Acquisition Strategies for Optimization

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Acquisition Strategies for Optimization

- **Why Optimize?**
  - Most $; least risk
    - RAO/LTM accounts for 60% of total Army CTC
    - RAO/LTM phases = less unknowns = less risk

- **Optimization via Performance Based Contracting**
  - Known requirements; known contractors
    - Best Value Contracts (LPTA and Trade-Off) account for ~93% of new DOD contracts >$1M*
    - LPTA use on the rise*
      - Requirements are known
      - Leverage our contractor partners for innovative approaches via competition and objective based contracts
      - Annual contract requirement for optimization analysis and update to exit strategy

* GAO Audit 14-584
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Optimization Process via Acquisition

• Optimization is an iterative process that requires consistent re-evaluation of objectives/metrics; each new RAO/LTM contract should build on the previous contract
  • Pre-Award: Government must do the leg-work to analyze performance metrics and scope contracts properly upfront
  • Pre-Award: PBC should be structured to incentivize further optimization while also considering “buy-down” options
  • Execution: Once awarded PBC’s provide the flexibility and incentive to optimize
  • Execution: Oversight of clearly defined objectives/metrics is critical
  • Execution: Iterative process of annually refining exit strategy
  • Contract Close-Out: Compile lessons learned to inform follow-on efforts
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Government Oversight and Engagement is Key to PBCs

- Key questions that must be considered in annual optimization analysis:
  - Remedial Action Objectives still sufficient?
  - Is progress being made toward Remedial Action Objectives?
  - What can we do to achieve objectives more quickly and/or cheaper?
- Must ask whether we are collecting the correct data to inform decisions and to answer the questions above
- Must be willing to challenge the status quo by making informed and technically sound changes to our RAO/LTM activities
- Must be willing to take on some level of risk in order to realize impacts on life-cycle costs and on timeframes to achieve Response Complete