DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
(RESEARCH, DEVELOPMENT AND ACQUISITION)
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DEC 21 2011

MEMORANDUM FOR DISTRIBUTION

Subject: Enhancing Competition for Services Contracts

Ref: (a) USD(AT&L) memorandum dated September 14, 2010(pdf)
(b) USD(AT&L) memorandum dated November 3, 2010(pdf)
(c) OUSD(AT&L)DPAP memorandum dated November 23, 2010(pdf)

References (a) and (b) provide guidance and the implementation directive, respectively, for obtaining greater efficiencies in procuring goods and services for the Department of Defense (DOD). Included is a mandate to enhance competition for services contracts through increased frequency of re-competes. To this end, this policy establishes contract period of performance standards for the Department of the Navy (DON) based on service portfolios. Reference (c), taxonomy for the acquisition of services, defines the service portfolios and provides a detailed table aligning the Product and Service Codes (PSC) to portfolio.

Within the DON, the optimum recommended period of performance for knowledge-based services (KBS) is 3 years and 5 years for all other services. Multiple-award Indefinite Delivery, Indefinite Quantity (IDIQ) contracts for KBS may be up to five years when on-ramp provisions are included to promote competition. Additionally, KBS associated with Federally Funded Research and Development Center contracts and University Affiliated Research Center contracts are exempt from the 3 year term given the strategic, long-term nature of the contracts and the unique relationship with the Department.

These are not hard defined performance periods. If acquisition teams consider the 3 and 5 year terms inappropriate, they are encouraged to analyze individual requirements and identify appropriate term lengths, supported by a sound business case addressing the market, risk and cost effectiveness. The following examples outline some factors you may consider when determining the length of a contract:

Shorter Term Examples

- *Healthy competition*
- *Rapidly changing requirements*
- *Expanding supplier market*
- *Maturing market/industry*
- *Potential to convert to a lower risk contract type*

Longer Term Examples

- *Unique service/Sole source*
- *High solicitation costs*
- *Strategic requirement/relationship*
- *Ramp-up/infrastructure requirement*
- *Efficiencies available through long term contract*
- *Advantageous contract terms*

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The following table identifies waiver authorities required if a longer contract term is justified.

Waiver Authority		
< $50m	**$50m - $100m**	**> $100m**
Chief of Contracting Office	Head of Contracting Activity	Senior Services Manager

Senior Services Manager may delegate additional authority based on outcomes of SYSCOM Health Assessments.
Approval authorities shall submit reports on term length waiver approvals to the Senior Services Manager on a quarterly basis, to be received not later than the 15th day of the month following the end of the quarter.

Bruce A. Sharp
Director, Services Acquisition
DASN AP

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