

# Army Acquisition Reform Newsletter



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## PROJECTED SAVINGS OF \$700M ON SMALL CALIBER AMMUNITION CONTRACT

The Operations Support Command (OSC), located at Rock Island, IL, recently awarded a ten-year production contract for Small Caliber Ammunition. It took half the time and half the resources in comparison to the previous acquisition. Additionally, the government will save approximately \$700 million in comparison to previous prices paid. These successes were achieved because OSC made extensive use of commercial practices such as Performance Based Statements of Work, Integrated Product Team (IPT), Alpha Contracting, Best-Value Competition, and Direct Vendor Delivery.

An IPT was used in the development and evaluation of the proposal. The team was represented by functional experts from OSC, the services, and higher headquarters. The terms and conditions of the solicitation were developed through discussions between the government and the interested offerors under the Alpha contracting process. All related scopes of work were performance oriented. Military specifications and standards were reduced by approximately 60% in comparison to the previous acquisition and replaced with commercial or performance standards. Defined processes and applicable government regulations were deleted. Electronic contracting greatly reduced the process time.

A Firm Fixed Price contract was awarded on the basis of Best Value. Evaluation factors were price, past performance, and technical - all relatively equal. There were forty-five different (but similar) items included in the acquisition. By combining these items, the contractor achieved economies of scale, which were passed on to the government. Prices were provided for each item for the entire range of expected quantities from the minimum through the maximum expected each year.

Offerors were allowed to use government facilities for manufacture. The successful offeror chose to use a government facility because it had the capability and capacity to manufacture most of the items at one location. Direct Vendor Delivery (DVD) saved money because shipment was sent directly to the customer whenever possible. The previous procedure was to send accepted items from the production facility to a depot for storage, and then to the customer.

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