# THE FEDERAL ACQUISITION SYSTEM

## Transitioning to the 21st Century

# Today's Purpose

To provide an overview of the Procurement Round Table paper — *The Federal Acquisition System: Transitioning to the 21$^{st}$ Century*

# Background

- Acquisition reforms of the 1990s established a foundation for future change

- Key elements of the future environment
  - A transformation in the marketplace, driven by technological change and market globalization
  - A changing role for the Federal government, with increasing reliance on the private sector

# Implications of the New Environment

- Ability to adapt to change will be essential to success for government agencies
- Relationship between public and private sectors is changing, due to
  - Increasingly blurred boundaries between sectors
  - Shrinking number of suppliers in key areas
- New economic order is emerging
  - Declining Federal market clout
  - Global acquisition sources and a global industrial base
  - Reduced competition
  - Increased dependence on commercial technology
- Acquisition workforce will need new skills

# PRT Recommendations

- Redefine the scope and vision of Federal acquisition

- Encourage results-oriented, long-term relationships between government and suppliers

- Adopt policies calling for government IT architecture and systems to be fully capable of interfacing with each other and those of the private sector

- Adopt business-based approach to cost accounting, budgeting, and policy guidance

- Place greater reliance on commercial industrial capabilities

Each of these high-level recommendations encompasses more specific actions

# Redefine Acquisition

- Adopt new cradle-to-grave definition that will
  - Broaden expectations for acquisition organizations
  - Establish common base across all agencies
  - Enhance workforce development and training
- Adopt more robust vision for acquisition
- Enact legislation to create Chief Acquisition Officers in all agencies

# Encourage Long-Term Relationships

- Some agencies already moving in this direction

- Continue to capitalize on simplified contracting vehicles

- Long-term relationships and a new definition of competition are essential to government's ability to draw on best suppliers in the new global marketplace

# Adopt Policies for Compatible Information Technology

- Prohibit agency-unique interfaces or systems requirements
- Standardize government formats and languages
- Design new systems with a view toward the future
- Adopt Net-based joint technical architecture with commercial sector

# Adopt Business–Based Approach in Key Areas

- Continue to streamline cost accounting standards by
  - Indexing CAS thresholds
  - Bringing CAS requirements in line with commercial practices
- Minimize budget-induced program instability by
  - Using more multiyear procurements
  - Moving toward a multiyear budget process
  - Giving agencies greater reprogramming authority
- Conduct zero-based scrub of policy guidance … prescribe "what," now "how"

# Increase Reliance on Commercial Sector

- Leverage R&D budgets by
  - Using private sector R&D capabilities when they equal or exceed the public sector's
  - Concentrating in-house R&D on technologies not available in the private sector
- Improve the acquisition of capital items by
  - Developing policies that encourage acquisition of commercial vs. government-unique items
  - Ensuring that in-house production decisions are not made prematurely

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# PRT Implementation Plan

- Long-term: Call for Congress to direct establishment of a panel to develop detailed issues and action plans
- Near-term: Solicit support and independent action through series of meetings with
  - Executive Branch agencies
  - Industry and industry associations
  - Legislative Branch