

**Fiscal Year (FY) 2008/2009 Budget Estimates
PROCUREMENT, DEFENSE WIDE
DEFENSE CONTRACT MANAGEMENT AGENCY**

<u>EXHIBIT</u>	<u>TITLE</u>	<u>PAGE</u>
	Purpose and Scope/Justification of Funds	2
P-1	Summary	3
P-40	Passenger Carrying Vehicles	4
P-40	DCMA Related Technical Activities (RTA)	5
P-5, P-5a	DCMA Related Technical Activities (RTA)	6
P-40, P-5, P-5a	Standard Procurement System (SPS)	9

Fiscal Year (FY) 2008/2009 Budget Estimates

PROCUREMENT, DEFENSE-WIDE

Defense Contract Management Agency

(\$ In Millions)

Dollars In Millions	
FY 2009 Estimate	2.152
FY 2008 Estimate	2.092
FY 2007 Estimate	3.244
FY 2006 Estimate	11.906

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. 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.

The PDW funding decrease from FY2007 to FY 2013 is attributable to transferring the Standard Procurement Program to the Business Transformation Agency (BTA). The Business Transformation Agency (BTA) was established on October 7, 2005. As directed, the management and oversight of the SPS program and its appropriated resources have been transferred starting FY 2007.

Exhibit P-1, Procurement Program

Fiscal Year (FY) 2008/2009 Budget Estimates
Defense Contract Management Agency

Appropriation: Procurement, Defense-Wide

Date: February 2007

Budget Activity: _01

P-1 Line Item No	Item Nomenclature	Ident Code	TOA, \$ in Millions							
			FY 2006		FY 2007		FY 2008		FY 2009	
			Qty	Cost	Qty	Cost	Qty	Cost	Qty	Cost
36	Major Equipment		5	11.906	5	3.244	5	2.092	5	2.152

**Fiscal Year (FY) 2008/2009 Budget Estimates
 Defense Contract Management Agency
 (\$ In Millions)**

Exhibit P-40, Budget Item Justification					Date February 2007								
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: 0300/01/36					P-1 Line Item 36 Nomenclature Passenger Carrying Vehicles								
	ID Code	Year Cost	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total	
Proc Qty		21	5	5	5	5	5	5	5	5	N/A	N/A	
Total Proc Cost		0.723	0.185	0.195	0.200	0.203	0.209	0.214	0.219	0.224	Cont.	Cont.	
Description DCMA's requirement to procure replacement passenger carrying vehicles in FYs 2008-2013 supports DCMA's overseas contract management mission. Currently, DCMA maintains field offices in Europe, the Middle East, and the Pacific Rim requiring such vehicles. We are actively working to convert our 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 these lease services in Europe. Therefore, DCMA continues to require passenger carrying vehicle procurement authority.													

Fiscal Year (FY) 2008/2009 Budget Estimates
 Defense Contract Management Agency
 (\$ In Millions)

Exhibit P-40, Budget Item Justification				Date February 2007									
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: 0300/01/36				P-1 Line Item 36 Nomenclature DCMA Related Technical Activities (RTA)									
	ID Code	Prior Years	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total	
Proc Qty			15	15	15	15	15	15	16	17	N/A	N/A	
Total Proc Cost		10.687	3.435	3.049	1.892	1.949	2.007	2.067	2.129	2.193	Cont.	Cont.	
<p>Description</p> <p>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 funds requested here insure that the workforce receives comprehensive training and deployment services 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.</p>													

Fiscal Year (FY) 2008/2009 Budget Estimates
Defense Contract Management Agency
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Exhibit P-5, Cost Analysis (Page 1)				Date February 2007				
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: 0300/01/36				P-1 Line Item 36 Nomenclature DCMA Related Technical Activities (RTA)				
WBS COST ELEMENTS (Tailor to System/Item)	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Unit	FY 2007 Total Cost	FY 2008 Unit Cost	FY 2008 Total Cost	FY 2009 Unit Cost	FY 2009 Total Cost
eTools Infrastructure	-	-	-	-	-	-	-	-
DMS Tier 2	-	-	-	-	-	-	-	-
Routers	-	-	-	-	-	-	-	-
Software Deployment Services	0.000	3.435	0.000	3.049	0.000	1.892	0.000	1.949
Gross-P-1 End Item Cost		3.435		3.049		1.892		1.949
Less PY Adv Proc (by PY								
Net P-1 Full Funding Cos		3.435		3.049		1.892		1.949
Plus CY Non-P-1 Costs								
Other Non-P-1 Costs								
Initial Spares								
Total		3.435		3.049		1.892		1.949

Fiscal Year (FY) 2008/2009 Budget Estimates
Defense Contract Management Agency
(\$ In Millions)

Exhibit P-5, Cost Analysis (Page 2)				Date February 2007				
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: 0300/01/36				P-1 Line Item 36 Nomenclature DCMA Related Technical Activities (RTA)				
WBS COST ELEMENTS (Tailor to System/Item Rqmts)	FY 2010 Unit Cost	FY 2010 Total Cost	FY 2011 Unit Cost	FY 2011 Total Cost	FY 2012 Unit Cost	FY 2012 Total Cost	FY 2013 Unit Cost	FY 2013 Total Cost
eTools Infrastructure								
DMS Tier 2								
Routers								
Software Deployment Services	0.000	2.007	0.000	2.067	0.000	2.129	0.000	2.193
Gross-P-1 End Item Cost		2.007		2.067		2.129		2.193
Less PY Adv Proc (by PY								
Net P-1 Full Funding Cos		2.007		2.067		2.129		2.193
Plus CY Non-P-1 Costs								
Other Non-P-1 Costs								
Initial Spares								
Total		2.007		2.067		2.129		2.193

Fiscal Year (FY) 2008/2009 Budget Estimates
Defense Contract Management Agency
(\$ In Millions)

Exhibit P-5a, Procurement History and Planning							DATE: February 2007			
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: 0300/01/36					P-1 Line Item 36 Nomenclature DCMA Related Technical Activities (RTA)					
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 2006										
Software Deployment Services	0	0.000	Various		T&M/FFP	Northrup Grumman, VA Bearing Point, VA, COMPUSA, VA	10/06 10/06 10/06	1QFY06 1QFY06 1QFY06	Yes	N/A
FY 2007										
Software Deployment Services	0	0.000			T&M/FFP	TBD	TBD	TBD	Yes	N/A
FY 2008										
Software Deployment Services	0	0.000	Various		T&M/FFP	TBD	TBD	TBD	Yes	N/A
FY 2009										
Software Deployment Services	0	0.000	Various		C/IDIQ	TBD	TBD	TBD	Yes	N/A

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 Defense Contract Management Agency
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Exhibit P-40, Budget Item Justification						Date February 2007						
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: 0300/01/36						P-1 Line Item 36 Nomenclature Standard Procurement System (SPS)						
	ID Code	Prior Years	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	To Complete	Total
Proc Qty		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Proc Cost		63.262	8.286	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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 21,000 users in the field and is the only standard business system in DoD. The Business Transformation Agency (BTA) was established on October 7, 2005. As directed, the management and oversight of the SPS program and its appropriated resources have been transferred starting FY 07.

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 migration, 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. Deployment is approximately 32% of the Procurement budget estimate. The Program Office measures contractor performance on the Deployment Order by (1) successful execution of the deployment process and (2) a favorable rating on the Exit Checklist. A deployment process is executed successfully if an installation or upgrade is completed within benchmark timeframes that are based on hardware configurations. The Exit Checklist is completed by sites following the installation or upgrade of the SPS software and returned to the Program Office's Contracting Officer within 7 days. The contractor receives 70% of payment upon successful completion of the installation or upgrade. The remaining 30% of the payment is issued upon receipt of a favorable rating on the Exit Checklist. If the contractor exceeds the benchmark timeframe or receives an unfavorable rating on the Exit Checklist, penalties are appropriately applied. The Deployment delivery order currently meets all criteria of a performance-based acquisition: (1) the work is stated in terms of outcomes/results (2) there are measurable performance standards and (3) there is a mechanism for price reduction if outcomes are not met.

Training is approximately 30% of the Procurement budget estimate and includes the following mechanisms for monitoring work performed by the contractor: Trainer Observation Reports, Student Course Evaluations and Weekly Status Reports. The Government reviews and performs trend analyses on the Trainer Observation Reports and Student Course Evaluations. Results of the analyses are used to provide feedback to the contractor (i.e. corrective action). Weekly Status Reports and Project Schedules are reviewed weekly to ensure that all required tasks/contractual objectives are accomplished and support the Program's mission and goals. The Government accepts Deliverables once it is determined that the contractor has met all acceptance criteria. Expected outcomes and acceptance criteria that will be used to measure performance in future years are currently being developed to meet performance-based criteria.

Program Integration Support is approximately 38% of the Procurement budget estimate and is monitored by the Contracting Officer Representative to ensure all required tasks/contractual objectives 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. This support is funded incrementally, and future funding is contingent on performance.

Recent Accomplishments:

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 other Defense Agencies, and Base Contracting Automation System (BCAS) in the U.S. Air Force. During fiscal year 2005, operational procurement professionals relied on SPS to complete contract awards in excess of 103 billion dollars.

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. Version 4.2 Increment 1 deployment concluded in June 2004 with a user base of 15,327 users.

The Version 4.2 Increment 2 software application will be integrated with an Enterprise Adapter and Integrity Tool. As of November 2006, Version 4.2 Increment 2 was deployed to 20,104 users and operational procurement professionals relied on SPS to complete contract awards in excess of 103 billion dollars.

Version 4.2 Increment 3 successfully completed the Business Management Modernization Program (BMMP) approval process in October 2003 and was placed under contract. 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. The Increment 3 product will evolve through 5 software builds. The final Build was delivered to the Government on 21 February 2007 (minus integrations). Increment 3 Build 5 product including integrations has been delivered and is currently going thru Validation Testing that started on 21 Jul 06.

The SPS Program Office deployed a Contingency Contracting Systems to fielded troops in support of the War on Terror to date in Fiscal Year 2006 and plan continued deployments throughout the budget years. In addition, the SPS Program recently deployed servers to Baghdad. Software Releases are deployed to implement regulatory software changes, resolve security deficiencies, and provide enhanced capability to the SPS user community. Version 4.2.2 is now available to contingency contracting personnel on a self-installing disk, and the contingency section is completing further development of the electronic Standard Form 44 (eSF-44), scheduled for acceptance in January 2007.

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 Defense Contract Management Agency
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Exhibit P-5 Cost Analysis			Date: February 2007							
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: 0300/01/36							P-1 Line Item 36 Nomenclature Standard Procurement System (SPS)			
WBS COST ELEMENTS (Tailor to System/Item Rqmts)	Prior Years Total Cost	Prior Years Unit Cost	FY 2006 Unit Cost	FY 2006 Total Cost	FY 2007 Unit Cost	FY 2007 Total Cost	FY 2008 Unit Cost	FY 2008 Total Cost	FY 2009 Unit Cost	FY 2009 Total Cost
Installation/Licenses/Database Conversion	25.794	N/A	N/A	3.664	N/A	0.000	N/A	0.000	N/A	0.000
Program Integration Support	19.497	N/A	N/A	1.586	N/A	0.000	N/A	0.000	N/A	0.000
Training	17.971	N/A	N/A	3.036	N/A	0.000	N/A	0.000	N/A	0.000
Gross-P-1 End Item Cost	63.262			8.286		0.000		0.000		0.000
Less PY Adv Proc (by PY FY)										
Net P-1 Full Funding Cost	63.262			8.286		0.000		0.000		0.000
Plus CY Non-P-1 Costs										
Other Non-P-1 Costs										
Initial Spares										
Total	63.262			8.286		0.000		0.000		0.000

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Exhibit P-5a, Procurement History and Planning							DATE: February 2007			
Appropriation (Treasury) Code/CC/BA/BSA/Item Control Number: 0300/01/36					P-1 Line Item 36 Nomenclature 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 2006										
Installation/Licenses/Database Conversion		3.664	DCMA-SO	N/A	Option - Priced Unknown	CACI - Arlington, VA & Unknown	Aug-96 Jan-06	1QFY06 2QFY06	No	N/A
Program Integration Support		1.586	DCMA-SO	N/A	Option - Priced	CACI - Arlington, VA	Aug-96	1QFY06	No	N/A
Training		3.036	DCMA-SO	N/A	Option - Priced Unknown	CACI - Arlington, VA & Unknown	Aug-96 Jan-06	1QFY06 2QFY06	No	N/A
FY 2007										
Installation/Licenses/Database Conversion		0.000	N/A							
Program Integration Support		0.000	N/A							
Training		0.000	N/A							
FY 2008										
Installation/Licenses/Database Conversion		0.000	N/A							
Program Integration Support		0.000	N/A							
Training		0.000	N/A							