



1. PURPOSE

The purpose of this document is to provide SPAWAR Claimancy policy and guidance for breaking out components of end items for future acquisitions so that the Government can purchase the components directly from the manufacturer or supplier and furnish them to the end item manufacturer as Government-furnished material. Component includes subsystems, assemblies, subassemblies, and other major elements of an end item. Component breakout normally is not justified for a component that is not expected to exceed \$1 million for the current year's requirement. Component breakout may provide substantial cost savings.

Related guidance is available under CMPG Process Guide [1.2.5 Develop AP](#) and [1.2.6 Hold Procurement Planning and Strategy Meeting \(PPSM\)](#).

2. POLICY

- 2.1** It is the policy of SPAWAR to break out components of weapons systems or other major end items under the following circumstances:
- A. When it is anticipated that a prime contract will be awarded without adequate price competition, and the prime contractor is expected to acquire any component without adequate price competition, SPAWAR shall break out that component if:
 - i) Substantial net cost savings probably will be achieved; and
 - ii) Breakout action will not jeopardize the quality, reliability, performance or timely delivery of the end item.
 - B. Even when either or both the prime contract and the component will be acquired with adequate price competition, the agency shall consider breakout of the component if substantial net cost savings will result from:
 - i) Greater quantity acquisitions; or
 - ii) Such factors as improved logistics support (through reduction in varieties of spare parts) and economies in operations and training (through standardization of design).
- 2.2** This policy does not apply to the initial decisions on Government-furnished equipment or contractor-furnished equipment that are made at the inception of an acquisition program; or Breakout of Spare parts for replenishment.

3. RESPONSIBILITIES

3.1 Procuring Contracting Officer (PCO):

- A. The Contracting Officer has responsibility for ensuring that all applicable regulations and procedures have been satisfied and that the business aspects are appropriate to achieve the technical objectives in the most cost effective manner.
- B. For each SPAWAR Contracting Office, provide copies of the Breakout decision to a central repository. For HQ 2.0 PCOs, provide a copy to 2.3.1 Policy Branch via the HQ_CONTRACTS_POLICY@NAVY.MIL email.

3.2 Acquisition Program Manager/Technical Code:

- A. The Acquisition Program Manager/Technical Code for the material program concerned is responsible for breakout selection, review, and decision; which includes all applicable documentation.
- B. Addresses the breakout decision in the  [Procurement Planning and Strategy Meeting \(PPSM\)](#) SCPPM and corresponding  [Acquisition Plan](#) SCPPM (if dollar threshold applies).
- C. Follow the format set forth herein.



4. PROCEDURES

- 4.1 A breakout review and decision includes:
 - A. An assessment of the potential risks to the end item from possibilities such as delayed delivery and reduced reliability of the component;
 - B. A calculation of estimated net cost savings (i.e., estimated acquisition savings less any offsetting costs); and
 - C. An analysis of the technical, operational, logistics, and administrative factors involved.
- 4.2 The Acquisition Program Manager/Technical Code for the requirement will be responsible for documenting the Component Breakout Decision utilizing the standard format ([Tool Box](#)). The decision must be supported by adequate explanatory information, including an assessment by the end item contractor when feasible.

5. APPROVALS

- 5.1 The cognizant Acquisition Program Manager/Technical Code is the approving authority for the Component Breakout Decision.

6. TOOLBOX

6.1 SPAWAR

- A. [SPAWAR COMPONENT BREAKOUT DECISION REVIEW FORM](#)
- B.  [Procurement Planning and Strategy Meeting \(PPSM\)](#)
- C.  [Acquisition Plan](#)
- D. CMPG [1.2.5 Develop AP](#)
- E. CMPG [1.2.6 Hold Procurement Planning and Strategy Meeting \(PPSM\)](#)

7. CHANGE HISTORY

Updated material is highlighted by *purple text* and an Alert/New  icon.

Date	Description of Changes
May 2016	Content reformatted and reorganized, links checked and updated and added reference to CMPG 1.2.5 and 1.2.6.
January 2011	Last version created in old format.