THE UNDER SECRETARY OF DEFENSE

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ACQUISITION AND
TECHNOLOGY

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Acquisition of services has become an increasingly significant component of procurements in the Department of Defense (DoD). From 1992 through 1999, DoD procurement of services increased from $39.9 billion to $51.8 billion. In 1999, total dollars spent on services equaled the amount spent on supplies/systems. As this trend is expected to continue, we have a responsibility to acquire services with the most efficient practices and processes.

Performance-Based Services Acquisition (PBSA) strategies strive to adopt the best commercial practices and provide the means to reach world class commercial suppliers, gain greater access to technological innovations, maximize competition and obtain the best value to achieve greater savings and efficiencies. DoD has developed this guidebook as a cooperative effort among the components to help the acquisition team, and any other stakeholder, better understand the basic principles of PBSA and better implement performance based methodologies into services acquisitions.

This guidebook has the following goals:

- to promote performance-based strategies for services acquisitions throughout the Department of Defense;
- to educate the acquisition workforce and highlight the key elements of performance-based services acquisition;
- to encourage innovative business practices within the DoD acquisition process;
- to promote use of the commercial market place;
- to increase awareness that performance-based services acquisitions require participation from all stakeholders (the users, acquisition workforce personnel and industry) to ensure the requirement is adequately satisfied.

It is vital that all stakeholders understand the importance of their role in the PBSA process. This process is comprehensive and must include the user, and many different functional team players (i.e., financial managers, legal advisors, program (project) managers and contracting officers and contract specialists (buyers), etc.). It is essential that industry also be a key participant especially, but not only, when the requirements are complex (to the maximum extent practicable).

As the Department of Defense adopts more commercial business practices, we must also transition to an emphasis on overall business management, rather than a sole focus on contract management. DoD is committed to continually evolving the acquisition workforce by providing the necessary training and tools to operate in this new environment. Efficient and effective buying practices, such as PBSA, will help leverage limited resources in order to meet the many difficult challenges the Department faces.

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