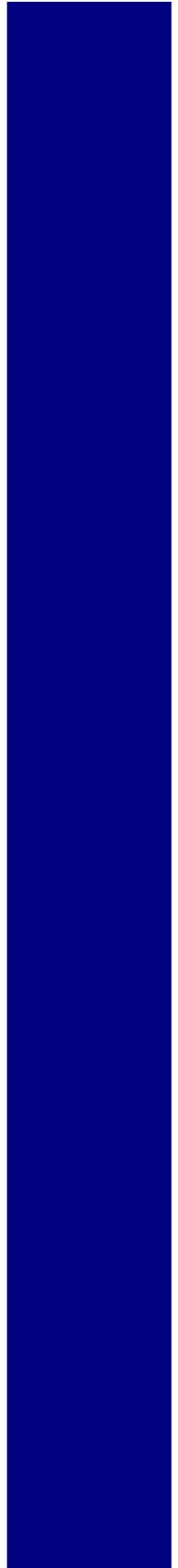


# Defense Acquisition Guidebook

Chapter 2 - Program Strategies

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# DEFENSE ACQUISITION GUIDEBOOK

## Chapter 2 - Program Strategies

### [2.0. Overview](#)

#### [2.1. Program Strategies-General](#)

#### [2.2. Program Strategy Document Requirements](#)

#### [2.3. Program Strategy Relationship to Other Program Documents](#)

#### [2.4. Relationship to Request for Proposal \(RFP\)](#)

#### [2.5. Program Strategy Classification Markings](#)

#### [2.6. Program Strategy Document Approval Process](#)

#### [2.7. Acquisition Strategy versus Acquisition Plan](#)

#### [2.8. Technology Development Strategy/Acquisition Strategy \(TDS/AS\) Outline](#)

### [2.0. Overview](#)

#### [2.0.1. Purpose](#)

#### [2.0.2. Content](#)

#### [2.1. Program Strategies-General](#)

### **2.0. Overview**

This chapter discusses the development and management of program strategies (i.e., the Technology Development Strategy and the Acquisition Strategy (AS)) for Department of Defense acquisition programs. It addresses the information requirements that the Program Manager must consider in preparing the TDS and the AS, respectively.

#### **2.0.1. Purpose**

The purpose of this Chapter is to provide information and guidance needed to develop a Technology Development Strategy and to develop and maintain a program-level Acquisition Strategy. A programs strategy should be developed organically by the Program Management Office in collaboration with related communities and stakeholders.

## 2.0.2. Content

Section 2.1 describes Program Strategies in the broad sense. Section 2.2 discusses Program Strategy Documentation Requirements; Section 2.3 discusses the relationship of the Program Strategy to other program documents; Section 2.4 discusses the relationship of the Program strategy to the Request for Proposal; Section 2.5 discusses Security Classification Markings for Program Strategies; Section 2.6 describes the Program Strategy approval process; and Section 2.7 is a high level summary of some fundamental differences between an acquisition plan and an Acquisition Strategy. Section 2.8 addresses the Technology Development Strategy/Acquisition Strategy [outline](#).

### 2.1. Program Strategies-General

Program strategies include the Technology Development Strategy (TDS) and the Acquisition Strategy (AS).

Well-developed program strategies optimize the time and cost required to satisfy approved capability needs. Program strategies should be exploratory in nature. That is, they should express clearly the Program Managers approach to developing and/or procuring the material or service- from a business, contracting, and programmatic point of view. The focus of each strategy should be on the rationale for the approach, not solely a description of the source itself. *The strategy should not be a repetition of statute, policy, or regulation. It should describe what actions are being taken-and to what end.*

### 2.2. Program Strategy Document Requirements

#### 2.2.1. Program Strategies for Increments and Subprograms

#### 2.3. Program Strategy Relationship to Other Program Documents

#### 2.4. Relationship to Request for Proposal (RFP)

#### 2.5. Program Strategy Classification Markings

#### 2.6. Program Strategy Document Approval Process

### 2.2. Program Strategy Document Requirements

Program Strategies must satisfy statutory and regulatory information requirements noted in Department of Defense (DoD) Instruction 5000.02.

The Technology Development Strategy (TDS) must be approved prior to entry into the Technology Development Phase and, in most cases, precedes the formal Acquisition Strategy (AS). Two exceptions are:

1. If program initiation is declared at Milestone A (currently a potential exception for

shipbuilding programs only), information requirements for a TDS will be incorporated in the Acquisition Strategy.

2. If a program enters the acquisition decision process at Milestone B or later (the Milestone Decision Authority determines that technology development is not required for the program to proceed).

The TDS serves as the basis for program acquisition activities in the Technology Development Phase, moving toward a Milestone B decision. The TDS should serve as an information baseline for efforts that continually evolve during the progression through the acquisition management system and be incorporated into the initial Acquisition Strategy (AS), as appropriate.

Department of Defense (DoD) Instruction 5000.02 requires an approved AS prior to any final Request for Proposal (RFP) release for the Engineering and Manufacturing (EMD) Development phase and prior to final RFP release for Milestone C or Full Rate Production/Full Deployment Decisions. The Acquisition Strategy should be updated for all major decision points subsequent to the pre-EMD review and whenever the approved strategy changes. An initial MDA-approved Acquisition Strategy is required prior to program initiation (normally MS B). The AS is required to be updated as necessary, minimally at MS C (Low Rate Initial Production or Limited Deployment) and at Full Rate Production or the Full Deployment Decision.

When submitting TDS and AS documents, 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.

The level of detail described below should be included in all TDS and AS documents to ensure that the Milestone Decision Authority may make well informed assessments of the efficiency and effectiveness of the business arrangements that are planned. If this information is not provided, program strategy approval will be delayed until it is made available.

1. **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.
2. **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.
3. **Major Contract(s):** Identify the number and type of contracts anticipated.
  - o a. 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.
  - o b. Indicate whether a competitive award, sole-source award, or multiple-source

development with down select to one production contract is contemplated. 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.

- c. 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.
- d. 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.
- e. 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:
  - i. 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.
  - ii. 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 i and ii must be included verbatim in the strategy to meet the intent of statute.

- f. 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.
4. **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.
  5. **Technical 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 Technical Data Rights Strategy that is included in both the TDS and the AS. The Technical Data Rights Strategy shall assess the data required to design, manufacture and sustain the system, as well as to support recompetition 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.
  6. **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.

### **2.2.1. Program Strategies for Increments and Subprograms**

An evolutionary acquisition approach delivers capability in increments, recognizing, up front, the need for future capability improvements.

Each increment must be a militarily useful and supportable operational capability that can be developed, produced, deployed, and sustained. Block upgrades, pre-planned product improvement, and similar efforts that provide a significant increase in operational capability are managed as separate increments.

Each increment must be traceable back to an approved requirements document and have its own set of threshold and objective values. Each increment must also have an Acquisition Program Baseline establishing cost, schedule, and performance program goals.

If a major defense acquisition program requires the delivery of two or more categories of end items which differ significantly from each other in form and function, the Defense Acquisition Executive may designate such category of end item as a major subprogram for the purposes of acquisition reporting under title 10 United States Code. An example of the intended use for subprograms would be the designation of a satellite (subprogram #1) and the affiliated ground control station (subprogram #2) under a total program composed of both elements.

Increments represent operational capabilities; whereas subprograms represent end items that differ significantly from each other in form and function. The premise for establishing increments or subprograms is significantly different, but the reporting mechanisms are very similar.

Department of Defense Instruction 5000.02 requires each increment or subprogram to have its own program strategy document (Technology Development Strategy or Acquisition Strategy), or minimally, have a distinctly separate annex from the core program strategy document. When appropriate, an annex for an increment can leverage the core program information.

### **2.3. Program Strategy Relationship to Other Program Documents**

Program Documents should not duplicate content, but rather be managed as an integrated set. The Program Strategy (Technology Development Strategy (TDS) or Acquisition Strategy (AS)) should describe the integrated plans that identify the acquisition approach, the business strategy, overall program schedule, and risk management strategies to meet program objectives while balancing cost, schedule and performance.

Content of other documents, such as the Systems Engineering Plan, Life Cycle Sustainment Plan, Program Protection Plan, and Test and Evaluation Master Plan should all align with the TDS or AS content, with minimal overlap.

## **2.4. Relationship to Request for Proposal (RFP)**

Department of Defense Instruction 5000.02 requires an approved program strategy as a prerequisite for final Request for Proposal (RFP) release: a Technology Development Strategy (TDS) prior to entry into the Technology Development phase and an Acquisition Strategy (AS) prior to entry into Engineering and Manufacturing Development, Low Rate Initial Production (or Initial Deployment), and Full Rate Production (or Full Deployment).

Until the Milestone Decision Authority has approved the program strategy (TDS or AS), the formal RFP cannot be released, nor any action may be taken that would commit the program to a particular contracting strategy.

The efforts defined in the approved program strategy for a given phase of the acquisition life cycle must align with efforts to be put on contract for that phase.

The TDS/AS Outline presented at 2.8 in this chapter of the Guidebook describes the structure for a Program Strategy document.

## **2.5. Program Strategy Classification Markings**

Program Strategy documents must be marked for proper handling. Classified AS or TDS documents (and their appendices) should be appropriately marked and handled in accordance with security classification procedures. At a minimum, a TDS or AS should be marked "For Official Use Only (FOUO)" and handled as "controlled unclassified information" in accordance with [DoD Directive 5230.24](#). Additionally, if the document contains proprietary information, or is competition sensitive, it should be so marked and appropriately handled.

In addition to displaying the correct markings, it is a good idea for a TDS or Acquisition Strategy to have a distribution statement. An example follows:

*Distribution Statement Distribution authorized to U.S. Government Agencies and their contractors; other requests must be referred to [enter the appropriate Program Executive Officer/Program Management Office], Address, City, State, Zip Code.*

## **2.6. Program Strategy Document Approval Process**

A Technology Development Strategy (TDS) or Acquisition Strategy (AS) for an Acquisition Category (ACAT) ID or IAM program requires the concurrence of the Program Manager, the Program Executive Officer (PEO) and the Component Acquisition Executive (CAE) prior to submittal for final approval by the Milestone Decision Authority (MDA). The Under Secretary of Defense (Acquisition, Technology, and Logistics) (USD(AT&L)) is the MDA for ACAT ID programs-and for ACAT IAM programs (unless delegated to the Deputy Chief Management

Officer or Department of Defense Chief Information Officer).

For ACAT IC and IAC programs, MDA is delegated to the appropriate CAE by the USD(AT&L).

For Major Defense Acquisition Programs (MDAPs), MDA approval of the Program Strategy document is required prior to release of a Final Request for Proposal. Programs may not proceed beyond a major milestone decision point (A, B, or C), the pre-Engineering and Manufacturing Development (pre-EMD) review, or the Full-Rate Production (FRP) Decision/Full Deployment Decision review without an MDA-approved Strategy.

For ACAT ID, ACAT IAM, and OSD Special Interest programs, program strategy documents are initially submitted to the office of the Director, Acquisition Resources and Analysis (ARA) within the office of the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)). ARA coordinates the documents with the appropriate stakeholders prior to submitting to the USD(AT&L) for final approval. Submittal of program strategies should be in accordance with the notional timelines specified in the Defense Acquisition Board Preparation section of [Chapter 10](#).

## **[2.7. Acquisition Strategy versus Acquisition Plan](#)**

### **[2.7.1. Federal Procurement Requirements](#)**

#### **[2.7.1.1. Distinctions between an Acquisition Strategy and an Acquisition Plan](#)**

### **2.7. Acquisition Strategy versus Acquisition Plan**

An Acquisition Plan is prepared by the Contracting Officer and formally documents the specific actions necessary to execute the approach delineated in the approved Acquisition Strategy. The Acquisition Plan serves as the basis for contractual implementation as referenced in Federal Acquisition Regulation ([FAR Subpart 7.1](#)) and Defense Federal Acquisition Regulation Supplement ([DFARS Subpart 207.1](#)).

The Acquisition Strategy required by Department of Defense (DoD) Instruction 5000.02 is not the same as the acquisition plan required by [FAR Subpart 7.1](#) and [DFARS Subpart 207.1](#). The Acquisition Strategy is a top-level description, in sufficient detail to allow senior leadership and the Milestone Decision Authority (MDA) to assess whether the strategy makes good business sense, effectively implements laws and policies, and reflects management's priorities. Once approved by the MDA, the Acquisition Strategy provides a basis for more detailed planning.

### **2.7.1. Federal Procurement Requirements**

The Federal Acquisition Regulation requires acquisition planning for all Federal procurements, and the Defense Federal Acquisition Regulation Supplement requires Program Managers to prepare written Acquisition Plans (APs) for most acquisitions exceeding \$10 million. An AP is execution-oriented and contract-focused-- normally relating to a singular contractual action; an

Acquisition Strategy covers the entire program and may reflect the efforts of multiple contractual actions.

### 2.7.1.1. Distinctions between an Acquisition Strategy and an Acquisition Plan

As the Department of Defense (DoD) Instruction 5000.02 requirement for an Acquisition Strategy and the FAR/DFARS requirement for an Acquisition Plan (AP) both apply to program planning, questions often arise about how they differ and how they relate to each other.

There is no DoD-level rule that precludes the Program Manager from preparing a single document to satisfy both requirements. In fact, FAR 34.004 dealing with major systems acquisition requires that the Acquisition Strategy "qualify" as the AP. However, in practice, DoD Components often prefer to provide a more general Acquisition Strategy to the Milestone Decision Authority (MDA) for approval and choose to prepare a separate, more detailed AP. If a separate AP is prepared, it may not be approved until after the Acquisition Strategy has been approved.

The distinctions between the requirement for the Acquisition Strategy and the requirement for the AP are summarized in table 2.7.1.1.F1 .

**Table 2.7.1.1.F1. Summary of Distinctions between the Acquisition Strategy and Acquisition Plan**

	ACQUISITION STRATEGY	ACQUISITION PLAN
<b>Required by</b>	DoD Instruction 5000.02, Enclosure 2, paragraphs 5(c) and 6(a)	FAR 7.1
<b>Required for</b>	All acquisition categories	Contracting or procuring for development activities when the total cost of all contracts for the acquisition program is estimated at \$10 million or more; procuring products or services when the total cost of all contracts is estimated at \$50 million or more for all years or \$25 million or more for any one fiscal year; and other procurements considered appropriate by the agency.
<b>Approval Authority</b>	Milestone Decision Authority	Component Acquisition Executive or designee in accordance with Agency FAR supplements.

<b>Purpose</b>	Describes overall strategy for managing the acquisition program. The <a href="#">Acquisition Strategy</a> describes the PMs plan to achieve programmatic goals and summarizes the program planning and resulting program structure.	Comprehensive plan for implementing the contracting strategy.
<b>Use</b>	Required at program initiation. The Acquisition Strategy should be updated for all subsequent milestones, at the full-rate production decision review, and whenever the approved strategy changes.	Integrates the efforts of all personnel responsible for significant aspects of the contractual agreement. The purpose is to ensure that the Government meets it's needs in the most effective, economical, and timely manner.
<b>Level of Detail</b>	Strategy level. Needed by MDA for decision-making. Also planning level for some discrete information requirements.	Execution level. Provides the detail necessary to execute the approach established in the approved acquisition strategy and to guide contractual implementation and conduct acquisitions.
<b>Content</b>	Prescribed by DoD Instruction 5000.02; additional guidance in the Defense Acquisition Guidebook	Prescribed by <a href="#">FAR 7.1</a> ; <a href="#">DFARS 207</a>
<b>Individual Responsible for Preparing the Document</b>	PM	Person designated as responsible.

## **[2.8. Technology Development Strategy/Acquisition Strategy \(TDS/AS\) Outline](#)**

### **[2.8.1. Purpose](#)**

### **[2.8.2. Capability Need](#)**

### **[2.8.3. Acquisition Approach](#)**

### **[2.8.4. Tailoring](#)**

## **2.8. Technology Development Strategy/Acquisition Strategy (TDS/AS) Outline**

This guideline is intended as just that, a guideline. While it attempts to shed light on all relevant strategic business aspects of a program, it may fail to solicit information a Program Manager (PM) feels is vital to their chain-of-command. Therefore, PMs are empowered to add where necessary. Adherence to the spirit in which this guideline was crafted should yield a document that provides insight into the PMs thoughts and thought processes.

As directed in the April 20, 2011 Principal Deputy Under Secretary of Defense (Acquisition, Technology, and Logistics) memorandum "[Document Streamlining - Program Strategies and Systems Engineering Plan](#)," the structure for the body of a [Program Strategy](#) document follows. Each program strategy should also include a title page, signature/approval page, and a table of contents. The primary sections included in the body of the outline are:

1. Purpose
2. Capability Need
3. Acquisition Approach
4. Tailoring
5. Program Schedule
6. Risk and Risk Management
7. Business Strategy
8. Resources
9. International Involvement
10. Industrial Capability & Manufacturing Readiness
11. Life-cycle Signature Support
12. Military Equipment Valuation

Detail on expected content for each of these topics is described in the following sections.

### **2.8.1. Purpose**

State the reason the program strategy (i.e., the Technology Development Strategy or the Acquisition Strategy) is being prepared or updated (e.g., milestone review, full rate production decision, change in strategy, etc.).

### **2.8.2. Capability Need**

Summarize the requirement. Indicate the key operational and sustainment requirements for this system (i.e., the time-phased capability requirements as described in the Initial Capabilities Document, Capability Development Document, Capability Production Document, Requirements Definition Package, and/or Capability Drop). Highlight system characteristics driven by interoperability and/or joint integrated architectures, capability areas, and family- or system-of-systems.

Summarize the expected operational mission of this program. Identify the user and summarize the users Concept of Operations (CONOPS). Indicate how the program fits into current and future integrated architectures.

Summarize the threat assessment in relation to the capabilities or operational concepts the system will support (see the applicable System Threat Assessment document for details). Specify which elements of the threat (if any) are not yet fully defined, and which elements of the threat (if any) will not currently be countered by the system capabilities or CONOPS. Include a projected plan/schedule to define and counter the remaining threat elements.

If TDS, also summarize the Net-Centric Data Strategy. [Starting with Milestone B, the Net-Centric Data Strategy is included in the Information Support Plan.]

## CONSIDERATIONS

**When summarizing the threat, consider the following:**

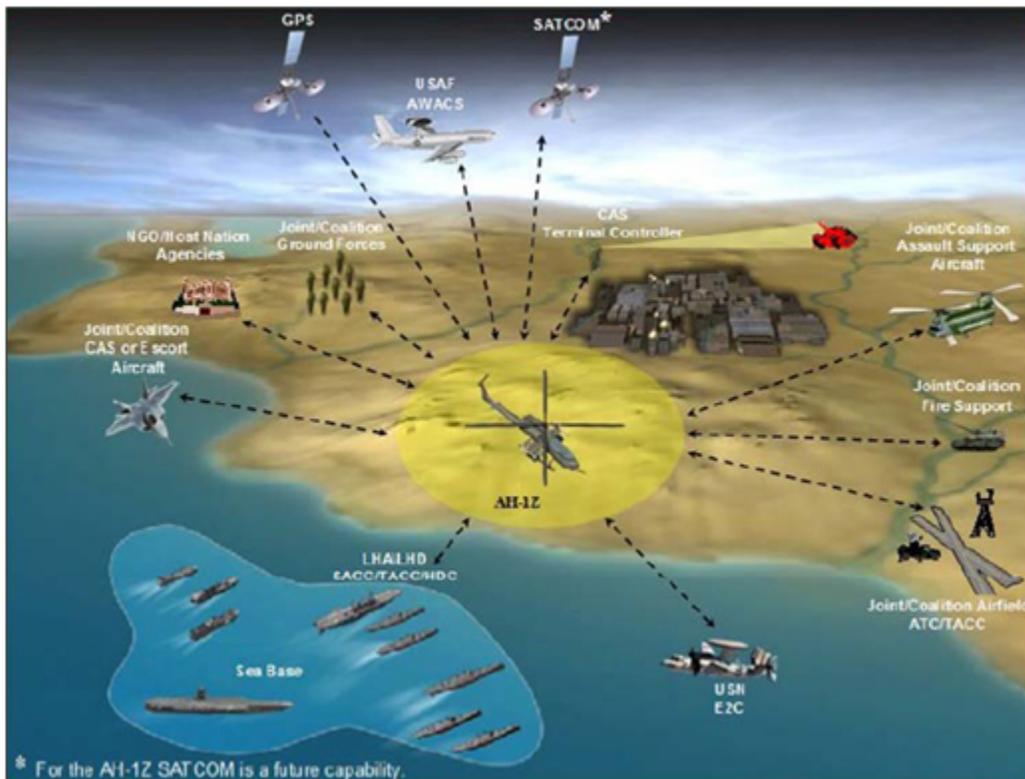
- 1. Summarize the threat concisely while addressing it from the perspective of the capability areas and gaps in the validated capability document, including CONOPS considerations.**
- 2. Threat elements that are not yet fully defined should be specified referencing scenario, timeframe and foreign systems. The timeline for defining these threats needs to be provided by the Services Intelligence Production Center in concert with the Defense Intelligence Agency.**
- 3. Threat elements which will not currently be countered or that should be watched for foreign capability increases need to be identified as Critical Intelligence Parameters (CIPs) in the System Threat Assessment document, and should be highlighted here in the AS/TDS.**
- 4. The projected plan/schedule to counter remaining threats needs to be addressed in terms of evolutionary acquisition increments, if applicable for the specific program-and should also be discussed in the Program Strategies Section 6.6 concerning risks deferred.**

## NOTES

1. **In most cases, this section of the Technology Development Strategy (TDS) or (Acquisition Strategy (AS) should be classified and presented as a separate annex to the unclassified document. The classified annex should be emailed via the SIPRnet to the Milestone Decision Authority (MDA)s office of primary responsibility (OPR) for TDS/AS documents.**
  - a. **OUSD(AT&L/ARA/AM) is the OPR recipient for programs in which the DAE is the MDA and will distribute this section to OUSD(I), the OIPT leader organization, OSD Systems Engineering, OSD Developmental Test & Evaluation, Office of Operational Test & Evaluation, the Joint Staff J8 and any other OSD parties requesting and appropriately cleared with need to know.**
  - b. **A classified repository capability is anticipated to be set up by the end of FY 2012 that can replace this SIPRNET email process. If this section cannot be written at a level of SECRET (or below) then alternative means will have to be negotiated with the TDS/AS OPR.**
2. **The Program Management Office should work closely with their intelligence community colleagues in the Service Production Center(s) and Component staff intelligence organizations in order to complete this section of the TDS/AS template.**
3. **In this context, the term "threat" refers to the foreign systems and capabilities of a potential adversary in the context of military conflict; it does not include the foreign collection threat that needs to be addressed via the program protection planning process. This threat section is also not relevant to intelligence mission data or signatures data that is needed from the intelligence community for signature dependent systems this information is to be addressed in the *Life-cycle Signature Support Plan* and in summary later in this TDS/AS Outline.**

Include an Operational View (OV)-1 Illustration. (See example in Figure 1, below.)

**Figure 1. Example OV-1 Illustration**

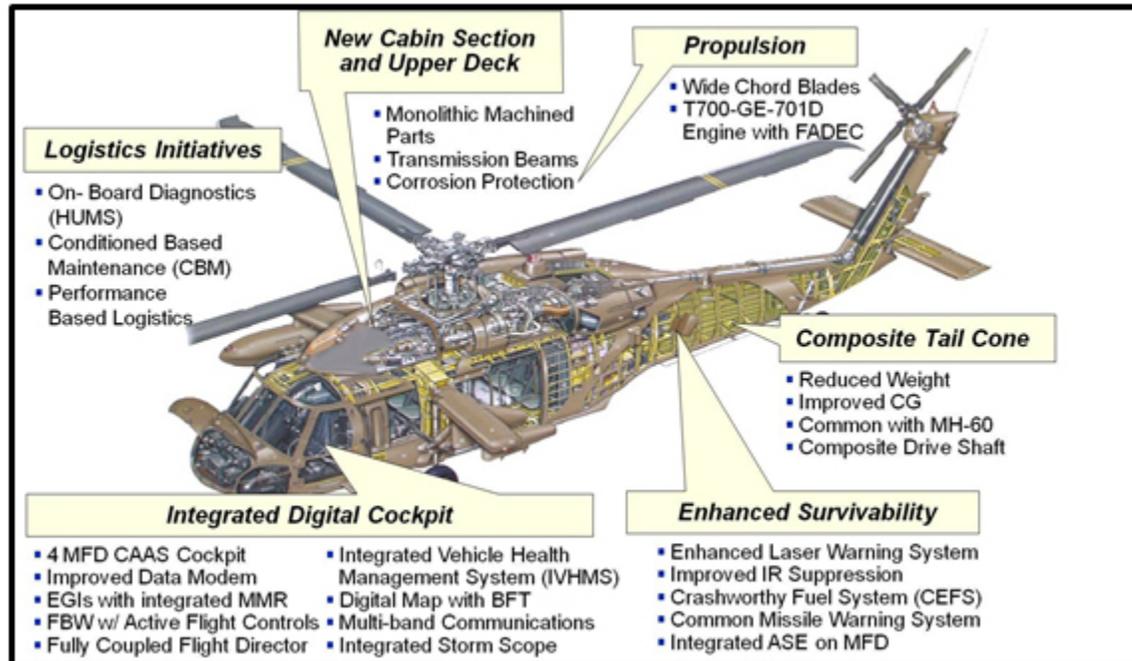


## NOTES

1. **The purpose of the OV-1 is to provide a quick, high-level description of what the architecture is supposed to do, and how it is supposed to do it.**
2. **In general the OV-1 describes the business activities or missions, high-level operations, organizations, and geographical distribution of assets. The model frames the operational concept (what happens, who does what, in what order, to accomplish what goal) and highlight interactions to the environment and other external systems.**
3. **A textual description accompanying the graphic is crucial. Graphics alone are not sufficient for capturing the necessary architectural data.**

For Milestone B, provide a reference design concept for the product showing major subsystems and features (one or more drawings as needed to describe or illustrate the expected features of the product; see the example in Figure 2).

**Figure 2. Sample Drawing of the Reference Design Concept**



### 2.8.3. Acquisition Approach

Indicate whether the program strategy will be evolutionary or single step to full capability and

rationale for selection. **Note:** If this program employs an evolutionary acquisition approach, this strategy will primarily apply to the current increment, while occasionally addressing some topics in the context of the overall program.

If this program employs an evolutionary acquisition approach, summarize the cost, schedule, and performance drivers for the increment under consideration, and the plan to transition from the initial increment to later increments.

#### NOTES

**The cost, schedule and performance drivers summarized here should align with the cost, schedule and performance parameters in the acquisition program baseline.**

**An evolutionary approach delivers capability in increments, recognizing, up front, the need for future capability improvements. If this program strategy is for an evolutionary approach, each increment must be a militarily useful and supportable operational capability that can be developed, produced, deployed, and sustained.**

**Each increment must be traceable back to an approved requirements document and have its own set of threshold and objective values. Each program or increment shall have an Acquisition Program Baseline establishing program goals.**

**Department of Defense Instruction 5000.02 requires each increment or subprogram to have its own program strategy document (TDS or AS), or minimally, have a distinctly separate annex from the core program strategy document. When appropriate, an annex for an increment can leverage the core program information.**

Specify any unique program circumstances, such as transitioning from a technology project, selection as a special interest program, etc.

Indicate whether this program will replace an existing system, is a modification to an existing system, or is a new capability.

Indicate whether this is a New Start program. Verify that the appropriate Congressional notifications have been completed for a New Start. (Reference DoD 7000.14-R, *DOD Financial Management Regulation*, Volume 3, [Chapter 6](#) for guidance on new start determinations.)

## NOTES

1. **A new start is considered to be reprogramming actions which require prior approval of the congressional committees (DD 1415-1).**
2. **A new start program for RDT&E is a new program element or project, or a major component thereof, as determined by specific supporting information provided in the R-2 and R2A (RDT&E Budget Item/Project Justification) exhibit's not previously justified by the Department and funded by the Congress through the normal budget process.**
3. **A new start program for Procurement is a new procurement line item or major component thereof, as determined by specific supporting information provided in the P-5 (Cost Analyst) or P40A (Budget Items Just for Aggregated Items) exhibit's not previously justified. Congressional committees discourage the use of the reprogramming process to initiate programs. Except for extraordinary situations, consideration will not be given new start reprogramming requests for which the follow-on funding is not budgeted or programmed. Funding for new starts may not be obligated without prior approval or written notification.**

Indicate whether this is a joint program. If so, specify the joint nature and characteristics of the program. Identify the Service(s) or DoD Components involved, state the key Service-specific technical and operational differences in the end item deliverables, and provide the principal roles and responsibilities of each DoD Component in the management, execution, and funding of the program.

If this is a Technology Development Strategy, identify the feasible technical approaches for developing the approved materiel solution, the impact of prior acquisitions on those approaches, and any related preceding effort.

If this strategy supports the Milestone B or C decision, in a table showing quantity per year, indicate the total planned production quantity and provide the LRIP quantity. Summarize the Low-Rate Initial Production (LRIP) plan. If the planned LRIP quantity exceeds ten percent of the total planned production quantity, provide the justification. (Not applicable to software-intensive programs without production components.)

### 2.8.4. Tailoring

Consistent with statutory and federal regulatory requirements, the Program Manager (PM) and Milestone Decision Authority (MDA) may tailor the phases and decision points to meet the specific needs of the program. If tailoring is planned, state what is being proposed and why.

List all requests for either regulatory policy waivers or waivers permitted by statute. Include a

table similar to notional Table 1.

**NOTE**

**The Table should contain proposed tailoring initiatives for MDA approval, as well as already approved (e.g., via Acquisition Decision Memorandum) tailored items, and the rationale should state why the policies, regulations or directives being proposed to be tailored are not relevant or applicable.**

**Table 1. Notional Table of Program Waiver Requests**

WAIVER REQUESTS					
Requirement to Be Waived	Type (Regulatory or Statutory)	Granting Authority	Rationale	Required by (date or event)	Status

**2.8.5. Program Schedule**

**2.8.5.1. Interdependencies**

**2.8.6. Risk and Risk Management**

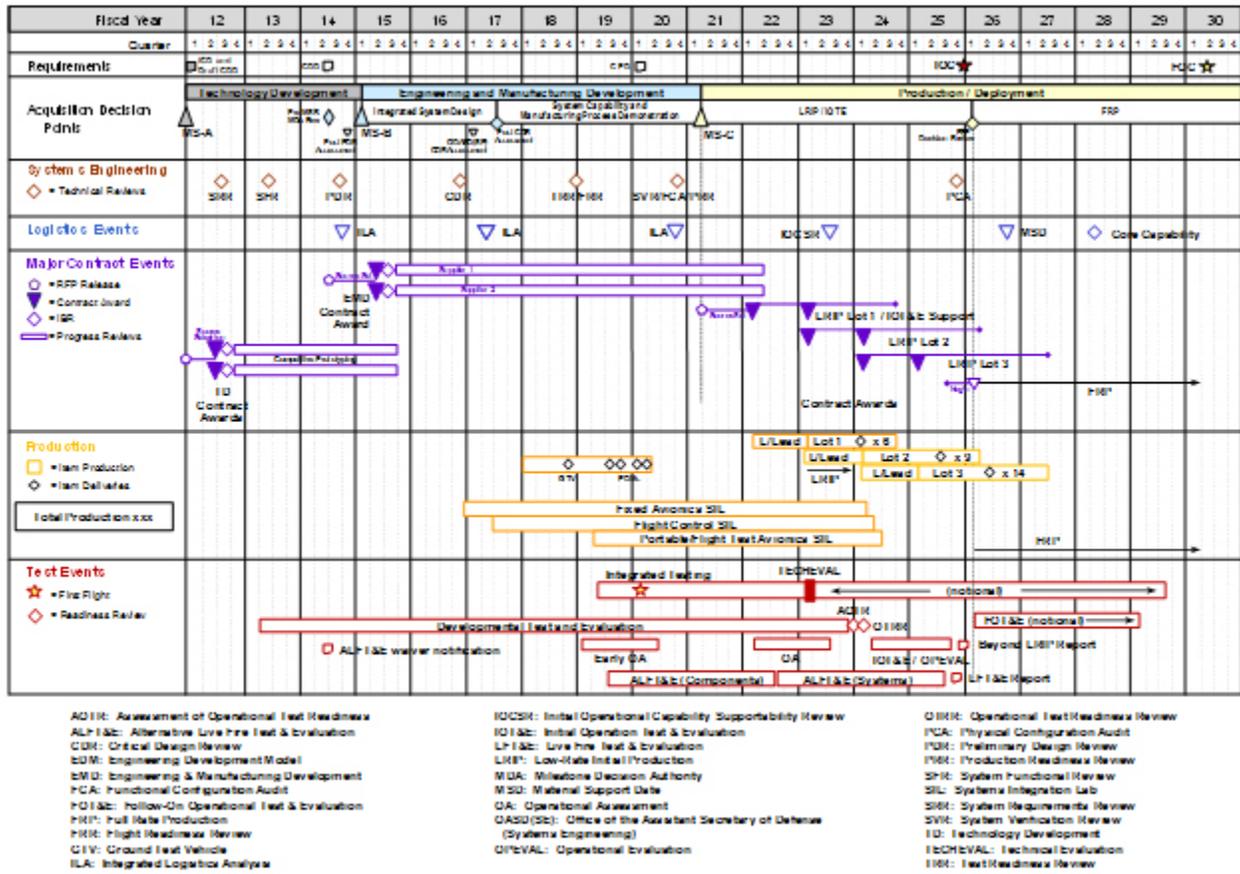
**2.8.5. Program Schedule**

Provide a detailed graphic illustrating program milestones, phases, and events. Depicted events will vary by program, but will minimally include key acquisition decision points; principal systems engineering and logistics activities such as technical reviews and assessments; planned contracting actions such as request for proposal (RFP) release, source selection activity, and contract awards; production events and deliveries; and key test activities. (Figure 3 is a notional depiction of the expected level of detail. For example, contract details will vary with the contracting approach and the plan for competition and multiple suppliers; the use of options, re-competes, and/or new negotiated sole source; etc.)

Explain and justify any urgency if it results in needed tailoring for example if it constitutes justification for not providing for full and open competition.

Summarize the analysis justifying the proposed program schedule (list analogous programs or models used to derive schedule).

Figure 3. Notional depiction of the Integrated Schedule for Program



## CONSIDERATIONS

1. **If a Technology Development Strategy, the program schedule minimally needs to identify the following:**
  - **contract award dates for major contracts;**
  - **whole system reviews including system requirements review (SRR), system functional review (SFR), and the preliminary design review (PDR);**
  - **competitive prototyping activities;**
  - **major test events such as for prototypes of key systems;**
  - **the technology readiness assessment (TRA);**
  - **final draft pre-Engineering & Manufacturing Development (EMD) review Acquisition Strategy (AS);**
  - **draft RFP for EMD;**
  - **Milestone B; and,**
  - **Initial Operating Capability (IOC).**
2. **If for an EMD AS, the schedule minimally needs to identify the following:**
  - **contract events such as award dates, contract definitization, planned exercise of contract line item numbers, and Integrated Baseline Review (IBR);>**
  - **system level Critical Design Review (CDR), software specification review (SSR), Test Readiness Review (TRR) and Production Readiness Review (PRR);**
  - **key prototyping activities for technology maturation;**
  - **major test events such as operational assessments and integration tests, as well as the operation test readiness review (OTRR);**
  - **maintenance plans, depot maintenance core capabilities stand-up, Training Plan, Source of Repair Assignment Process (SORAP),**
  - **Environment, Safety, and Occupational Health (ESOH) plans events,**
  - **draft RFP for LRIP, final draft LRIP AS submission to MDA staff;**
  - **Milestone C; and,**
  - **Initial operating capability (IOC).**
3. **If for an LRIP AS, the schedule minimally needs to identify the following:**
  - **contract events such as award dates, contract definitization, planned exercising of contract line item numbers, and Integrated Baseline Review (IBR)**
  - **Physical Configuration Audit (PCA), and System Verification Review (SVR);**
  - **Operational and developmental test events including initial operational test and evaluation (IOT&E) and live fire test**

- **and evaluation (LFT&E);**
  - **Production quantities for each year;**
  - **maintenance plans, depot maintenance core capabilities stand-up, Training Plan, Source of Repair Assignment Process (SORAP),**
  - **identify the activation schedule for each site in the supply chain required to support the system including the maintenance sites (including depots) and training sites**
  - **Environment, Safety, and Occupational Health (ESOH) plans events**
  - **draft RFP for LRIP, final draft FRP AS submission to MDA staff;**
  - **Full-Rate Production Decision Review (FRP DR); and,**
  - **initial operating capability (IOC) and full operational capability (FOC)**
- 4. If for an FRP AS, the schedule should minimally include:**
- **contract events such as award dates, contract definitization, planned exercising of contract line item numbers, and Integrated Baseline Review (IBR)**
  - **Production quantities for each year;**
  - **maintenance plans, depot maintenance core capabilities stand-up, Training Plan, Source of Repair Assignment Process (SORAP),**
  - **identify the activation schedule for each site in the Production quantities for each year;**
  - **maintenance plans, depot maintenance core capabilities stand-up, Training Plan, Source of Repair Assignment Process (SORAP),**
  - **identify the activation schedule for each site in the supply chain required to support the system including the maintenance sites (including depots) and training sites**
  - **planned or anticipated future increments;**
  - **post-implementation review (PIR); and,**
  - **initial operating capability (IOC) & full operational capability (FOC).**

### **2.8.5.1. Interdependencies**

Specify programmatic interdependencies with other programs. Discuss the relationship of the interdependencies with program activity on the critical path. If any memorandums of agreement are required to formalize these relationships/ interfaces, list them in the format presented in Table 2. Identify the interface (i.e., the system this product interfaces with); the agency that owns the other system; the authority (e.g., PEO, CAE, delegated PM) responsible for controlling the interface (i.e., the individual who can set the requirement; direct the solution to the interface issue; and direct who provides the funding for the solution); the required by date; and the impact

if not completed.

**Table 2. Notional table of Required Memoranda of Agreement**

<b>REQUIRED MEMORANDA OF AGREEMENT</b>				
<b>Interface</b>	<b>Cooperating Agency</b>	<b>Interface Control Authority</b>	<b>Required By Date</b>	<b>Impact if Not Completed</b>

If using an evolutionary acquisition approach with concurrent increments, state the relationship between the milestones and activities in one increment to those in the other increment(s). Include criteria for moving forward to subsequent phases of the same or other increments.

### **2.8.6. Risk and Risk Management**

Summarize the approach used to identify, analyze, mitigate, track, and control performance/technical/manufacturing cost, schedule, sustainment, and programmatic risk throughout the life of the program.

## NOTES

1. **The Program Manager (PM) should establish a risk management process consistent with *Guidebook Chapter 4* , and summarize the process in the Acquisition Strategy.**
2. **For an EMD AS, if the program is so 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 type contract for EMD, the AS needs to include an explanation of the level of program risk as well as steps that have been taken, and are planned, to reduce risk. Finally a rationale for entry into EMD despite the high level of program risk should be included. This explanation of complexity, technical challenge, and risk will provide the MDA with the needed documentation if other than a fixed-price type contract is to be used for EMD.**
3. **ESOH Risks are assessed in accordance with MIL-STD-882D and reflected here when applicable.**
4. **Spectrum availability and supportability for applicable programs may pose for significant program risk. Spectrum analysis must be done for all applicable programs. (See DAG Chapter 7.)**
5. **The AS is an appropriate place to discuss cost, schedule and performance implications or trades related to risks and risk mitigation, but not for detailed mitigation plans with waterfalls, etc. The Systems Engineering Plan (SEP) is the appropriate document for details on mitigation plans for the noted key technology-related acquisition risks. The SEP or the programs Risk Management Plan is appropriate for detailed discussion of the risk management process, whereas the Acquisition Strategy should only contain a summary.**

List and assess any program interdependency issues that could impact execution of the acquisition strategy. If the program is dependent on the outcome of other acquisition programs or must provide capabilities to other programs, the nature and degree of risk associated with those relationships should be specified. Summarize how these relationships and associated risk will be managed at the PM, PEO, and DoD Component levels.

List the key program technologies, their current technology readiness levels (TRL), the basis for including a technology (e.g., available alternative or low-risk maturation path) if it is below the TRL 6 benchmark for Milestone B, and the key engineering and integration risks. **NOTE:** Key technologies should include those technologies that are part of the system design and those associated with manufacturing the system.

- If conducted, summarize the results of the Technology Readiness Assessment.
- Summarize technology maturation plans and risks for each key technology, engineering risk, and integration risk identified.

- Briefly explain how the programs strategy is appropriate given the maturity of the system technology and design.

**If the strategy is for the Technology Development Phase:**

- Identify alternate technologies that could be employed if a technology chosen for the system does not achieve the maturity necessary to incorporate it into the baseline system design and define their impact on system performance and cost.
- Identify the specific prototyping activities that will be conducted during Technology Development and specify how those activities and any others planned for Engineering and Manufacturing Development will be used to reduce program cost, schedule, and/or performance risk.

Identify the principal programmatic risks (e.g., staffing, resources, infrastructure, industrial base, etc.) and summarize mitigation plans, including key risk-reduction events.

**NOTES**

**The Program Manager should summarize the anticipated or existing key acquisition risks for the program and include the related Risk Reporting Matrix (risk cube). The Acquisition Strategy should describe how funding, schedule and performance are planned to be balanced and traded to manage/mitigate key risks.**

- **The risk cube format and Likelihood and Consequence criteria should be taken from the "[\*Risk Management Guide for DoD Acquisition, 6th Edition, Version 1, August 2006\*](#)."**

Identify any risks that have been deferred to future increments. Explain why these risks were deferred and whether any residual risks remain in this increment.

**CONSIDERATION**

**This section should include, but not be limited to, the risks associated with threats as described in section 2.8.2.**

The acquisition strategy at the Full-Rate Production/Full Deployment Decision Review should identify principal manufacturing (if applicable), sustainment, and operational risks, and it should summarize mitigation plans, to include key risk reduction events.

**[2.8.7. Business Strategy](#)**

**[2.8.7.1. Competition Strategy](#)**

**2.8.7.2. Market Research**

**2.8.7.3. Advance Procurement**

**2.8.7.4. Sustainment Strategy**

**2.8.7.5. Major Contract(s) Planned**

**2.8.7.5.1. Major Contract Table**

**2.8.7.5.2. Contract Incentives**

**2.8.7.5.3. Earned Value Management (EVM)**

**2.8.7.5.4. Source Selection Approach**

**2.8.7.5.5. Sources**

**2.8.7.5.6. Contract Bundling or Consolidation**

**2.8.7.5.7. Subcontracting Plan / Small Business Participation**

**2.8.7.5.8. Special Contracting Considerations**

**2.8.7.5.9. Special Test Equipment**

**2.8.7.5.10. Testing & Systems Engineering Requirements**

**2.8.7.5.11. Warranty**

**2.8.7.5.12. Multiyear Contracting**

**2.8.7.5.13. Leasing**

**2.8.7.5.14. Modular Contracting (Major Information Technology programs only)**

**2.8.7.5.15. Payment**

**2.8.7.5.16. Other Relevant Information**

**2.8.7. Business Strategy**

**2.8.7.1. Competition Strategy**

Explain how a competitive environment will be sought, promoted, and sustained throughout all

program phases.

Summarize the competition strategy for the upcoming phase.

#### NOTES

1. Competition is a key consideration for fostering innovation and affordability for defense applications. The Program Strategy document for all programs should describe the competition planned for the subject phase of the programs life cycle, or explain why competition is not practicable or not in the best interests of the Government.
2. Specify measures planned to be used to ensure competition, or the option of competition at both the prime contract level and the subcontract level (at such tier or tiers as are appropriate) of such program throughout the life-cycle of such program as a means to improve contractor performance; and adequate documentation of the rationale for the selection of the subcontract tier or tiers. Specify which of the following measure are planned to ensure competition:
  - Competitive prototyping.
  - Dual-sourcing.
  - Unbundling of contracts.
  - Funding of next-generation prototype systems or subsystems.
  - Use of modular, open architectures to enable competition for upgrades.
  - Use of build-to-print approaches to enable production through multiple sources.
  - Acquisition of complete technical data packages.
  - Periodic competitions for subsystem upgrades.
  - Licensing of additional suppliers.
  - Periodic system or program reviews to address long-term competitive effects of program decisions.
  - Other

In situations where head-to-head competition is not possible, explain how dissimilar competition or other competitive approaches will be used.

Indicate how the results of the previous acquisition phase impact the competition strategy for the approaching phase.

## CONSIDERATIONS

If this is a Technology Demonstration Strategy specify the following with respect to Competitive Prototyping plans:

- Will the complete system be prototyped? If not, provide a supporting rationale.
- List the critical subsystems of the system that are to be competitively prototyped. If neither the complete system nor the critical subsystems are planned to be competitively prototyped, refer to the waiver section below.
- Specify the number of candidates anticipated to be in the competition for each complete system and/or critical subsystem. Indicate whether the candidates are expected to be commercial, government or academic sources.
- Specify the planned competitive criteria to be used to down-select for each complete system and/or critical subsystem (e.g. technical data rights, performance criteria).

## NOTES

Competitive Prototyping Waivers: the Milestone Decision Authority may waive the requirement only on the basis that-

- A. the cost of producing competitive prototypes exceeds the expected life-cycle benefit's (in constant dollars) of producing such prototypes, including the benefits of improved performance and increased technological and design maturity that may be achieved through competitive prototyping; or
- B. but for such waiver, the Department would be unable to meet critical national security objectives.

P.L. 111-23, Weapon Systems Acquisition Reform of 2009 stipulates that whenever a Milestone Decision Authority authorizes a waiver the Milestone Decision Authority shall require that the program produce a prototype before Milestone B approval if the expected life-cycle benefit's (in constant dollars) of producing such prototype exceed its cost and its production is consistent with achieving critical national security objectives; and, shall notify the congressional defense committees in writing not later than 30 days after the waiver is authorized and include in such notification the rationale for the waiver and the plan, if any, for producing a prototype.

*[The prototyping requirement may NOT be waived-only the competitive aspect of prototyping may be waived in the limited circumstances noted.]*

### 2.8.7.2. Market Research

Summarize the research conducted and the results of market research. Indicate the specific impact of those results on the various elements of the program. Summarize plans for continuing market research to support the program throughout development and production.

Market research information provided in the strategy should be sufficient to satisfy the requirements of [10 United States Code \(USC\) 2366a](#) and [10 USC 2366b](#). For more information, see [Federal Acquisition Regulation \(FAR\) Part 10](#), *Market Research*, and [Defense Federal Acquisition Regulation Supplement \(DFARS\) section 210.001](#).

#### CONSIDERATIONS

1. Market research is a primary means of determining the availability and suitability of commercial items and the extent to which the interfaces for these items have broad market acceptance, standards-organization support, and stability. In addition, market research is important in seeking small business capabilities.
2. Thorough market research needs to be performed to determine whether or not small businesses are capable of satisfying the requirements. Market research supports the acquisition planning and decision process, supplying technical and business information about commercial technology and industrial capabilities to arrive at the most suitable approach to acquiring, distributing and supporting supplies and services. Market research, tailored to program needs, should continue throughout the acquisition process and during post-production support.
3. Market research should yield an understanding of potential material solutions, their technology maturity, and potential sources, and should suggest strategies for acquiring them.
4. Market Research is required to support the 10 USC 2366b Milestone B certification. Compliance with 10 USC 2377, 15 USC 644, P.L.111-23, other statute & DFARS determine the outcome of the market strategy certification element.

### 2.8.7.3. Advance Procurement

Indicate whether advance procurement of long lead items is planned. List highest dollar value items. The Acquisition Strategy must clearly indicate the intention to employ advance procurement. ***[NOTE: The MDA must separately and specifically approve advance procurement if authorization is sought prior to the applicable milestone decision.]***

## NOTES

1. DoD Financial Management Regulation 7000.14-R (Volume 2A, Chapter 1) requires that the procurement of end items be fully funded, i.e., the cost of the end items to be bought in any fiscal year should be completely included in that year's budget request. However, there are times when it is appropriate to procure some components, parts, materiel, or effort in advance of the end item buy. These items are referred to as advance procurements. Statutory authority for these advance procurements should be provided in the relevant authorization and appropriations acts.
2. Advance procurement funds are used in major acquisition programs for advance procurement of components whose long-lead times require purchase early in order to reduce the overall procurement lead-time of the major end item. Advance procurement of long lead components is an exception to the DoD "full funding" policy and must be part of the President's budget request. These expenditures are subject to the following limitations:
  - o a. the cost of components, material, parts, and effort budgeted for advance procurement should be low compared to the total cost of the end item
  - o b. the PM judges the benefits of the advance procurement to outweigh the inherent loss of or limitation to future MDA flexibility
  - o c. the MDA approves the advance procurement
  - o d. the procurement received statutory authority, as discussed above
3. As part of the milestone review, the MDA should approve specific exit criteria for advance procurement. These specific exit criteria should be satisfied before the PM releases any advance procurement funding for either the initial long lead-time items contract(s) or the contract(s) for individual, follow-on, long lead-time lots. The contracts office should initiate a separate contract action for advance procurement of long lead materiel.
4. The MDA must approve advance procurement in advance of Milestone C, and the intention should be clearly noted in the Acquisition Strategy. A template should be completed and provided for MDA approval prior to executing long lead advance procurement if the approved AS and current/appropriate year budget exhibit's do not contain all of the equivalent content. The template can be included in the AS, or by separate memo for the MDA to approve.

### 2.8.7.4. Sustainment Strategy

The details of program sustainment planning are included in the Life Cycle Sustainment Plan,

which will be prepared and approved as a separate document. This portion of the Program Strategy document should:

Specify the contracting strategy to provide product support throughout the system life cycle. The sustainment strategy should reflect the Maintenance or Support CONOPS and consider: impacts to system capability requirements; responsiveness of the integrated supply chains across government and industry; maintaining long-term competitive pressures on government and industry providers; and providing effective integration of weapon system support that is transparent to the warfighter and provides total combat logistics capability.

### CONSIDERATIONS

Provide an overview of the sustainment related contract(s) including how the integrated product support package will be acquired. The discussion must include the:

- Type contract and length along with major terms and conditions
- Performance measures being used (including the extent to which it is traditional transaction based/process focused and performance-based/outcome focused)
- Sustainment related functions, hardware or data covered in each contract
- Portion of system covered by performance based product support strategy

State the assumptions used in determining whether contractor or agency support will be employed, both initially and over the life of the acquisition, including consideration of contractor or agency maintenance and servicing (see [FAR Subpart 7.3](#)), support for contracts to be performed in a designated operational area or supporting a diplomatic or consular mission (see [FAR section 25.301](#)); and distribution of commercial items.\*

*\* **Note:** Items marked with an asterisk (\*) in this section are not required for the Technology Development Phase or Technology Development Strategy.*

Provide an overview of the sustainment-related contract(s) including how the integrated product support package will be acquired. The discussion should provide:

- The performance measures being used (including the extent to which it is traditional transaction based/process focused and performance-based/outcome focused);
- The portion of the system covered with the associated sustainment-related functions;
- How the support concept ensures integration with other logistics support and combat support functions to optimize total system availability while minimizing cost and the logistics footprint;
- How the product support strategy will ensure the selection of best value support providers, maximize partnering, and advocate integrated logistics chains in accordance

- with DoD product support objectives;
- How manpower and spares will be optimized;\*
- Efforts to ensure secure and integrated information systems across industry and government that enable comprehensive supply chain integration and full asset visibility;\*
- Dedicated investments needed to achieve continuous improvement of weapon system supportability and reduction in operating costs;
- How performance expectations (as defined in performance agreements) will be compared to actual performance results (post Milestone C);\*
- If Interim Contract Support (ICS) is planned, the ICS requirements, approach, and a plan to transition to normal sustainment support.\*
- If the strategy includes contractor logistics support (CLS), indicate how CLS contract flexibility will support the sustainment concept;\* and
- How the program will ensure product support integration throughout the system life cycle.

**2.8.7.5. Major Contract(s) Planned**

For each contract with an estimated total value greater than \$40 million dollars for an MDAP or greater than \$17 million dollars for a MAIS, including all options.

**2.8.7.5.1. Major Contract Table**

Provide a table (see example Table 3) that identifies the purpose, type, value, performance period, and deliverables of the contract.

**Table 3. Notional Table of Major Contracts**

MAJOR CONTRACTS					
Contract	Purpose	Type	Value	Performance Period	Major Deliverables

Specify 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.

Identify the contract type(s) and period(s) of performance. The acquisition strategy shall provide the information necessary to support the decision on contract type. (See FAR Part 16 and Section

818, Public Law (P.L.) 109-364 for additional direction.)

### NOTES

1. Each major contract (greater than \$40 million (then-year dollars) for a Major Defense Acquisition Program and greater than \$17 million for Major Automated Information System) planned to execute the Acquisition Strategy must be addressed.
2. Per Section 818 NDAA FY 2007, for MS B approval, the Milestone Decision Authority (MDA) shall select a contract type that is consistent with the level of program risk. The MDA may select from a fixed-price, including fixed price incentive, or cost type contracts.
3. The law states that the "MDA may authorize the use of a cost type contract" upon determination that:
  - o a. 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
  - o b. the complexity and technical challenge of the program is not the result of a failure to meet the requirements established in section 2366a of title 10, United States Code.
4. These two (preceding) bullets must be included verbatim in the AS to meet the intent of Section 818, and for MS B approval, and combined with supporting documentation, if a cost type contract is to be used.
5. The MDA shall document the contract type selected, to include an explanation of the program risk level and the steps, if necessary, to reduce high program risk in order to proceed to MS B.

### CONSIDERATION

Consider including an explanation of the level of program risk for the program and, if the Milestone Decision Authority determines that the level of program risk is high, the steps that have been taken to reduce program risk and reasons for proceeding with MS B approval despite the high level of program risk. (See also section 2.8.6.)

Address the alignment of the contract (s) with the overarching acquisition strategy and the competition strategy.

Indicate whether a competitive award, sole source award, or multiple source development with down select to one production contract is planned.

If expecting to use other than full and open competition, cite the authority and indicate the basis for applying that authority, identify source(s), and explain why full and open competition cannot be obtained.

Indicate how subcontract competition will be sought, promoted, and sustained throughout the course of the acquisition. Identify any known barriers to increasing subcontract competition and address how to overcome them.

Specify breakout plans for each major component or sub-system as well as spares and repair parts.

Assess the comparative benefits of awarding a new contract vice placing a requirement under an existing contract. ([10 USC 2306](#), [10 USC 2304](#).)

If planning to award a new indefinite delivery contract, indicate how many contracts are planned to be awarded. If a single award is planned, explain why multiple awards are not feasible. Indicate the ordering period.

Undefinitized Contracts . Indicate if an undefinitized contract will be awarded and provide the rationale. Identify steps to avoid using an undefinitized contract, and list the planned incentives to motivate the contractor to achieve timely definitization.

#### **2.8.7.5.2. Contract Incentives**

Provide the planned contract incentives:

- Provide the specific incentive structure. Indicate how the incentive structure will motivate contractor behavior resulting in the cost, schedule, and performance outcomes required by the government for the contract and the program as a whole.
- If more than one incentive is planned for a contract, the strategy should explain how the incentives complement each other and do not conflict with one another.

#### **2.8.7.5.3. Earned Value Management (EVM)**

Summarize the financial reporting that will be required by the contractor on each contract, including requirements for EVM.

#### **2.8.7.5.4. Source Selection Approach**

Identify the source selection evaluation approach (e.g., Trade-off or Lowest Price Technically Acceptable) and briefly summarize planned procedures ([10 USC 2305](#)).

Highlight the considerations influencing the proposed source selection procedures. Indicate how these may change from phase to phase.

State the timing for submission and evaluation of proposals. Identify the criteria that will be used

to select the winning bidder. Indicate how those criteria reflect the key government goals for the program.

#### **2.8.7.5.5. Sources**

List the known prospective sources of supplies or services that can meet the need. Consider required sources of supplies or services (see [FAR Part 8](#)), and sources identifiable through databases including the government-wide database of contracts and other procurement instruments intended for use by multiple agencies available at <https://www.contractdirectory.gov/contractdirectory/>.

Based on results of market research, identify the specific opportunities for:

- small business,
- veteran-owned small business,
- service-disabled veteran-owned small business,
- HUBZone small business,
- small disadvantaged business, and
- women-owned small business concerns, and
- specify how small business participation has been maximized at both the direct award and subcontracting levels (see [FAR Part 19](#)).

#### **2.8.7.5.6. Contract Bundling or Consolidation**

If the contract is a bundled acquisition (consolidating two or more requirements for supplies or services, previously performed under smaller contracts, into a single contract that is likely to be unsuitable for award to a small business), indicate the specific benefit's anticipated to be derived from bundling. Reference [FAR section 7.107](#), *Acquisition Planning* . ([15 USC 644](#))

If applicable, identify the incumbent contractors and the contracts affected by the bundling.

Per [DFARS section 207.170](#), if the acquisition strategy proposes consolidation of contract requirements with an estimated total value exceeding \$6 million, provide: (1) the results of market research; (2) identification of any alternative contracting approaches that would involve a lesser degree of consolidation; and (3) a determination by the senior procurement executive that the consolidation is necessary and justified.

## NOTES

1. Section 644, title 15, United States Code requires a Benefit Analysis & Determination when contract bundling is planned.
2. FAR 7.103(s) requires that acquisition planners, to the maximum extent practicable, avoid unnecessary and unjustified bundling that precludes small business participation as contractors. As a result of this direction, DoD Instruction 5000.02 requires a Benefit Analysis and Determination. The purpose of the benefit analysis is to determine the relative benefit to the government among two or more alternative procurement strategies. (See definitions at FAR 2.201 and DFARS 207.170-2)
3. DFARS 207.170 directs agencies not to consolidate contract requirements with an estimated total value exceeding \$5.5million unless the acquisition strategy includes: (1) the results of market research; (2) Identification of any alternative contracting approaches that would involve a lesser degree of consolidation; and (3) a determination by the senior procurement executive that the consolidation is necessary and justified.

### 2.8.7.5.7. Subcontracting Plan / Small Business Participation

When [FAR Subpart 19.7](#) applies, the acquisition strategy should establish maximum practicable individual socio-economic subcontracting goals, meaningful small business work, and incentives for small business participation.

Outline planned award evaluation criteria concerning small business utilization in accordance with [FAR Subpart 15.3](#) , and [DFARS Subpart 215.3](#) regarding source selection; and

Summarize the rationale for the selection of the planned subcontract tier or tiers.

Indicate how prime contractors will be required to give full and fair consideration to qualified sources other than the prime contractor for the development or construction of major subsystems and components.

## CONSIDERATION

The Program Manager should consider consulting the local small business representative or [Office of Small Business Programs](#)\_website for additional information concerning this information requirement or any other small business-related related acquisition planning.

### 2.8.7.5.8. Special Contracting Considerations

Identify any special contracting considerations: list any unique clauses or special provisions (e.g., any contingent liabilities (i.e., economic price adjustment or business base clauses, termination liability, etc.)) or special contracting methods (see [FAR Part 17](#) ) included in the contract; list any special solicitation provisions or FAR deviations required (see [FAR Subpart 1.4](#) ).

### 2.8.7.5.9. Special Test Equipment

Identify any planned use of government-furnished special test equipment, unique tooling, or other similar contractual requirements.

### 2.8.7.5.10. Testing & Systems Engineering Requirements

Specify how testing and systems engineering requirements, including life-cycle management and sustainability requirements, have been incorporated into contract requirements.

Identify the engineering activities to be stated in the RFP and required of the contractor to demonstrate the achievement of the reliability and maintainability design requirements.

Provide a table (see example Table 4) to specify how the sustainment key performance parameter thresholds have been translated into reliability and maintainability design and contract specifications. Table 4, as presented here, is a sample. The actual format of this table may be varied to suit the nature of the procurement or to add additional requirements. The reliability threshold is often expressed as Mean Time Between Failure (MTBF). Use the appropriate life unit's (e.g., hours, cycles, etc.). "MTTR" is "mean time to repair;" "N/A" may be entered if an item is not applicable.

**Table 4. Reliability and Maintainability Requirements**

Reliability and Maintainability Requirements		
Parameter	Threshold	Contract Specification Requirement
Reliability (e.g., MTBF)		
Maintainability (e.g., MTTR)		

### 2.8.7.5.11. Warranty

Indicate whether a warranty is planned, and if so, specify the type and duration; summarize the results of the supporting Cost Benefit Analysis. (See [FAR Subpart 46.7](#) and [DFARS Subpart](#)

246.7 .)

#### NOTES

1. The Program Manager (PM) should examine the value of warranties on major systems and pursue them when appropriate and cost-effective. If appropriate, the PM should incorporate warranty requirements into major systems contracts in accordance with FAR Subpart 46.7.
2. Warranty program data should be included in the Life-cycle Sustainment Plan ( *see Guidebook Chapter 5* ).

#### 2.8.7.5.12. Multiyear Contracting

If this strategy is for Milestone C or later, indicate whether the production program is suited to the use of multiyear contracting ( [10 USC 2306b](#) ). Indicate any plans for multiyear contracting and address compliance with [10 USC 2306c](#) and [Office of Management and Budget \(OMB\) Circular A-11](#) .

#### NOTES

1. In accordance with [10 USC 2306b](#), the Acquisition Strategy should address the PM's consideration of multiyear contracting for full rate production, and address the PM's assessment of whether the production program is suited to the use of multiyear contracting based on the requirements in FAR Subpart 17.1. Similarly, the Acquisition Strategy should address the PM's consideration of the criteria of [10 USC 2306c](#) when considering a multiyear contract for "covered" services.
2. If the acquisition strategy calls for a multi-year service contract (as distinguished from contracts that span multiple years, (see FAR Subpart 17.1 and DFARS Subpart 217.171), the strategy shall address compliance with [10 USC 2306c](#) and [OMB Circular A-11](#). [OMB Circular A-11](#) requires that multiyear service contracts be scored as operating leases. Therefore, the Acquisition Strategy shall address the budget scorekeeping that will result from use of the proposed contracting strategy.

#### 2.8.7.5.13. Leasing

Indicate whether leasing was considered (applies to use of leasing in the acquisition of

commercial vehicles and equipment) and, if part of the strategy, economically justify that leasing of such vehicles is practicable and efficient and identify the planned length of the lease.

#### NOTES

1. The Program Manager (PM) should consider the use of leasing in the acquisition of commercial vehicles and equipment whenever the PM determines that leasing of such vehicles is practicable and efficient. Leases are limited to an annual contract with no more than a 5-month lease option.
2. The PM may not enter into any lease with a term of 18 months or more, or extend or renew any lease for a term of 18 months or more, for any vessel, aircraft, or vehicle, unless the PM has considered all costs of such a lease (including estimated termination liability) and has determined, in writing, that the lease is in the best interest of the Government (10 USC 2401a and DFARS 207.4). It should be noted that a lease of more than 12 months does not permit the extension of one year funding authority.
3. Leases of equipment to meet a valid need under the provisions of CJCS Instruction 3170.01 will be categorized in accordance with the criteria in DoD Instruction 5000.02<GB 5000.02>.
4. For further guidance on leasing, see Office of Management and Budget (OMB) Circular A-11, Appendix B, Budgetary Treatment of Lease-Purchases and Leases of Capital Assets; and OMB Circular A-94, Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs.
5. Additionally 10 USC 2401 must be met for long-term services contracts where the contractor will use a vessel, aircraft or combat vehicle to perform the services. This statute (Section 2401) also applies to long-term leases and charters of vessels, aircraft and combat vehicles. This statute bars entry into such a contract unless the Secretary of a military department has been specifically authorized by law to enter the contract. Section 2401 requires the Secretary of the military department must notify Congressional committees before issuing a solicitation for such a contract. Section 2401 also requires the Secretary must notify the committees of detailed information regarding the proposed contract and must certify that certain criteria and laws have been satisfied (as set out in Section 2401).

#### 2.8.7.5.14. Modular Contracting (Major Information Technology programs only)

Quantify the extent to which the program is implementing modular contracting ( [41 USC 2308](#) ).

## CONSIDERATION

1. The Program Manager should consider use of modular contracting, as described in FAR Section 39.103, for major IT acquisitions, to the extent practicable.
2. Similarly, before an agency can consolidate contract requirements with an estimated value exceeding \$5.5M, DFARS 207.170-3 requires the Acquisition Strategy must contain the results of market research, alternative contracting approaches, and a determination by the senior procurement executive that the consolidation is necessary and justified.

### **2.8.7.5.15. Payment**

Identify financing method(s) planned and whether these provision(s) will be flowed down to subcontractors. Indicate if early progress payments will be traded off for lower prices in negotiations.

### **2.8.7.5.16. Other Relevant Information**

Provide any other pertinent information that may enhance understanding of the contracting strategy.

### **2.8.7.6. Technical Data Rights Strategy (formerly the Data Management Strategy)**

#### **2.8.7.6.1. Technical Data Analysis**

#### **2.8.7.6.2. Provision of Technical Data Rights in Sustainment**

#### **2.8.7.6.3. Business Case Analysis (BCA) with Engineering Tradeoff Analysis**

#### **2.8.7.6.4. BCA with Priced Contract Option for Future Delivery of Technical Data**

#### **2.8.7.6.5. Risk Analysis**

### **2.8.7.6. Technical Data Rights Strategy (formerly the Data Management Strategy)**

Summarize the Technical Data Rights strategy for meeting product life-cycle data rights requirements and to support the overall competition strategy.

#### **NOTE**

1. **The intent of the Government is to ensure there is a sufficient amount of product related technical data rights to allow DoD to use, modify, reproduce, release, perform, display, or disclose data for use only within the Government and to support the products lifecycle related acquisition activities. Program managers for major weapon systems and subsystems of major weapon systems are required to assess the long-term technical data needs of such systems and subsystems and establish acquisition strategies that provide for technical data rights needed to sustain such systems and subsystems over their life cycle. The Technical Data Rights Strategy must contain at least the content specified by statute as delineated by the following:**
  - **10 USC 2320**
  - **Public Law 109-364**
  - **DFARS part 227**
2. **If programs either do not secure the data rights that the Government is granted or do not acquire additional data rights needed to support the system the result could be programs tied to a specific contractor (i.e., vendor locked or sole sourced) for one solution over the entire system lifecycle with no opportunity for competition and associated competitive prices, and little opportunity to tap the innovation of other vendors.**

#### **2.8.7.6.1. Technical Data Analysis**

Analysis of the data required to design, manufacture, and sustain the system as well as to support re-competition for production, sustainment, or upgrade. The strategy should consider, but is not limited to, baseline documentation data, analysis data, cost data, test data, results of reviews, engineering data, drawings, models, and Bills of Materials (BOM).

#### **NOTE**

**Summarize how long term needs for data were assessed, including data needed to support subsystems and components of the total system. This assessment should consider the needs of the entire life cycle, extending through operations to disposal. Potential competition/re-competition for procurement of the system, subsystems, components, logistics support including spare and repair parts should be included.**

## CONSIDERATION

**Managers should consider, when cost effective, the acquisition (e.g. via necessary contract data requirements and data rights licensing agreements) of complete technical data packages to ensure competition, or the option of competition, at both the prime and subcontractor level throughout the products life cycle.**

### **2.8.7.6.2. Provision of Technical Data Rights in Sustainment**

Specify how the program will provide for rights, access, or delivery of technical data the government requires for the systems total life cycle sustainment. Include analysis of data needs to implement the product support life cycle strategy including such areas as materiel management, training, Information Assurance protection, cataloging, open architecture, configuration management, engineering, technology refreshment, maintenance/repair within the technical order (TO) limit's and specifically engineered outside of TO limit's, and reliability management.

## CONSIDERATIONS

**In this section the Program Manager should describe:**

- 1. The overall management approach to managing data acquired with other than unlimited rights.**
- 2. The management approach for management data (i.e. data that is not software or technical data). It should include how contractor data needing protection will be identified, marked, and managed.**
- 3. How the data deliverables will be reviewed for unjustified or non-conforming markings. It should include the process the program will follow to question or challenge contractor assertions or markings**
- 4. The data deliverables specified in the RFP or contract, including the technical data, computer software documentation, and management data items.**
- 5. The approach for maintaining the software and it's documentation once software maintenance is transferred from the OEM. It should include the contract provisions being put into place that will allow for a cost effective migration.**
- 6. The degree to which data will be acquired to support future competitions. It should include the logic by which these elements were selected; the alternative solutions considered; and the criteria by which the decision to procure technical data was made.**
- 7. The extent to which priced options and associated source selection criteria will be used to acquire additional licenses.**
- 8. The intended use of other mechanisms such as deferred ordering, deferred delivery, and the use of withholding or incentives specific to performance in the area of data management.**
- 9. How the use of an integrated digital environment and the repository system factors into the data strategy.**
- 10. Any required interfaces to government data systems or repositories, and how those requirements will be satisfied.**
- 11. The digital format standards to be used and why they were selected. The process (i.e., business case analysis, adherence to DoD Component policy, etc.) used to determine the deliverable form/format for all deliverables should be included.**

### **2.8.7.6.3. Business Case Analysis (BCA) with Engineering Tradeoff Analysis**

The business case analysis calculation, conducted in concert with the engineering tradeoff analysis that outlines the approach for using open systems architectures and acquiring technical data rights.

## CONSIDERATIONS

1. **Business case development for open systems architecture and data rights is a process of analyzing alternative acquisition decisions to be undertaken for a given system to derive quantifiable costs as well as benefit's for these alternative decisions. The business case should provide evidence that justifies an investment decision for the purposes of implementing (or not implementing) an open systems architecture or acquiring (or not acquiring) data rights for the program being examined.**
2. **Data needs must be established giving consideration to the: contractor's economic interests in data pertaining to items, components, or processes that have been developed at private expense; the Government's costs to acquire, maintain, store, retrieve, and protect the data; procurement needs; repair, maintenance and overhaul philosophies; spare and repair part considerations; and whether procurement of the items, components, or processes can be accomplished on a form, fit, or function basis.**
3. **A candidate business case analysis process includes these steps:**
  - **Step 1 - Stand Up the Business Case Project Team**
  - **Step 2 Identify and Analyze Assumptions and Alternatives**
  - **Step 3 - Evaluate Risk**
  - **Step 4 - Assess Overall Business Case and Key Alternatives**
  - **Step 5 - Address Uncertainty for Selected Alternatives**
  - **Step 6 - Package and Present Results**
  - **Step 7 - Business Case Closeout**

### **2.8.7.6.4. BCA with Priced Contract Option for Future Delivery of Technical Data**

The cost benefit analysis of including a priced contract option for the future delivery of technical data and intellectual property rights not acquired upon initial contract award.

## **NOTE**

- 1. Data rights cost estimates can be secured using the following approaches:**
  - Data rights costs can be requested before any milestone by placing a Request for Quote (RFQ) with the contractor/s. The responses to this RFQ can then be used to support a business case analysis for acquiring technical data rights in support of future product acquisition activities.**
  - Prior to Milestones A & B, an option to acquire additional data rights can be included in the Request for Proposal (RFP) as part of the proposal evaluation process. The costs provided can then be used to support a business case analysis for acquiring additional rights.**
  - For those programs which already have existing contracts, a task order can be issued under the current contract for the contractor to provide the cost estimate for additional data rights necessary to maintain the prospect for competition throughout the systems life cycle.**
- 2. The cost benefit analysis information for this element of the Program Strategy document is candidate to be a result of the business case analysis referenced in the previous section.**

### **2.8.7.6.5. Risk Analysis**

Analysis of the risk that the contractor may assert limitations on the governments use and release of data, including Independent Research and Development (IRAD)-funded data (e.g., require the contractor to declare IRAD up front and establish a review process for proprietary data).

## CONSIDERATION

### Types of Data Rights for consideration:

	<b>Applies to These Types of TD or CS</b>	<b>Rights Criteria</b>	<b>Permitted Uses Within the Government</b>	<b>Permitted Uses by Third Parties Outside the Government</b>
<b>Unlimited Rights (UR)</b>	Noncommercial TD and CS	Developed exclusively at Government expense, and certain types of data (e.g., FFF, OMIT, CSD)	All uses; no restrictions	All uses; no restrictions
<b>Government Purpose Rights (GPR)</b>	Noncommercial TD and CS	Developed with mixed funding	All uses; no restrictions	For "Government Purposes" only; no commercial use
<b>Limited Rights (LR)</b>	Noncommercial TD only	Developed exclusively at private expense	Unlimited; except may not be used for manufacture	Emergency repair or overhaul
<b>Restricted Rights (RR)</b>	Noncommercial CS only	Developed exclusively at private expense	Only one computer at a time; minimum backup copies; modification.	Emergency repair/overhaul; certain service/maintenance contracts
<b>Negotiated License Rights</b>	Any/all TD and CS including commercial TD and CS	Mutual agreement of the parties; use whenever the standard categories do not meet both parties needs	As negotiated by the parties; however, must not be less than LR in TD and must not be less than RR in noncommercial CS (consult with legal counsel as other limit's apply)	
<b>SBIR Data Rights</b>	Noncommercial TD and CS	All TD or CS generated under an SBIR	All uses; no restrictions	Cannot release or disclose except to Government

		contract	support contractors
<b>Commercial TD License Rights</b>	Commercial TD only	TD related to commercial items (developed at private expense)	Unlimited in FFF and OMIT; other rights as negotiated
<b>Commercial CS Licenses</b>	Commercial CS only	Any commercial CS or CS documentation	As specified in the commercial license customarily offered to the public

TD = Technical Data

CS = Computer Software

## [2.8.7.7. Contract Management](#)

### [2.8.7.7.1. Contract Administration](#)

### [2.8.7.7.2. Priorities, allocations, and allotments](#)

### [2.8.7.7.3. Delivery/Performance Period Requirements](#)

## **2.8.7.7. Contract Management**

### **2.8.7.7.1. Contract Administration**

Summarize how the contract(s) will be administered. Include how inspection and acceptance corresponding to the work statements performance criteria will be enforced (see [FAR Part 42](#)).

### **2.8.7.7.2. Priorities, allocations, and allotments**

When urgency of the requirement dictates a particularly short delivery or performance schedule, certain priorities may apply. If so, specify the method for obtaining and using priorities, allocations, and allotments, and the reasons for them (see [FAR Subpart 11.6](#)).

### **2.8.7.7.3. Delivery/Performance Period Requirements**

Indicate the basis for establishing delivery or performance-period requirements.

## 2.8.8. Resources

### 2.8.8.1. Investment Program Funding and Quantities

### 2.8.8.2. Cost

### 2.8.8.3. \*Should-Cost\*

### 2.8.8.4. Funds Management

### 2.8.8.5. Program Office Staffing and Organization

#### 2.8.8.5.1. Manning Profile

#### 2.8.8.5.2. Organization Chart

#### 2.8.8.5.3. Acquisition Chain of Authority

#### 2.8.8.5.4. Identify the Primary Stakeholders

## **2.8.8. Resources**

### **2.8.8.1. Investment Program Funding and Quantities**

Provide a copy of the programs "Investment Program Funding and Quantities" Chart (see Figure 4), with a current "as of date." A template and instructions for the development of this chart are provided at: <https://ebiz.acq.osd.mil/DABSchedule/Questions.aspx?text=IPT> (login with password or Common Access Card required).

#### **Figure 4. Example "Investment Program Funding and Quantities" Chart**

Program Funding & Quantities		Acquisition to O&M Cost Ratio						(BY 2022)	Curr Est	Δ Current	Δ Original
		Total Required Acq (BYBM): 4,468						30%	PAUC: 66.7M	+4.8%	+10.2%
		Total Required O&M (BYBM): 10,368						70%	APUC: 60.4M	-3.2%	+60.2%
(\$ in Millions / Then Year)	Prior	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY13-17	To Comp	Prog Total
<b>RDT&amp;E</b>											
Prior \$(PB 12)	108.0	32.4	44.2	48.1	37.9	12.4	8.3	3.2	103.9	-	288.9
Current \$(PB 13)	108.0	32.4	44.2	46.8	38.3	12.6	6.4	3.2	106.0	-	288.8
Delta \$(Current - Prior)	-	-	-	0.5	0.4	0.1	0.1	-	1.1	-	1.1
Required <sup>1</sup> \$	108.0	32.4	44.2	46.8	48.0	16.0	8.6	4.0	117.1	-	301.7
Delta \$(Current - Required)	-	-	-	-	(7.7)	(2.6)	(1.1)	(0.8)	(12.1)	-	(12.1)
<b>PROCUREMENT</b>											
Prior \$(PB 12)	-	99.9	150.4	200.2	304.8	618.6	627.6	360.1	2,111.3	2,257.3	4,618.9
Current \$(PB 13)	-	99.9	160.4	205.1	309.2	622.9	650.6	638.1	2,103.8	1,964.6	4,308.6
Delta \$(Current - Prior)	-	-	-	2.9	4.4	(95.7)	(97.1)	178.0	(7.5)	(302.8)	(310.4)
Required <sup>1</sup> \$	-	99.9	160.4	205.1	312.3	628.1	636.8	643.6	2,122.8	1,974.1	4,347.1
Delta \$(Current - Required)	-	-	-	-	(8.1)	(6.2)	(6.2)	(6.4)	(19.0)	(19.6)	(35.8)
<b>MILCON</b>											
Prior \$(PB 12)	-	-	1.3	1.6	-	2.1	2.3	3.0	9.0	15.3	25.6
Current \$(PB 13)	-	-	1.4	1.7	-	2.0	2.1	3.0	8.8	12.8	22.8
Delta \$(Current - Prior)	-	-	0.1	0.1	-	(0.1)	(0.2)	-	(0.2)	(2.7)	(2.8)
Required <sup>1</sup> \$	-	-	1.4	1.7	-	2.0	2.1	3.0	8.8	12.8	22.8
Delta \$(Current - Required)	-	-	-	-	-	-	-	-	-	-	-
<b>SYSTEM O&amp;M<sup>2</sup></b>											
Prior \$(PB 12)	-	8.1	8.3	10.4	26.8	37.8	88.0	91.4	221.1	-	236.8
Current \$(PB 13)	-	8.1	8.3	11.4	29.2	41.8	80.6	83.8	241.2	-	266.8
Delta \$(Current - Prior)	-	-	-	1.0	2.7	3.8	5.5	7.2	20.1	-	20.1
Required <sup>1</sup> \$	-	8.1	8.3	11.4	29.2	41.8	80.6	83.8	241.2	6,804.8	8,180.4
Delta \$(Current - Required)	-	-	-	-	-	-	-	-	-	(6,804.8)	(6,804.8)
<b>TOTAL</b>											
Prior \$(PB 12)	108.0	138.4	204.2	257.3	369.2	670.9	690.2	457.7	2,445.3	2,272.6	5,168.5
Current \$(PB 13)	108.0	138.4	204.3	281.8	376.8	679.0	696.6	642.9	2,466.8	1,987.1	4,876.8
Delta \$(Current - Prior)	-	-	0.1	4.5	7.4	(91.9)	(91.7)	185.2	13.5	(305.5)	(291.9)
Required <sup>1</sup> \$	108.0	138.4	204.3	281.8	337.4	638.7	804.9	848.1	2,459.9	7,891.4	10,332.0
Delta \$(Current - Required)	-	-	-	-	(10.2)	(7.7)	(8.4)	(6.2)	(21.1)	(6,924.2)	(6,966.4)
<b>QUANTITIES<sup>3</sup></b>											
Prior Qty (PB 12)	0	2	3	4	6	12	12	0	34	41	80
Current Qty (PB 13)	0	2	3	4	6	10	10	10	40	36	80
Delta Qty (Current - Prior)	0	0	0	0	0	(2)	(2)	10	6	(6)	0
Required <sup>1</sup> Qty	0	2	3	4	6	8	8	8	37	38	80
Delta Qty (Current - Required)	0	0	0	0	0	1	1	1	3	(3)	0

Note 1. Requirement Source: (e.g., OSD CAPE ICE, Oct 2011)  
Note 2. O&M requirement assumes (e.g., a service life to 2036) includes cbr field mx, petro/oil/tube, spars/rep/ parts, depot mx, sustain hng engineering & software mx/  
Note 3. Quantities in FY11-12 were funded with RDT&E

version PB13.3

If the chart reflects funding shortfalls, indicate how they will be addressed and state the programmatic impact if they are not.

If the program is jointly funded, provide a separate chart reflecting the funding contributions required of each joint participant.

Provide and briefly explain funding support from the Working Capital Fund.

If multiple program increments are in progress, funding will be tracked separately for each increment (e.g., for subsets of the program that will be subject to a separate Acquisition Program Baseline). Provide separate charts for each increment.

### 2.8.8.2. Cost

Indicate the established cost goals for the increment and the rationale supporting them.

If a Technology Development Strategy, indicate the Affordability Target that has been established for the program (initially, average unit acquisition cost and average operational support cost per unit). The affordability target should be presented in the context of the resources

that are projected to be available in the portfolio(s) or mission area(s) associated with the program under consideration. For new start programs, provide the quantitative analytical basis for determining that the resources expected to be available in the portfolio/mission area can support the program under consideration. Employ a graphic to illustrate.

For Production Phase Acquisition strategies (including at Full-Rate Production) for ACAT I programs will specify (no more than one page) how the procurement rate and schedule were set, with reference to Economic Order Quantity (EOQ) and the affordability target set at Milestone A, as adjusted at Milestone B.

### **2.8.8.3. \*Should-Cost\***

Summarize the application of should-cost analysis to the acquisition. Identify the should-cost initiatives that have been planned for the program. Specify how the associated "should cost targets" will be used as a basis for contract negotiations and contract incentives, and to track contractor, PEO, and PM performance.

#### **CONSIDERATIONS**

- 1. Explain if Should-Cost estimates were calculated using a Bottom Up approach, or if reductions were identified from "Will-Cost" estimates.**
- 2. List discrete and measurable items or initiatives that were identified in the Should-Cost Estimate. Include the projected cost savings for each initiative. Initiatives should both be explained and presented in a chart that includes "Will Cost," Should Cost, and the Delta for each item. In the Acquisition Strategy, Should-Cost initiatives should be categorized as:**
  - o a. Near-term (within the program manager's tenure) or long-term initiatives; and,**
  - o b. Program driven (within program manager's control), "Service Driven (within the services control)," or "Externally Driven (outside service control)."**
- 3. The presentation of each initiative should include a description, an implementation timeline identifying key events, associated risks, involved stakeholders and "help needed" of senior leaders.**
- 4. Summarize the application of should-cost analysis to the acquisition. Identify the should-cost initiatives that have been planned for the program. Specify how the associated "should cost targets" will be used as a basis for contract negotiations and contract incentives, and to track contractor, PEO, and PM performance.**

#### 2.8.8.4. Funds Management

Explain how the cost management approach adequately considers funds management. Identify any contingent liabilities (award fee, special incentives, economic price adjustment, business base clauses, termination liability, etc.) planned for or associated with the program. Identify which contingent liabilities have been funded. Summarize the plan to obtain approval for any unfunded contingencies (see [DFARS 217.171.a.\(4\) and 217.172.\(e\)](#) ).

For acquisitions of Federal Information Processing resources with expected costs greater than \$100 million, identify the key outcome performance measures. Indicate the tracking system that will be used to measure and report on selected outcome performance measures.

Summarize plans to control program costs, specifically Program Acquisition Unit Cost, Average Procurement Unit Cost, and Life-Cycle Cost. List and describe cost control tools and processes.

Summarize the process to update estimates (e.g., x months before each decision review or x months before beginning each increment).

#### 2.8.8.5. Program Office Staffing and Organization

##### 2.8.8.5.1. Manning Profile

Provide a time-phased workload assessment identifying the manpower and functional competencies required for successful program execution. Considering the overall, technical, acquisition, sustainment, and management approach, specify the number of personnel, by functional area, that are required to manage this program for the next phase and through fielding. Include a projected manning profile based upon the overall approach and program schedule for government, Systems Engineering and Technical Assistance, and Federally Funded Research and Development Center(s) support.

##### 2.8.8.5.2. Organization Chart

Provide an organization chart reflecting program manning requirements by functional area. Identify the Services filling billets for a joint program. Prepare a table to indicate whether billets are military, civilian, or contractor, the seniority level of the billets, and if the billets are currently filled or vacant. (See Table 5.)

**Table 5. Notional table of Program Manning Requirements**

PROGRAM MANNING REQUIREMENTS						
Billet ID	Billet Name	(If Joint) DoD Component	Manning Type	Seniority Level	DAWIA Level	Fill Status

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### **2.8.8.5.3. Acquisition Chain of Authority**

Indicate specific lines of programmatic authority. Show how the authority chain meets the requirements identified in [DoD Directive 5000.01, paragraph E.1.1.26](#) .

### **2.8.8.5.4. Identify the Primary Stakeholders**

Indicate the planned organization to effectively manage the program and ensure all stakeholders are involved (Integrated Product Teams (IPT), boards, reviews, etc.). If applicable, indicate how the contractor will be involved in program IPTs. Summarize the anticipated business management relationship between (1) the program office and the contractor, and (2) the program office and other government agencies.

#### **NOTE**

**This section must also address Requirements Community involvement and specify how the customer-representing organization will interface with the program management office and acquisition chain of command to provide for timely and effective review of requirements and/or cost trade-offs. Define levels of authority required to change requirements of various types should be defined.**

## **2.8.9. International Involvement**

### **2.8.9.1. Limitations on Foreign Contractors**

### **2.8.9.2. International Cooperation**

### **2.8.9.3. Foreign Military Sales**

## **2.8.10. Industrial Capability and Manufacturing Readiness**

### **2.8.10.1. Industrial Capability**

### **2.8.10.2. Industrial and Manufacturing Readiness (not applicable to software-intensive programs without production components)**

### **2.8.10.3. Sustaining Industrial Capabilities**

### [2.8.11. Life-Cycle Signature Support](#)

### [2.8.12. Military Equipment Valuation](#)

## **2.8.9. International Involvement**

### **2.8.9.1. Limitations on Foreign Contractors**

Indicate any limitations on foreign contractors being allowed to participate at the prime contractor level.

**NOTE**

**Restricting foreign competition for the program due to industrial base considerations requires prior USD(AT&L) approval.**

### **2.8.9.2. International Cooperation**

Identify needs for system or subsystems to be interoperable with [international partners](#) .

Summarize any plans for cooperative development with foreign governments or cognizant organizations. List the MOAs in place and identify the contracting activities.

Summarize plans to increase the opportunity for coalition interoperability as part of the developing DoD program.

Employ the AT&L-developed [template \[1\]](#) to provide a [coalition interoperability](#) section in the Acquisition Strategy. Using the template will satisfy the cooperative opportunities document requirement of [10 USC 2350a](#) .

## CONSIDERATIONS

**Evaluate cooperative opportunities with NATO, NATO organizations, member nations of NATO, major non NATO allies and friendly foreign countries (hereafter referred to as "international partners").**

**Indicate whether or not a similar project in development, production or sustainment by the Department of Defense provides interoperability with international partners systems that military operations rely upon and should be maintained in the new program.**

**Identify any relevant cooperative project work already conducted or under current collaboration with potential international partners (including at subcomponent levels) that can be utilized as a basis for cooperation in the new development or production program.**

**Assess whether any of these projects could satisfy, or could be modified in scope so as to satisfy (at the system of component level), the military requirements of the project of the United States under consideration by the Department of Defense.**

**State the determination of whether the capability would be enhanced by engaging critical global or regional partners in the development or production of the system for which new cooperative relationships are needed.**

**Assess the advantages and disadvantages with regard to program timing, developmental and life cycle costs, technology sharing, and Rationalization, Standardization, and Interoperability (RSI) of seeking to structure a cooperative development program with one or more potential international partners.**

**Address how current political and strategic guidance for cooperation affects opportunities for cooperative development of the capability with coalition partners (QDR, GEF, NSS, NSPDs, etc.).**

**Address releasability of technical information and exportability to potential international partners.**

Summarize any plans for cooperative development with potential international partners. List any international agreements planned or existing (e.g. MOAs, MOUs, etc.) in place and identify any current contracting activities with potential international partners.

## CONSIDERATION

**Include a proposed time phased approach for cooperative opportunities to integrate with acquisition schedules and milestones.**

### 2.8.9.3. Foreign Military Sales

Specify the potential (MS A) or plans (MS B; MS C) for Foreign Military and/or Direct Commercial Sale and the impact upon program cost due to program protection and incorporation of exportability features.

## CONSIDERATION

**For EMD AS and P&D AS: If Foreign Military and/or Direct Commercial Sale are anticipated, include Planned Timelines for the following:**

- **Foreign Military Sales**
- **Direct Commercial sales**
- **Loans of equipment to support operations**

### 2.8.10. Industrial Capability and Manufacturing Readiness

#### 2.8.10.1. Industrial Capability

Summarize the results of industrial capability analysis (public and private) to design, develop, produce, support, and, if appropriate, restart the acquisition program.

### CONSIDERATIONS

1. If a TDS, identify and address how and when the industrial capability analysis (public and private) to design, develop, produce, support, and, if appropriate, restart the acquisition program will be performed in the TD Phase. Summarize the relevant findings of the Analysis of Alternatives, when applicable.
2. For an AS, specify the impact of this programs acquisition strategy on the national technology and industrial base. Briefly summarize the analysis used to make this determination.
  - o Specify the findings relevant to (1) a competitive marketplace; (2) the viability of any associated essential industrial/technological capabilities; and (3) the potential viability of non-selected firms as enduring competitors for defense products
3. For an AS - If the industrial capability analysis revealed constraints, summarize how they will be managed, and the plan for future assessment, including frequency.

#### 2.8.10.2. Industrial and Manufacturing Readiness (not applicable to software-intensive programs without production components)

### CONSIDERATIONS

- Estimate (Technology Development Strategy), define (Engineering & Manufacturing Development Acquisition Strategy), or update (Production &Deployment Acquisition Strategy) the risk of industry being unable to provide program design or manufacturing capabilities at planned cost and schedule.
- (For Acquisition Strategies only) Identify the Manufacturing management approach and Quality Management systems and summarize how they will contribute to minimizing cost, schedule, and performance risks throughout the product life cycle.

#### 2.8.10.3. Sustaining Industrial Capabilities

**(For Acquisition Strategy only)** Summarize the make-or-buy approach to establish and maintain access to competitive suppliers for critical areas at system, subsystem, and component level (e.g., requiring an open-systems-architecture or a make-or-buy plan). **List critical items**

**and their sources.**

When the analysis indicates that the needed industrial capabilities are in danger of being lost, the strategy should indicate whether government action is required to preserve the industrial capability. The strategy should also address product technology obsolescence, replacement of limited-life items, regeneration options for unique manufacturing processes, and conversion to performance specifications at the subsystems, component, and spares levels.

Identify any planned or completed MOAs.

**NOTE**

**When appropriate, Program Managers should consider including industrial surge requirements and capability for operationally-expendable items such as munitions, spares, and troop support items in their Program Strategies. Production bottlenecks at both the prime and sub-tier supplier levels for high use/high volume programs in an immediate warfare construct should be cited. Surge capability can be included in evaluation criteria for contract award.**

### 2.8.11. Life-Cycle Signature Support

If a Technology Development Strategy, provide a table (see example Table 6) that indicates the program life-cycle signature support requirements. Identify the mission data type (signatures, electronic warfare integrated reprogramming, order of battle, geospatial intelligence, and system characteristics and performance data sets); specific subcategories, if known (Radar, Thermal, Acoustic, etc.); the domain (Space, Air, Land, Naval, Missile Defense, etc.); subcategories within the domain (e.g., for Air domain: Fighter Aircraft); and data fidelity required, if known (e.g., dB, C, resolution, Hz, etc.). If additional or more-specific requirements have been identified, they should be included.

**Table 6. Notional Table of Life-Cycle Signature Support Requirements**

Life-Cycle Signature Support Requirements				
Mission Type	Mission Type Subcategory	Domain	Domain Subcategory	Data Fidelity

Life-cycle signature support funding requirements will be reflected in the program funding

summary (see Paragraph 2.8.8.1 and Figure 4).

#### **CONSIDERATION**

**In order to estimate the funding requirements, the Program Manager must identify the systems and subsystems of the program that require signature or intelligence mission data in order to deliver the intended capabilities.**

## NOTES

1. **A signature-dependent program is one that utilizes or is comprised of a sensor, system, or process that relies on signatures or signature data to successfully perform a task or mission. Signatures are defined as: a distinctive basic characteristic or set of characteristics that consistently re-occurs and uniquely identifies a piece of equipment, activity, individual, or event and could be defined in a variety of phenomenology such as acoustic, radio frequency, visible wavelengths, ocean wake, olfactory, etcetera.**
2. **New terminology is being developed to be used in lieu of signatures, specifically intelligence mission data, however their meanings and implications are the same.**
3. **Intelligence mission data is DoD intelligence used for programming platform mission systems in development, testing, operations and sustainment including, but not limited to, the following functional areas: signatures, EWIR, OB, C&P, and GEOINT. IMD does not include products or information regarding foreign threats or systems unless it is specifically to be used in mission systems such as a mission computer or sensors threat library. IMD does not include signatures, EWIR, OB, C&P, GEOINT or modeling and simulation data that is to be used in assessments, documents or simulations such as the Joint Country Force Assessment, System Threat Assessment Reports, or war fighting analysis performed for budget or requirements development.**
4. **Intelligence mission data, or signatures, are needed for an increasing number and frequently increasingly complex program system that are needed for target identification, non-cooperative combat identification, and blue force tracking, etcetera.**
5. **DoDD 5250.01 requires that developmental acquisition programs identify, capture, and address the signatures essential to the development, testing, fielding, operation, and maintenance of required weapons, smart munitions, sensors, and systems capabilities at each program milestone and prior to proceeding to the Low-Rate Initial Production (LRIP), production and/or fielding decision. Fielded systems that are signature-dependent but have deficiencies in data and their ability to discriminate friendly from adversarial targets should also consider engaging the Intelligence Community to attain needed data.**

### 2.8.12. Military Equipment Valuation

Federal accounting standards require military equipment to be capitalized on the Departments financial statements. For Milestone C and the Full-Rate Production Decision, provide the following information for any program, project, product, or system that has deliverable end items with a unit cost at or above \$100,000 (the current capitalization threshold):

- A level 2 work breakdown structure (as described in MIL\_HDBK-881A) for reporting Military Equipment Valuation and Accountability;
- The end item(s) meeting the unit cost threshold (i.e., \$100,000);
- The government furnished property that will be included in the end item;
- Other deliverables that will accompany the end item (e.g., manuals, technical data, etc.); and
- Other types of deliverables that will be purchased with program funding (e.g., initial spares, support equipment, special tooling and test equipment, etc.), but cannot be directly attributed to a specific end item.

( *NOTE: The unit cost can be calculated by summing the estimated cost of the end item with the estimated costs of all associated government furnished equipment, training manuals, technical data, engineering support, etc., NOT including spares and support equipment. For additional information, see:*

- [http://www.acq.osd.mil/pepolicy/training\\_tools/quick\\_reference\\_tools.html](http://www.acq.osd.mil/pepolicy/training_tools/quick_reference_tools.html); or
- [http://www.acq.osd.mil/pepolicy/training\\_tools/bfma\\_instructions.html](http://www.acq.osd.mil/pepolicy/training_tools/bfma_instructions.html).)