

DoD's Cadre of Experts The Commercial Item Group



Fiscal Year
2020



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From the Director

The Commercial Item Group's (CIG) mission is to provide acquisition insight for the integration of commercial products and services within DoD to streamline procurements and ensure warfighters receive cutting-edge technology at fair and reasonable prices.

The CIG authority comes from 10 U.S. Code § 2380 which states: "Establish and maintain a centralized capability with necessary expertise and resources to provide assistance to the military departments and Defense Agencies in making commercial item determinations, conducting market research, and performing analysis of price reasonableness for the purposes of procurements by the DoD..."

The CIG is located within The Defense Contract Management Agency (DCMA), and is comprised of commercial acquisition subject matter experts with a diverse professional background in both Industry and Government experience, allowing the Department to promote consistency in acquisition decisions regarding commercial products and services. The CIG, at the request of a Defense buying activity, will evaluate, perform market research, and write a Commercial Item Determination (CID) as applicable for products or services. Additionally, our pricing capability offers a unique skillset to the Department by emphasizing market research as a fundamental piece in the price reasonableness analysis. The team also provides strategic market intelligence, training, and negotiation support efforts on behalf of our customers.

Fiscal Year 2020 (FY20) was spent focusing CIG support to the National Defense Strategy (NDS) by developing commercial acquisition tools and resources, identifying ways to increase the industrial supply base, collaborating with Industry, identifying challenges and solutions to complex commercial acquisition problems, and delivering subject matter expertise to our DoD customers at the speed of relevance. The CIG assisted with over 421 acquisitions this year and launched a pilot effort to receive requests from Industry in advance of active Government requirements.

Our team is excited to publish the results of our FY20 focuses, successes, and initiatives in executing the NDS.

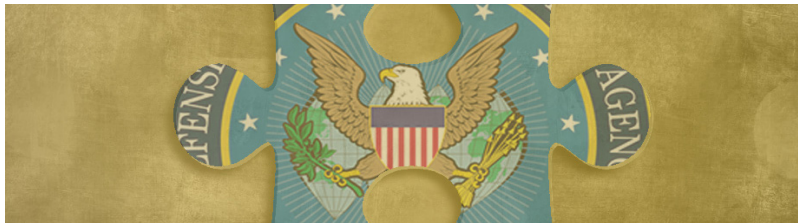
Dan Hawley
Director, Commercial Item Group
Defense Contract Management Agency



**CIG was recognized as a
2020 David Packard
Excellence in Acquisition
Award Winner by
(USD(A&S))**
[Click here for the announcement](#)



Rapid Acquisition Support



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ith a focus on speed, the CIG set goals to reduce the timelines associated with supporting the buying commands' Procurement Administrative Lead Time (PALT); however, the true value proposition was the team's initiatives, ideas, and relentless execution to deliver timely and value added products to our DoD customers.

THE COVID -19 CID – The current pandemic forced the Department to exercise creative thinking and utilize all available tools and resources to identify ways to quickly and efficiently combat this virus. The CIG sparked an innovative approach to CIDs by creating an unprecedented Class CID (not identifiable to a specific acquisition) allowing the Department to leverage FAR Part 12 or FAR Part 13 acquisition procedures to obtain commercial products and services to combat the COVID-19 pandemic. This proactive CID enabled DoD Contracting Officers the opportunity to use this single document, as rationale to expedite contract awards.

The CIG tracked over 200 email requests and downloads of the CID by eleven different agencies. This CID was also distributed to the entire Defense acquisition workforce via a Defense Pricing and Contracting (DPC) memorandum. The CIG estimates this initiative saved **hundreds of hours of market research** supporting the purchase and delivery of supplies and services at the speed of relevance.

Operation Warp Speed (OWS) – OWS was created to deliver over 300 million doses of safe and effective COVID-19 vaccines [\[see OWS fact sheet\]](#). The CIG supported the Army Contracting Command (ACC) and the Biomedical Advanced Research & Development Authority (BARDA) with eleven different OWS contracts in support of research for COVID-19 vaccine and therapeutics. Within 2-3 days of proposal receipt, CIG's subject matter experts provided critical pricing data points and rapid market research to facilitate ACC's initiative to quickly issue contract awards. The CIG's proposal review and acquisition strategy efforts resulted in negotiated contract value savings exceeding \$100M.

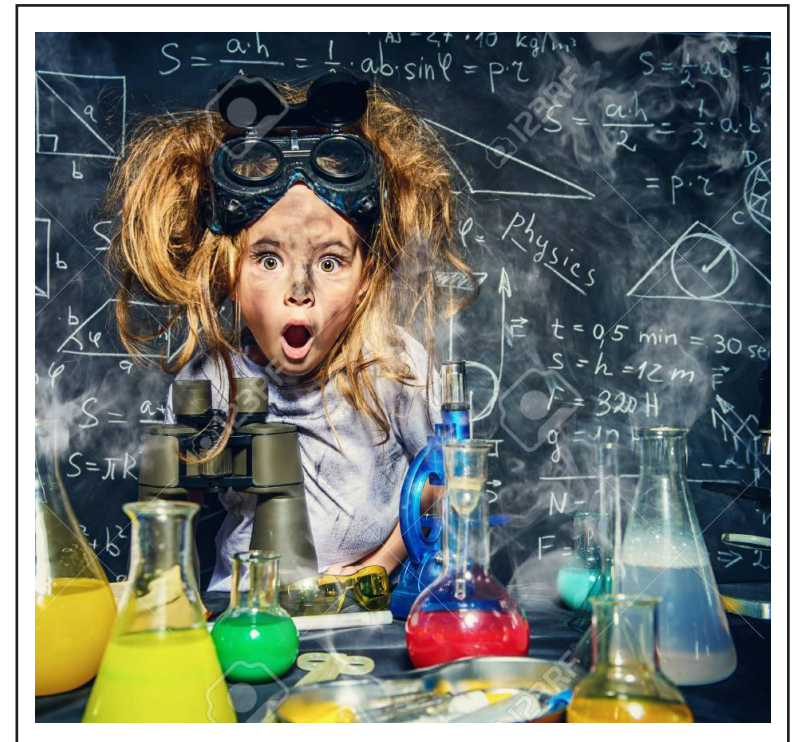


Receiving Commerciality Requests From Industry Pilot –The CIG initiated an experimental pilot program to review commercial item proposal packages submitted by industry with the intent to issue CIDs absent an active Government acquisition. The hypothesis was: “If the CIG could review items for commerciality and issue a determination outside of an active acquisition (ahead of need); then, the number of days associated with that analysis would reduce the Government’s PALT when the acquisition occurs.” The CIG estimated PALT savings of forty-two days in each future acquisition based on its current internal timelines to complete the review and issue a determination.

“This is exactly the type of critical & creative thinking that is going to continue advancing the Department in the right direction!” -Dan Hawley

The pilot program began in May 2020 and focused its target audience on non-traditional contractors by announcing this opportunity on beta.sam.gov. Twenty-seven (27) packages from non-traditional defense contractors were received as part of this pilot. Prospective offerors were not restricted on specific products or industries. Of the 27 packages received, twenty-four products and one service were determined commercial, adding to the universe of CIDs in the DoD wide [commercial database](#), thus providing instant acquisition decisions when a future

acquisition occurs. Due to the resounding success of the pilot program, the CIG plans on pursuing a second round of this program. This effort is planned for Q1 FY21 and will be open to both non-traditional and traditional defense contractors, focusing on specific areas of interest to the DoD such as: Space Systems, Unmanned & Autonomous Systems, Energy and Materials, Ruggedized & High performing computer components, Engines, Inertial Measurement Units (IMU), and High Energy, Long Cycle Life Batteries. This initiative exemplifies the Office of the Secretary of Defense’s (OSD) strategic plans by injecting process changes focused on speed and organizing workflow for innovation.



Other Transaction Pricing Paper – The CIG proactively identified an opportunity in the Defense community to support Agreement Officers (AOs) with price analysis of Other Transactions (OTs). Subsequently, the team issued a paper promoting out-of-the-box thinking that recommends alternative approaches to determining fair pricing without cost data for OT efforts. This initiative supports both streamlining acquisitions and increasing the affordability of the Department’s lethality. Washington Headquarter Services expressed value-added appreciation of this paper claiming future additional dollars saved based on some techniques not currently being used to evaluate price. The paper is [accessible here](#).



“The Database”

Commercial Item Determination Database– The 2016/2017 National Defense Authorization Act (NDAA) mandated that the DoD establish and maintain a centralized database for storing all DoD Contracting Officer CIDs under 10 U.S. Code § 2380 (a)(2). The CIG supported DPC in the successful creation and launch of this tool, which is now operational and resides in the [Procurement Integrated Enterprise Environment \(PIEE\)](#). This centralized database provides instant access to prior CIDs made by Government Contracting Officers (including the CIG Contracting Officers) resulting in quicker, more informed data-driven decisions. During FY20, the CIG received forty-three requests for support on items identified in the database that had already been reviewed and determined commercial. Access to these prior records, in concert with DFARS 212.102(a) (ii) allowed the requesting Contracting Officers to leverage previous determinations. This is just one example of how the database has, and will continue to reduce PALT, and add value across the Department by driving consistency for future DoD commercial determinations.

“The DCMA CIG has been a huge help to ACC-RSA by assisting in the proposal evaluation for a complex, high dollar procurement. The CIG’s commercial item database has been instrumental in our evaluation of over 160 parts for a commerciality determination. This database facilitated our ability to locate prior determinations and to reach out to other Agencies for other prior recommendations and determinations on same/similar parts which we would otherwise not have known existed...”- PCO, Army Contracting Command

Pricing and Market Research– Driven by the 2017 NDAA, and Public Law 10 U.S Code § 2380, the CIG is working with DPC on investigating and defining requirements for the development of a potential enterprise wide Price and Market Research (P/MR) tool. The CIG is leading this collaborative effort across multiple Government agencies and is in discussions with groups such as the Defense Innovation Unit (DIU), Joint Artificial Intelligent Center (JAIC), General Services Administration (GSA), and the Services. The successful development and implementation of this tool will transform the price analysis and market research processes by advancing them into the digital era. The conceptual plans are to leverage a software-based, machine learning, and Artificial Intelligence (AI) solution for market intelligence, information gathering, and natural language processing to organize previously documented market research. Market research is a labor intensive process, and the ability to provide immediate access to this type of data is invaluable to buyers. Instant market research is expected to reduce PALT across DoD Buying Commands.

In addition to PALT savings, this capability is expected to save millions dollars on future contracts. An internal CIG study indicated that incorporating market research & evaluating comparable items during price analysis yields almost twice the recommended savings compared to solely relying on historical pricing. We have a responsibility to gain full value from every taxpayer dollar spent on defense. This tool is intended to do just that and will help launch defense acquisition into a digital future. If you want to support this effort or have input, please contact us via our [email address](#).



Team Director Ryan Connell talking about acquisition challenges, specifically with leveraging data



Lethality Through Affordability

The framework for lethality is adaptability, readiness and modernization. The affordability of a lethal force is dependent on our ability to negotiate fair and reasonable contract prices. Using the commercial marketplace as a resource to identify alternative suppliers and capture market-pricing is instrumental in the Department's ability to enhance lethality through affordability. The examples below highlight a few of the CIG's efforts to support the Department with lethality.



The Clutch

In support of a sole-source acquisition of an attack helicopter program, the CIG identified an overpriced clutch. CIG Contracting Officer Kathryn Foresman discovered the excessive price increase year over year and questioned the subcontract price. Ms. Foresman assisted the Defense Logistics Agency (DLA) in negotiations which, eventually drove the contractor to identify and utilize an alternative supplier offering the same item at a lower price. The CIG led the charge in fighting extreme/unjustified price increases year-over-year and assisted the buying command in sustaining millions of dollars saved during negotiations, thus maintaining fiscal responsibility and reverence for taxpayers.

The F-35

CIG Engineer, Natalija Aleksejevica, performed market research on behalf of a F-35 Joint Program Office (JPO) Contracting Officer. Specifically, Ms. Aleksejevica researched and reviewed Automated Test Equipment (ATE) in the commercial marketplace. The CIG deliverable to the command offered several alternatives in the marketplace for similar ATE offerings. The CIG identified similarities and differences in the F-35 ATE and those offered in the commercial market. The statement below captures the JPO response to Natalija's support identifying commercial alternatives and overall assistance with this acquisition strategy:



“[CIG provided] SUPERIOR PERFORMANCE in responding to this critical report for the F35 program. This report will be shared with Leadership in OSD, NAVAIR HQ, LCMC Air Force and DCMA HQ. [CIG] communicates very effectively and timely... and this report will ultimately save lots of dollars in our upcoming FY21-23 Annual Sustainment of the F35 in Global Operations worldwide.”



Customer Focus



In FY20, the CIG launched a customer-focused strategic engagement/communication plan identified as the Acquisition Community Collaboration Initiative (ACCI). ACCI's mission is to improve collaboration across the DoD and streamline the acquisition cycle by sharing information and available resources early in the process. Although ACCI was established mid-year, the team has already met with several buying commands to include: ACC Redstone, Defense Logistics Agency (DLA) Land and Maritime, DLA Aviation, Air Force Life Cycle Management Center, GSA, Department of Energy, and the Internal Revenue Service (IRS). There are no requirements for the buying activities to request support from the CIG; therefore, the mindset of the team is to proactively support contracting specialists and PCOs by building relationships and providing commercial acquisition subject matter expertise. The pie chart (next page) demonstrates the percentage of acquisitions supported by the CIG for each Service/Agency during FY20.

Procurement Acquisition Lead Time (PALT) Savings – Federal Procurement Data System- Next Generation (FPDS-NG) data shows that PALT timelines for commercial Acquisitions (FAR Part 12) are almost two times faster than other than commercial acquisitions. The CIG placed an emphasis on streamlining the acquisition cycle this FY. The CIG averaged just over forty days in total to complete and deliver work products for each of the customer support requests (price analysis, CIDs or both). This effort resulted in a reduction of greater than 10% in overall timelines to complete these actions compared to the prior year.

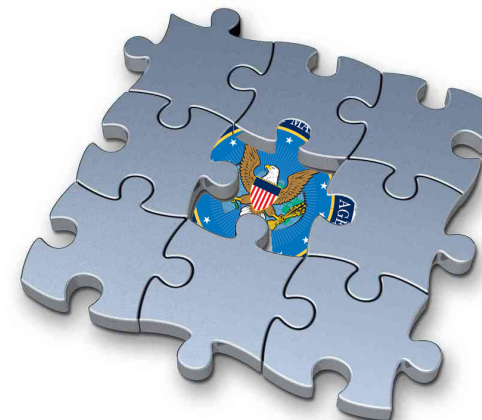
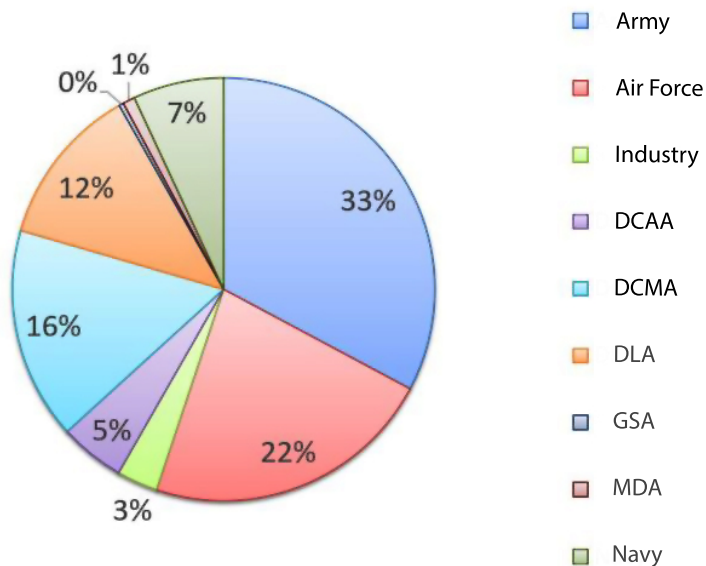


Additionally, CIG customers provided feedback that on average, requesting support from the Commercial Item Group saves 28 days in their acquisition timelines. That is 28 days sooner we can deliver the products/services to our warfighters!

Potential Dollars Saved – The CIG’s differentiating factor with respect to its pricing capability is the unique emphasis placed on market research and price-comparison to analogous solutions. Due to commercial acquisition regulations, the CIG seldom reviews or receives cost data as part of a price analysis, but rather relies on creative approaches to determining the value of a procurement. Commercial acquisitions do not necessarily equate to low dollar value acquisitions, nor is the price proposed automatically deemed “fair and reasonable” simply because it is a commercial acquisition. Utilizing these techniques/methodologies, **the CIG supported over \$5B in commercial acquisition proposal reviews during FY20, resulting in recommended savings to the Services of more than \$1B on hundreds of unique acquisitions.**

**CIG SAVES
28 DAYS IN
ACQUISITION
TIMELINES**

Acquisition Support by Service (% of cases)



Partnering with Industry

Industry Day- On February 20, 2020, the CIG hosted an industry day meeting at MacDill AFB. The CIG collaborated with over 150 industry partners and discussed challenges/ successes surrounding commercial acquisitions. The intent of this event was to strengthen alliances and attract new industry partners within the defense ecosystem. The core concepts discussed during the event ran a wide gamut of topics including: discussions on the quality of proposal packages, Contractor Purchasing System Reviews (CPSR), and the technical expertise required in both commerciality and pricing evaluations. Through these open and honest discussions, learning occurred between Government and Industry representatives. The CIG provided real-time feedback to industry regarding common challenges with proposal submittals, set expectations, and hosted a live brainstorming session. The materials presented and discussed can be found [here](#).



Seated up front; Dan Hawley, Scott Pace, Lisa Artz, Megan Steele-Holdaway, Patrick Crisler, Ryan Connell (standing) briefing 150+ industry partners





Team Directors Lynne Fandetti, Mike Whelan and Kori Marietta talking with industry about the importance of collaboration

“The forum was a huge success! I look forward to participating in future Industry Day engagements and translating comments/inputs received from Industry into action plans to continue working toward improving the overarching commercial acquisition environment.”

– Mr. Jorge Bennett, Executive Director, DCMA Cost and Pricing Regional Command

Purchasing System Augmentation – CIG team members work hand in hand with the DCMA’s CPSR team by providing augmented support reviewing the contractor’s purchase order files, internal policies and procedures surrounding commercial acquisitions, market research, price and technical analysis, and sole source justifications to ensure compliance with all applicable FAR and DFARS regulations. The purpose of the CIG’s augmented effort is to ensure that commercial purchases made in support of DoD contracts awarded under FAR Part 15 are fully documented, compliant, and complete. The number of findings relative to commercial acquisitions has decreased year over year, indicating success by on-site and virtual education with Industry. In many cases, these successes were a direct result of the CIG analysts conducting live feedback and sharing best practices with the industry partners during the review. This effort has subsequently led to strengthening relationships with key suppliers in the industrial base.

Commercial Acquisition Resources – The CIG is consistently developing, identifying and launching new commercial acquisition resource tools! The Defense Acquisition University (DAU) and the CIG collaborated to launch a web-based resource that enhanced knowledge for both buying commands and industry. “Commercial Acquisition Resources: Examples, Roles, and References” is a resource to provide guidance that empowers individuals to better create and evaluate commercial determinations. By building a shared resource, both parties (buyer & seller) should have similar expectations on what to provide to justify commerciality. This resource is expected to streamline commercial acquisitions, and add speed/agility that will directly contribute to the DoD’s lethality. The Commercial Acquisition Resources: Examples, Roles, and References can be found [here](#).



What's Next?



CIG Director Dan Hawley filming a “Powerful Example” with DAU

“New commercial technology will change society and, ultimately, the character of war. The fact that many technological developments will come from the commercial sector means that state competitors and non-state actors will also have access to them, a fact that risks eroding the conventional overmatch to which our Nation has grown accustomed. Maintaining the Department’s technological advantage will require changes to industry culture, investment sources, and protection across the National Security Innovation Base.” – 2018 NDS.

The NDS goals drive the CIG to maintain a forward-looking organization that:

- Focuses on the speed of relevance in its support to acquisition
- Remains agile in adopting CID innovative pilots such as accepting requests from industry, potential partnership with the Small Business Innovation Research (SBIR) Program, and early engagement with buying commands
- Serves as subject matter experts supporting the enterprise creation of a robust, software-based pricing and market research tool
- Develops an improved dominance as market research experts with the capability of identifying alternative sources, reducing price gouging and increasing the industrial supply base
- Supports the Department with initiatives focused on adopting commercial technology

The DCMA CIG remains focused on assisting the Department’s ability to leverage commercial technology by providing insight and negotiation intelligence to the Department. The CIG will continue to provide creative acquisition solutions, work toward increasing the Defense industrial base, and influence policy, all in an effort to promote the success of the National Defense Strategy.

As we work towards these goals, we want to offer our support to those buying commands and program offices reading this. We want to work together to help Program Managers identify solutions to requirements, establish acquisition strategies, and help Contracting Officers with market research, pricing, and negotiations.

If printed, all URLs hyperlinked in the document can be found at the CIG webpage: <https://www.dcms.mil/Commercial-Item-Group/>





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