Fiscal Year (FY) 2005 Budget Estimates
Defense Contract Management Agency
PROCUREMENT, DEFENSE-WIDE

Dollars In Millions
FY 2005 Estimate   18.945
FY 2004 Estimate   9.834
FY 2003 Estimate   13.414

Purpose and Scope

   The Defense Contract Management Agency (DCMA) is responsible to the Secretary of Defense for providing acquisition management services at the greatest possible effectiveness and efficiency for the benefit of the nation's warfighters. To assist in managing its diverse activities, DCMA must procure various categories of mission essential equipment, including automated data processing, telecommunications equipment and passenger carrying vehicles, to afford a high degree of effectiveness, productivity, and efficiency in the accomplishment of the Agency's mission.

Justification of Funds

   DCMA's requirement to procure replacement passenger carrying vehicles is in support of DCMA's overseas contract administration operations conducted throughout the world. DCMA is actively working to convert its overseas fleet from owned passenger carrying vehicles to long-term commercial leases or leases with the General Services Administration (GSA). There have been delays in GSA offering such support in Europe. Therefore, DCMA continues to require passenger carrying vehicles procurement authority.
   DCMA has developed a technical architecture that defines the computing and communications environment required to sustain and improve its critical business processes. This architecture complies with OSD directives related to security and storage, and provides visibility of key data and information at team levels and above. It supports performance based management, which allows teams to self direct application of limited resources to the appropriate priorities. DCMA's use of information technology also supports compilation of data for agency level workload and resource management reviews without causing undue burden on field organizations. The objective is to provide mission-effective and efficient software applications, computing equipment, and telecommunications connectivity to the DCMA workforce as quickly as possible.
   With this in mind DCMA has developed a set of metrics that measures the ability of IT to support the President's Management Agenda and improve customer satisfaction through expanded E-Government/E-Business initiatives. The metrics address circuit availability, e-mail systems availability, circuit and systems utilization, timely deployments of security patches and other software, and training. The metrics are reviewed on a monthly basis. All metrics tied to the funds in this exhibit have achieved a "green" status for prior year and current FY to date.

Justification of Funds Continued

Due to requirements for firewall security and Public Key Infrastructure (PKI) enablement, DCMA maintains directory service software tools to manage its heterogeneous operating system environment and security software interfaces. Directory services software is vital to DCMA's ability to manage authorized user access controls in conjunction with firewalls, PKI and intrusion detection systems.

Per DoD Financial Management Regulation Volume 2A Chapter 1, DCMA realigned mid-tier/Web Application Platforms, Web Servers, VTC and Ethernet switches from PDW to O&M because their unit cost is less than $250,000.

DCMA's storage and retrieval system along with Reachback Web Server and Reachback Web Network and Records Management will allow DCMA to comply with National Archives and Records Administration requirements for maintaining an efficient Records Management and Data Retrieval System for inactive and retired records. The storage system will allow DCMA to store documents at reduced cost by maximizing centralization and providing agency-wide access to information in a secure environment. This system complements the Standard Procurement System and DCMA Integrated Database effort which maintains active records.

The Network Environmental Test Center enables DCMA to develop, test and enhance both the standard and web enabled government applications in a realistic networked environment. The Test Center is on a three year replacement cycle with upgrades planned during interim years. This program supports DCMA's software development goals and is measured by software program management Earned Value metrics.

DCMA Functional Area Applications covers the efforts associated with developing and deploying DCMA-unique applications. To support DoD's transformation, DCMA must provide the tools its workforce requires to do their jobs and produce even more efficient and effective results. These applications impact such vital DoD acquisition business matters as Preaward Surveys of prospective contractors, contract price negotiations, material acceptances, contractor payment, workload assignments and management, and providing Web-accessible contracts for cost and delivery information for Military Department customers. This program supports DCMA's transformation goals and is measured by software program management Earned Value metrics.

The Standard Procurement System (SPS) is based on modification of a Commercial-Off-The-Shelf (COTS) item. The item is modified to support DoD requirements not met by the initial commercial product (i.e. requirements prompted by the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS)). The SPS follows a spiral development approach, increasing the performance envelope of the existing system incrementally until the objective system is achieved. The SPS is predicated upon 299 requirements identified by an inter-service functional requirements team in 1995.

 SPS has been installed completely to five legacy system communities: Automation of Procurement and Accounting Data Entry (APADE) in the U.S. Navy, Base Contracting Automation System (BCAS) in the U.S. Marine Corps, Standard Army Automated Contracting System (SAACONS) in the U.S. Army, Federal Standard Automated Contracting System (SACONS) in the Other Defense Agencies, and Base Contracting Automation System (BCAS) in the U.S. Air Force. SPS is currently supporting over 22,800 users in the field and is the only standard business system in DoD.

Programmed procurement funds are used for activities in direct support of the deployment of the SPS. More specifically, these funds are used for software licenses, installation/implementation support, database conversion, program integration support, and training. Hardware and communication equipment will be provided through the Components and the Defense Information Infrastructure (DII) technical infrastructure and, therefore, the hardware and telecommunications infrastructure costs are not direct SPS program execution costs under the SPS Program Manager's authority.

The SPS is fully aligned with the following President's Management Agenda (PMA) initiatives:

(1) Strategic Management of Human Capital - The SPS supports this initiative through its web-accessible Knowledge Base that shares information throughout the DoD's procurement community. In addition, the SPS contains an extensive on-line help feature that provides step-by-step guidance in using the software for both functional users and system administrators. It also contains an easily accessible Reference Library with links to a wide variety of procurement reference materials (regulations, manuals, policy documents) via web sites. Further, the system provides access to local procedures and policy guides which can be tailored for each location.

(2) Competitive Sourcing - The SPS supports this agenda by utilizing a commercial software application as the basis for its automated system. When the concept of the standard procurement system began, it was envisioned that the target system would utilize the "best of the breed" from Government-owned and operated migration systems. A model of Procurement was constructed in 1992 and was used to aid in the selection of migration systems. Later, the Procurement Corporate Information Management Council determined that a commercial industry product should be acquired and then modified to meet the Department of Defense needs.

(3) Improved Financial Performance - The SPS is listed as a critical feeder system in the DoD Financial Management Improvement Plan. As such, the SPS automates the capture of contractual obligations and, through interfaces with DoD financial systems, provides improved visibility for funds tracking and enables more rapid release of excess funds. The single data entry and shared standard data reduces the opportunity for error in matching disbursements with obligations. The re-engineered reporting processes for the Federal Procurement Data System enables acceleration of end-of-year reporting and provides greater visibility into DoD obligations, enabling more informed operational decisions.

(4) Expanded Electronic Government – The SPS supports this strategic goal by sharing information more quickly and conveniently between DoD contracting activities and financial systems. The benefits of this data sharing allow industry and citizens to process contracts and payments more rapidly and with reduced data entry errors. The SPS provides automated creation of contracts and grants and the electronic sharing of obligation data with DoD's financial systems. Invoices can be paid faster and excess funds are available to the Government more quickly. In addition, contract reconciliation requires fewer resources than prior manual processes. All of this helps cut Government operating costs and provides citizens and Congress with easier access to contracting information. Further, the next major software release being developed, version 4.2 Increment 3, will provide web-based access for all SPS users. SPS was awarded the 2003 Grace Hopper Government Technology Leadership Award for "Leadership in the innovative application of information technology that breaks down barriers between offices, agencies and departments, or between federal, state and local governments."

 Performance criteria and monitoring mechanisms are put in place for work performed by the contractor. The Deployment Orders (approximately 35% of the Procurement budget estimate) include a Government approved standard upgrade process and benchmark timeframes for upgrades based on hardware configurations. They also include penalties for exceeding the benchmark time.
 The Training Orders (approximately 30% of the Procurement budget estimate) include the following mechanisms for monitoring work performed by the contractor: Trainer Observation Reports, Student Course Evaluations, and Monthly Status Reports.
 The Program Integration Support Orders (approximately 35% of the Procurement budget estimate) are monitored by the Contracting Officer Representative to ensure all required tasks are accomplished and support the Program's mission and goals. Project Plans and Progress Reports are required monthly to ensure that contractors are meeting performance requirements.

Exhibit P-1, Procurement Program

Fiscal Year (FY) 2005 Budget Estimates
Defense Contract Management Agency

Appropriation: Procurement, Defense-Wide   **Date:** February, 2004

Budget Activity: Fiscal Year (FY) 2005 Budget Estimates

			TOA, $ in Millions					
P-1 Line	Item	Ident	FY 2003		FY 2004		FY 2005	
Item No	Nomenclature	Code	Qty	Cost	Qty	Cost	Qty	Cost
33	Passenger Carrying Vehicles		4	0.179	5	0.180	5	0.180
33	DCMA Functional Area Applications (FAA)		-	-	2	1.400	-	-
33	DCMA Communications & Computing Infrastructure (C&CI)		344	8.949	18	4.055	18	5.120
33	DCMA Related Technical Activities (RTAs)		1	0.665	1	0.418	-	-
33	Standard Procurement System (SPS)		-	3.621	-	3.781	-	13.645
	Total DCMA		349	13.414	26	9.834	23	18.945

Fiscal Year (FY) 2005 Budget Estimates
Defense Contract Management Agency
($ In Millions)

Exhibit P-40, Budget Item Justification					Date February 2004					
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: Procurement Defense-Wide					P-1 Line Item 33 Nomenclature 01 Passenger Carrying Vehicles					
	ID Code	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009		
Proc Qty		4	5	5	5	5	5	5		
Total Proc Cost		0.179	0.180	0.180	0.185	0.188	0.193	0.198		

Description

   DCMA's requirement to procure replacement passenger carrying vehicles in FYs 2004 supports DCMA's overseas contract management mission. At present, DCMA maintains field offices in Europe, the Middle East, and the Pacific Rim.

   DCMA is actively working to convert its overseas fleet from owned passenger carrying vehicles to long-term commercial leases or leases with the General Services Administration (GSA). There have been delays in GSA in offering such in Europe. Therefore, DCMA continues to require passenger carrying vehicle procurement authority.

Fiscal Year (FY) 2005 Budget Estimates
Defense Contract Management Agency
($ In Millions)

Exhibit P-40, Budget Item Justification					Date February 2004					
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number Procurement Defense-Wide					P-1 Line Item 33 Nomenclature 02 DCMA Functional Area Applications (FAA)					
	ID Code	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009		
Proc Qty		0	2	0	0	0	0	0		
Total Proc Cost		0.000	1.400	0.000	0.000	0.000	0.000	0.000		

Description
Functional Area Applications (FAA) includes general activities under the Global Information Grid (GIG) and Information Technology/Defense Information Infrastructure (IT/DII) Reporting Structure. FAA incorporates the Mechanization of Contract Administration Services (MOCAS) "To Be" Transition which is the DCMA testing and deployment of the systems in the DoD "To Be" E-Business and Financial Modernization architectures. SPS, a component system in those architectures, deployment efforts include Contractor Support Deployment and Deployment Training Facilities.

Fiscal Year (FY) 2005 Budget Estimates
Defense Contract Mangement Agency
($ In Millions)

Exhibit P-40, Budget Item Justification					Date February 2004					
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number Procurement Defense-Wide					P-1 Line Item 33 Nomenclature 03 DCMA Communications & Computing Infrastructure (C&CI)					
	ID Code	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009		
Proc Qty		344	18	18	18	18	18	18		
Total Proc Cost		8.949	4.055	5.120	3.086	3.000	3.048	1.269		

Description

  Records Management Infrastructure allows DCMA to comply with the Government Paperwork Elimination Act and National Archives and Records Administration requirements for maintaining an efficient Records Management and Data Retrieval System. DCMA's storage system allows the agency to store documents at reduced costs by storing "electrons" instead of paper, and provides agency-wide access to information in a secure environment.

   DCMA's Reachback Web Network and DCMA applications impact such vital DoD acquisition business matters as Preaward Surveys of prospective contractors, contract price negotiations, material acceptances, contractor payment, and workload assignments and management. The workforce receives comprehensive training on the applications in order to fully utilize the applications and achieve maximum productivity gains. In addition, timely, complete, and accurate data is made available at the lowest levels of DCMA to ensure that sound business decisions are made.

Fiscal Year (FY) 2005 Budget Estimates
Defense Contract Management Agency
($ In Millions)

Exhibit P-5, Cost Analysis			Date February 2004			
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number Procurement Defense-Wide			ID Code	P-1 Line Item 33 Nomenclature 03 DCMA Communications & Computing Infrastructure (C&CI)		
WBS COST ELEMENTS (Tailor to System/Item Rqmts)	FY 2003 Unit Cost	FY 2003 Total Cost	FY 2004 Unit Cost	FY 2004 Total Cost	FY 2005 Unit Cost	FY 2005 Total Cost
Web Servers	0.162	2.270	-	-	-	-
DMS Tier 2	0.155	0.310	-	-	-	-
Routers	0.013	4.027	-	-	-	-
Reachback Web Network & Records Management Infrastructure	0.101	2.342	0.101	4.055	0.101	5.120
Gross-P-1 End Item Cost		8.949		4.055		5.120
Less PY Adv Proc (by PY FY)						
Net P-1 Full Funding Cost		8.949		4.055		5.120
Plus CY Non-P-1 Costs						
Other Non-P-1 Costs						
Initial Spares						
Total		8.949		4.055		5.120

Exhibit P-5a, Procurement History and Planning										DATE: February 2004	
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number Procurement, Defense-Wide						P-1 Line Item 33 Nomenclature 03 DCMA Communications & Computing Infrastructure (C&CI)					
WBS COST ELEMENTS (Tailor to System/Item Rqmts)	Qty	Unit Cost	Location of PCO	RFP Issue Date	Contract Method and Type	Contractor and Location	Award Date	Date of First Delivery	Tech Data Available Now?	Date Revisions Available
FY 2003										
Routers	325	0.013	DCMA		C/IDIQ	GTSI Corp; Chantilly, VA	Jan-03	TBD	Yes	N/A
Reachback Web Network & Records Management Infrastructure	18	0.101	Various		C/IDIQ	TLA Associates; Alexandria, VA	Nov-03	Dec-03	Yes	N/A
Web Servers	14	0.162	DCMA		C/IDIQ	GTSI Corp; Chantilly, VA	Dec-03	Feb-04	Yes	N/A
DMS Tier 2	2	0.155	DCMA		C/IDIQ	DISA	N/A	N/A	Yes	N/A
Software Development	1	0.370	Various		C/IDIQ	TBD	Jan-03	TBD	Yes	N/A
Local Communications	1	0.450	DCMA		C/IDIQ	TBD	TBD	TBD	Yes	N/A
FY 2004										
Reachback Web Network & Records Management Infrastructure	18	0.101	Various		C/IDIQ	TBD	TBD	TBD	Yes	N/A
FY 2005										
Reachback Web Network & Records Management Infrastructure	18	0.101	Various		C/IDIQ	TBD	TBD	TBD	Yes	N/A

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	ID Code		FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total
Exhibit P-40, Budget Item Justification							Date February 2004				
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number Procurement Defense-Wide							P-1 Line Item 33 Nomenclature 04 DCMA Related Technical Activities (RTAs)				
Proc Qty			1	1	0	0	0	0	0		
Total Proc Cost			0.665	0.418	0.000	0.000	0.000	0.000	0.000		

Description
Related Technical Activities includes Technical Activities under the Global Information Grid (GIG) and Information Technology/Defense Information Infrastructure (IT/DII) Reporting Structure. DCMA will deploy the Defense Travel System (DTS) in FY 2004.

Exhibit P-40, Budget Item Justification	Date February 2004
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: Procurement Defense-Wide	P-1 Line Item 33 Nomenclature 05 Standard Procurement System (SPS)

	ID Code	FY 95 - 02	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Complete	Total
Proc Qty		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Total Proc Cost		43.313	3.621	3.781	13.645	8.594	9.455	3.284	3.430	Cont.	Cont.

Background:

   Within the Procurement/Contract Management area, DCMA is responsible for the Department of Defense Standard Procurement System (SPS). DoD initiated the SPS in 1994 to enhance readiness and support to warfighters through standardization and optimization of procurement systems and activities. SPS is currently supporting over 22,800 users in the field and is the only standard business system in DoD.

Procurement Specific Costs:

   The SPS is based on modification of a Commercial-Off-The-Shelf (COTS) item. The item is modified to support DoD requirements not met by the initial commercial product (i.e. requirements prompted by the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS)). The SPS follows a spiral development approach, increasing the performance envelope of the existing system incrementally until the objective system is achieved. The SPS is predicated upon 299 functional requirements identified by an inter-service functional requirements team in 1995.

   Programmed procurement funds are used for activities in direct support of the deployment of the SPS. More specifically, these funds are used for software licenses, installation/implementation support, database conversion, program integration support, and training. Hardware and communication equipment will be provided through the Components and the Defense Information Infrastructure (DII) technical infrastructure and, therefore, the hardware and telecommunications infrastructure costs are not direct SPS program execution costs under the SPS Program Manager's authority.

Performance Criteria and Evaluation:

   Performance criteria and monitoring mechanisms are put in place for work performed by the contractor. The Deployment Orders (approximately 35% of the Procurement budget estimate) include a Government approved standard upgrade process and benchmark timeframes for upgrades based on hardware configurations. They also include penalties for exceeding the benchmark time.

   The Training Orders (approximately 30% of the Procurement budget estimate) include the following mechanisms for monitoring work performed by the contractor: Trainer Observation Reports, Student Course Evaluations, and Monthly Status Reports.

   The Program Integration Support Orders (approximately 35% of the Procurement budget estimate) are monitored by the Contracting Officer Representative to ensure all required tasks are accomplished and support the Program's mission and goals. Project Plans and Progress Reports are required monthly to ensure that contractors are meeting performance requirements.

Program Accomplishments/Plans:

   SPS has been installed completely to five legacy system communities: Automation of Procurement and Accounting Data Entry (APADE) in the U.S. Navy, Base Contracting Automation System (BCAS) in the U.S. Marine Corps, Standard Army Automated Contracting System (SAACONS) in the U.S. Army, Federal Standard Automated Contracting System (SACONS) in the Other Defense Agencies, and Base Contracting Automation System (BCAS) in the U.S. Air Force. During fiscal year 2003, operational procurement professionals relied on SPS to complete more than 600 thousand contract actions totaling over 41 billion dollars.

   Under new program management, the Government officially accepted SPS version 4.2 increment 1 on 20 June 2002 and promptly began deployments on 24 June 2002. This version was delivered to the Government on schedule and within cost. As of 1 December 2003, Version 4.2 Increment 1 was deployed to 10,047 users and will be deployed to an additional 4,820 Air Force users.

   The Version 4.2 Increment 2 Procurement Desktop Defense (PD2) software application will be integrated with an Enterprise Adapter and Integrity Tool. Testing for PD2 Version 4.2 Increment 2 Service Release 1 (SR01) was completed, and the software was conditionally accepted. Acceptance issues found in Version 4.2 Increment 2 will be delivered with Version 4.2 Increment 2 SR02. Government testing on Version 1.9.1 of the Adapter was completed, and the interim product was conditionally accepted. Acceptance issues for Version 1.9.1 of the Adapter will be corrected in Version 1.9.2. Version 4.2 Increment 2 was deployed to 1,741 users and will be deployed to an additional 27,446 users.

   Version 4.2 Increment 3 will increase system performance, enhance functional capabilities, maximize modular solution sets, and expand integration among the logistics, procurement, and financial communities of the DoD using web-based technology. Version 4.2 Increment 3 successfully completed the Business Management Modernization Program (BMMP) approval process in October 2003 and was placed under contract.

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Exhibit P-5, Cost Analysis		Date February 2004				
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: Procurement Defense-Wide	ID Code	P-1 Line Item 33 Nomenclature 05 Standard Procurement System (SPS)				
WBS COST ELEMENTS (Tailor to System/Item Rqmts)	FY 2003 Unit Cost	FY 2003 Total Cost	FY 2004 Unit Cost	FY 2004 Total Cost	FY 2005 Unit Cost	FY 2005 Total Cost
Installation/Licenses/Database Conversion	1.068	1.068	1.048	1.048	6.674	6.674
Program Integration Support	1.589	1.589	1.657	1.657	3.743	3.743
Training	0.964	0.964	1.076	1.076	3.228	3.228
Gross-P-1 End Item Cost		3.621		3.781		13.645
Less PY Adv Proc (by PY FY)						
Net P-1 Full Funding Cost		3.621		3.781		13.645
Plus CY Non-P-1 Costs						
Other Non-P-1 Costs						
Initial Spares						
Total		3.621		3.781		13.645

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Exhibit P-5a, Procurement History and Planning									DATE: February 2004			
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: Procurement, Defense-Wide							P-1 Line Item 33 Nomenclature 05 Standard Procurement System (SPS)					
WBS COST ELEMENTS (Tailor to System/Item Rqmts)	Qty	Unit Cost	Location of PCO	RFP Issue Date	Contract Method and Type	Contractor and Location	Award Date	Date of First Delivery	Tech Data Available Now?	Date Revisions Available
FY 2003										
Installation/Licenses/Database Conversion		1.068	DCMA-SO		C/FP C/FP C/FP	AMS - Fairfax, VA Altarum - Ann Arbor, MI RG - Alexandria, VA	Aug-96 Jan-03 Oct-02	1QFY03 2QFY03 1QFY03	N/A	N/A
Program Integration Support		1.589	DCMA-SO		C/FP	AMS - Fairfax, VA	Aug-96	1QFY03	N/A	N/A
Training		0.964	DCMA-SO		C/FP	AMS - Fairfax, VA	Aug-96	1QFY03	N/A	N/A
FY 2004										
Installation/Licenses/Database Conversion		1.048	DCMA-SO		C/FP C/FP C/FP	AMS - Fairfax, VA Altarum - Ann Arbor, MI RG - Alexandria, VA	Aug-96 Jan-04 Oct-03	1QFY04 2QFY04 1QFY04	No	N/A N/A N/A
Program Integration Support		1.657	DCMA-SO		C/FP	AMS - Fairfax, VA	Aug-96	1QFY04	No	NA
Training		1.076	DCMA-SO		C/FP	AMS - Fairfax, VA	Aug-96	1QFY04	No	NA
FY 2005										
Installation/Licenses/Database Conversion		6.674	DCMA-SO		C/FP C/FP C/FP	AMS - Fairfax, VA Altarum - Ann Arbor, MI RG - Alexandria, VA	Aug-96 Jan-05 Oct-04	1QFY05 2QFY05 1QFY05	No	N/A N/A N/A
Program Integration Support		3.743	DCMA-SO		C/FP	AMS - Fairfax, VA	Aug-96	1QFY05	No	NA
Training		3.228	DCMA-SO		C/FP	AMS - Fairfax, VA	Aug-96	1QFY05	No	NA