

ACQUISITION INFORMATION MEMORANDUM

FEBRUARY 1999



**NAVSEA ACQUISITION SUPPORT OFFICE
(SEA 91Y)**

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DOD 5000.2-R, CHANGE 3

While we are waiting for Change 4 to DoD 5000.2-R to be signed, several people have indicated that they saw Change 3 as a substantial change. At first look, it does seem to contain many changes: there are at least 50 separate sections or appendices containing changes. But upon closer look, most of these changes are minor, often involving wording or clarifying previously existing guidance that has already been in place.

The most common change of wording is that 83 "will's" and "should's" have been changed to "shall". This is because "shall" is the standard wording that directs the addressee to undertake a mandatory action.

Another wording change includes references to things that have changed their name. The Defense Business Operations Fund (DBOF) has been changed to the Defense Working Capital Fund (DWCF). The Technical Architecture Framework for Information Management (TAFIM) is now covered by the Joint Technical Architecture (JTA). The Defense Mapping Agency (DMA) is now the National Imagery and Mapping Agency (NIMA).

Change 3 specifically implements provisions of the Government Performance and Results Act of 1993 (GPRA), The

Paperwork Reduction Act of 1995 (PRA), Federal Acquisition Reform Act of 1996 (FARA) and The Information Technology Management Reform Act (ITMRA) of 1996. These last two together are part of what is more widely known as the Clinger-Cohen Act (CCA).

For example, the GPRA requires Executive branch agencies to develop strategic plans and annual performance plans. Although one could argue that the purpose of any DoD acquisition has always been to support the overall defense strategy, the addition of this language makes that connection clear. There is even a new paragraph 2.3.2 titled Strategic Requirements Considerations. (See also paragraphs 1.5, 2.3, 2.5 1 and, 3.2) These changes had been implemented before, but Change 3 contains specific language and now cites the GPRA, PRA and CCA.

There are clarification changes. An example of one of these changes is in paragraph 1.3. Where major defense acquisition programs (MDAPs) and Major Automated Information Systems Programs (MAIS) are defined. The paragraph was reworded to bring it in line with the wording in paragraphs C.5 and C.6 of DoDD 5000.1 and an exception was made for highly sensitive classified programs.

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Another example of clarification would be the added language in paragraphs 3.4.1 and 3.4.9 that specifically states that operational testing and LFT&E are to be applied to COTS and NDI. Again many would say that this should be understood already but this change states it specifically. (See also paragraphs 3.4.1 and 3.4.9.)

Some changes strengthen the wording or implementation of already existing policy. Paragraph 3.3.4, along with changes to other paragraphs more forcefully injects Cost as an Independent Variable (CAIV) into establishing program requirements. CAIV has been contained in DoD 5000.2-R since the basic version was issued, but the wording in this change more aggressively pushes cost as a primary consideration when defining system requirements. (See also paragraph 1.5.2, 1.5.3, 1.5.4, 2.3, 2.4, 2.7, and 3.3.1.) Paragraph 2.7 even adds CAIV-based cost/schedule/performance trade-offs to the evaluation of Advanced Concept Technology Demonstrations (ACTDs).

Open systems: The requirement to implement an open systems approach for all systems, including non-Information Technology (IT) systems, was stated in previous versions of DoD 5000.2-R. There may have been the perception that this was not being aggressively implemented, especially for hardware systems. Change 3 now requires that program managers plan and document how they will implement an open systems approach and measure the success of their implementation. (See also

paragraphs 3.3.1, 3.3.5.1 and, 4.3.4.) Paragraph 3.3.2.1 now directs that if products with closed interfaces are to be acquired, an analysis has to be made of the risks and impacts on total cost of ownership.

Vertical integration: The ongoing consolidation in the defense industry has resulted in many subcontractors now residing under the same corporate umbrella as the prime contractor. This has caused the concern that prime contractors will now employ internal capabilities without considering superior outside sources. Change 3 directs that the PM take actions to avoid this through such means as: (1) employing non-vendor specific open architecture; (2) investing in an alternative product solution; or, (3) breaking out a subsystem or component for competition. (See paragraph 3.3.2.4.)

Modular contracting: This is another Clinger-Cohen provision. Modular contracting is a contracting approach designed to reduce overall program risk in IT programs. Using modular contracting the need for an IT system is satisfied in successive acquisitions of interoperable increments. Each increment complies with common or commercially accepted standards so that the increments are compatible with other increments comprising the system. The instruction also directs that program managers consider the use of modular contracting for other (non-IT) acquisition programs. (See paragraph 3.3.5.)

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There are many other changes as well:

- Paragraph 4.3.5 directs that software be Year-2000 compliant.
- Paragraph 4.3.7.4 directs that the PM shall replace hazardous materials in the system through changes in the system design, manufacturing, and maintenance processes as new enabling technology becomes available where technically and economically practical.
- Paragraph 4.3.9 directs that JTA be applied to all emerging systems and systems upgrades including Command, Control, Communications, Computers, and Intelligence (C4I) systems, automated information systems, and systems that interface with C4I systems.

- Paragraph 5.9 directs that each Contract Administration Office (CAO) shall form a Management Council with each prime contractor under Defense Contract Management Command (DCMC) cognizance supporting ACAT I, ACAT IA, or ACAT II programs.

This is not an all-inclusive list of changes to DoD 5000.2-R, but gives you an idea of the range of changes contained in Change 3. It is recommend that you take a few minutes to browse through Change 3. A marked up copy, with the changes highlighted in red, is available on the DoD Acquisition Reform Web Site at <http://www.acq-ref.navy.mil/50002c3.doc>. Note: To view changes in MS Word, turn on the revisions feature under "Tools", "Track Changes".

CONGRESSIONAL LANGUAGE FOR NEW STARTS

The FY 99 Appropriation Conference Report #105-746 and P.L. 105-262 contain a provision which prohibits compensation of an employee of the Department of Defense who initiates a new start program without notification to the Office of the Secretary of Defense and the congressional defense committees, as required by the Department of Defense financial management regulations.

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**DEFENSE ACQUISITION DESKBOOK
ONE-STOP INFORMATION SOURCE**

What happens when shelves full of printed policy and documents are condensed into a modern CD-ROM format or can be accessed on an Internet web site? For the Defense Department's Acquisition Corps, the result is a success story known as the Defense Acquisition Deskbook.

The Defense Acquisition Deskbook came about as a result of a recommendation in the January 1995 "Final Report of the Procurement Process Reform PAT", which was approved by USD(A&T). The Procurement Process Reform PAT recommended that DoD establish a DoD Procurement Wisdom System (PWS) to cover a wide range of knowledge, from innovative ideas to lessons learned. It was envisioned that the PWS would become a body of knowledge where acquisition professionals could find new and better ways to do their job. The Procurement Process PAT envisioned a process that collects, validates and disseminates "Procurement Wisdom" to all DoD Components. The April 1995 Final Report of the DoD Automated Acquisition Information PAT, after reviewing the "DoD Procurement Wisdom System" recommendations, believed that an "Acquisition Deskbook" would offer the vehicle to bring the "Procurement Wisdom System" to life.

The Defense Acquisition Deskbook is an electronic information system-similar to an encyclopedia-tailored to the acquisition community. Available in either a CD-ROM format or through the Internet, it includes a *comprehensive library of reference material* that governs the Defense Department's acquisition process. At last count, more than 1,000 documents; including the entire Federal Acquisition Regulation (FAR), the Defense FAR Supplement (DFARS), all the service and agency FAR Supplements, the Defense Department's 5000 series documents, as well as hundreds of other policy letters, regulations, handbooks and guidebooks from federal, departmental, and major command levels make up the Deskbook. One of the primary objectives of the Deskbook designers was that Deskbook follow a logical and accessible structure. A first time user will immediately see that this objective has been met.

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Immediate Recognition

The Deskbook's information falls into two categories: *mandatory and discretionary*. As part of a defense acquisition reform initiative, the Deskbook was chartered to give the acquisition professional a better understanding of what is really mandatory, and-more importantly-what is not. The immediate recognition that not everything published is mandatory is an important one. It gives the acquisition insider freedom to exercise sound judgment. Knowing what may be done, as opposed to what must be done, provides officials with the ability to make informed decisions.

But the library is only part of the story. The Deskbook also features a collection of structured information that supplements and compliments the archive. Included is background material--descriptions, explanations, and shared practices submitted directly from the Pentagon policy makers as well as each of the services and agencies. Forms, sample documents, wisdom, and advice are also provided to guide the acquisition professional through almost any acquisition activity.

This insider-information is structured in a way that makes the most sense to a user. In other words, users select a topic of interest and they are presented

with all the types of information associated with that subject. Each topic also includes links to the appropriate sections of the library documents that apply to that subject.

By integrating this variety of information into a single framework, people have access to information and sources that they normally would not consider. They receive explanations directly from the people responsible for the policies and procedures. They benefit from the experience of others who have performed similar tasks. All this information is easy to access through a simple point and click navigation system or through an effective word search.

Lessons Learned

But what is it that makes this resource different from all the other sources of information available? The biggest difference is ownership. While the overall system is owned by the Under Secretary of Defense for Acquisition and Technology, the information contained in it is owned and managed by subject-matter experts throughout the acquisition community. Policy information comes directly from the policy makers. Discretionary practices come directly from experts on the specific subject. And, lessons learned and experience come directly from people involved in the various activities addressed.

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All information submitted, despite its category, is subject to a rigorous review process. The user of this information can be confident that the material is up-to-date and accurate. The result is an integrated information system that includes the policies and practices from across organizations as well as the directives from each level of Headquarters.

Ask-A-Professor

The final difference is the flexibility of the system to evolve to meet the needs of its audience. One example of this is the "Ask-A-Professor" program. A web-based companion to the Deskbook, the program provides the opportunity for people to submit acquisition-related questions to elicit a response directly from an expert on the appropriate subject. The answers come from the Defense Department Universities, as well as the Office of the Secretary of Defense and the Service Headquarters.

The Ask-A-Professor program is part of the Defense Acquisition Deskbook. The subject matter experts are generally given 10-14 days to respond to an Ask-A-Professor question. People need answers to their questions in order to get their job done. The Joint Functional Team (JFT) and Universities answer the majority of the

questions. The Services only get the questions when the JFT and Universities are unable to answer the question; i.e., it may be Service specific. Once answers go into the Deskbook, they not only help the questioner, but may also help others across the DoD. The Deskbook and the Ask-A-Professor questions and answers can be found at the following web site:

<http://www.deskbook.osd.mil>

Defense Acquisition Deskbook Joint Program Office

The Joint Functional Team (JFT) manages the Defense Acquisition Deskbook. The members are appointed by and responsible to their respective Acquisition Executives. The Director, Acquisition Program Integration, chairs the JFT.

The Defense Acquisition Deskbook Joint Program Office is located at Wright-Patterson Air Force Base, Ohio. Each of the Services has a representative who is dedicated in representing their particular acquisition requirements within the Deskbook. Training is provided and funded for by the Joint Program Office. Requests for training are scheduled on a "first come, first serve" basis.

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Navy Representatives

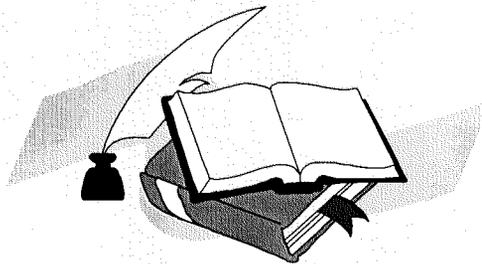
Ms. Christine Butterworth is the Department of the Navy (DoN) Deskbook representative located at Wright Patterson Air Force Base; she is a member of the Defense Acquisition Deskbook Joint Program Office and may be reached at (937)-255-0416. Mr. Denis Catalano is the DoN local Deskbook representative; he can be reached at (703) 602-8518 x400.

Ms. Marge Koebke has been delegated the DoN point of contact for Ask-A-Professor questions; she can be reached at (703) 602-8519 x407. E-mail addresses are as follows:

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KoebkeMA@navsea.navy.mil.
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HISTORY OF PEO ESTABLISHMENT

On the next page is a chart that provides the history on the establishment of the Program Executive Officer (PEO). Establishing PEOs was one of the recommendations made in the Final Report by the President's Blue Ribbon Commission on Defense Management (referred to as the Packard Commission). The President of the United States approved the report.



The Acquisition Information Memorandum (AIM) is prepared by SEA 91Y and is intended to provide acquisition and procurement guidance. Unless otherwise noted in a specific article, the point of contact for information herein is SEA 91Y, NC#3, Room 4E20, and (703) 602-8519/8556. An electronic copy of the AIM can be found on the NAVSEA All-Hands Bulletin Board and NAVSEA Intranet Web Site: <http://www.intranet.navsea.navy.mil/>.

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DATE	DOCUMENT
15 Jul 85	EO 12526 - Created President's Blue Ribbon Commission on Defense Management (Packard Commission)
28 Feb 86	Interim Report to the President - Packard Commission
01 Apr 86	National Security Decision Directive (NSDD) 219 - "Implementation of the Recommendations of the President's Commission (Packard) on Defense Management" - directed establishment of streamlined acquisition chain of command of Service Acquisition Executives, Program Executive Officers, and Program Managers for specific acquisition programs
30 Jun 86	Final Report - President's Blue Ribbon Commission (Packard) on Defense Management, page xxiv, Recommendations, second para, fourth and fifth sentence: "Program Managers for these ["reasonable and defined number"[added]] programs would be responsible to their respective PEO [Program Executive Officer [added]] and report <i>only</i> to him on program matters. Each Service should retain flexibility to shorten this reporting chain even further, as it sees fit."
08 Jul 86	DoDD 4245.1 (canceled), Military Department Acquisition Management Officials, directed establishment of SAEs, PEOs, and PMs with PMs reporting to PEOs with no more than one layer of management between the PM and the SAE as stated in para D2c: "Establishment of Program Managers (PM) who are responsible to their respective PEO for managing a specific acquisition program and who report directly to the PEO for all program matters. There shall be no more than one layer of supervision between a PM and his/her SAE [Service Acquisition Executive [added]]; however, the Secretaries of the Military Departments may shorten their reporting chain as they deem appropriate."
04 Aug 86	SECNAVINST 4210.8 (canceled), Acquisition Organization and Procedures, NAE was SECNAV, established dual hatted PEOs for major acquisition programs as Commanders of NAVAIRSYSCOM, NAVSEASYSYSCOM, and SPAWARSYSCOM, SSPO, Marine Corps DC/S (I&L), and DC/S (Research, Development & Studies)
12 Aug 87	SECNAVINST 4210.8A (canceled), Acquisition Organization and Procedures, NAE was UNSECNAV, retained dual hatted PEOs for major acquisition programs as Commanders of NAVAIRSYSCOM, NAVSEASYSYSCOM, and SPAWARSYSCOM, SSPO, Marine Corps DC/S (I&L), and DC/S (Research, Development & Studies)
16 Sep 88	SECNAVINST 5000.1C (canceled), NAE was UNSECNAV, PEOs were Commanders of SYSCOMs, Director SSP, and CG, MCRDAC
Feb 89	President issued National Security Review (NSR) - 11, Defense Management, tasking SECDEF to conduct subject review
12 Jun 89	SECDEF ltr to the President, "Report of the Defense Management Review" pursuant to NSR-11, Defense Management
01 Oct 89	DON "Plans for Initial Implementation of the Defense Management Report" prepared by DON Management Review Task Force chaired by Paul Beach submitted 2 Oct 89 by SECNAV (Secretary Garrett) to SECDEF (Secretary Cheney) for approval
31 Jan 90	ECNAV (Secretary Garrett) memo; Subj: "DON Implementation of the Defense Management Report (DMR)" that directed the establishment of the initial seven PEOs (PEO(T-Tactical Aircraft Programs), PEO(A-ASW Aircraft and Other Systems), PEO(CU-Cruise Missiles and Unmanned Aerial Vehicles), PEO(SSAS-Surface Ship ASW Systems), PEO(SCWS-Submarine Combat and Weapons Systems), PEO(SCS-Space, Communications, and Sensors), and PEO(EFP-Expeditionary Force Programs)), and three DRPMs (DRPM(AEGIS), DRPM(SSN-21), and DRPM(SSP-Strategic Systems Programs)) separate from the SYSCOMs
12 Mar 90	SECNAVNOTE 5430 (canceled), merged ASN(S&L) and ASN(RE&S) to form ASN(RD&A) as the NAE who supervises PEOs, DRPMs, and Commanders of SYSCOMs and CG, MCRDAC for acquisition related matters
23 Feb 91	DoDD 5000.1, DoDI 5000.2, DoD Manual 5000.2-M (canceled) issued implementing the Defense Management Review
05 Aug 91	SECNAVINST 5400.15 (canceled), DON RDA responsibilities, NAE is ASN(RD&A), provides for establishment of PEOs and DRPMs separate from SYSCOMs, assigns responsibilities to SYSCOMs for PEO/DRPM support, management of acquisition programs not assigned to PEOs/DRPMs, and life-cycle management
09 Dec 92	SECNAVINST 5000.2A (canceled) issued implementing the 23 Feb 91 DoD 5000 series, NAE is ASN(RD&A)
26 May 95	SECNAVINST 5400.15A, DON RDA responsibilities, NAE is ASN(RD&A), provides for establishment of PEOs and DRPMs separate from SYSCOMs, assigns responsibilities to SYSCOMs for PEO/DRPM support, management of acquisition programs not assigned to PEOs/DRPMs, and life-cycle management
15 Mar 96	DoDD 5000.1 and DoD 5000.2-R issued - retained PEO concept
06 Dec 96	SECNAVINST 5000.2B issued implementing the 15 Mar 96 DoD 5000 series, NAE is ASN(RD&A) - retained PEO concept

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SEA 09B	SEA 03J	SEA 00CB	PMS373	PEO TSC
SEA 09C2	SEA 03Q	SEA 00C1	PMS377	PMS400P
SEA 00G	SEA 03L	SEA 00C12	PMS377R	PMS400B
SEA 00L	SEA 03M	SEA 00C2	PMS377RB	PMS400D
SEA 00M	SEA 03P	SEA 00C3	PMS3773	PMS400E
SEA 00N	SEA 03P3	SEA 00C5	PMS385	PMS400E4
SEA 01	SEA 03R	PMS 305	PMS430	PMS400F
SEA 01D	SEA 03R1	PMS 306	PMS440	PMS400G
SEA 01P	SEA 03R2	PMS 307	PMS444	PMS400G3
SEA 011	SEA 03RB	PMS 308	PMS471	PMS400G31
SEA 012	SEA 03T	PMS 380	PMS472	PMS410
SEA 017	SEA 03U	SEA 92	PEO-MIW	PMS410-1
SEA 02	SEA 03W	SEA 92AR	PEO-MIW(T)	PMS410-2
SEA 02B	SEA 03Z	SEA 92C	PEO-MIW(F)	PMS422
SEA 02C	SEA 04	SEA 92C6	PMS210	PMS422-2
SEA 02K	SEA 04B	SEA 92D	PMS303	PMS422-23
SEA 022	SEA 04A	SEA 92P	PMS407	PMS429
SEA 024	SEA 04L	SEA 92R	PMS4072	PMS451
SEA 025	SEA 04LB	SEA 92T	PMS EOD	PMS452
SEA 026	SEA 04LA	PMS392	PMS MDS	PMS456
SEA 028	SEA 04L1	PMS395	PMS NSW	PMS461
SEA 029	SEA 04L2	PEO-CV	PEO-USW	PMS465
SEA 03	SEA 04L3	PMS312	ASTO	PMS467
SEA 03A	SEA 04L4	PMS312F	PEO(USW)J	PMS473
SEA 03B	SEA 04L5	PMS312L	PMS403	NOC
SEA 03C	SEA 04LR	PMS378	PMS404	NOC N71
SEA 03D	SEA 00T	PEO-DD21	PMS411	NSWC
SEA 03D3	SEA 05	PMS500	PMS411E	NUWC
SEA 03D5	SEA 05K	PEO-EXW	PMS415	
SEA 03D6	SEA 08	EXW-C	PMS427	
SEA 03D7	SEA 91	EXW-D	PEO-SUB	
SEA 03D9	SEA 91B	EXW-D23	SUB-A	
SEA 03F	SEA 91D	EXW-G	PMS350	
SEA 03F2	SEA 91CO	EXW-M	PMS401	
SEA 03F21	SEA 91FCT	EXW-P	PMS418	