THE FEDERAL ACQUISITION SYSTEM

Transitioning to the 21st Century
Today’s Purpose

To provide an overview of the Procurement Round Table paper — The Federal Acquisition System: Transitioning to the 21st Century
Background

• Acquisition reforms of the 1990s established a foundation for future change

• Key elements of the future environment
  - A transformation in the marketplace, driven by technological change and market globalization
  - A changing role for the Federal government, with increasing reliance on the private sector
Implications of the New Environment

• Ability to adapt to change will be essential to success for government agencies

• Relationship between public and private sectors is changing, due to
  - Increasingly blurred boundaries between sectors
  - Shrinking number of suppliers in key areas

• New economic order is emerging
  - Declining Federal market clout
  - Global acquisition sources and a global industrial base
  - Reduced competition
  - Increased dependence on commercial technology

• Acquisition workforce will need new skills
PRT Recommendations

• Redefine the scope and vision of Federal acquisition
• Encourage results-oriented, long-term relationships between government and suppliers
• Adopt policies calling for government IT architecture and systems to be fully capable of interfacing with each other and those of the private sector
• Adopt business-based approach to cost accounting, budgeting, and policy guidance
• Place greater reliance on commercial industrial capabilities

Each of these high-level recommendations encompasses more specific actions
Redefine Acquisition

• Adopt new cradle-to-grave definition that will
  - Broaden expectations for acquisition organizations
  - Establish common base across all agencies
  - Enhance workforce development and training

• Adopt more robust vision for acquisition

• Enact legislation to create Chief Acquisition Officers in all agencies
Encourage Long-Term Relationships

• Some agencies already moving in this direction
• Continue to capitalize on simplified contracting vehicles
• Long-term relationships and a new definition of competition are essential to government’s ability to draw on best suppliers in the new global marketplace
Adopt Policies for Compatible Information Technology

• Prohibit agency-unique interfaces or systems requirements
• Standardize government formats and languages
• Design new systems with a view toward the future
• Adopt Net-based joint technical architecture with commercial sector
Adopt Business-Based Approach in Key Areas

• Continue to streamline cost accounting standards by
  - Indexing CAS thresholds
  - Bringing CAS requirements in line with commercial practices

• Minimize budget-induced program instability by
  - Using more multiyear procurements
  - Moving toward a multiyear budget process
  - Giving agencies greater reprogramming authority

• Conduct zero-based scrub of policy guidance ...
  prescribe “what,” now “how”
Increase Reliance on Commercial Sector

• **Leverage R&D budgets by**
  - Using private sector R&D capabilities when they equal or exceed the public sector’s
  - Concentrating in-house R&D on technologies not available in the private sector

• **Improve the acquisition of capital items by**
  - Developing policies that encourage acquisition of commercial vs. government-unique items
  - Ensuring that in-house production decisions are not made prematurely
PRT Implementation Plan

• Long-term: Call for Congress to direct establishment of a panel to develop detailed issues and action plans
• Near-term: Solicit support and independent action through series of meetings with
  - Executive Branch agencies
  - Industry and industry associations
  - Legislative Branch