



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

**UNDER SECRETARY OF DEFENSE**

3010 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3010

**AUG 20 2010**

**MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
COMMANDER, U.S. SPECIAL OPERATIONS COMMAND  
COMMANDER, U.S. TRANSPORTATION COMMAND  
DIRECTORS, DEFENSE AGENCIES  
DIRECTORS, DOD FIELD ACTIVITIES**

**SUBJECT: Technology Development Strategy and Acquisition Strategy Documents**

Dr. Carter's June 28 memorandum on Better Buying Power emphasized the urgent necessity to improve Department business efficiency to ensure we deliver best value to the taxpayer and the Warfighter. He pointed out that many of these efficiencies can and must be found within our own programs and, in particular, in the contracts for supplies and services we issue to secure the Nation's defense.

When submitting Technology Development Strategies and Acquisition Strategies, DoD acquisition policy and associated business practices require Program Managers to describe their business strategies in substantial detail to include overall approach, contract types, source selection procedures, expected competition and incentive structures. Unfortunately, many of the strategies I have reviewed recently fail to provide an adequately detailed and comprehensive discussion of these topics and consequently, do not support our ability to determine whether the most efficient business arrangements are intended.

The attached document re-emphasizes, in part, information required by policy and business practice that I believe is necessary for a thoughtful assessment of a Program Manager's contracting approach. Please ensure this level of detail is included in all of our Technology Development Strategies and Acquisition Strategies to ensure we make well informed assessments of the efficiency and effectiveness of the business arrangements we plan to employ. If this information is not provided, strategy approval will be delayed until it is made available.

Frank Kendall  
Acting

Attachment:  
As stated

## ATTACHMENT

SUBJECT: Technology Development and Acquisition Strategies

- **Business Strategy:** Address the main contracting approach to include contract types, how competition will be sought, promoted and sustained, source selection procedures, provisions, sources, and product support considerations and leasing arrangements.
- **Contracting Strategy:** Explain and, to the extent necessary, provide the analysis and rationale for the contracting strategy. Justify the use of fixed-price or cost-plus vehicles. Explain why the incentives provided were chosen and why there is confidence that they will successfully motivate the contractor to provide the performance desired by the government.
- **Major Contract(s):** Identify the number and type of contracts anticipated.
  - For each major contract planned (greater than \$40 million [then-year dollars] for an Major Defense Acquisition Program and greater than \$17 million for a Major Automated Information System program) describe: what the basic contract buys; how major deliverable items are defined; options, if any, and prerequisites for exercising them; and the events established in the contract to support appropriate exit criteria for the phase or intermediate development activity.
  - Indicate whether you contemplate a competitive award, sole-source award, or multiple-source development with down select to one production contract. Describe how the strategy changes from core (initial) to subsequent increments. If a sole source is chosen, identify the exception to full and open competition that applies and provide justification for the duration and timing of the sole-source procurement.
  - Identify any special contracting considerations. Discuss any unique clauses/special provisions that will be included in the contract. Identify any special test and evaluation, unique tooling, or other similar contractual requirements.
  - Identify any other pertinent information that may ensure understanding of the contracting strategy to include, but not limited to, projected use of Government Furnished Property, plans to re-use hardware and software, safety office review/involvement, period of performance/length of contract, and contract format.
  - If a cost-type contract is to be used, provide information (an explanation of technical risk and the steps required to remediate the risk) with supporting documentation to support the Milestone Decision Authority's mandatory assessment that:
    1. The program is complex and technically challenging that it would not be practicable to reduce program risk to a level that would permit the use of a fixed-price contract.

2. The complexity and technical challenge of the program is not the result of failure to meet the requirements established in section 2366a of Title 10, United States Code.

The text of items 1 and 2 must be included verbatim in the strategy to meet the intent of statute.

- If a warranty has been considered, summarize the reasoning. If a product warranty option is being considered, explain the results of the Cost Benefit Analysis to determine if the warranty will be cost beneficial.
- **Incentives:** For each major contract, describe the contract incentives in detail. State how contract incentives are going to be employed to achieve required cost, schedule, and performance outcomes. If more than one incentive is planned for a contract, the Technology Development Strategy (TDS) and Acquisition Strategy (AS) should explain how the incentives complement each other and do not interfere with one another.
- **Data Management:** The strategy for Acquisition Category I and II programs shall assess the long-term technical data needs for the system and reflect that assessment in the Data Management Strategy (DMS) (part of the TDS and AS). The DMS shall assess the data required to design, manufacture and sustain the system, as well as to support re-competition for production, sustainment or upgrades. It will also address the merits of a price-based option for the future delivery of technical data and intellectual property rights not acquired upon initial contract award and consider the contractors responsibility to verify any assertion of restricted use and release of data.
- **Sustainment:** The AS should provide an overview of the sustainment-related contract(s) and performance-based agreements with government and industry providers describing how the integrated product support package will be acquired for the system being supported. The discussion should include the contract/agreement and length along with: major terms and conditions; performance measures being used; and the portion of the system covered with the associated sustainment-related functions, plus hardware and data covered in each contract/agreement.