Acquisitions and Contracting Innovations

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# Overview

Acquisitions is defined by the Federal Acquisitions Regulation (FAR) as the:

*“means the acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated.*

*Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract.” A short definition provided by the Federal Acquisition Institute explains acquisitions as “including traditional contracting functions, requirements definition, assessment and oversight of contract performance, and technical and management direction.”*

This is one of the key tools the federal government has at its disposal to get things done. In the past, federal IT acquisitions have had difficulties because:

* There are a limited number of people in the workforce that understand both IT and procurement, which leads to a detrimental skills gap.
* The “status quo” approach of large, multiyear, waterfall-based, extended requirement gathering, year-long competitions does not move at the same speed as technology.
* Companies with creative solutions to many of the government’s tech problems [find it challenging to do business with the government](https://www.fai.gov/media_library/items/show/23) due to high barriers to entry, lack of customer facing tools, complex acquisition processes, and communication confusion on how to identify the available opportunities.

In this guide, we hope to help you understand how building cross-functional teams that understand and appreciate human-centered design methodologies, modern digital practices, and how thinking in terms of outcomes rather than requirements could transform digital acquisitions at your agency. We will also help you understand the open innovation movement and how it can apply to some of your digital projects.

# The Digital Contracting Cookbook

General Service Administration’s new Technology Transformation Service (TTS) applies modern methodologies and technologies to improve the public’s experience with government by helping agencies make their services more accessible, efficient, and effective, and by itself providing services that exemplify these values. TTS builds, provides, and shares technology applications, platforms, processes, personnel, and software solutions to federal agencies in an effort to help them better serve the public.

TTS’ of the Digital Contracting Cookbook is to provide agencies with information and suggestions about how to acquire digital services, based on the authors' experience. The cookbook is not a "how-to," in the sense that agencies' requirements are different, and there are multiple ways to achieve success.

The [TechFAR Handbook](https://playbook.cio.gov/techfar/), which provides details about compliance with the Federal Acquisition Regulations ("FAR"), is yet another handy resource for individuals involved with digital-service acquisition. Part of the [Digital Services Playbook](https://playbook.cio.gov/), the TechFAR Handbook expands on software development strategies and procurement insights. Consider both of these resources as additional helpful guides for your use.

### Cookbook Contents

* [Agile Development](https://pages.18f.gov/contracting-cookbook/recipes/agile-development/)
* [An API-First Data Portal](https://pages.18f.gov/contracting-cookbook/recipes/api-first/)
* [Automated Testing](https://pages.18f.gov/contracting-cookbook/recipes/automated-testing/)
* [Continuous Deployment](https://pages.18f.gov/contracting-cookbook/recipes/continuous-deployment/)
* [Hosting Environments](https://pages.18f.gov/contracting-cookbook/recipes/hosting-environments/)
* [Migrating to the Cloud](https://pages.18f.gov/contracting-cookbook/recipes/migrating-to-the-cloud/)
* [Modular procurement and modular design](https://pages.18f.gov/contracting-cookbook/recipes/modular-design/)
* [Open Source Software](https://pages.18f.gov/contracting-cookbook/recipes/open-source/)
* [Source Control](https://pages.18f.gov/contracting-cookbook/recipes/source-control/)
* [User-Centered Design](https://pages.18f.gov/contracting-cookbook/recipes/user-centered-design/)

# Acquisitions Challenges

Let’s talk about how to lower your risks by avoiding some known pitfalls within the acquisitions and contracting space. These are all things that haven’t worked well for us when it comes down to digital acquisitions and you would be better off to avoid them (or at least use them carefully).

## Pitfall #1: Large, monolithic contracts

These, simply put, often do not work well for digital products and services. [The Standish Group](http://www.infoq.com/articles/standish-chaos-2015) points out that you’re only giving yourself a six percent chance of success when you start these types of projects. Also, technology moves fast, and if you want your agency to be able to respond quickly in an ever-changing landscape, you’ll need to avoid this at all costs.

## Pitfall #2: Writing too-large RFPs

In 1907, the U.S. Army wanted to acquire an airplane, mind you that airplanes were so cutting edge at the time that they weren’t even called airplanes, they were called “heavier than air flying machines.” Guess how many pages the solicitation was for this piece of technology? 50? 20? No, it was 2 pages! You don’t need 100-page RFPs to acquire the best digital solutions for your agency. Often, all this does is encourage some of your best potential vendors to not respond. The length of these types of RFPs are typically driven by the old requirements-gathering mindset combined with bloated legalese where the concern is more about oversight and liability than product quality and project success. These long RFPs take too much time for your agency to write, too much time from vendors to respond to, and discourage good vendors from bidding. There are very few good outcomes when this happens. Instead, work internally to develop a sound problem statement and product vision. Think in terms of objectives and user stories. Indeed, modern agile development methods pay careful attention to alternative ways of specifying and achieving desired outcomes for product development.

## Pitfall #3: Only having “acquisitions” people involved in the acquisitions process

Acquisitions is more than just buying, and it’s important to bring key expertise, like policy, law, engineering, design, and security, to the table early in the acquisitions process to ensure a project’s success. Leveraging the expertise of a cross-functional team will help make sure your agency is solving the problems for your end users.

## Pitfall #4: Not being open to change

The world moves fast and technology moves even faster. You have to be willing to adapt, course correct, and try new things to get the best digital products and services for your teams. The goal is to get better outcomes, not just contracts. No matter what your experience has been until now, you can learn and apply new techniques to make acquisitions more effective, more efficient and hopefully more joyful (yes, joyful… more on this later). Being open to change means shifting the focus from a “no we can’t” to a “how might we” context. It allows you to solve the problems as they arrive based on any given context, known or unknown.

## Pitfall #5: Forgetting that people, not contracts, manage projects

It’s important to have a product owner that works with the vendor until the period of performance is complete. Often, a contracting officer may work really hard to be sure that every possible clause that may or may not be needed is included within the contract. This is fine, but it often overlooks the reality that over the life of the contract, new ideas will be formed and business strategy may shift. So it’s important to have someone from your agency working hand in hand with the vendor to help make rapid decisions that still align with organizational goals. Relying too heavily on contract clauses to solve every problem that may arise over the period of performance is an untenable expectation. It’s important that you’re allotting time for a resource in your agency to be a product owner to ensure the outcome has a greater chance of success.

Avoiding these common pitfalls is the first steps in transforming digital acquisitions at your agency.

# Success Stories

## Case Study: Health and Human Services Buyer’s Club

“The [Department of Health and Human Services] Buyers Club is a HHS IDEA Lab sponsored project focused on addressing a critical problem in government: modernizing federal acquisition of information technology (IT) and related services. Given the expansion and impactful role of digital services throughout government, there are many opportunities to improve existing acquisition methods that are used to support government services, thereby directly benefiting the public.

### Purpose of HHS Buyers Club

Current government acquisition and procurement methods are no longer appropriate for modern software development practices. It has been widely recognized that government access to and use of technologies that support data and information management are lagging behind the private sector. According to the 2013 Chaos Manifesto from the Standish Group, out of all IT projects in excess of $10 million, 52 percent were found to be challenged and 48 percent failed. Innovative strategies to leverage federal acquisitions processes are needed to seek better value and outcomes for the services we provide the public.

Current federal acquisitions approaches reflect unnecessary operational and cultural barriers to success (planning, evaluation, award, and implementation), including but not limited to the lack of true end user and stakeholder engagement from cradle to grave in a manner that maximizes value while minimizing spend. We’re not implementing new regulations or any new statutes but rather emphasizing new strategies allowed under the FAR or other approved legislation. Acquisition cycles are longer than IT development cycles, creating an unnecessary, lengthy, and outdated way of performing mission needs. Acquisitions require agility, both in terms of planning and implementation.”

Learn more about the [HHS Buyer’s Club](http://www.hhs.gov/idealab/what-we-do/hhs-buyers-club/).

# Further Resources

Here’s a collection of resources that will help you understand digital and IT acquisitions:

* [Innovative Contracting Case Studies](https://www.whitehouse.gov/sites/default/files/microsites/ostp/innovative_contracting_case_studies_2014_-_august.pdf)

Federal Acquisitions Institute

* [Agile Acquisitions 101](https://www.fai.gov/media_library/items/show/81)

18F and the Presidential Innovation Fellows:

* [Digital Acquisitions Accelerator](https://pages.18f.gov/digitalaccelerator/)
* [Digital Acquisitions Playbook](https://pages.18f.gov/digital-acquisition-playbook/)
* [Digital Contracting Cookbook](https://github.com/18F/contracting-cookbook)

United States Digital Service

* [TechFar](https://github.com/usds/playbook/blob/gh-pages/_includes/techfar-online.md) and the [TechFar Hub](https://techfarhub.cio.gov/)
* [Digital Services Playbook](https://playbook.cio.gov/)

Outside Government Resources

* [Acquistion.gov](https://www.acquisition.gov/)
* [Open Data Stack Exchange](http://opendata.stackexchange.com/)