



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

27 JUN 2018

MEMORANDUM FOR AFLCMC/HIK

FROM: SAF/AQ
1060 Air Force Pentagon
Washington DC 20330-1060

SUBJECT: Determinations and Findings (D&F) for NETCENTS 2 Application Services Small Business (ASSB) orders with a Period of Performance extending more than one year beyond the 10 year limit

1. NATURE OF ACTION: The NETCENTS 2 Acquisition Plan (AP) signed by the AFLCMC Business Enterprise System (BES) Program Executive Officer (PEO) approved an acquisition strategy to allow task order performance to continue up to five (5) years after the ordering period ends. In accordance with Department of Defense Federal Acquisition Regulation Supplement (DFARS) 217.204(e)(iii), Senior Procurement Executive (SPE) approval is required prior to issuing an order on an Indefinite Delivery Indefinite Quantity (IDIQ) contract where the period of performance (PoP) is expected to extend more than one (1) year beyond the 10-year limit specified at DFARS 217.204(e)(i)(C). Approval of this class D&F would extend the PoP allowed for orders issued against the ASSB IDIQ by one year, from 21 June 2023 to an end date of 20 Jun 2024 for ordering offices using this mandatory use contract, with the Milestone Decision Authority (MDA) to approve the performance period for each order.

2. CITATION OF STATUTE OR REGULATION: 10 U.S.C. § 2304a, as implemented by DFARS 217.204(e)(i)(C), provides that the ordering period of a task order or delivery order contract shall not exceed 10 years unless the head of the agency determines in writing that exceptional circumstances require a longer ordering period.

DFARS 217.204(e)(iii) requires SPE approval prior to issuing an order on an IDIQ with performance extending more than one (1) year beyond the allowed 10-year limit.

3. FINDINGS

a. **Mission:** The NETCENTS-2 program supports Air Force missions that require voice, data and video communications, information services, solutions and products to deliver the right information, in the right format, to the right place, at the right time – efficient in peace, effective in war and ensuring success across the spectrum of operations. NETCENTS-2 is an enabler to meet Air Force information technology (IT) transformation goals to allow for innovation with the ability to more rapidly provision and field capabilities. The ASSB Indefinite Delivery Indefinite Quantity (IDIQ) contract was awarded on 19 June 2012. The NETCENTS-2 ASSB IDIQ provides a vehicle for customers to access a wide range of services such as sustainment, migration, integration, training, help desk support, testing and operational support. Other services include, but are not limited to, exposing data from Authoritative Data Sources (ADS) to support web-services or Service-Oriented Architecture (SOA) constructs in Air Force enterprise environments. Through this vehicle, the

contractor develops content delivery and presentation services and new mission applications that operate in NetCentric enterprise environments that exploit SOA infrastructures. The ASSB contract supports legacy system sustainment, migration and the development of new mission capabilities and applications. The focus of the contract is to provide application services support to mission areas, as overseen by portfolio managers, Communities of Interest (COI), project offices and program offices.

The NETCENTS 2 suite of contracts, including ASSB, are decentralized mandatory sources for all Air Force units purchasing IT products and solutions that fall within scope in accordance with AFI 63-101/20-101, *Integrated Lifecycle Management*, and AFMAN 17-1203, *Information Technology (IT) Asset Management (ITAM)*. In addition to being a mandatory source for Air Force units, the ASSB contract also may be available to DoD and other federal agencies when the activity is related to requirements for interoperability with Air Force capabilities or the activity supports Air Force IT infrastructure, applications or operations, host-tenant arrangements involving Air Force units, or joint operations or solutions.

b. Period of Performance: The ASSB IDIQ ordering period consists of a three-year base period and four one- year option periods, which equates to a seven (7) year ordering period (21 June 2012 – 20 June 2019). The contract includes clause F002 Period of Performance, which provides that the duration of any task order issued under the IDIQ shall not extend more than five (5) years and the period of performance for any task order shall not extend more than 5 years beyond the last day of the basic contract ordering period.

Under DFARS 217.204(e)(iii), SPE approval is required to allow ordering offices to issue task orders with a five-year period of performance that extends up to 20 Jun 2024. Although that provision does allow for the issuance of task orders with periods of performance that run through 20 June 2023 without SPE approval, SPE approval is necessary for the additional year of performance sought by this D&F and provided for in the contract (i.e., for ordering offices to issue task orders with a period of performance that runs through 20 June 2024).

c. Need for Performance Beyond 20 June 2023: Without authorization from the SPE as required by DFARS 217.204(e)(iii), the performance period for all orders would have to end by 20 June 2023. The purpose of this class D&F is to obtain approval to extend the period of performance for orders issued prior to the end of the contract ordering period of the subject IDIQ contract, for one (1) additional year (through 20 June 2024).

(1) This D&F is required due to circumstances beyond BES's control that have pushed back the anticipated date for awarding the follow-on contract, Small Business Enterprise Application Solutions (SBEAS), which was intended to provide continuity for the NETCENTS-2 mission. SBEAS, which will also be a mandatory use contract vehicle for the Air Force, is currently in source selection; however, award of the SBEAS IDIQ will not occur prior to the end of the ordering period for the ASSB IDIQ. As SBEAS award is now expected no earlier than July 2019, there will be an ordering period gap as no contract vehicle will be available for ordering offices to use. Thus, extending the period of performance for task orders issued prior to the end of the ASSB contract ordering period will allow ordering offices the time needed to properly plan their acquisition strategies, reduce the need for bridge contracts and allow a seamless transition between the ASSB contract and the follow-on contract.

(2) A five-year period of performance is necessary for many of the programs using the ASSB IDIQ because the majority of the tasks associated with ASSB work are not subject to changes in requirements. A longer PoP eliminates the need for task order selections to occur more often than necessary. A Gartner study on sourcing and vendor Management concluded that one of the ten key aspects of any IT outsourcing deal was flexibility and recommended “outsourcing contract durations should range between three and five years” (Gartner, Inc. G00208620). The longer period of task order performance is vital to support program missions which often include maintaining legacy systems while simultaneously fielding new capabilities. Absent approval of this D&F, programs will move to non-DoD contract vehicles of similar scope because these vehicles permit longer periods of task order performance (e.g., GSA Alliant that has an ordering period that ends April 30, 2019, but allows task orders to extend up to five years if those orders are issued by end of the ordering period and options are included at initial issuance of the task order; Navy SEAPORT-e has an ordering period that ends April 2019, but task orders awarded by end of ordering period may have a period of performance for up to five years after the MAC expiration). Thus, approval of an additional five (5) years for task order performance will maximize Air Force customer use of the ASSB IDIQ and save customers from unnecessary cost since NETCENTS-2 ASSB does not charge a usage fee like other vehicles.

(3) Historical experience demonstrates the need for task orders to be issued with a five-year period of performance. Approximately 52% of all ASSB task orders issued have five year periods of performance. To date, a total of 348 orders have been issued against ASSB and a total of 1,757 modifications have been executed , for a total award amount exceeding \$932M. The contract is utilized mostly by the AFMC, AMC and AFSPC MAJCOMS.

(4) A local data call was conducted to identify the programs that would be impacted if this approval is not obtained (See attachment 1). This represents only a small percentage of the programs that utilize this mandatory use contract and that may be impacted by the limitation on the length of the period of performance for new task orders. In addition to the programs listed in the attachment, other programs that will benefit from this class approval include Defense Enterprise Accounting and Management System (DEAMS), which is an ACAT accounting Enterprise Resource Planning (ERP) solution, based on the Oracle e-Business Suite (EBS), for the USAF and the United States Transportation Command (USTRANSCOM), as established by the Assistant Secretary of the Air Force, Financial Management and Comptroller (SAF/FM). DEAMS provides accurate and timely financial information using standardized business rules and processes, and complies with existing laws, regulations, and policies. DEAMS is a long-term solution toward sustaining audit readiness and correcting financial reporting weaknesses. Maintenance Repair and Overhaul Initiative (MROi), is another priority ACAT I program that is a tranformation effort for which the Air Force intended to create an integrated quality capability for planning, scheduling, and executing organic depot maintenance for agency aircraft to support agile planning, optimized workload assignment and resource allocation.

(5) Because ASSB is a mandatory use contract vehicle, absent approval of this D&F, programs that need a longer period of performance will have to obtain approval to use another IDIQ contract vehicle. The PMO researched the potential use of other Federal IDIQ vehicles such as GSA Alliant and NASA SEWP, which respectively impose a .75% and .39% contract access fee. While these percentages are not significant in the overall cost of utilizing these contracts, the amount of the fees, coupled with the additional time and resources expended to use these contract vehicles, creates duplicative costs and program delays. Competing these requirements under the GSA Alliant and NASA SEWP contracts would not recover those duplicative costs. Furthermore, changing

contract vehicles will increase program risks due to acquisition delays, because those non-DoD contract vehicles lack specific AF-centric technical requirements that would need to be incorporated and evaluated against GSA Alliant and NASA SEWP contract holders, as specific technical and standardization efforts were part of the basic evaluation of contractors who received ASSB contract awards. In contrast to these other Federal IDIQ vehicles, the ASSB IDIQ: (1) ensures that requirements currently meet, and even exceed operational NetCentric requirements; (2) ensures compliance with Air Force/DoD technical and security standards and certifications; (3) offers detailed templates that streamline/expedite the acquisition process for both vendors and customers; (4) leverages Air Force buying power; and (5) allows Air Force and other customers to meet, and even exceed statutory small business contracting goals.

d. **Class Approval:** As this contract is a decentralized mandatory use contract for the Air Force, obtaining separate approval from the SPE for every task order issued under the ASSB IDIQ that will extend more than one year beyond the limit provided for in DFARS 217.204(e)(iii) would greatly burden both the Headquarters staff required to process multiple D&Fs as well as the Contracting Officers and program personnel at the task order level. Given that ASSB has averaged approximately 60 task orders per year and that more than half of all task orders issued under ASSB have five-year periods of performance, if this class D&F is not approved then ordering offices may need to request SPE approval to extend the period of performance for more than 30 separate task orders over the next year. Approval of this D&F, which permits extension of the permissible period of performance for all task orders by one year (through 20 June 2024) when the MDA determines that circumstances warrant such an extension, will greatly reduce the time and administrative burden to both ordering offices' acquisition teams and Headquarters staff.

4. **DETERMINATION:** Based on the above findings, I approve the ordering offices at the task order level to award task orders against the NETCENTS-2 ASSB IDIQ with task order performance extending up to, but not beyond, 20 June 2024, when warranted. This approval is granted with the condition that the MDA will assess and approve the performance period for each order during the acquisition strategy process. Per the contract, the period of performance (base plus options) for any order shall not exceed 5 years.

5. **EXPIRATION OF THE D&F:** This D&F is in effect until 20 June 2024 for orders placed on the NETCENTS-2 ASSB IDIQ by 20 June 2019.

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Assistant Secretary of the Air Force
(Acquisition, Technology & Logistics)