



Installation Acquisition Transformation (IAT)

Public Information for the Local
Community



Col Mark Hobson

Strategically Sourcing The Enterprise



Briefing Overview



- **Your Air Force**
- **What Will Change**
- **What Will Not Change**
- **Organizational Structure**
- **Transformation Schedule**
- **Actions You Can Take**
- **Questions**



This briefing is about how we will be transforming how we issue base level contracts, but there's a common theme in these slides...

The United States Air Force goes beyond goals, looking for Small Businesses because they often provide the most responsive, flexible, and cost effective solutions to our mission needs...

In short, we need you, and we need small businesses' capabilities. This transformation will enhance our ability to identify and tap into those capabilities.

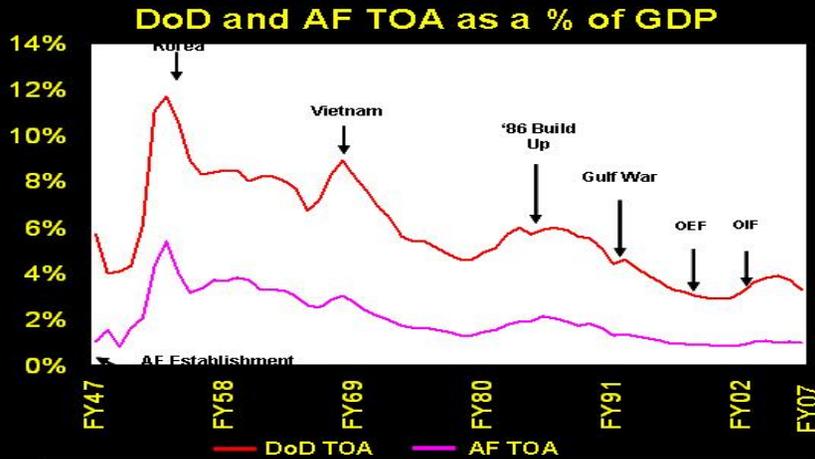


| Your Air Force

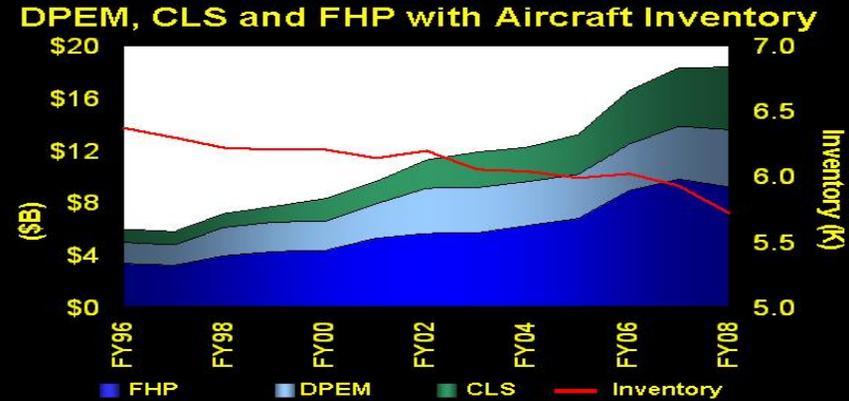


Your Air Force: Past/Current AF Resource Environment

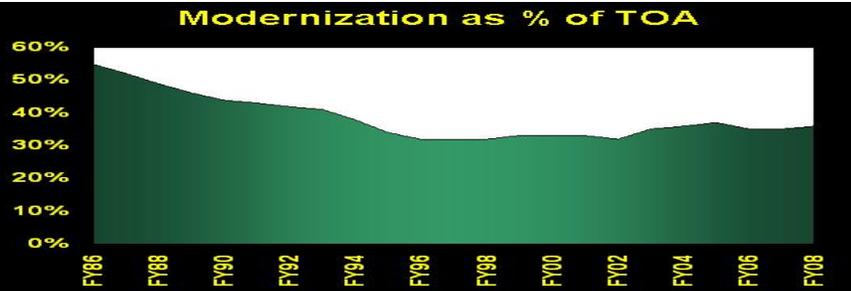
AF Balancing Investments Across Limited Resources... Transformation a Must



Lowest Level of Defense Spending as a Percent of GDP...



Operating Costs up 179% Over Last Ten Years and Continue to Stress our Ability to Recapitalize



Investment Funding Has Declined 19% Over the Past 22 Years as a % of AF TOA



Personnel Costs Continue to Rise; Up 57% Over Last Ten Years While Personnel Endstrength Decreased 8%





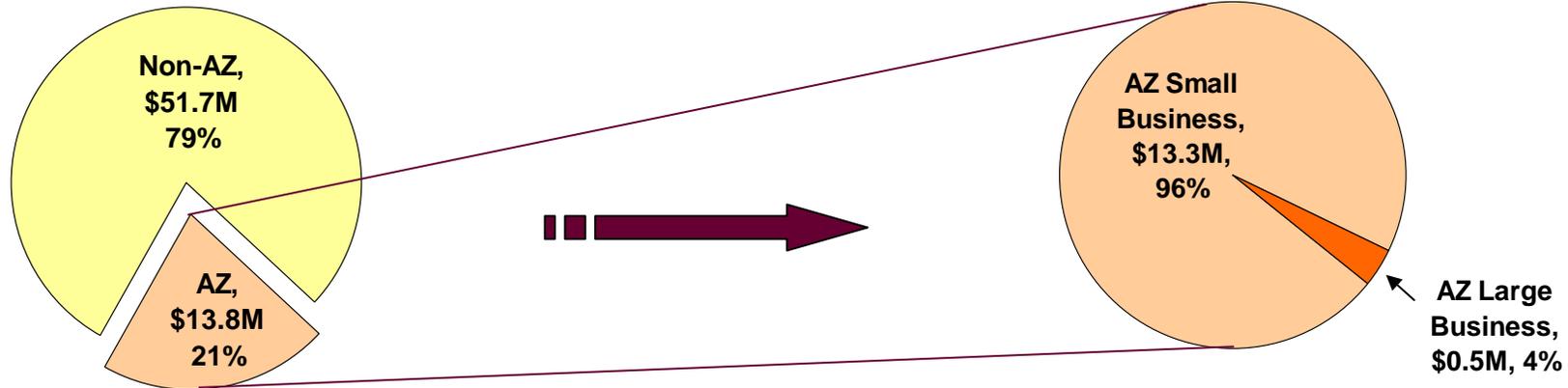
Installation Contracting Activity

Davis Monthan AFB Small/Local Business



2006 AZ vs. Non-AZ Business
Total Value- \$65.5 M

2006 AZ Small vs. AZ Large Business
Total Value- \$13.8 M



Does not include:

- GPC Spend
- Subcontract

21% of Davis Monthan spend in 2006 went to Arizona-based contractors (and 96% of that 21% went to Arizona-based small businesses)

Note: Source data from J001 database

Note: \$ Shown in Millions: "AZ" defined as the vendor's identified zip code address being within the state of Arizona.





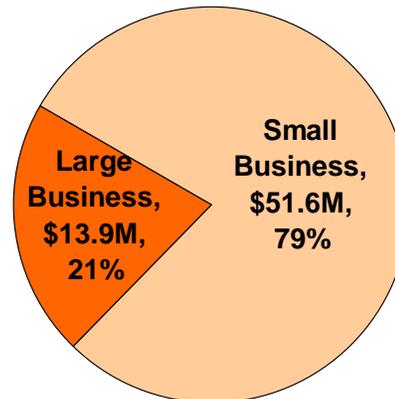
Installation Contracting Activity

Davis Monthan AFB Small/Local Business



79% of Davis Monthan spend in 2006 went to small businesses

**2006 Small vs. Large Business
Total Value- \$65.5 M**



Does not include:

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Strategically Sourcing The Enterprise

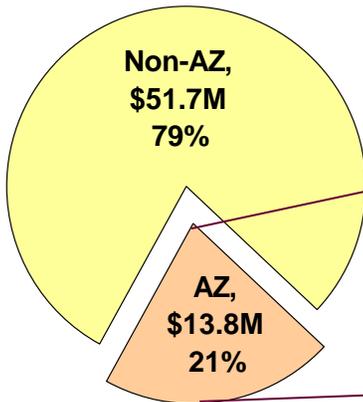


Installation Contracting Activity

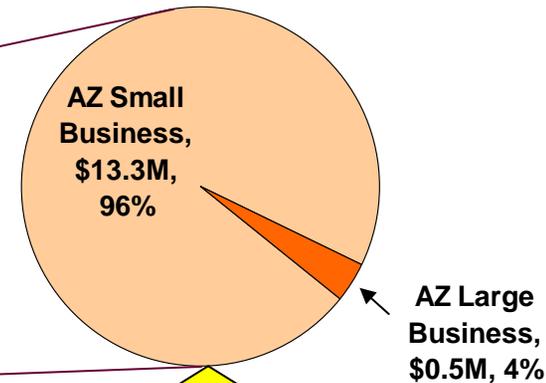
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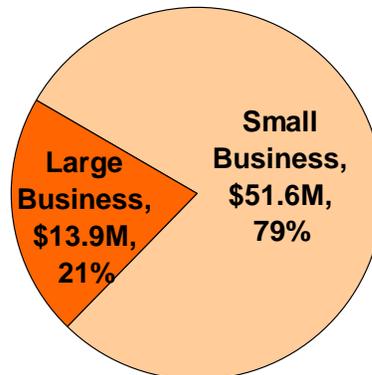
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Maintain & Strengthen with thorough market analysis by strategic sourcing experts & small business specialists

Note: Source data from J001 database

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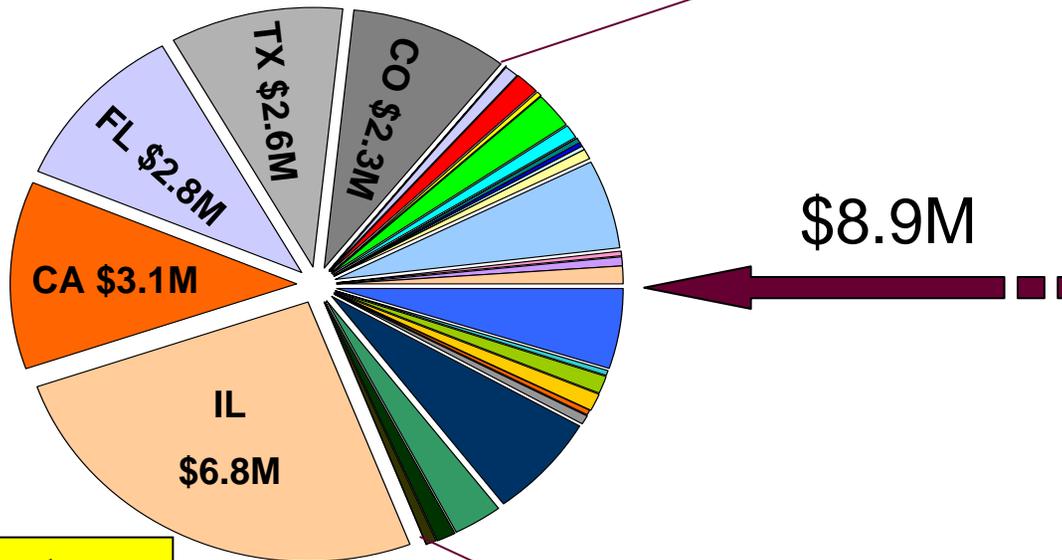




Arizona-based Small Businesses Won \$26 Million in AF Contracts Outside of Arizona in 2006



2006 AF Contracting Work Performed by Arizona Small Businesses Outside the State of Arizona



Total Value- \$26.6 M

Does not include:

- GPC Spend
- Subcontract

AK \$0.02M	NE \$0.08M
AL \$0.03M	NJ \$0.16M
AR \$0.17M	NM \$0.29M
DC \$0.37M	NV \$1.34M
DE \$0.05M	NY \$0.12M
GA \$0.64M	OH \$0.27M
HI \$0.17M	OK \$0.30M
ID \$0.01M	PA \$0.01M
KS \$0.02M	SC \$0.05M
MA \$0.04M	SD \$0.04M
MD \$0.09M	TN \$0.10M
MO \$0.02M	UT \$1.68M
MS \$0.08M	VA \$0.77M
MT \$0.01M	WA \$0.33M
NC \$0.10M	WY \$0.11M
ND \$1.46M	

Note: \$ Shown in Millions
Note: Source data from J001 database



Strategically Sourcing The Enterprise



Inefficiencies of Our Current Organizational Structure



- **71 contracting offices/squadrons are doing great work:**
 - But, as organized, are only able to provide tactical support to their assigned installation customers

- **This alignment results in:**
 - Redundant procurement of similar goods and services
 - Sometimes from the same vendors
 - Inability to effectively strategically source requirements

 - Inefficient use of contracting expertise spread across 71 locations

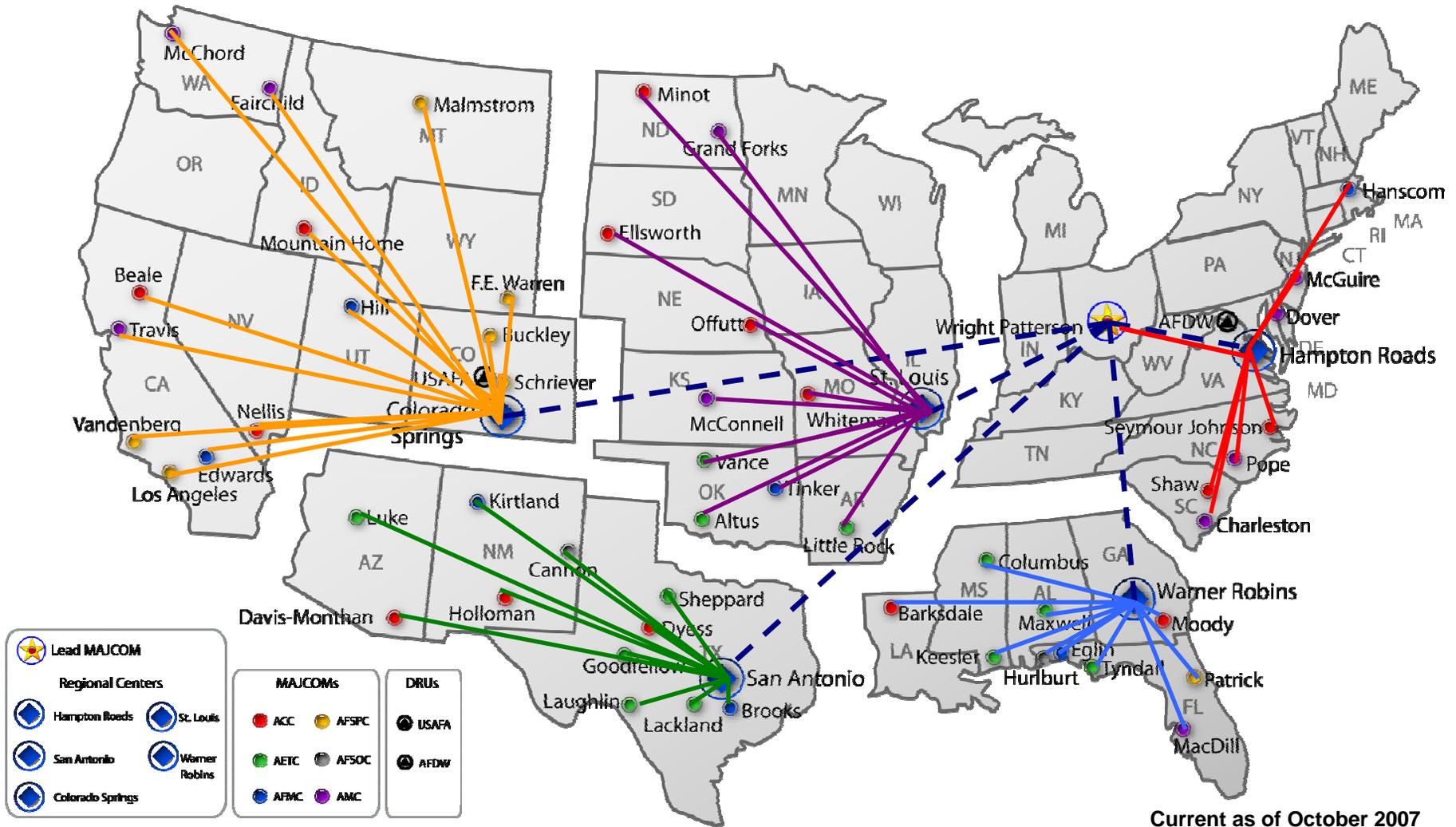


What Will Change*

* most changes likely will not start until around January, 2010



Air Force Installation Contracting: (post-transformation)



Strategically Sourcing The Enterprise



What the Transformation Applies To



- **The transformation only applies to a base-level contracting within the continental United States**
 - Approximately \$15 Billion per year
- **The transformation does not apply to:**
 - Major Weapon systems
 - Logistics Support to Weapon Systems
 - Laboratory Support
 - Research, Development, Test and Evaluation



A Key Commitment of the Transformation



- **Increase Socio-Economic Focus and Results:**
 - **Increase opportunities for small business (increase total dollars)**
 - **Design strategically sourced contracts to maximize opportunities for small businesses to participate (may be different opportunities than exist today)**



A Key Commitment of the Transformation



- Increase Socio-Economic Focus and Results:
 - Increase opportunities for small business (increase total dollars)
 - Design strategically sourced contracts to maximize opportunities for small businesses to participate (may be different opportunities than exist today)
- **Retain Contracting Experts and Small Business Experts at Each Installation:**
 - To understand local business capabilities/advise them of opportunities
 - To articulate performance-based installation requirements
 - To serve on source selections (as needed)
 - To administer base contracts (on-site liaison to local contractors)
 - To perform some installation-specific contracting actions



What is Strategic Sourcing?

The “IS” & “IS NOTS”



Strategic Sourcing IS NOT Just...

- Leveraged buying
- Contract consolidation/bundling
- About saving money
- The resulting contract
- Contracting and procurement

Strategic Sourcing IS...

- A **PROCESS** for systematically analyzing and developing optimal strategies for buying goods and services
- **DATA DRIVEN** – fact-based analysis to drive decision making rather than just “hunches”
- A **HOLISTIC** process that addresses customer needs, market conditions, socio-economic considerations, organizational goals/objectives & other environmental factors
- Based on **MARKET INTELLIGENCE** and takes into account small business capabilities
- A **COLLABORATIVE, CROSS-FUNCTIONAL** approach
- About **SUPPORTING AN ORGANIZATION’S MISSION** through procured goods and services



Why Strategic Sourcing Brings Greater Opportunities for Small Business



- We know small business capabilities are often not fully understood
- We know that strategic sourcing analyses will help us “grow the pie” of opportunities currently available for small businesses:
 - Via better capture of our “spend” for various goods and services
 - Via ability of SBs to do work currently done by large business
 - Via “de-bundling” of certain parts of consolidated contracts
- Strategic Sourcing requires us to vigorously research the market and supplier capabilities before contracting strategies are developed

We aim to do even better via this transformation!



Strategic Sourcing: *A Proven Track Record*



- The Air Force Medical Services Commodity Council awarded 100% of their \$40.7 Million FY06 baseline spend to small businesses.
- In FY06 the Information Technology Commodity Council exceeded their goal of 6% by achieving a 12% small business spend on a baseline spend of \$181.3 Million.
- The Air Force Security Commodity Council awarded three small business contracts in the amount of \$440 Million for security gate guards at various Air Force Installations.

The Air Force has Proven Track Record...

of Increasing Small Business Opportunities Via Strategic Sourcing.





What Will Not Change



High Integrity Procurements Will Continue



- **How we buy will not change:**
 - Preference for competition and set-asides when appropriate
 - Selection criteria will still be in solicitations
 - Best value awards/industry days (via telecon or VTC)/debriefings
 - Awards will still not be based on geographic location of supplier
 - Awards will still be posted to FedBizOps



More Robust, Multi-Layered, AF Small Business Involvement



1. A Small Business expert will remain at each base

- To understand their local businesses' capabilities/advise them of opportunities
- To communicate those capabilities to contracting officers at Regional Center
- To help articulate performance-based installation requirements
- To help local small businesses with teaming approaches (joint ventures, etc.)



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- 2. A full-time SB expert will be a member of every strategic sourcing analysis and strategic contracting strategy at the Regional Center**



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- 3. The AF Small Business office has established the “Air Force Small Business Solutions Center” to assist with strategic sourcing.**



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To assist with Strategic Sourcing, processes and people will remain at the base level to ensure local small businesses continue to get timely market intelligence of incoming requirements and make their capabilities known.

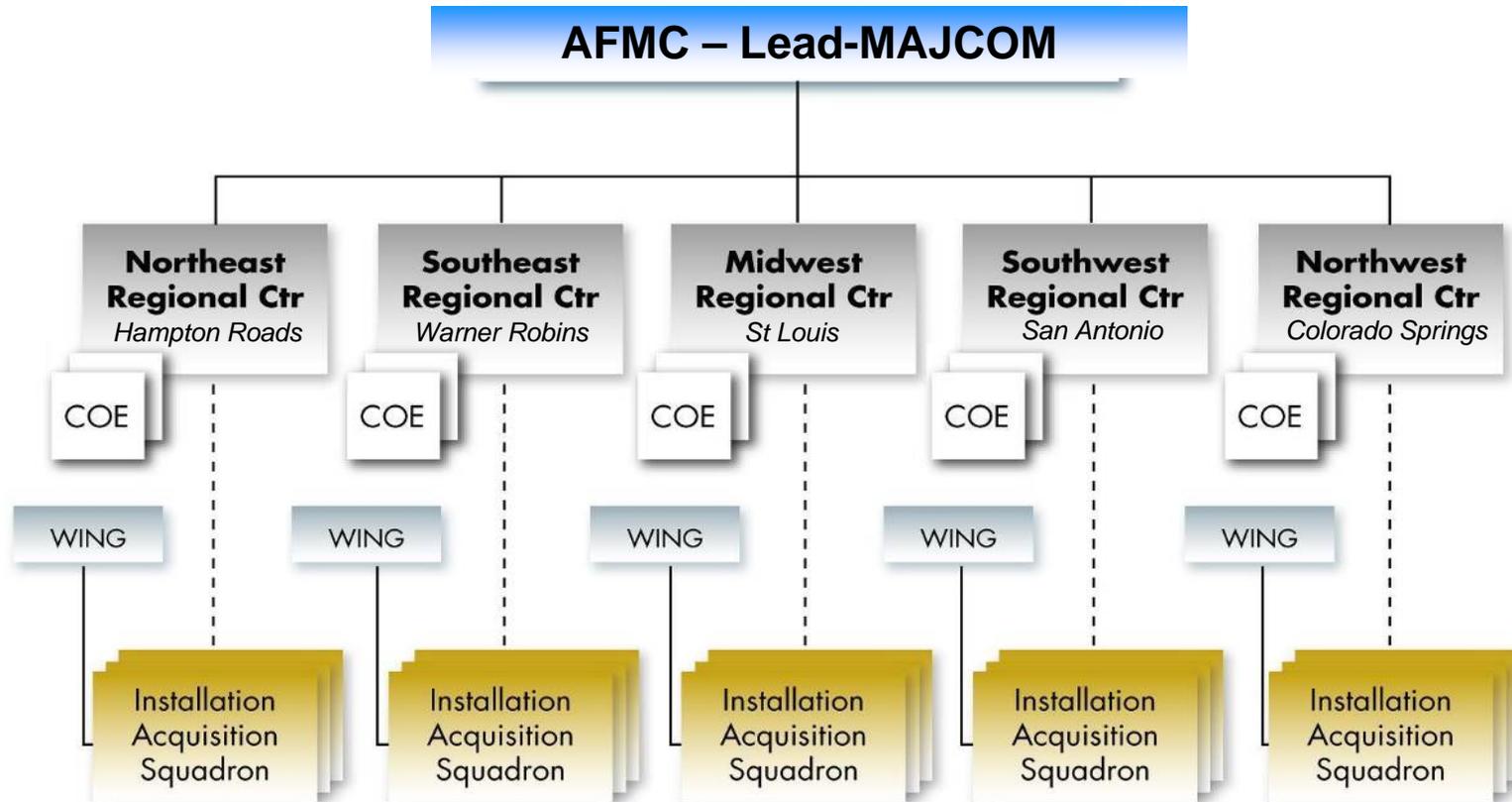




Organizational Structure



Organizational Structure



Contracting Contingent remains at Installations to provide agile customer support



Transformation Schedule



IAT



Schedule – As of Apr 08

Major Milestone	(Timeline (Phased Approach 3-5 Years))																							
	FY 2007		FY 2008				FY 2009				FY 2010				FY 2011				FY 2012					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
POM Submission (FY10)			▲																					
Provisional Standup				▲																				
PAD Approval			▲																					
PPlan Process			▲		▲																			
OCR Approval			▲		▲																			
AFPC Transfer of Work/Function Decision							▲	▲																
CONOPS EXECUTION:																								
Transition Planning / Implementation	▲ Transition Planning (FY 2008) Implementation (FY 2010-2012) ▲																							
Strategic Communication / Engagement / Change Management	▲ Continuous / Consistent / On-going / Strategic / Stakeholder involvement ▲																							
Strategic Sourcing Teams	▲ Limited Strategic Sourcing (FY 2008-2010) Gradual Strategic Sourcing Build-up (FY 2010-2012) ▲																							
Standup RCs	▲ Transition: Provisional CCs, Transition Team Lead, Focus Area Leads (FY 2008-2010) Implementation: Infrastructure, IT, Personnel (FY 2010-2012) ▲																							
IAT Completion	▲ (FY 2012) ▲																							

▲ Complete ▲ In Process ▲ Not Started



Strategically Sourcing The Enterprise



IAT

Schedule (con't)



- **Majority of next 18-24 months is on internal transition planning/execution of activities**
 - Few strategically sourced contracts will likely be issued during this period
 - Little noticeable change to installation contracting, workload, or processes
- **For continual transformation status updates please go to:**
 - <http://www.selltoairforce.org>



Actions You Can Take



Actions You Can Take



Remain Competitive for Strategically Sourced Contracts

- **Keep your local AF Small Business Specialist apprised of your capabilities, interests and areas of possible competitive advantage**
- **Keep your Central Contract Register data current**
 - Market research tool for contracting officers
 - Provides information about a firms size and socio economic status
- **Subscribe to FEDBIZOPS and stay current on posted opportunities**
 - Respond to Sources Sought Synopses and Request for Information
 - Participate in Industry Days and small business outreach events
- **Consider leveraging your capabilities by “teaming” with other small businesses to pursue larger procurement opportunities**

There are many resources available to help you!

- | | |
|--|---|
| -- Local Air Force Small Business Specialist | -- www.selltoairforce.org |
| -- Small Business Administration (SBA) | -- Small Business Development Centers (SBDC) |
| -- Minority Business Development Agency (MBDA) | -- Procurement Technical Assistance Centers (PTACs) |





Questions?