Acquisition Policy & Players

TOPIC LEARNING OBJECTIVES

Upon successful completion of this topic, the student will be able to:

1. Define Systems Acquisition Management.
2. Identify the major institutions and key drivers of the defense acquisition process.
3. Identify the principal regulations governing Department of Defense and Department of Navy acquisition and procurement.
4. Recognize that risk (cost, schedule, and performance) are at the core of acquisition management.
5. Identify key acquisition reform initiatives, including commercial practices, that impact the relationship between government and industry.
6. Recognize the DoD 5000 definitions of Defense Acquisition System, Acquisition Program, Milestone Decision Authority, Defense Acquisition Executive and Program Manager.
7. Identify key Defense and Navy acquisition decision makers by position and responsibilities.
8. Recognize the definition and purpose of Acquisition Category (ACAT).
9. Identify how and why defense acquisition programs are separated into ACATs.
10. Recognize the latest policies, issues, and events pertaining to defense systems acquisition.
11. Identify intelligence organizations, responsibilities, and references used to support an acquisition program.

STUDENT PREPARATION

Student References

1. None

Primary References

1. DoD and SECNAV 5000 Series
2. ASN(RDA) website - http://www.secnav.navy.mil/rda
3. Defense Acquisition Guidebook - https://www.dau.edu/tools/dag
4. Understanding Acquisition - https://www.youtube.com/watch?v=yjFgwt5qXEc&spfreload=10

Additional References

1. Defense Aquisition University - https://www.dau.edu/

TOPIC LEARNING OBJECTIVES

Upon successful completion of this topic, the student will be able to:

12. Identify the differences in business/market strategies, priorities, and processes between DoD large (first tier), medium (second tier), and small business.
13. Recognize the impact to DoD regarding the differences between public and private companies.
14. Recognize the "macro" issues that drive DoD industry strategy today.
15. Recall how industry can be vulnerable to trends within the landscape, such as economic downturns, technology breakthroughs, workforce skill availability, energy issues, raw materials, and supplies.
16. Recognize the purpose of Selected Acquisition Report (SAR), Defense Acquisition Executive Summary (DAES) and Unit Cost Report (UCR).
17. Relate the concepts of affordability to the planning of an acquisition program.
18. Recognize the Adaptive Acquisition Framework (AAF) and it's six pathways to acquire capabilities for the Department of Defense.
19. Recognize how corporations use their organization to implement their business strategies.
20. Recognize typical organizational models used between small and large businesses in the Department of Defense industrial landscape.
21. Recognize how organizations can create a competitive advantage in winning Government contracts.

STUDENT PREPARATION

Student References

1. None

Primary References

1. DoD and SECNAV 5000 Series
2. ASN(RDA) website – http://www.secnav.navy.mil/rda
3. Defense Acquisition Guidebook - https://www.dau.edu/tools/dag
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Additional References

1. Defense Aquisition University https://www.dau.edu/

Overview

- Rules and Regulations
- Decision Support Systems
- Key Defense & Navy Acquisition Players
- Acquisition Categories (ACAT)

EDOs Role

- EDOs bring three key aspects together to deliver to the Fleet (knowledge of the requirements, knowledge of the technology, and knowledge of the business/process)
- In addition to cost, schedule, and performance it is critical that all Program Managers focus on delivering capabilities to the Warfighters. This requires teaming across Program Offices/PEOs/SYSCOMs to quickly bring capabilities to the Fleet aligned with the CNOs Project 33 vision.
- It is imperative that decisions are in alignment with key Navy guidance focused on fighting and winning our Nations wars.
- We are warfighters first!

Systems Acquisition Management

- Systems Acquisition Management within the DoD is the process used to acquire quality products
  - Systems: All the elements ***(e.g., hardware, software, logistics support, personnel)*** needed to assist DoD in conducting its mission of deterring or winning war
  - Acquisition: The acquisition process encompasses the design, engineering, construction, testing, deployment, sustainment and disposal of weapons or related items purchased from a contractor
  - Management: The tasks required to accomplish a specified project (planning, budgeting, organizing, staffing, controlling, leading)

- Primary objectives of this process are to
  - Satisfy the needs of operational users
  - Provide measurable improvements in functional capabilities
  - Acquire products in a timely manner at a fair and reasonable cost

Rules and Regulations

- The authority for DoD to conduct systems acquisition flows from the following principal sources

1. Acquisition-related laws
2. Federal Government regulations
3. DoD and DoN acquisition policy documents

This is the hierarchy of rules and regulations that govern acquisition

1. Acquisition-Related Law

- Statutory authority from Congress provides the legal basis for systems acquisition
- Title 10 of United States Code (U.S.C.) governs the organization, structure and operation of the Armed Forces of the United States
  - Several sections charge the secretaries of the military departments (Army, Navy, and Air Force) with responsibility to “equip” the armed forces
  - General acquisition provisions are spread throughout Title 10
  - National Defense Authorization Acts (NDAA), also set forth in Title 10, is one of the principal mechanism by which Congress modifies the defense acquisition structure

1. Acquisition-Related Law (cont.)

- Some of the most prominent laws are
  - Armed Services Procurement Act (1947), as amended
  - Small Business Act (1963), as amended
  - Office of Federal Procurement Policy Act (1983), as amended
  - Competition in Contracting Act (CICA) (1984)
  - DoD Procurement Reform Act (1985)
  - DoD Reorganization Act of 1986 (Goldwater-Nichols)
  - Defense Acquisition Workforce Improvement Act (DAWIA) 1990
  - Federal Acquisition Streamlining Act (FASA) of 1994
  - Clinger-Cohen Act (CCA) of 1996
  - Weapon Systems Acquisition Reform Act (WSARA) of 2009

2. Federal Government Regulations

- DoD acquisition governed by three sets of Federal Government regulations
  - Federal Acquisition Regulation (FAR)
  - Defense Federal Acquisition Regulation Supplement (DFARS)
  - Component-unique FAR supplements
- The Federal Acquisition Regulations (FAR)
  - Primary regulation for use by all Federal agencies for the acquisition of supplies and services with appropriated funds
  - Guides and directs DoD Program Managers in
    - Acquisition planning
    - Competition requirements
    - Contract award procedures
    - Warranties
- Defense FARS (DFARS)
  - DoD supplement to the FAR amplifying DoD specific procedures

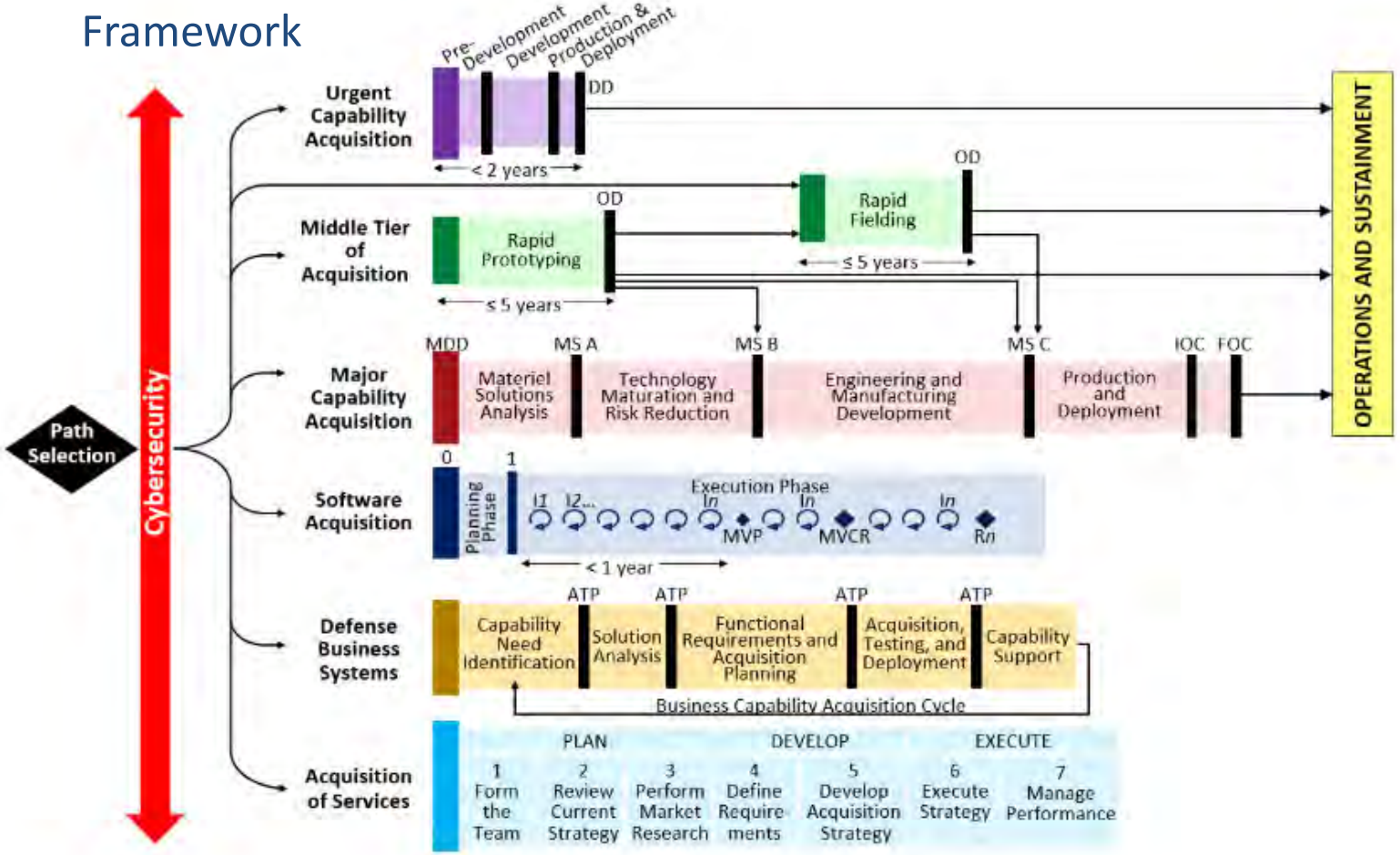
The FAR is the highest level acquisition regulation

3. Acquisition Policy Documents

- DoD Acquisition Policy is articulated in two principle documents
  - DoDD 5000.01 The Defense Acquisition System
  - DoDI 5000.02 Operation of the Adaptive Acquisition Framework
- DoD Directive 5000.01 – The Defense Acquisition System
  - States the policies and principles that guide all defense acquisition programs
  - Identifies the DoD key acquisition officials and forums
- DoD Instruction 5000.02 – Operation of the Adaptive Acquisition Framework
  - Objective is to deliver effective, suitable, survivable, sustainable, and affordable solutions to the end user in a timely manner
  - 6 pathways provide opportunities for MDAs and PMs to develop acquisition strategies and employ acquisition processes that match the characteristics of the capability being acquired
- Defense Acquisition Guidebook (DAG)
  - Provides non-mandatory guidance on best practices, lessons learned, and expectations
  - DoD 5000 series explains “what”, DAG explains “how”

Adaptive Acquisition Framework

- Defense Acquisition System (DAS) supports the National Defense Strategy through the development of lethal and effective force
  - To achieve that objective the DoD will employ the Adaptive Acquisition Framework

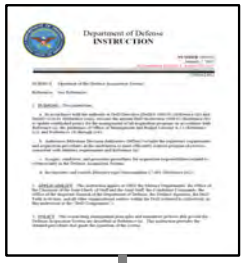


3.3.1 Acquisition Policy and Players

Transforming Acquisition Policies

DoDD 5000.01: The Defense Acquisition System

Updated to outline the overarching policies and responsibilities of key executives

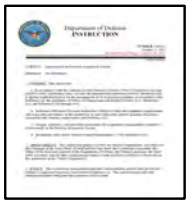


DoDI 5000.02: Operation of the Adaptive Acquisition Framework

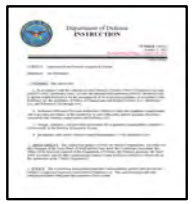
Outlines the six pathways of the Adaptive Acquisition Framework

DoDIs for Each Acquisition Pathway

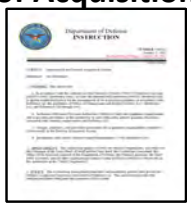
Major Capability Acquisition



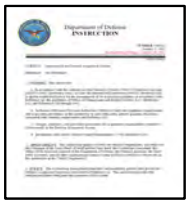
Urgent Operational Needs



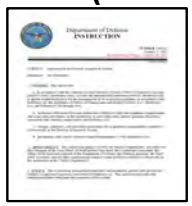
Middle Tier of Acquisition



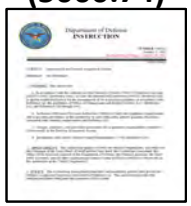
Software Acquisition



Defense Business Systems (5000.75)



Acquisition of Services (5000.74)



DoDIs for Each Functional Area

Engineering

T&E

Cybersecurity

AoAs

Cost Est

IP

Program Protection

HSI

Acquisition Intelligence

IT

Owned by various OSD functional organizations

3. Acquisition Policy Documents

- SECNAVINST 5000.2
  - Provide DoN-specific acquisition policies and procedures to provide for the integrated, efficient, and successful implementation of the Defense Acquisition System (DAS) and the Joint Capabilities Integration and Development System (JCIDS)
  - Provide Milestone Decision Authorities (MDAs) the ability to waive or tailor non-statutory procedures to more efficiently achieve program objectives

- SECNAV M 5000.2 DoN Acquisition and Capabilities Guidebook
  - Companion to SECNAVINST 5000.2
  - Discretionary guidance

Key Acquisition Reform Initiatives

- DoD has instituted a series of initiatives under the collective banner of acquisition reform. Some examples are
  - FAR and DFARS revised and streamlined
  - DoD 5000 series
  - Mil Spec use is evaluated to assess cost effectiveness
  - Advanced Concept Technology Demonstrations (ACTDs) to reduce risks
  - *Control of Total Ownership Cost (TOC) versus procurement cost alone
  - *Integrated Product and Process Development (IPPD)
  - *Integrated Product Teams (IPTs) to address multiple disciplines
  - *Cost as an Independent Variable (CAIV) to trade cost for cost/perf
  - *Single Process Initiative (SPI) to reduce process duplication
  - *Open Systems Architecture (OSA) for standardization and modernization
  - *Simulation based acquisition to reduce costs and shorten time
  - Better Buying Power (BBP)
  - Back to Basics (BtB)

* Commercial Practices

Roots of today's policies derived from previous Acquisition Reform Initiatives

Overview

- Rules and Regulations
- Decision Support Systems
- Key Defense & Navy Acquisition Players
- Acquisition Categories (ACAT)

Risk Factor Impact

- Successful systems acquisition management is more likely when the following risk factors are assessed and addressed:
  - ***Cost***
    - Examples: Increased material prices, higher-than-anticipated labor rates, regulatory compliance associated with Environment, Safety, and Occupational Health (ESOH)
  - ***Schedule***
    - Examples: Late deliveries, political pressure, changing capability needs, lack of planning for compliance with ESOH laws and regulations
  - ***Performance***
    - Examples: Use of new material or technology, use of new applications to meet demanding user capability needs, system designs unable to accommodate human performance characteristics for operations/maintenance

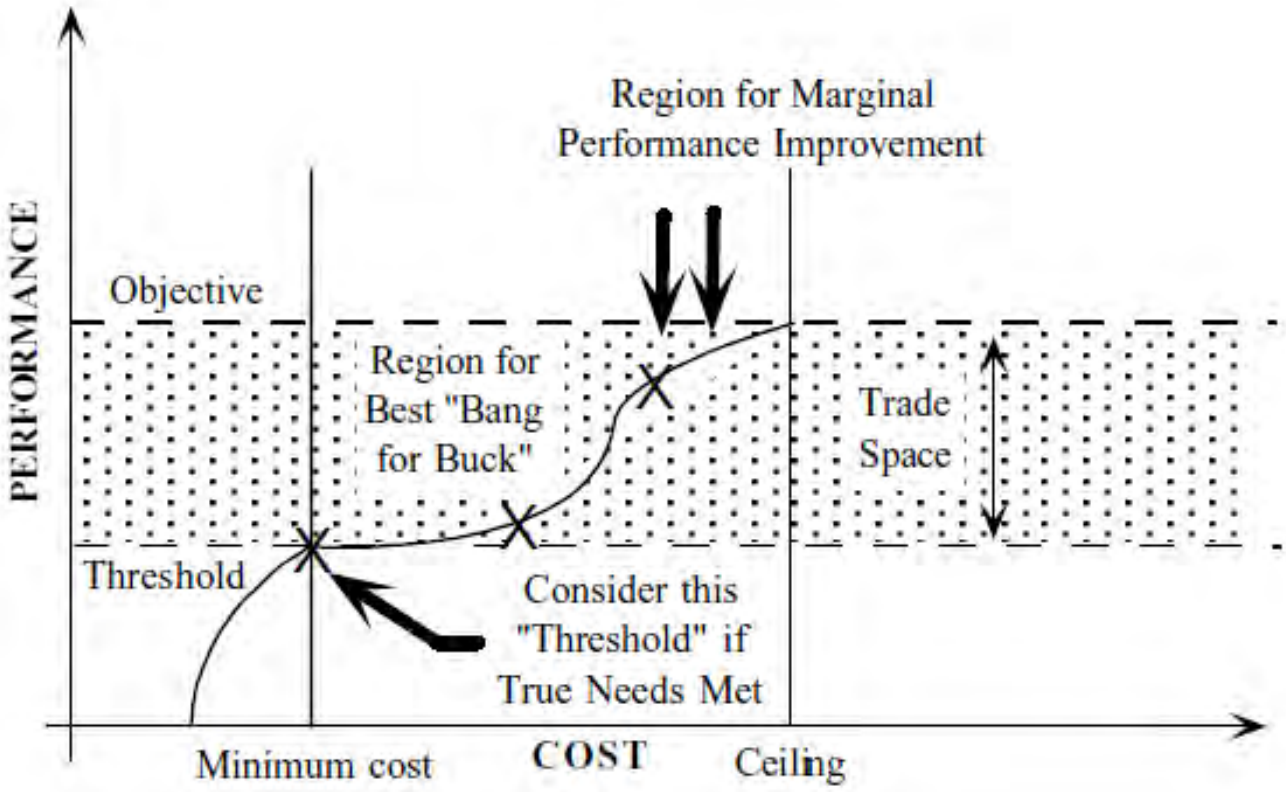
Managing risk by balancing cost, schedule, and performance is central to every successful program

Affordability

- Acquisition philosophy that emphasizes keeping system Life-Cycle Cost (LCC) within an establish range
  - Performance and schedule become the trade space
  - Discussions start at the beginning of a program but are applicable throughout the system's life-cycle

- Assessing life-cycle affordability of new and upgraded systems is crucial for long-range investment planning, establishing fiscal feasibility of the program, informing Analysis of Alternatives (AoA), guiding requirements and engineering tradeoffs, and setting realistic program baselines to control LCC

Trade Space

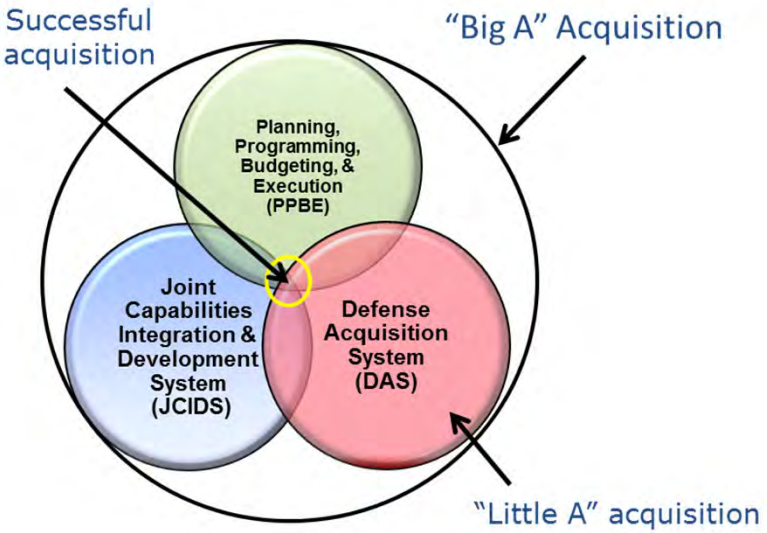


Graphic from Selected Topics in Assurance Related Technologies (START)
Volume 5, Number 2

The "knee of the curve" helps answer this question:
"Is the additional performance worth the additional investment?"

Decision Support Systems

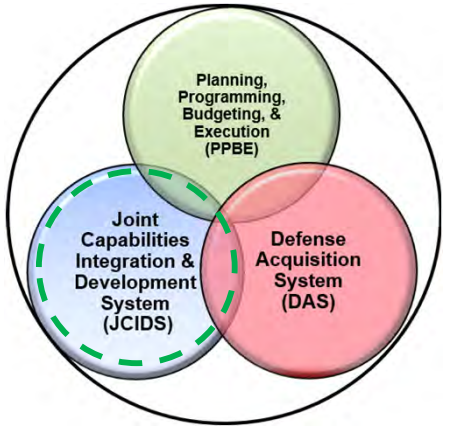
- Every weapon system in the U.S. arsenal is intended to satisfy a specific military need, must be paid for by the federal budget, and is designed and built within an acquisition system
- Three decision processes are used to identify the required weapon system, establish a budget, and acquire the system
- These processes are referred to as Decision Support Systems:
  1. The Joint Capabilities Integration and Development System (JCIDS)
  2. Planning, Programming, Budgeting, and Execution (PPBE)
  3. The Defense Acquisition System (DAS)



Program Managers must know all three systems; effective interaction of all three is essential for success

Decision Support Systems
JCIDS

- JCIDS is the process by which DoD identifies, assesses, and prioritizes what capabilities the military requires to fulfill its mission
  - Uses top level strategic guidance as a basis for identifying and describing shortfalls in joint warfighting capability
  - Determines functional capability needs and alternatives for meeting those needs
  - Provides the basis for establishing priorities by identifying Warfighter deficiencies of needs



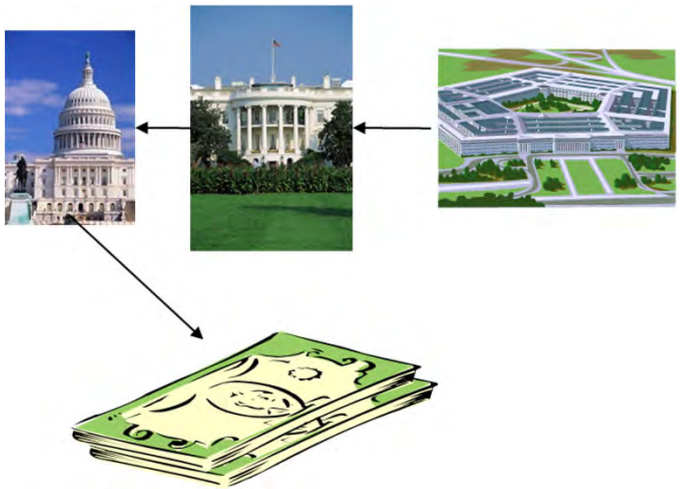
- Often referred to as the requirements generation process

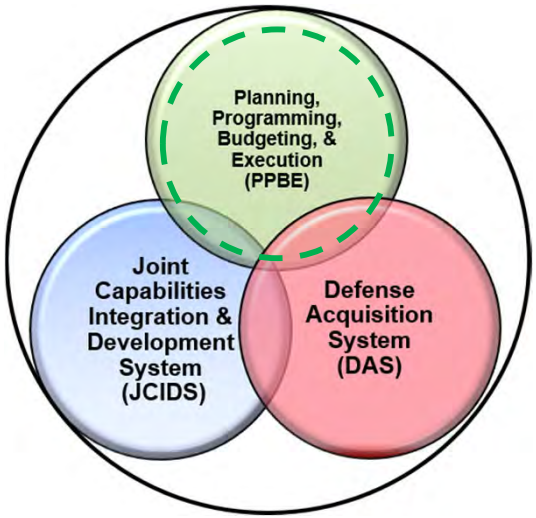
Warfighter (CJCS, JROC, COCOMs, OPNAV)

JCIDS = Requirements

Decision Support Systems
2. PPBE

- Money is needed to acquire and support systems for the warfighters
- The PPBE process develops DoD's proposed budget for all acquisitions and is the primary resource allocation process
- Calendar-driven process used for securing funding for major acquisition programs

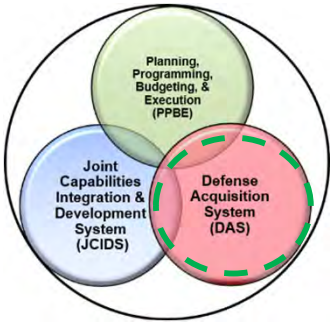


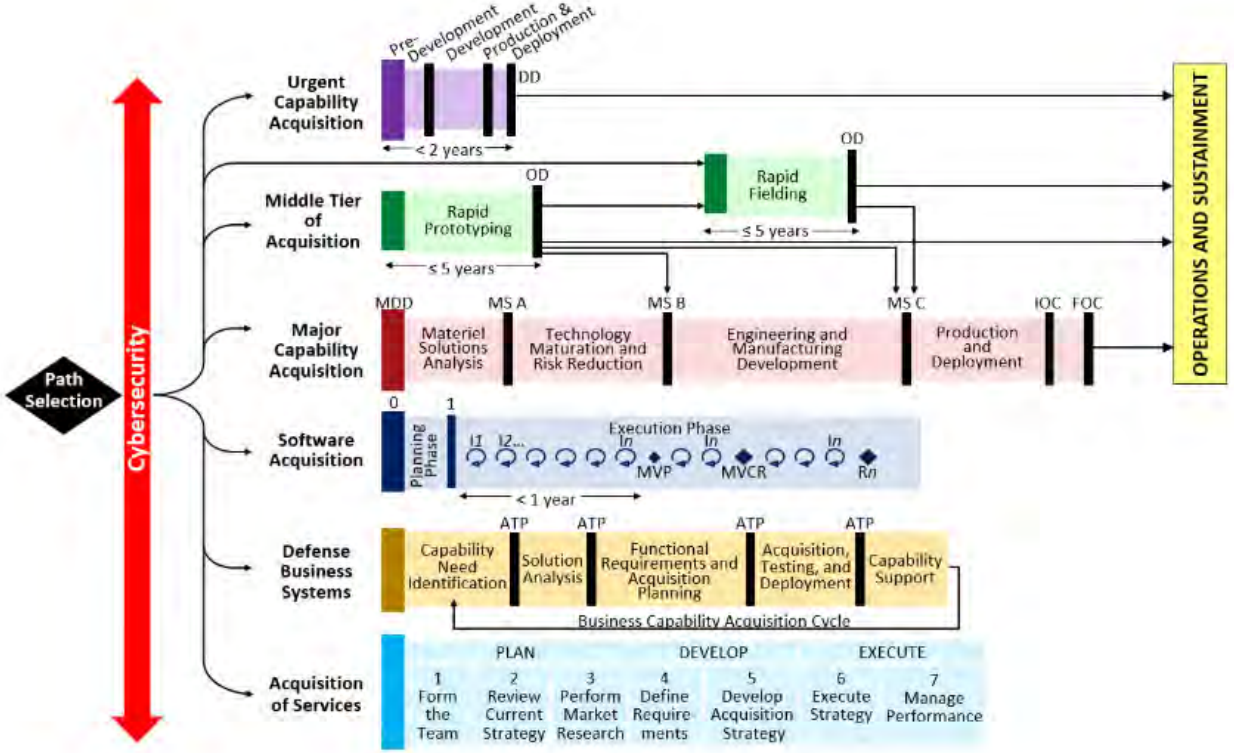


PPBE = Money

Decision Support Systems
3. DAS

- The DAS defines the management process for developing and buying weapons and other systems
- Governed by DoDD 5000.01 and DoDI 5000.02
  - Adaptive Acquisition Framework (AAF) provides six paths





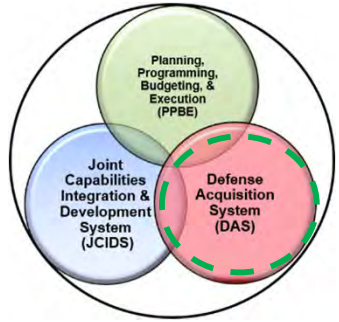
Tenets of the Defense Acquisition System

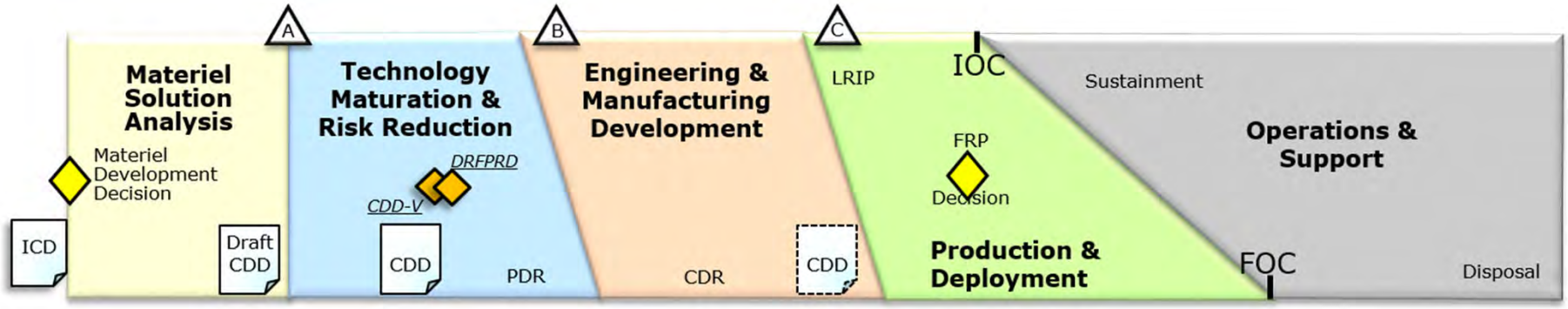
1. Simplify Acquisition Policy
2. Tailor Acquisition Approaches
3. Empower Program Managers
4. Data Driven Analytics
5. Active Risk Management
6. Emphasize Sustainment

DAS = Materiel

Decision Support Systems
3. DAS

- Major Capability Acquisition (our focus for this course)
  - Five phases
  - Four major decision points
  - Three milestones
  - Event-driven





Major Institutions of Defense Acquisition

- There are three major top-level participants in defense acquisition at the national level whose roles are placed in the following categories:
  - Executive Branch
    - Responsibilities: Commander-in-Chief and Under Secretary of Defense for Acquisition and Sustainment (USD A&S) make decisions that impact defense acquisition
    - Perspectives: Formulates, directs, and executes national security policy
    - Objectives: Development and execution of National Defense Strategy, maintain balanced force structure, and field weapons to defeat threats
  - Congress
    - Responsibilities: Allocate funding, perform oversight, and review
    - Perspectives: Pass laws and provide constitutional checks and balances
    - Objectives: Maximize competition, distribute federal dollars by state/district
  - Defense Industry
    - Responsibilities: Propose solutions, conduct independent research and development
    - Perspectives: Primary motivations include profit and patriotism
    - Objectives: Profit and growth, cash flow, and technology achievement
    - Macro Factors: Political, economic, cultural, technology

Program Managers manage the day-to-day Government interests, to include reporting, tasking and interactions with these institutions

Defense Industry

- Public Company
  - Corporation that issues shares of stock
  - Shares are traded on the open market through a stock exchange
  - Discloses business and financial information to the public
- Private Company
  - Corporation whose shares of stock are not publicly traded on the open market but are held internally by a few individuals
  - Many private companies are closely held (only a few individuals hold the shares)

	Private Company	Public Company
Securities Offerings Registration	No registration required	Registration Required
Type of Business	Can be any type	Almost always must be a corporation
Ownership	A small group of people; closely held	Many owners/investors
Types of Owners	Different, depending on business type	Shareholders
Reporting Requirement	Usually none	Regular reports required

https://www.thebalancesmb.com/public-company-vs-private-company-what-s-the-difference-398422

3.3.1 Acquisition Policy and Players

Defense Industry Strategies

- Large/medium-sized businesses
  - Establish separate divisions to gain experience across those markets
  - Team with other large firms to produce products
    - Subcontract on a large contracts (e.g., F-35, CVN-78) to gain experience
  - Pursue large R&D contracts
- Small businesses (500 employees / $7.5Million or less)
  - Often concentrate functions in staff organizations to support multiple business areas or product lines
  - Often must outsource core functions such as HR, accounting, or legal
  - Establish relationships with Contracting Officers (KOs), the Small Business Administration (SBA), and the DoD Office of Small Business Programs (SBP)
  - Focus on establishing a foothold with DoD where available
- Commercial vs Government
  - Commercial: Open markets, not subject to FAR, R&D investments recouped in price
  - Government: One buyer, FAR, profit capped
  - Government is less flexible and profits are capped, but is usually less risky

Defense Industry Strategies

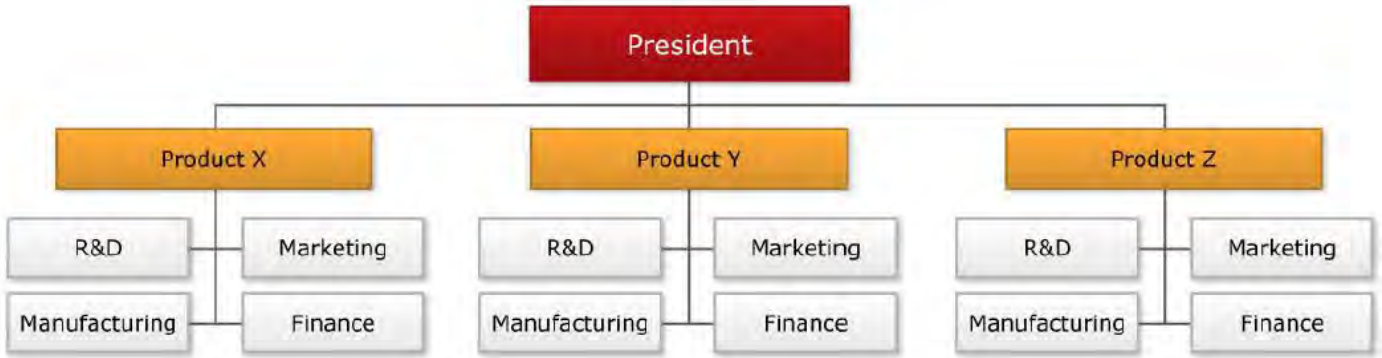
- Good organizational structure can create a competitive advantage to winning Government contracts
  - Enables successful business operations
  - Supports the strategic goals of the company
  - A poor organizational structure can lead to a lack of coordination among functions, failure to share ideas, and slow decision-making
    - Can lead to blurring of authority, responsibility, and accountability

- Questions to consider when examining an organizational structure
  - Does the organization focus the company's efforts and resources in such a way that the most value is created for the shareholders and stakeholders?
  - Is the company a heavily consumer-oriented company with only a small division with limited resources devoted to Government business?
  - Would that company be able to adequately address the requirements and life-cycle needs of an ongoing program?

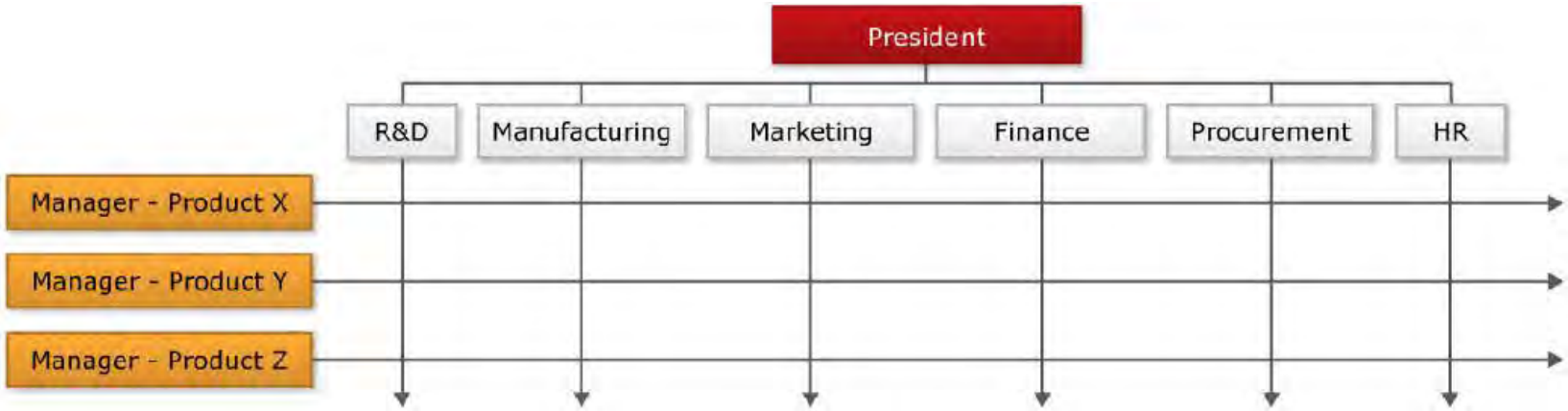
Organizational Structure

Functional

Divisional

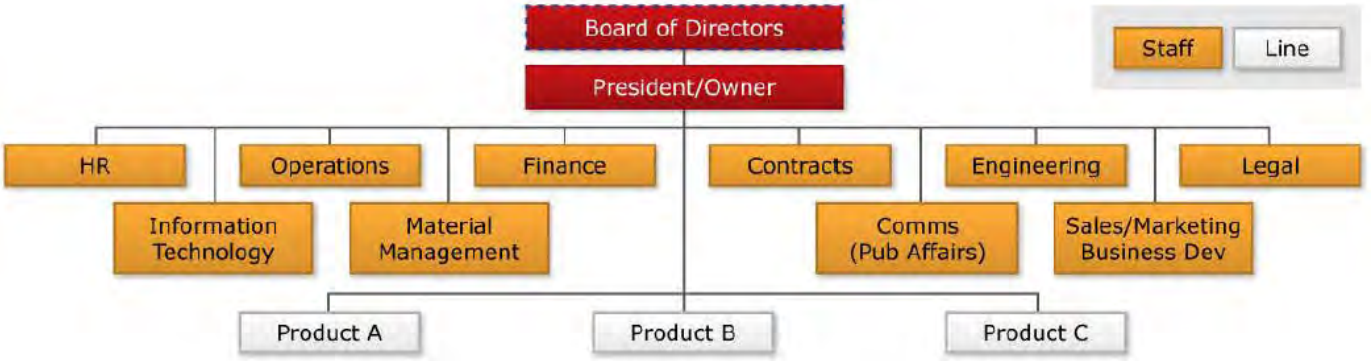


Matrix

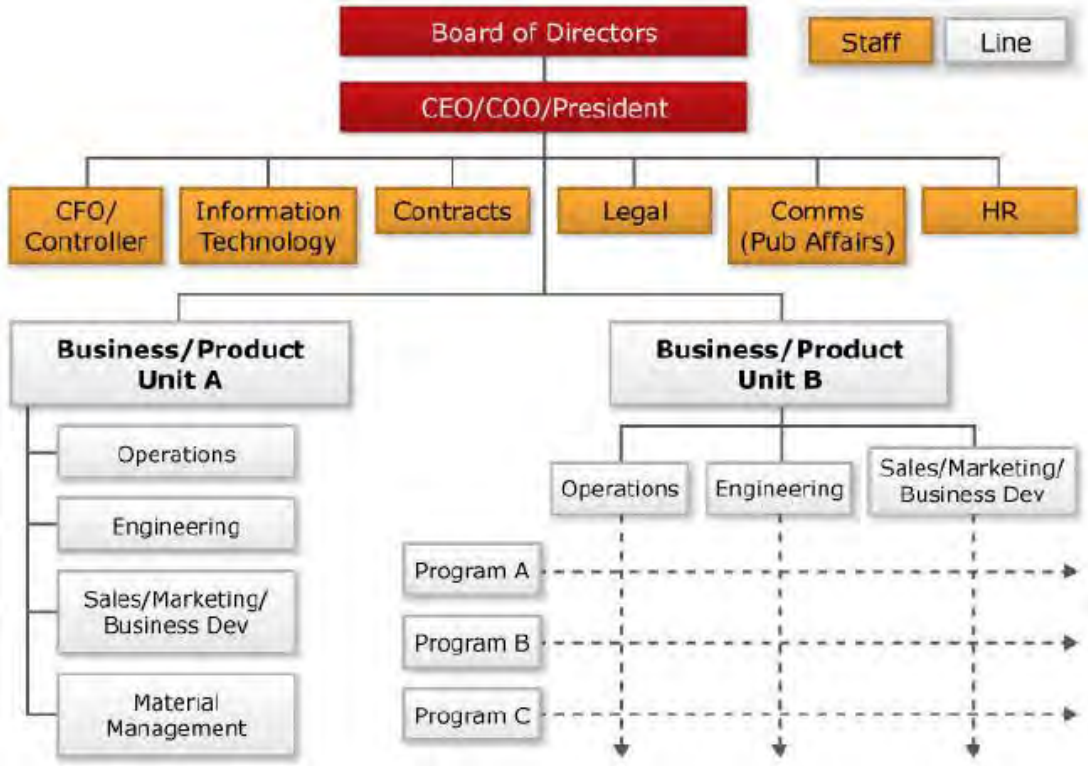


Organizational Structure

Small



Large



Defense Trends

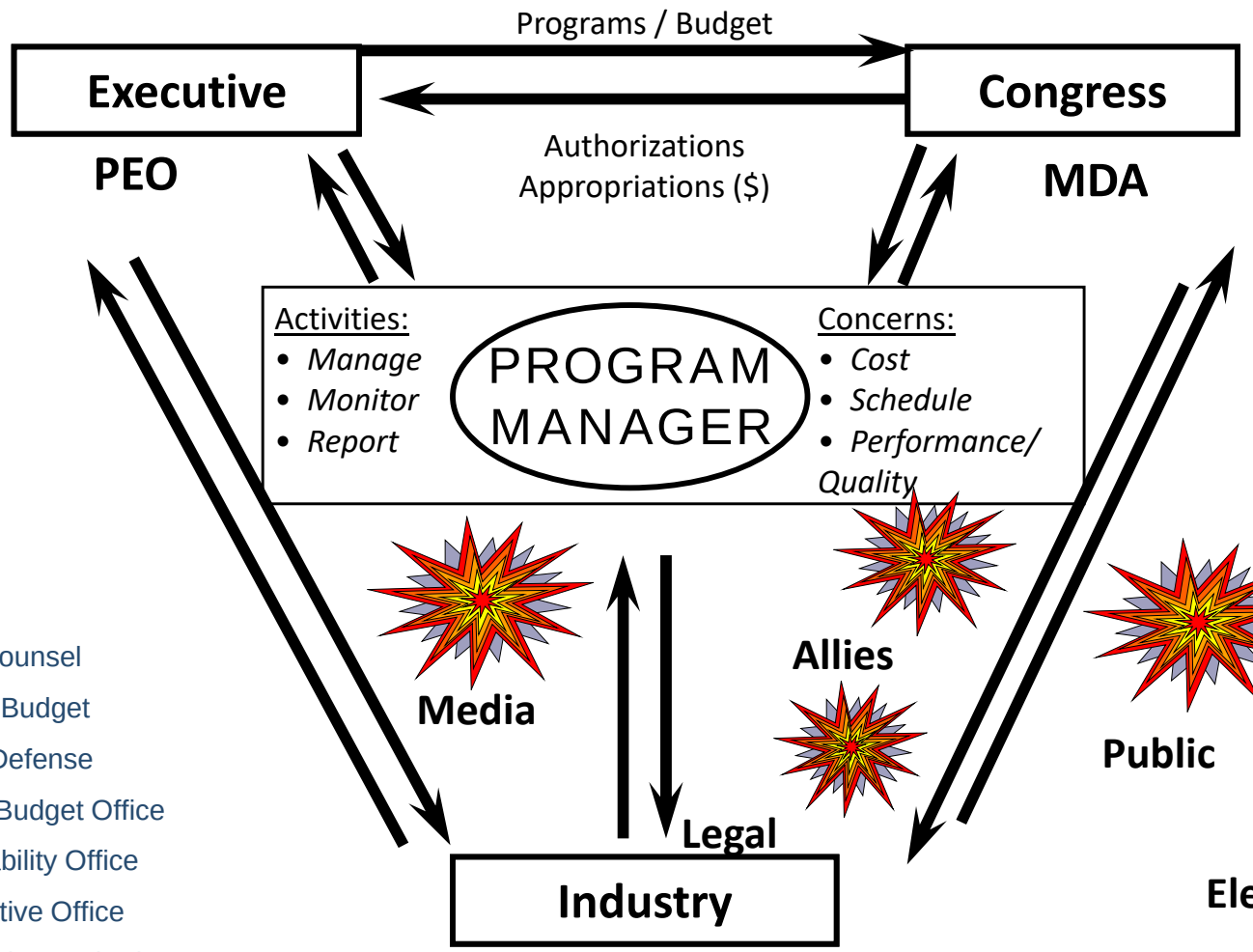
- Vulnerabilities
  - Economic downturns
  - Technology breakthroughs
  - Workforce skill availability
  - Energy issues
  - Raw materials and supplies
  - Wartime demands for weapons/technology, repair & support services
    - Government and Industry teams need to form strong business relationships to ensure DoD needs are met and the military is ready for future conflicts
- Opportunities
  - Changing threats provide business opportunities for cyber warfare, counter-terrorism, missile defense, space, and science & technology
    - Government and Industry teams need to find creative ways to leverage other markets to support development of future defense products

Major Institutions

President
NSC
OMB
DoD
Warfighter

Activities:
- **Requirements**
- **Resource Allocation**
- **Contracts**

Concerns:
- **National Security**



Senate
House
CBO
GAO
Members and Committee Staffers

Concerns:
- ***Raise & support armies***
- ***Provide & maintain a navy***
- ***Balance Defense vs. Social Needs***

NSC = Nat'l Security Counsel
OMB = Office of Mgmt Budget
DoD = Department of Defense
CBO = Congressional Budget Office
GAO = Gvmt Accountability Office
PEO = Program Executive Office
MDA = Milestone Decision Authority
CRS = Congressional Research Services

Overview

- Rules and Regulations
- Decision Support Systems
- Key Defense & Navy Acquisition Players
- Acquisition Categories (ACAT)

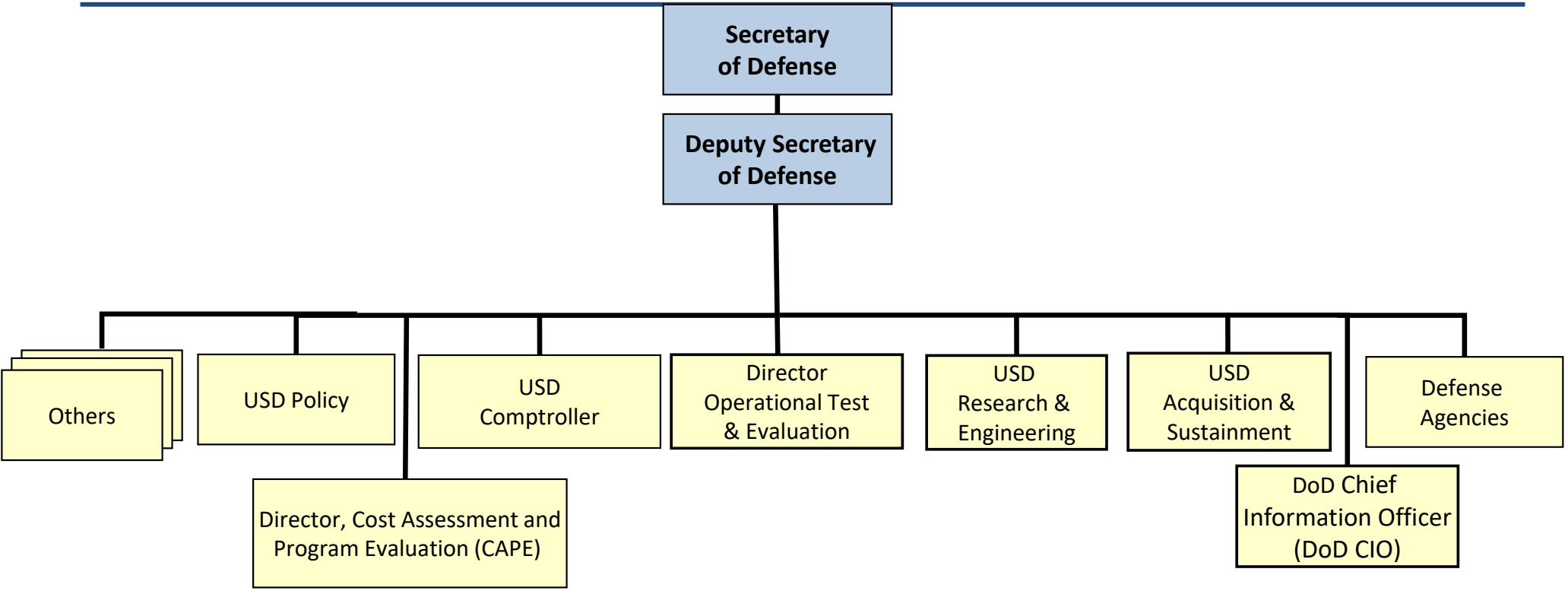
Acquisition Players (DoDD 5000.01 Definitions)

- Acquisition Program
  - A directed, funded effort that provides a new, improved, or continuing materiel, weapon or information system or service capability in response to an approved need
- Defense Acquisition Executive (DAE)
  - The top-level official for all defense acquisitions and is responsible for supervising the Defense Acquisition System
  - Will act as Milestone Decision Authority (MDA) for designated Major Defense Acquisition Programs (MDAPs) and Major Automated Information Systems (MAIS)
  - May delegate authority to act as the MDA to the head of a DoD Component, who may further delegate the authority to the Component Acquisition Executive or Service Acquisition Executive
- Component Acquisition Executive (CAE)
  - Senior official in each DoD Component responsible for all acquisition functions within that Component
  - Secretary of the military department, or the head of the defense agency, with power of re-delegation

Acquisition Players (DoDD 5000.01 Definitions)

- Milestone Decision Authority (MDA)
  - Designated individual with overall responsibility for a program
  - Approves entry of an acquisition program into the next phase of the acquisition process
  - Determines entry point of an acquisition program in the acquisition process
  - ***Accountable for cost, schedule, and performance reporting to higher authority, including Congressional reporting***
  - PM reports to the MDA for program cost, schedule, and performance
- Program Executive Office (PEO)
  - Military or civilian official who has responsibility for directing several MDAPs and for assigned major system and non-major system acquisition programs
  - Reports to and receives guidance and direction from the CAE
  - CAE may delegate authority to the PEO as the MDA for ACAT II, III or IV programs
- Program Manager (PM)
  - The designated individual with responsibility for and authority to accomplish program objectives for development, production, and sustainment to meet the user's operational needs
  - Accountable for cost, schedule, and performance reporting to the MDA

Office of the Secretary of Defense



USD = Under Secretary of Defense

Four Key Acquisition Decision Makers within OSD are:

- USD Acquisition and Sustainment (USD A&S)
- USD Research and Engineering (USD R&E)
- DoD Chief Information Officer (DoD CIO)
- Director, Operational Test and Evaluation (DOT&E)

Under Secretaries of Defense

- USD Comptroller
  - Controls the budget and the release of funds
  - Responsible to the Budgeting and Execution phases of the PPBE process
- USD Policy
  - Ensures alignment of DoD plans with national security objectives
  - Provides responsive policy advise
  - Maintains responsibility for the Defense Planning and Programming Guidance during the Planning phase of PPBE
- USD Acquisition and Sustainment (USD A&S)
  - Is the principal staff assistant and advisor to the Secretary of Defense and the Deputy Secretary of Defense for all matters concerning Departmental acquisition and sustainment
  - Establishes policy for the training and career development of the defense acquisition workforce
  - Makes program milestone decisions for designated Major Defense Acquisition Programs (MDAPs)

Directors

- Director, Operational Test & Evaluation (DOT&E)
  - Provides Operational Test oversight for MDAPs and other programs on the DOT&E Oversight List*
    - Provides independent assessment of the operational ***effectiveness*** and ***suitability*** of new weapon systems
    - Approves the operational testing plans
    - Approves Live Fire Test and Evaluation (LFT&E) strategy
    - Determines the number of production test articles
  - Sends OT&E reports directly to SECDEF and Congress

- Director, Cost Assessment and Program Evaluation (CAPE)
  - Is responsible for analysis and advice on matters relating to PPBE
  - Formulates study guidance for analyses of alternatives for MDAPs and performance of such analyses
  - Oversees review, analysis, and evaluation of programs for executing approved strategies and policies, ensuring that information on programs is presented accurately and completely, and assessing the effect of spending by the DoD on the United States economy

* DOT&E Oversight List maintained continuously online at https://extranet.dote.osd.mil/oversight/

USD (R&E)

- USD Research and Engineering (USD R&E)
  - Chief technical officer of the Department of Defense
  - Mission of advancing technology and innovation
  - Provides technical risk assessments and advises SECDEF on potential future concerns including interoperability and cyber capability

- Offices reporting directly include
  - Defense Innovation Unit (DIU)
  - Strategic Capabilities Office (SCO)
  - Strategic Intelligence Analysis Cell
  - Missile Defense Agency (MDA)
  - Defense Advanced Research and Projects Agency (DARPA)

DoD Chief Information Officer (CIO)

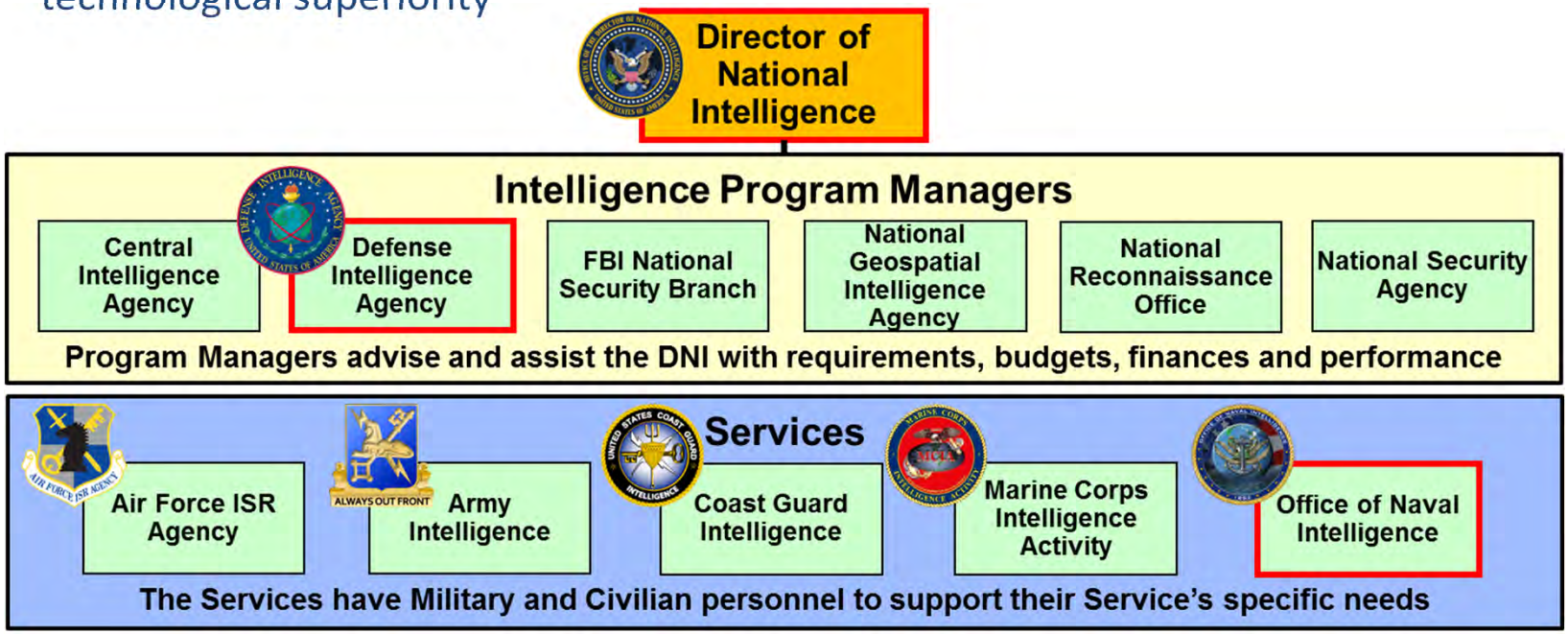
- DoD Chief Information Officer (DoD CIO)
  - Supports and informs USD A&S on all IT and Cyber-infrastructure acquisition matters, including milestone decisions for Major Automated Information System (MAIS) Programs
  - Exercises authority over Director, Defense Information Systems Agency (DISA)
  - Works directly with the Component CIOs
    - Instruction to the Military Departments issued though the Component Secretaries
  - Approves some acquisition documentation for ACAT I Programs (e.g., CCA compliance)
  - Member of the Defense Acquisition Board (when USD A&S is MDA)
  - May be delegated MDA responsibility for some MAIS Programs

Defense Acquisition Board

- DAB is the senior-level defense forum for advising the USD(A&S) on critical acquisition decisions concerning designated acquisition programs
- Formal meetings held at each milestone to review accomplishments and assess readiness to proceed into next phase
  - Typical issues addressed include cost growth, schedule delay, and technical threshold breaches
  - Co-chaired by the Vice Chairman of the Joint Chiefs of Staff and USD (A&S)
  - Other members include
    - Under Secretary of Defense (Financial Management and Comptroller)
    - Under Secretary of Defense (Policy)
    - Under Secretary of Defense (Personnel and Readiness)
    - DoD Chief Information Officer (CIO)
    - Director, Operational Test and Evaluation (DOT&E)
    - Director, Cost Assessment and Program Evaluation (CAPE)
    - Secretaries of the Army, Navy, and Air Force

Intelligence Community Acquisition Players

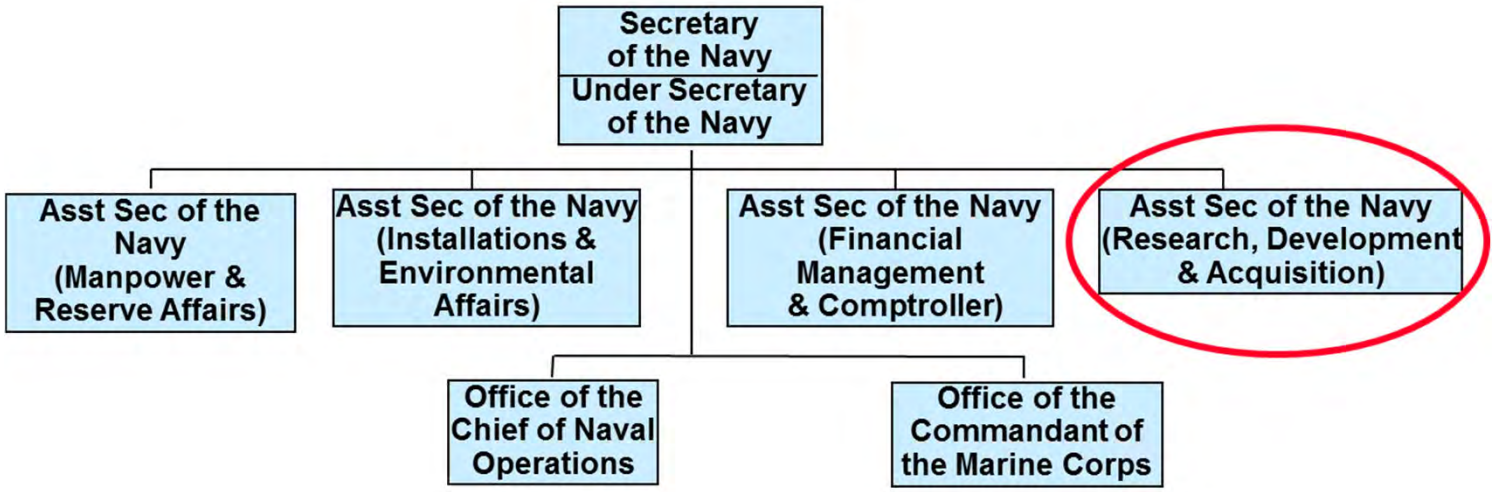
- Service and National Intelligence agencies will be part of the decision process at various milestones in the acquisition process
  - Threat information must be continually updated to account for adversarial capabilities throughout the program's projected acquisition life-cycle to ensure we maintain our technological superiority



A DoD acquisition program will be evaluated at the Service, DIA and/or DNI level depending on the programs threat assessment and impact/influence on the Intelligence Community

Department of the Navy (DoN) Decision Makers

- ASN Research, Development and Acquisition (ASN RD&A)
  - CAE responsible for DoN acquisition functions and programs, and for enforcement of USD (A&S) procedures
  - ASN RD&A reporting organizations include
    1. Systems Commands (SYSCOMs)
    2. Program Executive Offices (PEOs)
    3. Deputy Assistant Secretary of the Navy Staff (DASNs)



Represents DoN to USD (A&S) and to Congress on all matters relating to acquisition policy and programs

Overview

- Decision Support Systems
- Rules and Regulations
- Key Defense & Navy Acquisition Players
- Acquisition Categories (ACAT)

Acquisition Categories (ACATs)

- Programs are divided into Acquisition Categories (ACATs) based primarily on program cost. The level of management oversight increases with the program cost
- Categories established to facilitate ***decentralized decision*** making, execution, and compliance with statutorily imposed requirements. The categories determine the level of review, decision authority, and applicable procedures
- DoDI 5000.02 Acquisition Categories are:
  - ACAT I
  - ACAT II
  - ACAT III
  - ACAT IV
- Categories are based on:
  - Dollar value
  - Location in the acquisition framework
  - Special interest

*ACAT designation allows DoD to appropriately adjust requirements for program oversight & control but does **not** determine if a program will be funded*

ACAT I

- Major Defense Acquisition Program (MDAP)
  - Estimated to require expenditure of (FY2020 Constant $)
    - > $525M of Research, Development, Test & Evaluation (RDT&E), or
    - > $3.065B Procurement
  - Or, if designated by USD (A&S) to be an ACAT I (e.g., Congressional interest, international considerations)
- ACAT I programs have two subcategories based on MDA:
  - ACAT ID – DAE or as delegated (e.g., USD (A&S))
    - "D" refers to the to the Defense Acquisition Board which advises the USD (A&S) at major decision points
    - USD A&S may delegate ACAT 1D responsibility within OSD or CIO
  - ACAT IC - DoD Component Acquisition Executive (CAE)
    - "C" refers to Component (Army, Navy, Air Force, Space Force etc.)
    - For Navy, C delegation is to SECNAV, who in practice further delegates to ASN RD&A
- USD (A&S) designates MDAPs as either ACAT ID or ACAT IC

ACAT I Examples
DDG-1000
Navy Multiband Terminal (NMT)

ACAT II

- Major System
  - Does not meet ACAT I criteria
  - Identified as a Major System
    - Estimated to require expenditure of (FY2020 Constant $)
      - > $200M or more of RDT&E, or
      - > $920M or more of Procurement, or
  - MDA is the CAE or the individual designated by the CAE

- There is no ACAT II for AISs

ACAT II Examples
Automated Digital Network System (ADNS)
Surface Electronic Warfare Improvement Program (SEWIP)

ACAT III, ACAT IIIA & ACAT IV

- ACAT III
  - Does not meet the criteria for an ACAT I (MDAP) or ACAT IA (AIS) or criteria for an ACAT II
  - MDA is designated by CAE and shall be at the lowest appropriate level
- ACAT IIIA
  - Does not meet the criteria for an ACAT IA
  - This category includes less-than-major AISs
  - MDA is designated by the CAE and shall be at the lowest appropriate level
- ACAT IV
  - ACAT program in the Navy or Marine Corps not otherwise designated as ACAT III are designated ACAT IV
  - Two categories:
    - IVT (test) – require Operational Test and Evaluation (OT&E)
    - IVM (monitor) – do not require OT&E

ACAT III Examples
MK 45 Gun Mount (Ext Rng)
Tactical Tomahawk Weapon Control System (TTWCS)

ACAT Summary

MDAP	ACAT 1D:	• DAB review • Designated by USD (A&S) • MDA is USD (A&S)	$525M RDT&E or $3.065B Procurement (FY 2020 Constant $)
	ACAT IC:	• Component review • Designated by USD (A&S) • MDA is CAE	
Major Systems	ACAT II: *	• Does not meet ACAT I Criteria • Designated by CAE • MDA is CAE	$200M RDT&E or $920M Procurement (FY 2020 Constant $)
Other Systems	ACAT III:	• Does not meet ACAT I, IA or II Criteria • Designated IAW Component policy • Decision at lowest appropriate Level	No Fiscal Criteria
Only for Navy and USMC	ACAT IV:	• Not otherwise designated ACAT I, IA, II or III • Designated IAW Component policy • Navy/USMC ACAT IVT/IVM • Decision at lowest appropriate level	SECNAVINST 5000.2D (Navy and Marine Corps)

*Army has an ACAT IIA category for AIS reviewed at Army CIO level

Program Reporting Requirements

- RD&A Information System (RDAIS)
  - Designated as the authoritative source for programmatic information for the DoN
  - Tracks the cost, schedule, and performance for programs on a monthly and quarterly cycle

- Defense Acquisition Executive Summary (DAES)
  - Designed to be the early warning report for ASN(RD&A) to USD(A&S) for ACAT I programs between milestone (M/S) reviews
    - Monthly provides program status, issues summary, cost, and performance
    - Quarterly provides mission and description, threshold breaches, program status against schedule, performance, and cost parameters along with monthly input
    - Navy uses RDAIS to provide input

- Defense Acquisition Visibility Environment (DAVE)
  - Designed for the tracking of Middle Tier of Acquisition efforts within the components
  - Provides program status, issues summary, cost, and performance

Program Reporting Requirements (cont.)

- Selected Acquisition Report (SAR)
  - SECDEF submits annually to Congress for all ACAT I programs
    - Frequency increases to quarterly if
      - 6 month or more schedule slip
      - Unit cost increase of 15% over current Acquisition Program Baseline (APB) objective or 30% over original (significant Nunn-McCurdy Unit Cost Breach)
  - Principle mechanism for Congressional tracking of cost, schedule and performance of ACAT I programs

- Unit Cost Report (UCR)
  - PM will prepare UCR quarterly for all ACAT I programs submitting SARs
  - Ensures cost overruns are ***not*** hidden by reducing number of units produced

Current Navy Acquisition Issues

- China, Culture, Climate Change, Supply Chain Issues
  - *One Navy-Marine Corps Team: Strategic Guidance From The Secretary of the Navy (OCT 2021)*
- 350 Ship Navy
  - Rebuild readiness by building ships and increase personnel to man them
  - Replenish and grow force structure
  - Flexibility and modularity to defend against an uncertain future threat
  - Importance of supporting weapon systems infrastructure
- Make Cybersecurity part of our DNA
  - Include in program life-cycle from the requirements phase
- Get real, get better. More than just a motto
  - Requires Navy leaders to be professionally agile and remain adaptable to evolving processes so the U.S. can maintain its warfighting advantage
  - Leveraging lessons learned from other programs and services

Summary

- The three Decision Support Systems of Defense Acquisition
- Rules and regulations for Navy Acquisition
- The three areas of risk in acquisition

Summary

- Recognize DoD 5000 definitions
- Key Defense & Navy Acquisition Players
- ACATs
  - Why?
  - How are they defined?
  - Why different categories?