

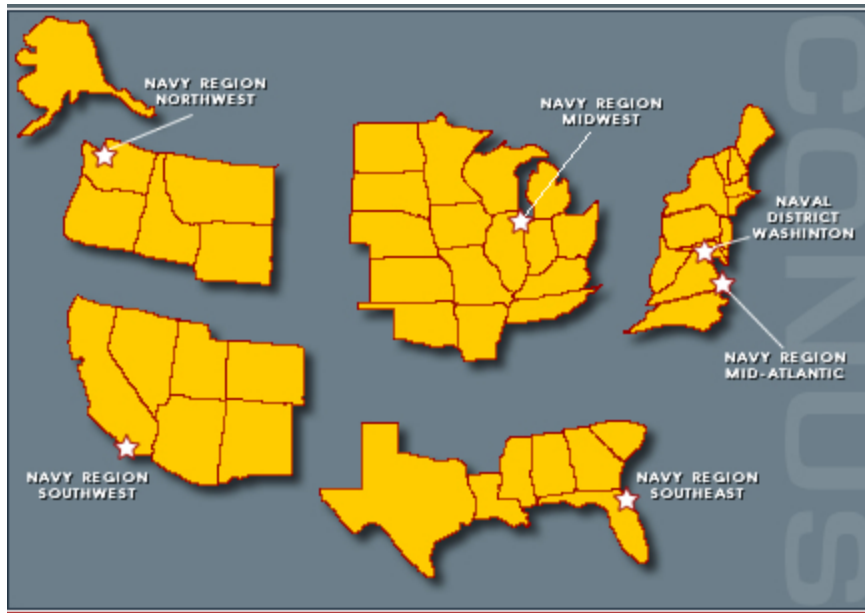


Acquisition Research Program: Creating Synergy for Informed Change

Service Contracting – Support to Commander, Naval Installations Command

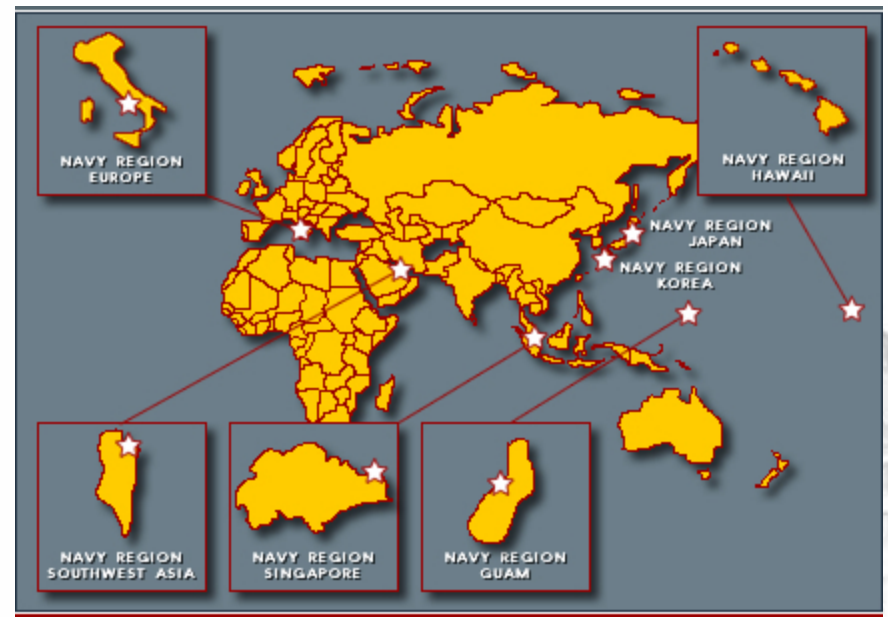
Tom Trump – Naval Supply Systems Command

Commander Navy Installations Command (CNIC)



- Focus on installation effectiveness and improving the shore installation management community's ability to support the fleet.

- Established on October 1, 2003 as the single Navy-wide shore installation management organization



Commander Navy Installations Command (CNIC)

Base Support

Command & Staff

- **Environmental**
- **Facilities Support**
- **Planning/Real Estate**
 - **Public Safety**

Operating Forces Support

These functions are the direct Shore Installation Management (SIM) links to the Warfighter. We support the operating forces of the Navy at our Ports and Airfields.

Air Operations

Port Operations

Operating Support

Community Support

The CNIC Personnel Support Program is responsible for policy development, resourcing and oversight of quality of life programs for Navy Sailors and their families. CNIC enables a ready

Navy force through programs such as **Morale, Welfare, and Recreation (MWR)**; **Child Development/Youth**; **Galley**; **Fleet & Family Support Program (FFSP)** ; and **Other Community Support**. Personnel Support also acts as the CNIC point of contact for Navy Exchange and Defense Commissary Activity operations located on Navy installations.

Housing

The Navy Housing provides public information about housing in 28 states and 13 foreign nations.



Navy Installation Contracting Support



Contracting support aligned by program structure



Regional Contract Visibility FY06 (~96% of data included)

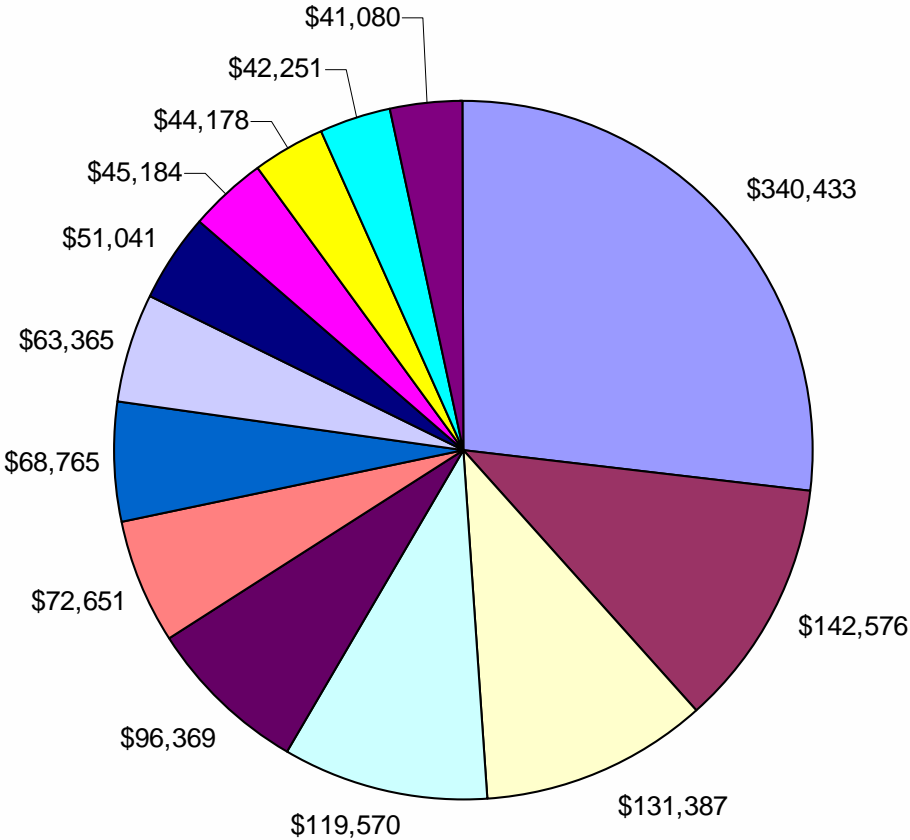
Region	FY05 Actions	FY05 Obs \$M	FY06 Obs \$M	FY06 Actions
Europe	3983	\$160.9	\$147.3	3092
Guam	533	\$140.8	\$43.8	233
Gulf Coast	617	\$193.2	\$133.5	589
Hawaii	1026	\$89.6	\$113.6	871
Japan	491	\$18.4	\$22.7	345
Korea	302	\$2.5	\$1.1	341
NDW	522	\$97.0	\$30.4	241
Northeast	1673	\$78.9	\$53.6	839
Northwest	1289	\$101.3	\$201.6	879
Mid Atlantic	1762	\$168.5	\$51.7	1100
Mid West	328	\$114.8	\$27.3	243
Singapore				
South	1185	\$75.7	\$44.2	863
Southeast	4970	\$447.9	\$786.9	3435
Southwest	2258	\$356.3	\$256.6	1674
SW Asia	837	\$30.7	\$8.4	292
Totals	21,776	\$2,076.5	\$1,922.7	15,037

- Spend by region appears to vary substantially from FY05 to FY06.
- Total CNIC spend appears to be level from FY05 to FY06.
- Consolidation of contract actions is a focus for CNIC – decrease of ~6,700 actions from FY05 to FY06.



CNIC Top 13 Spend Categories FY05 (000s)

13 FSCs of 830 represent \$1.258B of the CNIC total spend of \$2.14B ... or 59%.



- S216 Facilities operations support svcs
- Z199 Maint-rep-alt / misc bldgs
- Y199 Construct / misc bldgs
- S203 Food service
- D399 Other adp svcs
- Z299 Maint, rep /alter / all other
- Z300 Maint, rep-alt / restoration
- Z161 Maint-rep-alt / family housing
- C111 Bldgs & fac / admin & svc bldgs
- Z119 Maint-rep-alt / other admin bldgs
- S201 Custodial - Janitorial
- C211 A/E - non contract - general
- Y299 Construct / all other non-bldg facs



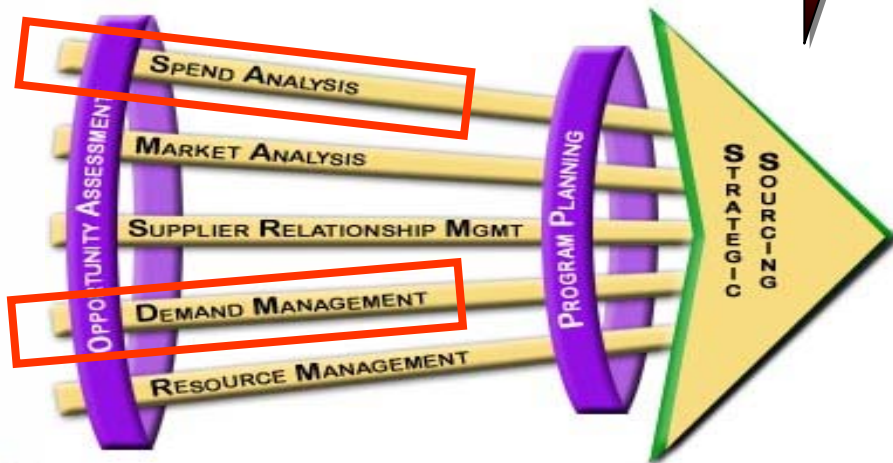
Vision and Program Objectives

Vision

“To leverage the organization’s buying power to obtain goods and services at better terms and conditions over the life cycle of those goods and services”

Program Objectives

- Reduction in Total Cost of Ownership
- Region and/or Enterprise-wide cross-functional acquisition strategies
- Improvements in meeting socio-economic goals
- Standardization of acquisition business process
- Improved skills / output of CNIC acquisition community



Benefits of Requirement Consolidation

Primary Benefits

Reduction in Cost Per Unit

Pricing Improvements

- Leverage service-wide / joint buying power
- Lower unit price
- Volume rebates
- Payment term discounts

Supply Chain Savings

- Cost of capital
- Warehousing costs
- Shipping costs

Reduced Lifecycle Costs

- Maintenance costs
- Operating costs
- Disposition costs

Change in Consumption / Volume

Demand Management

- Improve business intelligence regarding spend practices, cycle time and processes
- Eliminate demand
- Reduce consumption
- Encourage substitution
- Change product mix

Specification Review

- Eliminate “gold-plating”
- Simplify specifications
- Alternative products

Improved Operating Efficiency

Reduced Procurement-Related Operating Expense

- PO Processing
- Accounts Payable
- Receipt / Warehousing
- Standardized procurement process

Reduced Non-Procurement Related Operating Expense

- Other operating efficiencies

Performance Monitoring

- Structured metrics and periodic review of contractor performance

Improved Vehicle Management

Socio-economic Goals

- Structured analysis of small / disadvantaged business opportunities

Optimized Supplier Relationships

- Improved joint understanding of needs and capabilities
- Increased efficiencies across the entire process chain



Optimize, leverage and improve contracts

Prioritization Analysis

Spend analysis was prioritized based on spend volume, fragmentation, and input from NAVFAC & NAVSUP

Dimension	Definition	Weight	Scale
Spend Value	Total dollars purchased	★ ★ ★	1 <\$2M 2 3 4 >\$10M
Volume of KT Activity	Number of contracting actions	★ ☆ ☆	1 Low 2 3 High
Vendor Fragmentation	Number of vendors, spend concentration	★ ☆ ☆	1 1 at > 50% 2 3 >5 at 5%+
Vendor Socio-Economic	JWOD, SDB, 8a	★ ☆ ☆	1 1 at > 50% 2 3 >5 at 5%+
Interest Item for FAC/SUP	Templates, Pre-existing Teams	★ ★ ★	1 <25% 2 3 >50%

NAVFAC Sourced Commodities

- Airfield Facilities ~ \$65M
- Janitorial / Custodial ~ \$44M
- Landscaping / Grounds ~ \$23M
- Electrical ~ \$18M
- Refuse Collection / Recycling ~ \$17M
- Troop Housing ~ \$15.5M

NAVSUP Sourced Commodities

- Food Service ~ \$119M
- Office Furniture ~ \$22M
- Management Services ~ \$19M
- Office Supplies ~ \$13M
- Clerical Services ~ \$10M

Based on FY05 PMRS data...



Commodity Teams

- High leverage opportunities ... best areas to consolidate requirements and lower costs
- Regional BM and SME participation, 3 Regions have already volunteered to host ... there is risk if all the Regions do not participate
- Gladly supported by both SUP & FAC ... IMCOM is interested too
- Leverages NAVFAC Templates – intent is to codify thru boilerplate approach
 - Output codifies “what can be bought” and “to what level of service” across CNIC
 - Fosters regional, multi regional and enterprise contracts consistent with SBA ... without paying excessive small business premiums
 - This effort decreases requirements generation labor and speeds cycle time



Standardize BOS Contracting Delivery Model

- Benefits to CNIC
 - Reduce errors
 - Improve traceability of requirements
 - Improve visibility for the Business Office into the requirements review process
 - Potential faster processing by FAC & SUP contracting offices
 - Metrics available internally to the Command
 - Potential to link to CFMS
- Develop Business Intelligence



Navy Installation Contracting Support Lessons Learned

- **CNIC's initial focus was on consolidation of contract actions**
 - Focus is shifting to spend and requirements analysis
 - CNIC sponsorship critical to moving forward with development of strategic sourcing solutions
- **Performance based templates have been developed for all base operating support services**
 - Templates provide standard service levels across regions and activities
 - Templates offer selection of different performance levels
 - Templates provide standard performance requirements for consolidation of requirements across activities/regions

