A Conversation with the DHS
Chief Information Officer & Chief Procurement Officer

Luke McCormack, Chief Information Officer
Soraya Correa, Chief Procurement Officer

March 17, 2016
In the first quarter of FY 2016, DHS obligated $2.4B through contracts, interagency acquisitions and other transactions.

Total number of Major Acquisition Programs = 63*

*FY 2016 Master Acquisition Oversight List of Level 1 and Level 2 Programs (including post-FOC)
DHS Procurement Structure

Key:
- Chief Procurement Officer
- Deputy Chief Procurement Officer
- Head of Contracting Activity (HCA)
- Office of Small and Disadvantaged Business Utilization
- Office of Procurement Operations (OPO)
- Office of Selective Acquisitions (OSA)
- Oversight Systems & Support (OSS)
- Policy and Acquisition Workforce (PAW)
- Strategic Programs (SP)

Chief of Staff
- Budget
- Human Resources
- Exec Sec

Also Reports to Deputy Secretary

Under Secretary for Management
Chief Acquisition Officer

Chiefs of Staff

Office of Small and Disadvantaged Business Utilization

Executive Director
Program Accountability and Risk Management

USCG
Head of Contracting Activity (HCA)

TSA
Head of Contracting Activity (HCA)

CBP
Head of Contracting Activity (HCA)

ICE
Head of Contracting Activity (HCA)

FEMA
Head of Contracting Activity (HCA)

USSS
Head of Contracting Activity (HCA)

FLETC
Head of Contracting Activity (HCA)

Contracting Activity

Strategic Programs (SP)
- Strategic Sourcing
- Strategic Planning
- Communications
- Industry Liaison

Acquisition Policy & Legislation
- Homeland Security Acquisition Institute

Homeland Security Acquisition Institute

Oversight Systems & Support (OSS)
- Acquisition Systems
- Oversight & Pricing
- Acquisition & Audit Support

Policy and Acquisition Workforce (PAW)
- Acquisition Policy & Legislation
- Homeland Security Acquisition Institute

Office of Procurement Operations (OPO)

Head of Contracting Activity (HCA)
HQ & organizations not listed below

Strategic Programs (SP)
- Strategic Sourcing
- Strategic Planning
- Communications
- Industry Liaison
### Annual Obligations and Number of Actions

<table>
<thead>
<tr>
<th></th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>FY 2016 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations in Millions</td>
<td>$16,489</td>
<td>$18,132</td>
<td>$2,400</td>
</tr>
<tr>
<td>Transactions</td>
<td>86,593</td>
<td>88,763</td>
<td>14,827</td>
</tr>
</tbody>
</table>

The chart shows the obligations and transactions for FY 2014, FY 2015, and FY 2016 Q1.
FY 2015 Contracting Spend Highlights

- DHS spent $18.1B via 88,763 buying transactions.

- $18.1B equals 47.3% of the $38.2B FY15 DHS adjusted net discretionary budget.

- Spend includes:
  - Contracts
  - Interagency Agreements
  - Other Transactions

- Top Services/Commodities Acquired Include:
  - IT & Telecommunications
  - Professional and Office Area Support Services
  - Security
  - Facilities and Construction

FY 2015 Contract Spend

<table>
<thead>
<tr>
<th>Agency</th>
<th>Spend</th>
<th>(%)</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPO</td>
<td>5.40B</td>
<td>30%</td>
<td>15,079</td>
</tr>
<tr>
<td>USCG</td>
<td>2.77B</td>
<td>15%</td>
<td>37,060</td>
</tr>
<tr>
<td>CBP</td>
<td>2.60B</td>
<td>14%</td>
<td>9,310</td>
</tr>
<tr>
<td>ICE</td>
<td>2.45B</td>
<td>14%</td>
<td>7,375</td>
</tr>
<tr>
<td>TSA</td>
<td>2.43B</td>
<td>13%</td>
<td>5,068</td>
</tr>
<tr>
<td>FLETC</td>
<td>1.05B</td>
<td>6%</td>
<td>3,010</td>
</tr>
<tr>
<td>FEMA</td>
<td>1.05B</td>
<td>6%</td>
<td>9,423</td>
</tr>
<tr>
<td>USSS</td>
<td>0.35B</td>
<td>2%</td>
<td>2,411</td>
</tr>
</tbody>
</table>
FY 2015 Procurement Spend by Commodity Family

- **IT & Telecom**: $3.46 B
- **Prof & Office Area Support**: $3.32 B
- **Security**: $2.22 B
- **Facilities & Construction**: $1.82 B
- **Industrial Products & Services**: $1.76 B
- **Office Mgmt / Misc Products**: $450 M
- **Travel & Lodging**: $193 M
- **Logistics Operations & Package Delivery**: $92 M
- **Interagency Agreements**: $3.50 B
- **OTs, IGSAs, and other**: $1.31 B

**Radar Chart**

- **IT & Telecom**: $3.46 B
- **Prof & Office Area Support**: $3.32 B
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FY 2015 Small Business Achievements

Small Business Highlights

DHS has awarded $4.7B in prime contracts to small businesses. Of the agencies that SBA calls the “Big 7” (DoD, DOE, HHS, NASA, VA, DHS, and GSA), DHS is the only agency to receive a grade of “A” six years in a row on the Annual SBA Procurement Scorecard.

Note: For FY2015 (to be reported by SBA in May or June of 2016), DHS will receive another “A” rating for the 7th year in a row. In FY2014, DHS received an A+.
Approximately $2.9 billion was spent through DHS’s strategic sourcing vehicles in FY15.

Spend in $million:
- IT Services: $1,139; 40%
- IT Hardware: $445; 15%
- IT Software: $472; 16%
- Professional & Office Area Services: $459; 16%
- Facilities & Construction: $109; 4%
- Security: $56; 2%
- Logistics Ops & Package Delivery Svs: $23; 1%
- Office Mgmt & Misc Products: $105; 4%
- Telecom: $40; 1%
- Industrial Products & Services: $22; 1%

Data Source: FPDS-NG
In FY15, DHS saved $466 million through use of strategic sourcing vehicles.

** DHS's strategic sourcing savings methodologies were independently validated in March 2011.**
Updated CPO Strategic Priorities

- **Inspire and Motivate People**

- **Deliver Exceptional Results**

- **Enhance Mission Capabilities**

- **Promote Meaningful Communications**

Changing IT Environment

OPEN MARKET

BENEFITS OF COMPETITION
COST SAVINGS
TIME TO MARKET
PAY PER DRINK
ELASTICITY
FLEXIBILITY
AGILITY

FEDRAMP INITIATIVE CLOUD FIRST POLICY

- Virtualizing the Hardware
- Leveraging Multi-tenancy
- Reducing Footprint
# Changing IT Environment

<table>
<thead>
<tr>
<th>THEN</th>
<th>NOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proprietary software</td>
<td>Default to open source</td>
</tr>
<tr>
<td>Own &amp; operate infrastructure</td>
<td>Hosted in the Cloud</td>
</tr>
<tr>
<td>Long release cycles</td>
<td>Frequent releases</td>
</tr>
<tr>
<td>Static Requirements</td>
<td>Requirements evolve</td>
</tr>
<tr>
<td>Large development teams</td>
<td>Small, agile development teams</td>
</tr>
<tr>
<td>Security bolted on afterwards</td>
<td>Security built into development</td>
</tr>
<tr>
<td>Heavyweight governance processes</td>
<td>Right-sized oversight</td>
</tr>
</tbody>
</table>
Open Market Comparison

Decreasing Costs

$\text{2005} \rightarrow \text{2015}$

Time to Market

Cloud $\rightarrow$ FedRAMP $\rightarrow$ Traditional Brick & Mortar

2 months $\rightarrow$ 18 months
A Model Agency

Attracts and retains the best and brightest people

DHS

Adopts lean, flexible and transparent governance

Quickly delivers value to users through innovative technology

Attains a comprehensive, mature cybersecurity posture

Operates reliable, high-quality IT infrastructure and services
Innovative Technology & Approach

- User Focus
- Advanced Research
- Lean, Flexible Delivery
- Open Market Strategy
Service Delivery

Operational Excellence

Changing Delivery Model

Quality and excellence in service delivery

Improved Vendor Management

Leverage data to improve delivery
Lean, Flexible Oversight

- Consultative vs. Compliance
- Iterative and continuous feedback
Cybersecurity: Defense-In-Depth (DID)

- Steal the data
- Change the data
- Prevent access to the data
Cyber Maturity Model

**Current Overall Maturity Estimate**

**LEVEL 1**
- **Unprotected Cyber Assets**
  - Ad Hoc cyber defense

**LEVEL 2**
- **Managed Cyber Response**
  - Basic security capabilities

**LEVEL 3**
- **Active Cyber Defense**
  - Risk managed deployment of security technologies

**LEVEL 4**
- **Hardened Cyber Defense**
  - Hardened cyber defenses

**LEVEL 5**
- **Full Life-Cycle Cyber Preparedness**
  - Proactive interdiction before data losses occur

<table>
<thead>
<tr>
<th>Level</th>
<th>Category</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Perimeter Defense</td>
</tr>
<tr>
<td>2</td>
<td>Network Monitoring and Trust Zone Security</td>
</tr>
<tr>
<td>3</td>
<td>Systems Monitoring and Vulnerability Management</td>
</tr>
<tr>
<td>4</td>
<td>Endpoint Management and Usage Monitoring</td>
</tr>
<tr>
<td>5</td>
<td>Data Security and Access Monitoring</td>
</tr>
<tr>
<td>6</td>
<td>Identity, Credential and Access Management (ICAM)</td>
</tr>
<tr>
<td></td>
<td>Digital Service Plays</td>
</tr>
<tr>
<td>---</td>
<td>----------------------</td>
</tr>
<tr>
<td>1</td>
<td>Understand what people need</td>
</tr>
<tr>
<td>2</td>
<td>Address the whole experience, from start to finish</td>
</tr>
<tr>
<td>3</td>
<td>Make it simple and intuitive</td>
</tr>
<tr>
<td>4</td>
<td>Build the service using agile and iterative practices</td>
</tr>
<tr>
<td>5</td>
<td>Structure budgets and contracts to support delivery</td>
</tr>
<tr>
<td>6</td>
<td>Assign one leader and hold that person accountable</td>
</tr>
<tr>
<td>7</td>
<td>Bring in experienced teams</td>
</tr>
<tr>
<td>8</td>
<td>Choose a modern technology stack</td>
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<tr>
<td>9</td>
<td>Deploy in a flexible hosting environment</td>
</tr>
<tr>
<td>10</td>
<td>Automate testing and deployments</td>
</tr>
<tr>
<td>11</td>
<td>Manage security and privacy through reusable processes</td>
</tr>
<tr>
<td>12</td>
<td>Use data to drive decisions</td>
</tr>
<tr>
<td>13</td>
<td>Default to open source</td>
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Questions?