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STATEMENT OF
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BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
DEFENSE ACQUISITION PANEL
ON
SERVICES CONTRACTING
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Chairman Andrews and distinguished Members of the Defense Acquisition Reform Panel, I want to thank you for the opportunity to testify today about the Navy's SeaPort-e program. I am the Director for Contracts of the Naval Sea Systems Command. While I am no longer Program Manager, as Director of Contracts, one of my responsibilities is to oversee the SeaPort-e program and to ensure appropriate oversight of this contract vehicle. The SeaPort-e program office is responsible for ensuring that the web-based portal is operational, awarding the multiple-award contracts, negotiating any enhancements to the portal, and coordinating issues or concerns from the Governance Council. The Governance Council consists of representatives from each of the ordering activities authorized to use SeaPort-e. The Governance Council developed the business rules by which SeaPort-e operates and continues to vet proposed changes and enhancements to Seaport-e.

My past positions have included Director, Undersea Systems Contracts Division, where I was responsible for the procurement of the AEGIS Ballistic Missile Defense system, the DoN Converged Enterprise Resource Planning (C-ERP) systems, and many undersea systems, resulting in \$3.0 Billion in annual obligations. Prior to that, I was the Director, Surface Systems Contracts Division, responsible for the procurement of major weapon systems. I also served as the Program Manager for the SeaPort-e contract vehicle, a strategic approach to acquisition of services emphasizing affordable and timely procurement of services through a completely electronic web-based marketplace. I led the expansion of SeaPort-e to the Navy Virtual Systems Command (SYSCOM) comprised of Naval Sea Systems Command (NAVSEA), Naval Air Systems Command (NAVAIR), Space and Naval Warfare Systems Command (SPAWAR), Naval Supply Systems Command (NAVSUP) and Naval Facilities Engineering Command (NAVFAC), where services valued at up to \$5.3 Billion annually may be procured using these

vehicles. SeaPort-e provides the Navy with the services it needs while encouraging competition and small business involvement with the Navy.

SeaPort-e is a set of indefinite delivery, indefinite quantity (IDIQ) multiple award contracts (MACs) which represent the Navy's enterprise solution to acquiring engineering, financial and program management, logistics, information technology and other types of support services. SeaPort-e is enabled via an electronic, web-based platform that provides a means to electronically compete, award and administer task orders issued under the SeaPort-e MACs. This paperless system promotes efficiency and a reduction in administrative costs for both the Government and Contractors. Under SeaPort-e, there are seven geographic zones in which work is competed, based on the principal place of performance of the work. Offerors propose at the MAC level to compete for work in whichever zones they have a presence, based on the criteria set forth in the Request for Proposals (RFP).

In 2001, SeaPort began as NAVSEA's business model to rationalize spending across four common support service areas. At the time, NAVSEA had more than 350 support service contracts supporting its Directorates, Program Executive Offices (PEOs), and field activities at the Headquarters (HQ) activities and even more in the various Warfare Centers. These contracts were not integrated and inconsistent processes were used to obtain the services through the various Directorates and PEOs.

In 2004, the concept was expanded both to increase the functional areas to 22, derived from the types of services procured across the Navy, including field activities, and to expand the

ordering activities from just NAVSEA HQ to all Navy organizations. This expansion is known as SeaPort-e (SeaPort enhanced). SeaPort-e annually adds vendors through a process known as Rolling Admissions. To date, there have been five Rolling Admissions, the latest one in December 2008 at the request of the Small Business Administration to add additional 8(a) firms. The Navy SYSCOMs (NAVSEA, NAVAIR, SPAWAR, NAVFAC, and NAVSUP), the Office of Naval Research (ONR), the United States Marine Corps, and the Defense Threat Reduction Agency (DTRA) compete their service requirements amongst 1800+ SeaPort-e MAC holders. DTRA was added in 2008 as an authorized ordering activity. DTRA is the only non-Navy ordering activity, and was added based on their size and centralized contracting function.

The SeaPort-e portal provides a standardized, efficient means of soliciting offers from amongst the diverse population of large and small businesses and their approved team members. All task orders are competitively solicited, awarded and managed using the SeaPort-e platform. Since nearly 85% of its contract-holders are small businesses, the SeaPort-e approach to acquiring services provides opportunities for many small companies thereby bringing to the Navy diverse ideas and concepts. This benefits the Navy and encourages job growth in the nation. For example, since the inception of SeaPort-e, 47% of the approximately 1700 competitively awarded task orders under SeaPort-e were to small businesses. Approximately \$3 Billion has been obligated to small businesses as prime contractors. Additionally, at the subcontract level, small businesses have been awarded approximately \$2 Billion.

The SeaPort-e MAC contracts are structured as a five-year base contract ordering period with an additional five-year ordering period, which may be earned based on contractor

compliance with procedures. The period of performance of a task order awarded under the SeaPort-e Multiple Award IDIQ contracts may not exceed 5 years, including all options and award terms. During the contract performance period, Navy monitors and oversees the administration of these contracts to ensure receipt of services in a timely manner. We oversee these contracts by requiring task orders be included as part of the internal review processes executed at the individual ordering activities by the respective Heads of Contracting Activity (HCAs). SeaPort-e ordering activities do not report to the SeaPort-e program manager. Each ordering activity is responsible to its parent command for compliance with all procurement regulations, including those that govern SeaPort-e. These individual Heads of Contracting Activity (HCAs) operate under the authority and oversight of the Assistant Secretary of the Navy for Research, Development and Acquisition (ASN RDA).

SeaPort-e was designed to provide a powerful strategic tool that allows contracting officer's the maximum flexibility to exercise their own business judgment to best meet the needs of their customers. Each ordering activity has the tools to manage their contracts, maintaining their own Head of Contracting Activity. Metrics have been developed to track acquisition cycle times, workload efficiency, dollars awarded using SeaPort-e, dollars awarded to small businesses at both the prime and subcontract level. These metrics been have developed over the initial implementation of the SeaPort-e acquisition program, and will continue to be refined and developed throughout the life of the program. These metrics are used to gather data for analysis to ensure that this is the best contract vehicle for the Navy, if changes are needed, and if the Navy is receiving the services contracted for and in a timely manner.

Mr. Chairman, thank you for your interest in the SeaPort-e program. We appreciate the support Congress provides so that we may meet the needs of the Warfighter. We believe the SeaPort-e contract vehicle is a Navy success story for both the Navy and many small and large businesses working with us via this contract. We will continue to develop new tools, resources and ideas to ensure adequate oversight, increased competition, and efficiency. I will be happy to answer any questions you may have. Thank you.