

Abstract

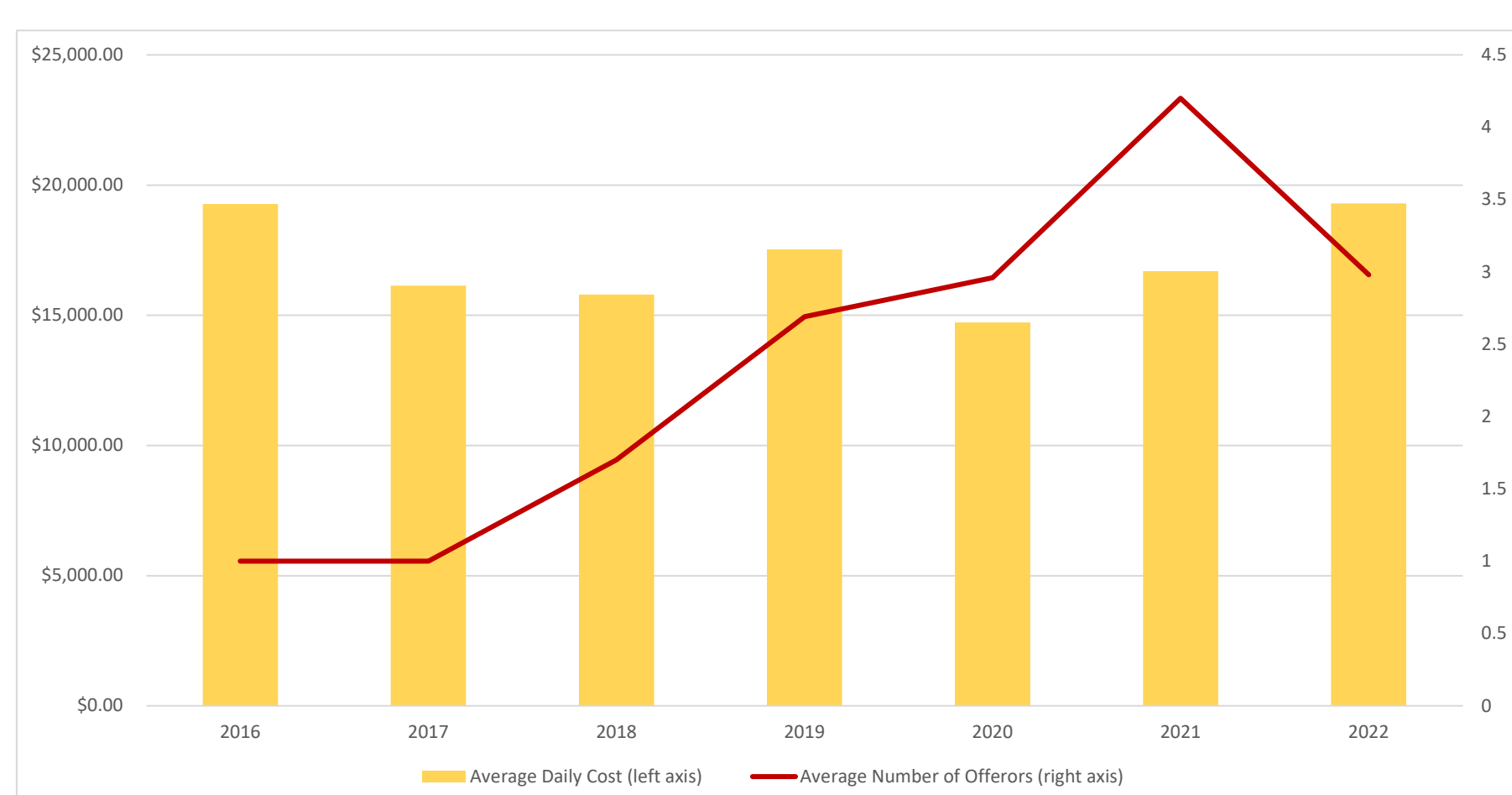
The Navy acquisition community has made significant strides in modernizing policies and contracting vehicles to better support U.S. warships and personnel with husbanding services both at home and abroad. Although much has been done to mitigate risks, reduce inefficiencies, and improve lag times in service provided, serious setbacks have occurred and continue to occur. The most prevalent of these examples can be seen in the Fat Leonard–Glenn Defense Marine Asia scandal to the most recent Multinational Logistics Services corruption case for services rendered in the Middle East, Asia, and other regions. This research investigates some potential shortfalls in the husbanding service provider services process while also providing insights into potential areas of improvement, scheduling efficiency, cost savings, and higher quality service port visits for U.S. Navy ships. The Husbanding Service Portal and the Global Multiple Award Contract strategy are two of the primary tools utilized to examine the correlation of pricing, competition, and performance in task order awards for overseas port visits across all platforms and port visit locations of U.S. Navy ships over the past 5 years. The authors have determined, based on the quantitative analysis, that it would be of great interest for Navy leadership to examine the data and findings within to better manage costs, improve audit compliance, and enhance warfighter operational readiness in the great power competition. The authors have concluded from their research that the Global Multiple Award Contract has resulted in significant costs savings due to increased competition compared to the previous Multiple Award Contracts, with the exception of a small group of port locations outlined in this research paper.



*USS George Washington
(CVN-73) Pulling into port
2010
Photo Credit: Author*

Methods

- Utilizing HSPortal, the researchers were able to conduct a cost analysis to determine whether average daily costs have decreased with increased competition across all Fleets since the implementation of the GMAC with few exceptions.
- Research methodology took into account critical factors such as ship type, vendor, the regional MAC, ELIN's, and port locations in their comparative analysis.
- The HSPortal is an unclassified, online repository for global port visit data of U.S. Navy ships. All data used for this project were downloaded directly from HSPortal. Per HSPortal, the U.S. Navy conducted 7,624 port visits in the 5th, 6th, and 7th Fleets from October 1, 2015, to January 24, 2022.



Average Daily Cost Versus Average Number of Offerors (October 1, 2016–January 24, 2022)

Results & Their Impact

- Since the implementation of the GMAC, increased competition has resulted in decreases in average daily port costs when comparing costs across each Fleet. This trend consistent across ship types and vendor. Only ports such as Souda Bay, Kiel, Townsville, and Cam Ranh Bay have served as outliers.
- The researchers hypothesize that these outliers are due to drastically overinflated ELIN prices that need to be addressed.

Recommendations

- After a thorough quantitative analysis, the authors recommend the Navy conduct a cost–benefit analysis of implementing GFEs or government-owned commercially operated programs at these frequently visited higher priced ports. Single Award Contracts (SAC) should be considered for port locations where price gouging is occurring despite increased competition.



*Map of Strategic High-Price Ports in 7th Fleet
modified from public sources. Source: Apte & Morgan
(2021).*