



Testimony of
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Committee on Homeland Security
Subcommittee on Transportation Security
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Chairman Rogers, Ranking Member Jackson Lee and members of the Subcommittee, I am pleased to testify before you today. As the Chief Procurement Officer since October 2010 at the Department of Homeland Security (DHS), I am responsible for oversight and policy related to DHS's annual procurement of approximately \$14 billion in goods and services. DHS continues to improve its purchases across the Department first and foremost through the Strategic Sourcing Program. We are also expanding communication with large and small businesses to ensure we procure the right items at the right prices. The DHS acquisition workforce uses these tools to spend taxpayer resources efficiently and effectively. Today, I am happy to provide you an update on our continued success with strategic sourcing, our expansion of vendor communication and the status of our acquisition workforce.

QUALITY CONTRACTING – STRATEGIC SOURCING

DHS has achieved substantial success in spending money more efficiently through our Strategic Sourcing Program. The Department leads the Federal government in coordinated procurements and has been recognized by the Office of Management and Budget, the General Services Administration, and the Partnership for Public Service because of our results. In fiscal year (FY) 2010, DHS saved over \$347 million using strategic sourcing contracts. These savings come from initiatives that span across eight commodity families including:

- Industrial Products & Services
- Information Technology & Telecommunications
- Professional & Office Area Support Services
- Security
- Facilities & Construction
- Office Management & Miscellaneous Products
- Travel & Lodging
- Logistics Operations & Package Delivery Services

The Department realized these significant savings by choosing the Strategic Sourcing Program for approximately \$2.6 billion of its requirements. This savings represents approximately 18 percent of the \$14 billion spent on contracts at the Department in FY 2010.

In addition to savings, the Strategic Sourcing Program also focuses on maximizing the Department's use of small and socio-economic disadvantaged companies. Small businesses received approximately 36 percent of the total contract dollars that were strategically sourced in FY 2010, far exceeding the Government-wide small business overall contracting goal of 23 percent. In FY 2011, DHS awarded 13 new strategic sourcing initiatives. We look forward to continuing to expand this valuable procurement tool in FY 2012.

The Strategic Sourcing Program has achieved success, in part, by facilitating collaboration between industry and government. The Program undertakes comprehensive market research and examines buying trends across the Department. Based on industry standards and knowledge of the marketplace, DHS refines the requirement and creates the procurement strategy. When we have used this collaboration as part of the Strategic Sourcing Program, DHS has achieved robust competitions and significant cost savings.

DHS's Wireless Devices procurement is one example of the Strategic Sourcing Program listening to industry and responding accordingly. In this case, we learned that the telecommunications carriers did not have the existing capability to provide the program with management reports. The procurement team decided to eliminate the reporting requirements from the carrier agreements and developed a separate procurement for the enterprise-wide reporting services. This modification allowed the telecommunication carriers to reduce the prices on the devices which DHS believes will result in a net savings that can be reported when the purchase is complete.

Another example of collaboration that resulted in strategic sourcing savings was the purchase of enterprise software licenses. This procurement was one of several initiatives implemented as part of Secretary Napolitano's Efficiency Review to leverage the purchasing power of the entire Department. Multiple commercial and government sources for software licenses were evaluated, allowing the government to develop a strategy for purchasing an Enterprise Licenses Agreement (ELA) that resulted in \$40 million in savings during FY 2010 due to lower prices and streamlined the procurement process.

QUALITY INDUSTRY-GOVERNMENT COMMUNICATIONS

The Department is committed to promoting enhanced vendor engagement in the acquisition process. Building on the success of the Strategic Sourcing Program, I have included vendor communications as a cornerstone of my Strategic Plan. My publically posted Vendor Communication Plan begins with a personal commitment from each Head of the Contracting Activity (HCA) to enhance Component engagement with industry, allowing industry to see how DHS will work to improve dialogue. The signed pledges have already resulted in increased communication with industry prior to and during source selection.

In addition to holding executives accountable for increased communication, the Department also includes many other features in its Plan to strengthen vendor communication. For example, my office hosts a DHS Industry Day every year. Last year's event was attended by approximately 1,000 industry representatives and 2,000 participants via webcast. The event includes panels from each Component moderated by the appropriate HCA that provide program and acquisition specific information on the Components' planned major acquisitions. The Industry Day also facilitates discussion among companies and connects industry with the responsible government representatives.

Additionally, the Department conducts or attends over 100 small business outreach events each year. Vendor Outreach Sessions, conducted ten times a year by the Department's Office of Small and Disadvantaged Business Utilization (OSDBU), provide small businesses pre-scheduled one-on-one appointments with a DHS small business specialist. These sessions provide small businesses with an opportunity to discuss their capabilities and learn of potential procurement opportunities. Notices of upcoming Vendor Outreach Sessions are posted to the Small Business Central Event Listing on FedBizOpps, as well as on the DHS public website to maximize participation. These efforts have contributed to the awarding of approximately 30 percent of all DHS contracts to small businesses from 2007 through 2011, and outpacing all other large Federal agencies in achieving all of the Federal small business goals each year. These small businesses are making a significant contribution to DHS's mission.

As an example, in FY 2011 DHS awarded a \$2 million contract to Astrophysics, Inc., a small business located in California, for a new technology or technological ideas for screening air cargo assembled into pallets, sometimes called "skids". Currently, in certain circumstances, pallets must be broken down before screening, which costs more and takes more time.

Astrophysics Inc. is creating a system that will increase efficiency by scanning a full complement of medium and high density air cargo across a wide range of commodities (e.g., apparel, produce, seafood/meats, flowers, electronics, machine parts, printed material, and miscellaneous durable goods). Once operational, the system will reduce TSA's costs, reduce the time for screening and enhance the security of air cargo. DHS values the contributions of its small business partners and recognizes that they are essential to accomplishing our mission.

Finally, to assist large and small vendors, DHS publishes an acquisition forecast available on DHS's website through the new Acquisition Planning Forecast System. This new forecasting

tool was implemented in response to industry, and will respond to industry concerns and provide an effective mechanism for industry to connect directly with those who may be interested in their technology.

QUALITY PEOPLE

Effective industry engagement and good procurements require a trained and fully staffed acquisition workforce. Through aggressive recruitment and retention strategies, DHS's contracting workforce has increased from 603 in FY2004 to more than 1,400 professionals who processed over 90,000 transactions, and obligated \$14 billion in FY 2010. However, the Department's rate of hiring contracting professionals has historically lagged well behind the Department's needs. Our primary mechanism to correct this problem is our Acquisition Professional Career Program (APCP). This three-year program provides participants with acquisition training and experience through intensive training and on the job experience. DHS's future procurement improvements depend on continuing to grow its acquisition workforce through the APCP.

Further, DHS has made significant progress in improving its existing workforce through training and certification for multiple acquisition career fields. All DHS contracting professionals receive appropriate training and experience commensurate with their responsibilities and certification requirements. As reported in our March 2011 update to our acquisition human capital plan, we continue to increase the training and experience of our program managers so they have the tools they need to successfully manage their assigned procurements.

Our commitment to an improved professional workforce leads to an acquisition process that is more effective and efficient. A well trained acquisition workforce can engage industry

and apply flexible procurement strategies because they know more and have better experience. Most importantly, a better workforce yields real savings to the taxpayer by getting a better business deal. In order to continue to expand communication with industry and deepen our procurement capability, DHS must continue to invest in our acquisition workforce. Our APCP program will continue to provide new energetic talent throughout DHS's Components. Our centralized training of all acquisition fields must be maintained so that all involved in the procurement process have the knowledge and tools they need to effectively engage industry and ensure DHS buys what it needs at a reasonable price.

CONCLUSION

DHS is committed to continuing to improve our acquisition process by enhancing its acquisition workforce and by partnering with industry and incorporating best practices from across the Department to efficiently procure common goods and services through the Strategic Sourcing Program. This approach supports the Department's frontline operations while ensuring effective oversight and efficient use of taxpayer resources.

Thank you for the opportunity to participate in your discussions regarding the specific DHS procurement practices. I look forward to your questions.