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DoDI 5000.74, Defense Acquisition of Services January 10, 2020 Revision



Foundational Learning



Workflow Learning



Performance Learning

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DoDI 5000.74 Table of Contents

- Revising the DoDI - Background
- Section 1, General Issuance Information
 - Applicability
- Section 2, Responsibilities
- Section 3, Services Acquisition Executives (SAEs) and Authorities
- Section 4, Procedures
 - Multifunction Team (MFT) Guidelines, Services Acquisition Workshops (SAWs)
 - Services Requirements Review Boards (SRRBs)
 - Independent Management Reviews
 - Timely Planning to Avoid Bridge Contracts
- Section 5, Acquisition Considerations for Information Technology (IT) Services
- DOD Component Next Steps



Background

- First DoDI 5000.74 signed on 5 January 2016
- Derived from 10 U.S.C. § 2329 and 2330
- What Prompted the New DODI?
 - NDAA FY17, S. 803 (Modernization of Services Acquisition) – Changing nature of technology; review professional services, portfolio groups
 - NDAA FY18, S. 851 (Improvements of Planning for Acquisition of Services) – Requirements evaluation; avoiding bridge contracts
 - Government Accountability Office (GAO) reports & recommendations
 - GAO Report, GAO-17-482, “DEFENSE CONTRACT SERVICES. DoD Needs to Reassess Key Leadership Roles and Clarify Policies for Requirements Review Boards,” August 2017



A Note on Accessibility

- Changes from original DoDI 5000.74 are **bolded** and in **Blue Text**; links are underlined
- [DoDI 5000.74](#), 10 Jan 2020, located on DoD Issuances site



Section 1.1, General Issuance Information

- The policy does NOT apply to:
 - Types of services listed in FAR 37.502 (Below SAT, incidental services to supply contracts, etc.)
 - Services in direct support of contingency, humanitarian, or peacekeeping operations until conditions in the field stabilize
 - **Research & Development (R&D) services and any services relating to R&D (Product & Service Code Type “A” and others)**
 - DoD Federally Funded R&D Centers (FFRDCs) and University Affiliated Research Centers (UARCs) managed under DoDI 5000.77
 - **Construction services and any services relating to construction (Product & Service Code Type “C” and others)**
 - Classified, cryptologic, and intelligence projects and service activities
 - Services that are managed and reviewed as part of major and non-major defense acquisition programs and major and non-major IT programs ... whose primary purpose is to provide capabilities, goods, or systems in accordance with DoDI 5000.02
 - However, it may apply to services in the operations and support phase of these programs at the discretion of the milestone decision authority



Section 1.2, Policy

What's Gone?

- DoD Functional Domain Experts (FDEs) for services acquisition management of each service category appointed by USD(A&S)
- Component Level Leads (CLLs) appointed by the DoD Component heads to assist FDE
- DoD Managers will use “should cost” analysis and establish cost reduction targets

What's New?

- S-CAT Decision Authorities Table 1 (Revised and Moved to Section 3 of DoDI)
 - S-CAT I (\$1 billion or more) and S-CAT II (\$250M or more, but less than \$1 billion) decision authority pushed down from OSD level to DoD Component (SAEs/CAEs or designees)
 - USD(A&S) or ASD(A) retains authority for contracts designated as “Special Interest”
 - Additional clarifications in Table 1 Notes section
- Consideration of the evolving nature of industry-provided services capabilities, innovative processes and the use of technology in delivering services outcomes and in services management
- Consideration of **Cost Targets** for choosing the preferred services acquisition solution



Section 2, Responsibilities

- The USD(A&S) serves as the senior official responsible for services acquisition (SA) in DoD (10 USC § 2330(a)(3))
- ASD for Acquisition is OSD staff-level lead for SA
- Principal Director, Defense Pricing and Contracting serves as the DoD Services Acquisition Functional Leader as defined in DoDI 5000.66 unless otherwise designated
- USD Comptroller reviews costs incurred for SA, makes programming recommendations (10 USC § 2329 and Section 851 FY19) (greater transparency to Congress for contractual services)
- USD for Intelligence provides policy guidance when SA involves controlled unclassified information.



Section 3, Services Acquisition Executives (SAEs) and Authorities

What's Gone?

- DoD Services Acquisition Portfolio Groups
- Portfolio-Specific Commodity Managers (PSCMs)
- Program Managers or Functional Services Managers (PMs/FSMs)
- Use of Should Cost management

What's New?

- Federal Category Structure (Figure 2)
- Component Portfolio Managers (Category-Specific)
 - Pursuant to 10 USC § 2330, these are dedicated, full-time commodity managers to coordinate the procurement of key categories of services within the component as may be appropriate
- FSMs used as the umbrella term to include PMs and other types of acquisition and non-acquisition workforce managers (logistics, medical, IT, etc.)
 - PMs are in the domain of the DoDD 5000.01 and DoDI 5000 series



Table 1, S-CATs Decision Authorities

Category	Threshold ¹	MILDEP and Fourth Estate Acquisition Decision Authority ^{3,4}
S-CAT I	Acquisitions of services with an estimated total value of \$1 billion or more, or with an estimated total value in any one year of more than \$300 million	SAE, CAE or designee
Special Interest²	As designated by the USD(A&S) or ASD(A)	USD(A&S) or ASD(A)
S-CAT II	Acquisitions services with an estimated total value of \$250 million or more, but less than \$1 billion	SAE, CAE, or designee
S-CAT III	Acquisitions of services with an estimated total value of \$100 million or more, but less than \$250 million	Component SSM or designee
S-CAT IV	Acquisitions of services with an estimated total value of \$10 million or more, but less than \$100 million	Component SSM or designee
S-CAT V	Acquisitions of services with an estimated total value above the simplified acquisition threshold, but less than \$10 million	Component SSM or designee

¹ Dollar threshold is determined based on the independent government cost estimate in current-year dollars, in accordance with the DoD Handbook for Services Acquisition, Independent Government Cost Estimate. ² The “Special Interest” designation is typically based on one or more of these factors: Technological complexity; congressional or administration interest; a large commitment of resources; or whether the program is critical to the achievement of a capability or set of capabilities, part of a system of systems; or a joint program. ³ In accordance with DPAP memorandum, “Approval of Changes to the Decision Authorities of DoD Components for Acquisition of Services,” dated June 21, 2016, as amended. ⁴ For services acquired in support of business systems; acquisition decision authorities will align with DoDI 5000.75.



Section 4, Procedures

4.1 Responsibility for SA Requirements Development

- The decision authority listed in Table 1 or designee is responsible for ensuring qualified FSMs oversee planning and execution of SA requirements.
 - Determine need for an FSM with relevant career field certification (e.g., Program Management, Life Cycle Logistics, or IT) based on risk or complexity
 - In the absence of certified FSM, select an FSM with functional expertise for a given services requirement. See the [DoD Handbook for the Training and Development of the Services Acquisition Workforce](#) for training
- The FSM and MFT should leverage the tools and checklists found on the DAU [Service Acquisition Mall](#).
- FSM and MFT consider costs of labor skill mix and categories, service levels, frequency of performance, and dictated quality levels. Weigh against mission needs and budget constraints to ensure the best value to the government.



Section 4, Procedures (Cont. 2 of 8)

4.2 Multi-functional Team (MFT) Guidelines

Services Acquisition Workshops (SAWs)

SA with a total contract value of \$500 million or more or an annual value of \$250 million or more must participate in a services acquisition workshop (SAW), or equivalent program, as provided by DAU. **For multiple award, indefinite delivery, indefinite quantity (IDIQ) contracts, a SAW is not required for the base contract, but is required for any task order valued at \$100 million or more. SAW required before a services acquisition strategy approval.**

- (1) MILDEP, Joint Command, and Fourth Estate agency SSMs submit annual SAW 5-year forecast to SAW@dau.edu by October 1 each year.
- (2) Requiring activities may request a multiple-phase SAW
- (3) **SAW waivers may only be granted by the DoD Component SSM.** For Special Interest acquisitions, SAW waivers may only be granted by the USD(A&S) or ASD(A) unless otherwise designated.
- (4) Consider SAWs for SA valued at \$10 million or more (S-CATs II-IV)



Section 4, Procedures (Cont. 3 of 8)

4.3 Services Requirements Review Board (SRRB)

b. The SRRB will be **conducted as early in the services acquisition process as practical** before a procurement request package is transferred over to a DoD Component's contracting office for execution. **It will not be combined with contract review boards chaired by contracting authorities that occur throughout the year and are focused on approving individual contract actions before release of request for proposals.**

c. DoD Components will use an SRRB process for services acquisitions with an estimated total value \$10 million or more as required by Section 2330 of Title 10, U.S.C. For an **IDIQ contract, this includes both the base contract and any task orders of \$10 million or more.** Although not required, decision authorities should consider screening for requirements of special interest with an estimated total value below \$10 million which may benefit from the SRRB process.

d. Although not required, DoD Components **should consider using Contractual Services Managers, SRRB engagement teams, or services acquisition management software tools** if appropriate to track and streamline SRRB processes and work with the requiring activity before holding a board meeting.



Section 4, Procedures (Cont. 4 of 8)

4.4 Services Acquisition Strategy

c. Requiring activities will document the management and oversight process for the acquisition of services using **streamlined documentation** when the total cost of contracts for the acquisition program is estimated to be above the simplified acquisition threshold, but less than the threshold described in Subpart 207.103(d)(i)(B) of the DFARS.

NOTE: This requirement is describing a Streamlined Acquisition Plan (STRAP). While comparable documents are required by all the MILDEPs, many 4th Estate agencies do not require any type of STRAP



4.5 Performance Management Metrics

What's Out?

- Inventory of Contracted Services (ICS) data. NOTE: Section 809 Panel Recommendation 70, “Authorize DoD to develop a replacement approach to the inventory of contracted services requirement under 10 U.S.C. § 2330a” and NDAA 2020 directs a response from DoD.
- Tripwires

What's In?

- Performance Management Metrics
 - Employed to the maximum extent practicable to signal areas of potential risk (e.g., performance, cost, schedule, small business participation, competition)
 - Considered during the SRRB



Section 4, Procedures (Cont. 6 of 8)

4.6 Independent Management Reviews

What's Out?: Post-Award Peer Reviews

What's In?: **Independent Management Reviews**

4.6 a. DoD Components will establish procedures for periodic independent management reviews of contracts **with a total value of \$100 million or more for services in their post-award period** and those that the DoD Component deems as special interest. The reviews may be organized in a variety of different ways, such as annually or by milestone, on an individual contract basis, by organization, or by specific portfolio/category.

Section 2330 of 10 USC § 2330 establishes the areas at a minimum independent management reviews evaluate.



Section 4, Procedures (Cont. 7 of 8)

4.7 Timely Planning to Avoid Bridge Contracts

b. Upon the **first use** of a bridge contract to provide for continuation of a service to be performed through a services contract, **due to inadequate planning as determined by the S-CAT decision authority**, the requirements owner, along with the contracting officer or a designee of the contracting officer for the contract, will:

- (1) For a services contract in an amount **less than \$10 million**, provide an update on the status of the bridge contract (including the rationale for using the bridge contract) to the commander or the senior civilian official of the Defense Agency concerned, DoD Field Activity concerned, or military installation concerned, as applicable; or
- (2) For a services contract in an amount **equal to or greater than \$10 million**, provide an update on the status of the bridge contract (including the rationale for using the bridge contract) to the SAE of the military department concerned, the head of the Defense Agency concerned, the Combatant Commander concerned, or the USD(A&S), as applicable.



Section 4, Procedures (Cont. 8 of 8)

4.7 Timely Planning to Avoid Bridge Contracts (Cont.)

c. Upon the **second use** of a bridge contract to provide for continuation of a service to be performed through a services contract in an amount less than \$10 million, due to inadequate planning as determined by the S-CAT decision authority, the commander or senior civilian official referred to in Paragraph b.(1) will provide notification of such use to the Vice Chief of Staff of the armed force concerned and the SAE of the military department concerned, the head of the Defense Agency concerned, the Combatant Commander concerned, or the USD(A&S), as applicable.



Section 5, Acquisition Considerations for Information Technology (IT) Services

What's New?

- Streamlined
- More references (see [Adaptive Acquisition Framework, IT Services](#))
- Table 2, Clinger-Cohen Act (CCA) Compliance updated

What's Silent?

- Additional clarification of “as a service” service acquisitions due to the rapidly changing marketplace



Table 2, CCA Compliance

Actions Required to Comply with the CCA, Including but not Limited to	Applicable IT Services Documentation	Actions Required to Comply with the CCA, Including but not Limited to (Cont.)	Applicable IT Services Documentation
Determine that the acquisition supports core, priority functions of the DoD	BCA	Conduct an economic analysis that includes a calculation of the return on investment or, for non-information systems, conduct a life-cycle cost estimate	BCA
Establish outcome-based performance measures linked to strategic goals	Performance Work Statement (PWS)	Develop clear accountability measures for the IT services	Quality Assurance Surveillance Plan; Acquisition Strategy
Redesign the processes that the service supports to reduce costs, improve effectiveness, and maximize the use of commercial off- the-shelf technology	BCA	Require the IT services to be consistent with the DoD Information Enterprise policies, architecture, and standards	Acquisition Plan; PWS
Where comparable IT services exist in public or private sectors, qualitatively benchmark performance against those IT services in terms of cost and performance	BCA	Require cybersecurity for the IT services complies with DoD cybersecurity policies and standards	Acquisition Strategy; Cybersecurity planning for contracts or service-level agreements; PWS
Determine that no government source can better support the function	Acquisition Strategy	To the maximum extent practicable, require IT services to be incrementally contracted to manage risk and incorporate commercial IT capabilities in a timely manner	Acquisition Strategy
Conduct an analysis of alternatives	BCA	Execution of CCA Certification	Certification



DoD Component Next Steps

- Discussions with DoD Component Contract Policy on possible immediate acquisition regulation supplemental changes (SAWs, bridge contracts, etc.)
- Internal discussions among DoD Component SSMs and staff
- Recommendations to DoD Component senior leadership and Services Acquisition community
- Update DoD Component Services Acquisition regulations, instructions, and memos.