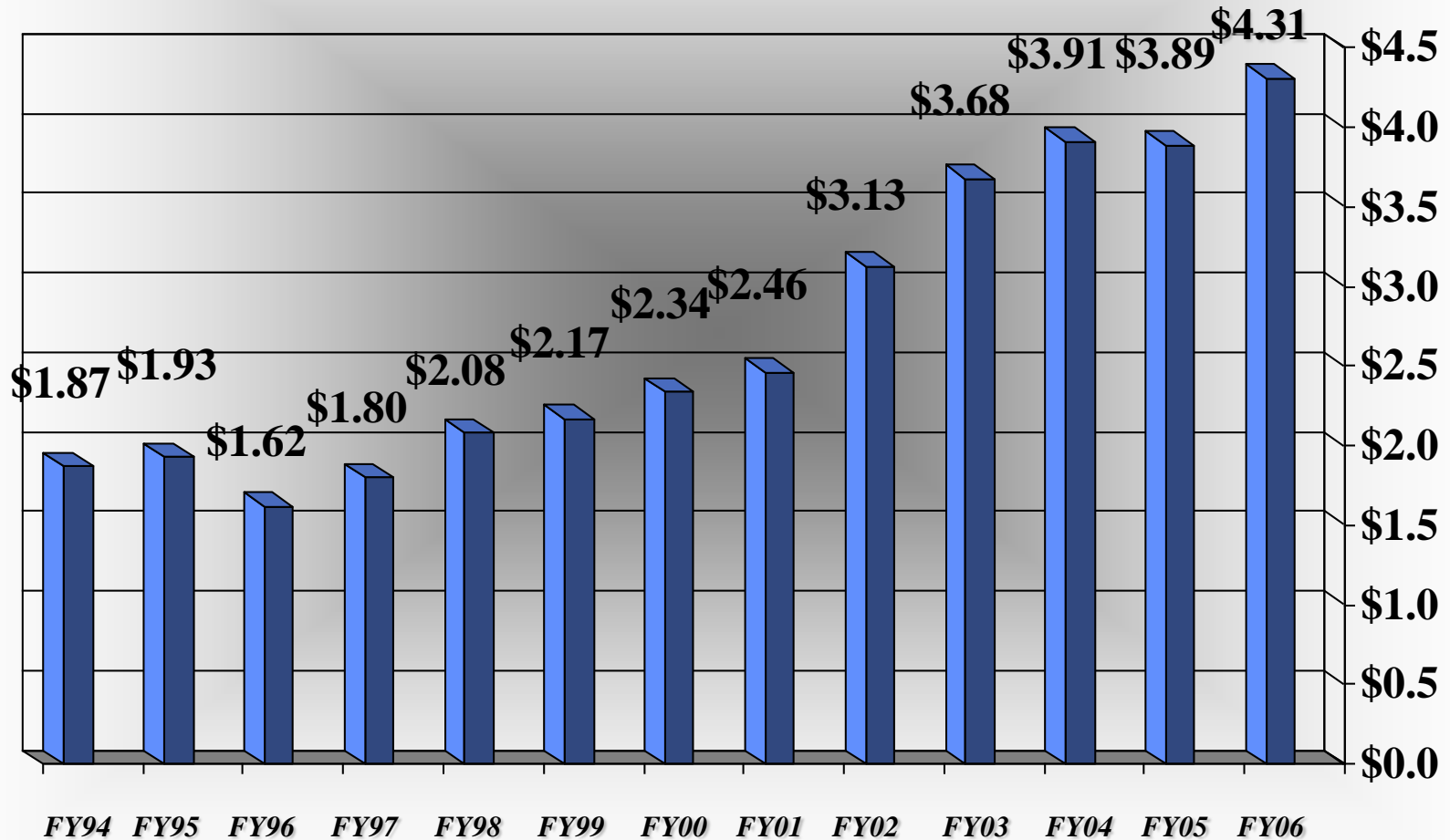


- ✓ **Optimize Requirements Execution**
- ✓ **Maximize Orders Under Long Term Contracts**
- ✓ **AFMC Lean Contracting 21**
- ✓ **Develop Strategic Supplier Relationships**
- ✓ **Emphasize Strategic Sourcing and Contract Consolidation**



# Contracts Awarded \$ Billions

**WR-ALC/PK** 

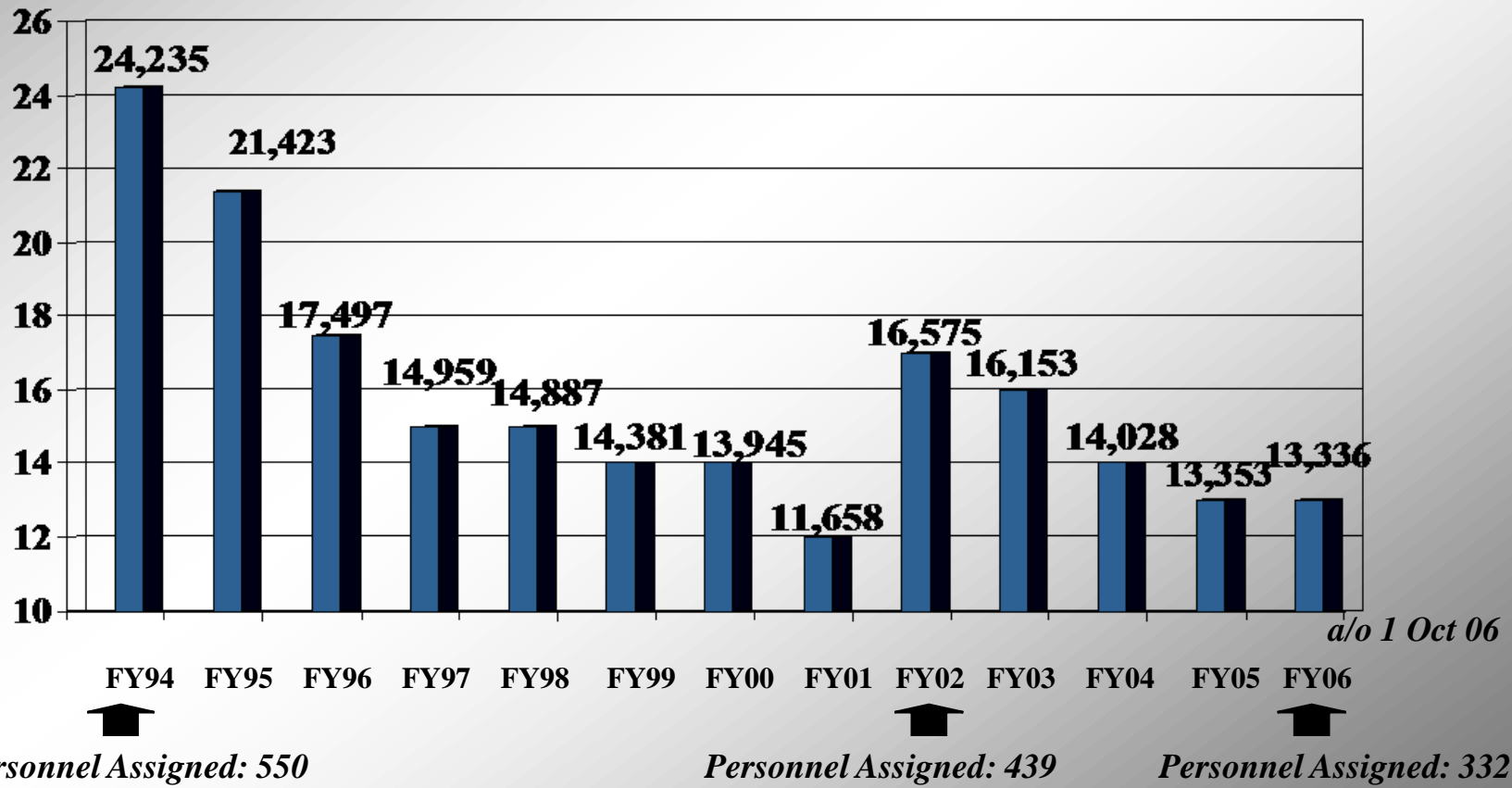


a/o 1 Oct 06



# Contracts Awarded (# of Actions)

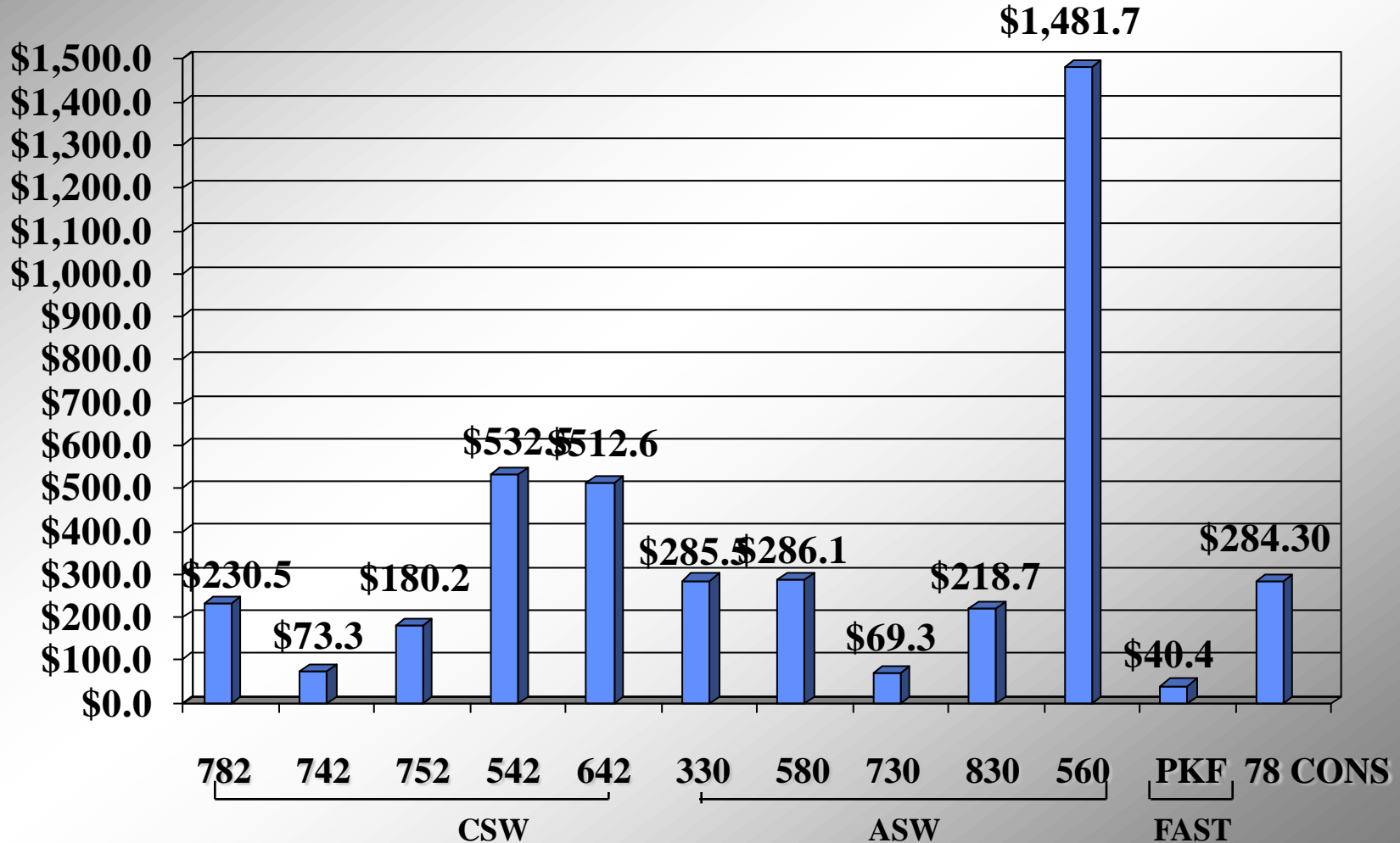
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# FY06 Contracts Awarded by Wings/Groups (\$ Millions)

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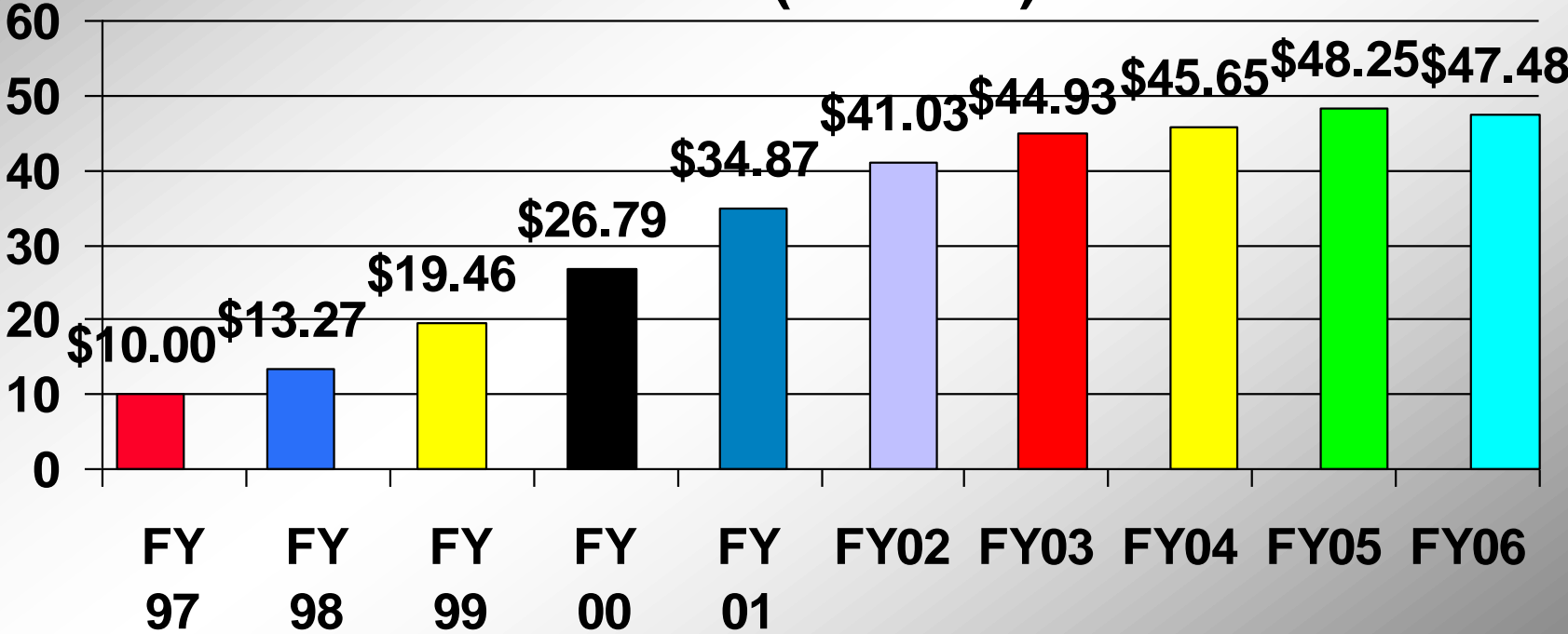


# Government Purchase Card Expenditures

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(Millions)



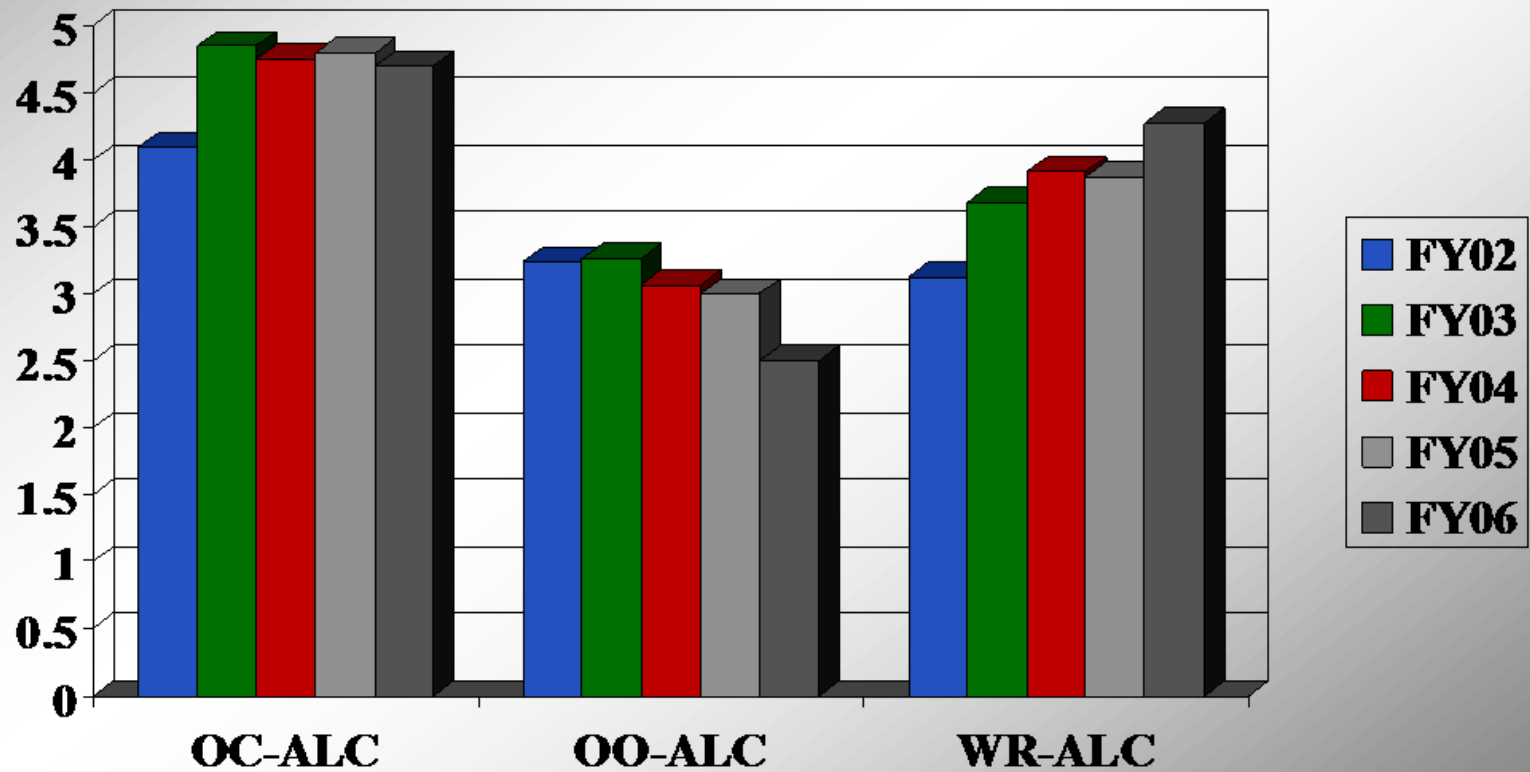
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# ALC Workload Trends

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\$B



a/o 1 Oct 06



# SB Program Performance

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	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
<b>Small Business (SB)</b>	<b>21.0%</b>	<b>24.1%</b>	<b>22.9%</b>	<b>22.2%</b>
<b>Small Disadvantaged</b>	<b>4.9%</b>	<b>4.5%</b>	<b>6.4%</b>	<b>5.1%</b>
<b>Woman-Owned SB</b>	<b>1.9%</b>	<b>2.3%</b>	<b>2.5%</b>	<b>2.4%</b>
<b>HUBZone SB</b>	<b>1.4%</b>	<b>1.6%</b>	<b>2.7%</b>	<b>2.1%</b>
<b>Service-Disabled Vet SB</b>	<b>0.13%</b>	<b>0.23%</b>	<b>0.34%</b>	<b>0.29%</b>

a/o 1 Oct 06

**FY02, FY03, & FY05 SAF  
SB Program Excellence  
Awards**



# OSD Mandated Goals

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	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
<b>Commercial Contract Awards</b>				
% of Actions Awarded	21.2%	22%	28%	44.2%
% of Dollars Awarded	11.7%	12.8%	14.6%	13.4%
<b>Competitive Contract Awards</b>				
% of Dollars Awarded	42.4%	45%	44.7%	45.3%
<b>Performance Based Contracts</b>				
% of Actions Awarded	28.6%	31.2%	71.4%	79.2%
% of Dollars Awarded	39.1%	27%	71.8%	83.7%
(% of service contract dollars/actions)				

a/o 1 Oct 06



# Protests

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- FY 03

- 15 received, 0 sustained

- FY 04

- 20 received, 0 sustained

- FY 05

- 13 received, 1 sustained

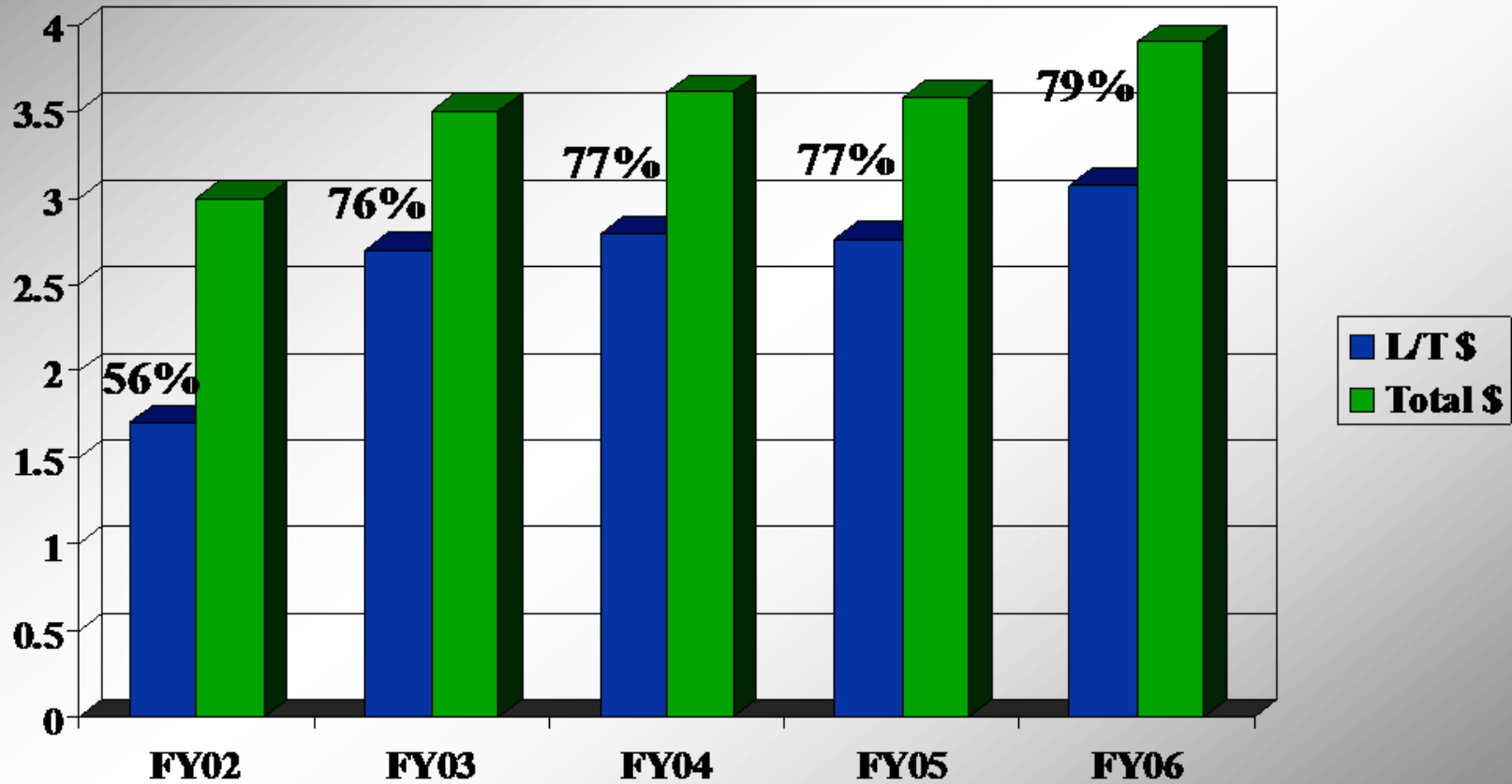
- FY 06

- 25 received, 0 sustained



# Orders Under Long Term Contracts

*WR-ALC/PK*

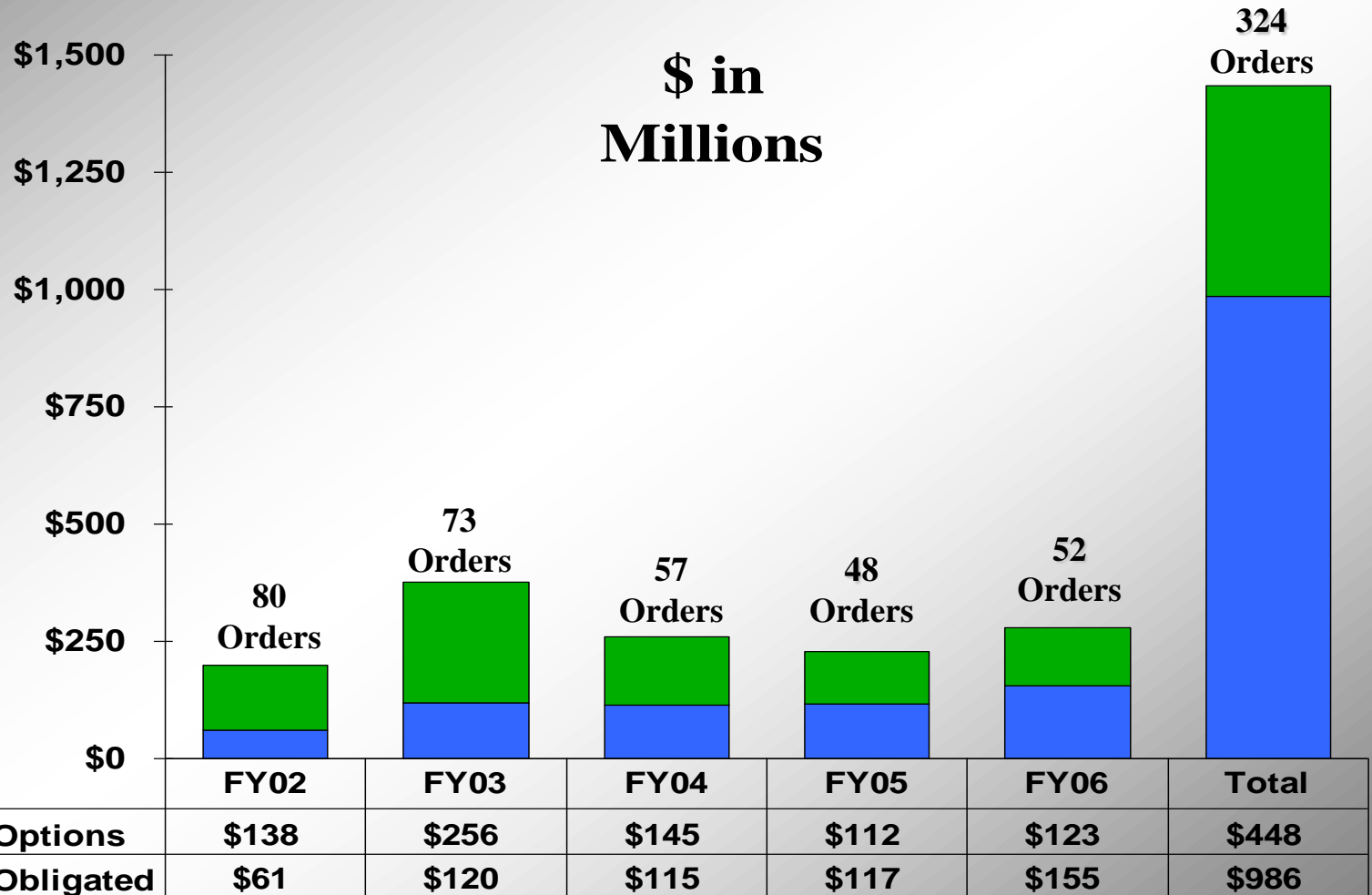


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# WR-ALC Flexible Acquisition and Sustainment Tool (FAST)

Orders by Year *WR-ALC/PK* 





# AFMC Lean Contracting 21

*WR-ALC/PK*



- Strategic approach to standardize and improve AFMC Contracting in support of USAF mission
- One process, one policy, common thresholds, common metrics across AFMC Centers
- Maximize best practices
- Eliminate duplication
- FY07 implementation across AFMC



# Sustainment Transformation

*“Develop the kinds of forces and capabilities that can adapt quickly to new challenges and unexpected circumstances.”*

*Secretary of Defense... Donald Rumsfeld*

**DoD**

**WR-ALC/PK**



**USAF**

**eLog21**

**AFMC**

## Sustainment Transformation

**Depot Maintenance  
(DMT)**

**Product  
Support**

**Purchasing & Supply  
Chain Management (PSCM)**

**Change  
Mgmt  
(CM)**

**Advanced  
Planning  
&  
Scheduling  
(APS)**

**Customer  
Relations  
Mgmt  
(CRM)**

**Weapon  
System  
Supply Chain  
Mgmt  
(WS SCM)**

**Commodity  
Councils  
(CC)**

**Supplier  
Relationship  
Management  
(SRM)**



# What is SRM?

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- **Supplier Relationship Management (SRM):**
  - A broad range of activities focused on establishing and improving strategic relationships with our suppliers . . .
  
- **The SRM Mission is to . . .**
  - Facilitate the achievement of PSCM goals through long-term strategic relationships with AFMC's suppliers
    - **20% increase in aircraft availability**
    - **50% reduction in cycle time**
    - **20% decrease in costs**
  
  - Develop strategic relationships and joint initiatives with suppliers that lead to improvement in our overall sustainment support to our warfighters



# Strategic Sourcing

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	<u>Length</u>	<u>Contractor Facilities</u>		<u>Priced Items</u>		<u>Dollars Obligated (Millions)</u>	<u>Max Value (Millions)</u>
		<u>At Award</u>	<u>To Date</u>	<u>At Award</u>	<u>To Date</u>		
Northrop Grumman	10	18	24	17	212	\$254.6	\$707.3
Raytheon (all other)	10	1	16	17	110	\$100.0	\$1050.0
BAE	10	5	13	34	284	\$155.0	\$320.5
Raytheon (Goleta)	10	1	1	21	37	\$143.3	\$423.9
Boeing	8	1	1	97	200+	\$235.0	\$336.0
Rockwell Collins	10	8	8	568	568	\$53.5	\$3600.0
Honeywell	9	3	3	166	166	\$42.8	\$457.7
Teledyne	10	4	4	66	66	\$.7	\$370.0



# Honeywell Corporate Contract

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- Basic Ordering Agreement awarded 28 Feb 05, estimated value \$457.7M
  - Combined 209 annual contract actions to 13 contract actions in FY05
- Nine year period of performance (three year basic, two three-year options)
- Commercial or non-commercial orders
- Includes scope for all phases of sustaining applicable to Support Equipment (spares, remanufacturing, engineering services)
- Key features:
  - Formula Pricing Agreement with category pricing
  - Metrics to track cost control, pricing response time, customer wait time, production lead time, and contract lead time
  - Remanufacturing process improvements
  - E-Collaboration to include web-based system to track asset inputs, funds, and information
  - Performance Based Logistics

**a/o 1 Oct 06**



# Teledyne Corporate Contract

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- Indefinite Delivery/Indefinite Quantity Performance Based Services Contract
  - awarded 28 Sep 06, estimated value \$370M
  - Combines at least 100 contracts into one (based on the ten-year term)
- Ten-year period of performance (five-year basic with one five-year option)
- Decentralized ordering across AFMC enterprise to multiple Teledyne facilities
- Includes scope for all phases of sustainment
  - Spares, remanufacturing/repair/modernization, engineering and logistics services
- Key features:
  - “Pop-Up” Pricing Methodology included for low-demand/low-density items
  - Metrics to track on-time/improved deliveries and MICAP/Surge responsiveness
  - Growth Spirals anticipated with appropriate approvals
  - Collaborative Supply Planning implementation
  - Acceleration Provisions Available
  - Pre-negotiated Delinquency Consideration Available

**a/o 1 Oct 06**



# Consolidation of Contracts

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- IT Consolidation
- IWSSP/FAST



# IT Contract Consolidation

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- Project two contracts valued at \$151M; anticipated ten year contract terms (basic plus options)
  - Application Development & Support Contract
    - Previously 8 separate contracts
    - Market research complete
  - Desktop Support/IT Depot (Warehouse) Contract
    - Previously 10 separate contracts
    - Single award
    - Acquisition strategy complete
    - Industry day - 17 Nov 06
    - Estimated RFP release Dec 06



# Contract Consolidation IWSSP/FAST

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- Significant similarities between IWSSP & FAST
  - Follow-On contract needed by Aug 2008
- Currently conducting market research
  - Research to date shows overlap of SOF and FAST requirements and vendors
  - Working to ensure same level of war fighter support (or better)
    - Working war fighter support issues with major stakeholders
- Seven year ordering period with ten year period of performance
- Quick Reaction Vehicle with streamlined ordering procedures
  - “Single Belly Button” for War fighter Support & Sustainment Needs
  - 25-day award target (solicitation to award)
  - Flexible, Responsive & Cost Effective
- Value: Estimated \$4-6B



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# Continuing Challenges



# Competing Contracting Pressures

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**Transform**

**Innovate**

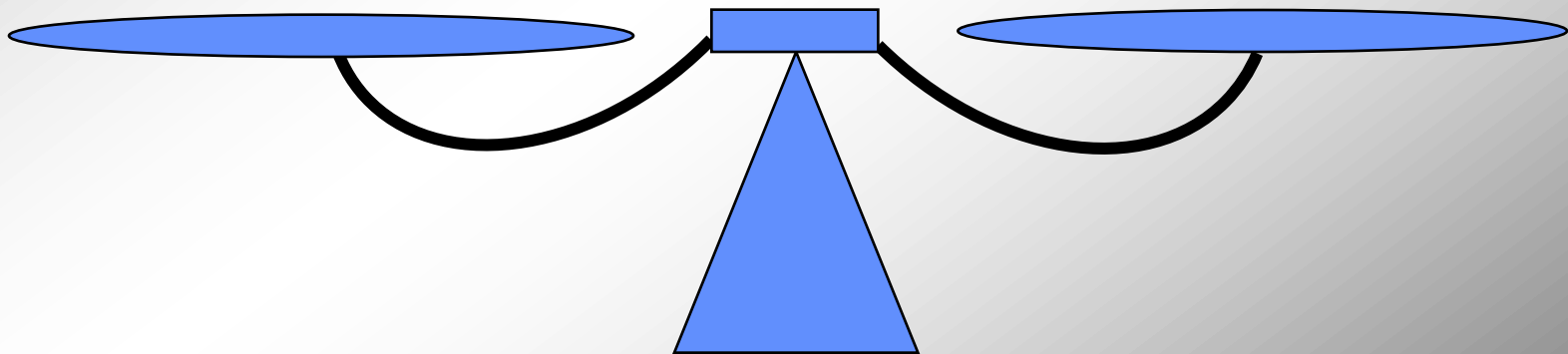
**Expedite**

**Increase Flexibility**

**Omnibus Contract Concerns**

**Acquisition Credibility**

**Small Business Goals**





# Driving Initiatives

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- Strategic Sourcing
- Orders Under Long Term Contracts
- Formula Pricing Agreements
- Commodity Council Acquisitions
- On Time Deliveries
- Supplier Relations Initiatives
- Joint Forecasting
- Performance Based Logistics, where appropriate
- Contract Consolidations
- Improved Fiscal Year Closeout



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*Join us in creating  
innovative business  
solutions to meet  
warfighter needs.*