A WORD FROM THE CHIEF PROCUREMENT OFFICER

I’m excited to share the first U.S. Department of Homeland Security (DHS) Office of the Chief Procurement Officer (OCPO) Procurement Innovation Lab (PIL) Annual Report! As this is the first report of its kind to be published, it includes information from FY 2015, 2016, and 2017.

The need for creating an organizational culture to foster innovation isn’t new. I feel strongly that our DHS acquisition community must think critically about how we can enhance the department’s mission by providing the most effective and efficient business advice and procurement support. With this mindset, the PIL was created in March 2015. The PIL is promoting a learning culture by offering a framework for the DHS acquisition community to test new ideas and share lessons learned across the entire acquisition community.

We’re excited about the success of the PIL. The Office of Federal Procurement Policy (OFPP) cited the PIL’s work when it announced an initiative to create “acquisition innovation labs” across the Federal government. Creating a culture that embraces innovation and manages the inherent risks associated with a departure from business as usual is challenging in a large organization. The early signs of cultural change are encouraging, but fragile. We must continue to support our acquisition community so that they can better support the DHS mission.

We are the people that know our business processes the best. We must be thoughtful and tenacious in our business decisions to be successful in streamlining our processes and improving our procurement outcomes.

I invite you to be an active participant – my challenge to each of you is to do something new in your current or upcoming procurements.

Let’s take some chances to innovate!

The PIL would like to acknowledge and thank the following people for their efforts in releasing this first PIL Annual Report:

All PIL project participants for their innovative spirit and can do attitude!

Thomas Kull, PhD, Associate Professor at W.P. Carey School of Business & Thunderbird School of Management, Arizona State University, for his content review and expert opinion on organizational change.

Peter Giambone and Leeann Washington, Acquisition Professional Career Program (APCP), for their contributions to the Annual Report during their rotation at the PIL.

Teddy Langel, for leading the overall effort.

The Chief Procurement Officer’s Priorities

Inspire and Motivate People
Deliver Exceptional Results
Enhance Mission Capabilities
Promote Meaningful Communication

Soraya Correa
DHS Chief Procurement Officer

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What is the PIL mission?
The PIL mission is to foster a culture of procurement excellence where smart risk-taking and innovation assure DHS mission success.

What is the PIL?
The PIL is a virtual lab for the DHS acquisition community. It provides a safe space to test new ideas, share lessons learned, and promote best practices. More importantly, it fosters cultural change that promotes innovation and managed risk-taking through a continuous feedback cycle.

The PIL team:
- Serves as a consultant and coach, and champions the acquisition team;
- Encourages the acquisition team to “exercise personal initiative and sound business judgment in providing the best value product or service to meet the customer’s needs” (Federal Acquisition Regulation (FAR) 1.102(d)); and
- Focusses on efficient and timely delivery of mission support with integrity, fairness, and transparency.

What does the PIL offer?
The PIL is driving innovation in acquisition, one acquisition team at a time. In FY 2015, 74% of the DHS acquisition professionals expressed fear and cultural resistance as barriers to the DHS acquisition professionals expressed fear and cultural resistance as barriers to acquisition strategy. In FY 2017, 53% reported that support for innovation was improving.

The PIL is changing the culture, but this change remains nascent and fragile.

The PIL improves the efficiency and effectiveness of procurements by:
- Lowering entry barriers for innovative, non-traditional contractors;
- Shortening the time-to-award, thereby delivering capabilities to customers faster;
- Encouraging competition by providing interested vendors with an improved understanding of the goals and objectives for each procurement; and
- Increasing the likelihood of successful outcomes by refining evaluation techniques to identify the most qualified contractors.

Ultimately, smart risk-taking, lower proposal development burden, and clear alignment between solicitations and mission objectives help DHS yield better solutions more quickly, improve contract performance, and provide savings to the taxpayer.

How does the PIL work?
The PIL primarily focuses on the “obtain” or “contract formation” phase of the DHS acquisition lifecycle (i.e., solicitation → evaluation → award). Once a procurement project is brought to the lab, PIL staff collaborate bi-weekly with the acquisition team (i.e., Contracting Officer, Program Manager, and Procurement Attorney) until contract award.

The key benefit of the PIL is the senior leadership support it provides for managed risk-taking:
- If projects are successful, the PIL highlights the team’s success;
- If projects fail because tested techniques didn’t work as intended, senior leadership acknowledges the failure as a true measure of progress and learning.

The PIL is committed to capturing lessons learned from the project regardless of the outcome. As shown below, the PIL framework is centered on “testing” (experimenting) and “sharing” (institutionalizing). This continuous cycle of testing, receiving feedback, sharing, and re-testing fosters a learning culture. An organization with a learning culture will steadily and rapidly improve, and be more responsive and flexible to the constant changes that exist in operational and mission environments.

1 Survey of DHS acquisition community during PIL webinars #1 and #2: Overview of the DHS Procurement Innovation Lab 5/28/2015 and 6/4/2015
2 Survey of DHS acquisition community during PIL webinar #26: Town Hall with Soraya Correa and Chip Fulghum – Senior Management Perspectives on the Cost of Risk-Taking 3/22/2017
How do projects get submitted to the PIL?
A PIL project is voluntarily submitted to the virtual lab by the Contracting Officer or Program Manager. The team simply needs to be willing to try something innovative in their procurement, and the PIL defines “innovative” as something that the acquisition team has not yet tried before, which would result in a more efficient and effective procurement. Projects can be a procurement or process improvement, with no idea being too big or too small.

Where is the PIL located organizationally?
The PIL team is organizationally located to provide support to senior leadership at OCPO, and collaborates across all of the DHS components’ contracting activities, as well as with other federal agencies. In addition to a DHS Acquisition Innovation Advocate (AIA) that participates in the Government-wide AIA Council, DHS also established an internal AIA Council, with an AIA appointed at each DHS component contracting activity to further encourage testing and sharing of new ideas and better ways to execute existing practices across the department.

Here’s how the PIL sees today’s acquisition system, and what we’re trying to change it to:

- Today’s Acquisition System
  - Process-Oriented
  - Compliance-Driven
  - Risk-Averse Culture
  - Delivers Products & Services

- Tomorrow’s Acquisition System
  - Outcome-Based
  - Mission-Driven
  - Innovative Culture
  - Deliver Effective & Timely Outcomes

“Time is not an endless commodity. We treat every dollar as absolutely precious, but sometimes we fail to recognize the value of time. So I just challenge all of you to think about that.”

– Claire M. Grady, Under Secretary for Management

“We are never going to overstep what is mandated by law or a regulation, we are never going to step over the line, but we are going to push that line as hard as we can each and every day, and take the rulebook and put it to the side and say ‘What is possible?’”

– Chip Fulghum, Deputy Under Secretary for Management

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2015 - 2017 KEY ACCOMPLISHMENTS

18 Procurement Projects
10 Process Improvements
2 Policy Updates
4,966 Digi-Badges

What’s a Digi-Badge?
The PIL Digi-Badge Program is an opportunity for the DHS workforce to:
• build their innovation skills in contracting;
• get recognition for their innovative techniques; and
• share their practices with others.

36 Digi-Badges

PIL Projects Initiated by FY
FY 15 FY 16 FY 17
# of Projects
4 14 26

Webinar Attendance by FY
FY 15 FY 16 FY 17
# of Attendees
137 1352 3477

4.4 PIL Webinar Satisfaction Average (out of 5)
32 Webinars

COMPLETED PROJECTS

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<tr>
<th>Participating Components as of FY 2017</th>
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FY 15
- Einstein 3 Accelerated Service Extension (E3ASE)
- Joint Engineering Teams – Sustainment (JETS)
- End-User Experience Design (eUXD)
- Independent Test and Evaluation Services (IT&E)
- Nebraska Avenue Complex (NAC) Guard Services
- TSA Agile Services (TAS)
- Verification Modernization Rapid DevOps Implementation Services 3 (VMRDIS3)

FY 16
- Concrete Border Wall Prototype Contracts
- Data Center Support Services (DCSS)
- Electronic Contract Filing System (ECFS)
- Enterprise-wide Vehicle Telematics
- Flexible Agile Support for the Homeland (FLASH)
- Homeland Advanced Recognition Technology (HART)
- Independent Systems Verification, Validation, and Testing (IV&V)
- Non-Intrusive Inspection (NI) Density Meters
- Other Border Wall Prototype Contracts
- Service Management Tool (SMT) and Support Services
- Silicon Valley Innovation Program (SVIP) Other Transaction Awards

FY 17
- PIL Digi-Badges Micro-credentialing Pilot Launch
- Federal Acquisition Institute (FAI) Webinar on Acquisition Innovation with Office of Federal Procurement Policy (OFPP)
- Long-Term Border Wall Innovation RFI and Industry Day

Process Improvements

- Closeout Procedures for Low-Risk Contracts
- Streamlined Procedures for S&T Silicon Valley Innovation Program (SVIP) Other Transaction Solicitation
- HSAM Policy Adoption of Innovative Practices - Consensus Evaluations
- HSAM Policy Adoption of Innovative Practices – Multi-Step/Down-select Techniques
- Streamlined Ordering Procedures for Enterprise Acquisition Gateway for Leading-Edge Solutions II (EAGLE II)
- Procurement Administrative Lead Time (PALT) for the DHS Enterprise
- USCIS Application Support Center (ASC) Request for Information (RFI)
- PIL Digi-Badges Micro-credentialing Pilot Launch
- Federal Acquisition Institute (FAI) Webinar on Acquisition Innovation with Office of Federal Procurement Policy (OFPP)
- Long-Term Border Wall Innovation RFI and Industry Day

Thirty-two PIL webinars have been produced through the end of FY 2017, focused on sharing ideas & perspectives and promoting best practices around procurement innovation across the DHS acquisition community. These highly-interactive, outside the box, radio talk show-style webinars cover not only the latest procurement innovation perspectives and topics, but also showcase actual case studies of PIL procurement projects in which DHS procurement teams share their experiences, lessons learned, and sample documents. The PIL webinars are recorded and available for on demand viewing at the PIL internal DHS homepage. Sample documents, which the PIL strongly encourages to borrow and iterate upon, are available for download within each webinar.

**COMPLETED WEBINARS**

**SHARING IDEAS & PERSPECTIVES**

**LEADERSHIP PERSPECTIVES**
- Town Hall with Soraya Correa and Chip Fulghum - Senior Management Perspectives on the Cost of Risk-Taking
- PIL Town Hall - DHS Senior Leadership Perspectives on the Outcome of the FLASH Procurement
- DHS Leadership Conversation with Flexible Agile Services for the Homeland (FLASH) Offerors

**STAKEHOLDER PERSPECTIVES**
- Contractors’ Perspective on DHS Bid & Proposal Practices - A Conversation with Enterprise Acquisition Gateway for Leading-Edge Solutions II (EAGLE II) Contractors
- In-Depth Look at Recent USCIS Protest Decisions Involving Multi-Step/Oral Evaluations - Legal Perspectives
- Border Security Technology Consortium - An Innovative Use of Other Transaction Authority to Access Technology Needed to Protect Our Border
- Exploration of DHS Component Innovation Programs - An Overview of the U.S. Coast Guard Innovation Program Initiatives

**PROMOTING BEST PRACTICES**

**CASE STUDIES & TESTED TECHNIQUES**
- Use of Rapid Procurement Process for Non-Traditional Firms – A Case Study of S&T Silicon Valley Innovation Program (SVIP)
- Oral Presentations with a Twist - Case Studies
- Using Technical Demonstrations or Programming Challenges in Evaluation - A Case Study
- Cutting Time on Source Selection Authority (SSA) & Legal Review
- Streamlining Task Order Solicitations under Multiple-Award Indefinite-Delivery Indefinite-Quantity (IDIQ) Contracts, Part 1 & 2
- Past Performance vs. Prior Experience: Evaluating Experience as a Stand-Alone Factor
- Use of “Highest Technically Rated with Reasonable Price (HTRRP)” Evaluation Technique from Recent GAO Decision
- Beyond the FAR: Examination of Non-Traditional Acquisition Tools
- Streamlined Technical Evaluations Techniques & Approaches
- Effective Use of Oral Presentations & On-the-Spot Consensus Panel Evaluation (Second Session)
- Effective Use of Qualified Bidders/Manufacturers/Products List
- Effective Use of Oral Presentations & On the-spot Consensus Panel Evaluation
- Innovations in 18F’s Solicitation for Agile Delivery Services Blanket Purchase Agreements (BPA) - A Case Study

**INDUSTRY ENGAGEMENT & COMMUNICATION**
- Request for Information (RFI) Best Practices
- TSA Agile Services Procurement - Industry Engagement in Action
- Debriefing Strategy in Multi-step Down-Selections Involving a Large Number of Offerors

**OVERVIEW OF INNOVATION RESOURCES**
- Innovations in the TechFAR
- Overview of Key Plays in the “Digital Services Playbook” and “Innovative Contracting Case Studies”
- Examination of the Helpful Resources in the Acquisition Gateway
- Contracting Guidance to Support Modular Development
- Innovations from the Office of Management and Budget (OMB) “Digital Service Contracting Professional Training and Development Program”
- Agile Development for Dummies - Review of DHS Agile Development Guidebook
- Overview of the DHS Procurement Innovation Lab 2
- Overview of the DHS Procurement Innovation Lab 1

**DHS Chief Procurement Officer, Soraya Correa, and then Chief Information Officer, Luke McCormack, address the DHS acquisition community during a PIL webinar in October 2016. There is a “Tone from the Top” segment in every PIL webinar, reinforcing DHS’s real leadership and support behind creating a culture that embraces innovation and smart risk-taking.**
Succesfully Tested Techniques

- Leveraging Use of Prototypes — Prototypes provide access to innovative technologies and solutions for the mission’s most challenging problems.
- Find New Technologies that Strengthen National Security — Consider Challenges, Prizes, or Other Transactions to attract firms that are not familiar with the traditional acquisition process.
- Multi-Phased Evaluations — Narrow down the number of offerors to evaluate. PIL suggests 2-3 offers for every anticipated award in order to maximize each offeror’s Probability of Win (pWin).
- Advisory Down-Select — Notify low-rated offerors that they have little chance to receive award before they submit detailed technical and price proposals. If those non-competitive offerors self-select out of the competition, they have no standing to file a protest.
- Skipped Adjectival Ratings — Stay in the correct FAR lane and document accordingly. Where appropriate, skip adjectival ratings, and document comparative evaluation.
- Risk-Based Contract Administration — Prioritize resources to high-risk activities and explore ways to manage low-risk activities. How about a joint CFO-CPO initiative that resulted in the closeout of 129,000 low-risk contracts?
- Confidence Ratings — Substitute the traditional adjectival ratings with confidence ratings to make your evaluation more than a counting exercise and to provide technical evaluators more flexibility.
- Reducing Burden of Evaluation Documentation — Use of good consensus facilitation skills can allow you to skip formal individual evaluation reports, and document only consensus findings and decisions.
- On-the-Spot Consensus — Don’t wait days or weeks to document your evaluation of an offeror. Do it right away — “on-the-spot”!
- Qualified Bidders List — Tired of receiving unqualified proposals? Use this FAR subpart 9.2 technique.
- Real Industry Communication — Release draft RFPs with Sections B, C, L, M to get early feedback, communicate desired objectives, and maintain communication throughout your acquisition!
- Group Oral Debriefings — Too many offerors to give oral debriefings? Don’t give up. Consider group oral debriefing(s) in addition to individual written debriefings. OMB’s “Myth-busting 3” memo highlights this DHS approach!
- Mission-Focused Evaluation Criteria — Make sure your evaluation criteria focus on specific mission outcomes and challenging areas of performance, including innovation - this really differentiates among the offerors.
- Technical Demonstrations — “Show Me, Don’t Tell Me” - let an offeror prove its product by having evaluators actually see and test the product.
- Two-Way Oral Presentations — Substitute all or portions of a written proposal. Try it with on-the-spot questions or even an interactive dialogue. Plus, it’s less to read!
- Technical Challenges — Evaluate how an offeror powers through a real world exercise. How does the team interact?
- Video Proposals — Try it on YouTube with a 15-minute prior experience or key personnel video. Great as a first phase of an advisory down-select.
- Enhanced Contract Type Conversion — Can you build flexibility into your solicitation to allow for future conversion from one contract type to another, such as from time-and-materials to firm-fixed-price?

Key Principles for Culture Change

The PIL framework is supported by the following key principles: leadership support, grassroots driven innovation, efficient review and issue resolution, and meaningful and continuous communication. Only through this holistic approach will culture change be real and lasting.

Leadership Support
- Chief Procurement Officer (CPO) and senior leadership provide support and top cover for smart risk-taking and innovative procurement approaches, no matter the results;
- Recognize and communicate the importance of innovative culture;
- Include innovation in leadership performance goals;
- Structure policy supportive of innovation; and
- Recognize innovation successes and failures (e.g. awards, shout-outs).

Grassroots Driven Innovations
- Empower procurement teams (Contracting Officer, Program Manager, and Procurement Attorney) to make timely, smart business decisions to best meet the mission need;
- Provide training (including actual procurement document samples) and lessons learned to procurement teams to support use of innovative techniques;
- Recognize early innovation adopters using micro-credentials and build a community of practitioners and coaches; and
- Make innovation a priority among team members, and prioritize outcomes over processes.

Meaningful and Continuous Communication
- Encourage use of strategic RFIs and draft solicitations (especially sections B, C, L, and M) to industry;
- Inform offerors of evaluation schedule and status, and provide meaningful post-award debriefings;
- Appoint innovation leads in each DHS Component and establish an internal Acquisition Innovation Advocates (AIA) Council; and
- Participate and collaborate in the Government-Wide AIA Council.

Efficient Review and Issue Resolution Process
- Identify problems early and fix fast;
- Include Procurement, Program, and Legal in team formation from the start;
- Concurrently make decisions and document those decisions;
- Conduct documentation reviews together as a team; and
- Do not require duplicate information in successive documents.

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HIGHLIGHTS

PROCUREMENT PROJECTS

USED A QUALIFIED BIDDERS LIST, PRE-SOLICITATION INDUSTRY DIALOGUE, AND “IN DEVELOPMENT” LEGAL REVIEWS

OSA Einstein 3 Accelerated Service Extension (E3ASE)

DESCRIPTION

This procurement was for the acquisition of cybersecurity services to protect 100% of the .gov domain in support of the EINSTEIN program. This $9 million, competitive open market award, under FAR part 15, was in support of a critical action item under the OMB Cybersecurity Sprint Strategy and Implementation (CSSIP), which required EINSTEIN 3A protections (e-mail filtering and DNS Sinkholing) available to all federal civilian government agencies by December 31, 2015.

INNOVATION

The team successfully applied a suite of best practices, including use of qualified bidders list, pre-solicitation industry dialogue, and “in development” legal reviews of procurement artifacts to cut procurement administrative lead time.

RESULT

The contract was awarded in 55 days, without protest, from the issuance of the solicitation (89 days from the receipt of draft requirements) which was less than half the time it took to award similar contracts. More so, these critical cybersecurity protections were made available to the entire .gov domain in the short time period announced by the Secretary of DHS.

MAXIMIZED EXISTING FLEXIBILITIES IN FAR SUBPART 8.4

OPO Service Management Tool (SMT) and Support Services

DESCRIPTION

This procurement was for the acquisition of commercial licenses and services to migrate multiple instances of service management tools from the DHS data center to a consolidated solution in the cloud. This $58 million, competitive task order was awarded under General Services Administration (GSA) Federal Supply Schedule (FSS) 70, General Purpose Commercial Information Technology Equipment, Software, and Services.

INNOVATION

The team incorporated existing flexibilities in FAR subpart 8.4—Federal Supply Schedules, and a streamlined, two-phased approach into the procurement. The Phase I evaluation factors targeted go/no go requirements—such as an Original Equipment Manufacturer (OEM) Hosted Cloud Solution, a FedRAMP certified cloud service provider, technical modules, and OEM certified key personnel; and were tied to the technical requirements that quoters felt were consistent and appropriate. Phase II centered around oral presentations, with limited written submission, and a price volume. Because this was not a FAR part 15 source-selection, evaluation outcomes were able to be documented without adjectival ratings, using comparative evaluation, and resulting in a clear, justified, yet concise, award decision. The procurement team also had a continual focus on interaction and communication by looking out for their customer and being approachable to industry partners.

RESULT

The task order was awarded in 42 days (from solicitation issuance to award), saving $13 million off of the government estimate in the process.

Regarding RFIs, “Read from the industry perspective, and then consider what kind of assumptions that industry would have to make and if you can clarify that upfront. That eliminates the need for industry to make inaccurate assumptions.”
— Michael B. Smith, Executive Director, Office of Selective Acquisitions

“SMT was successful because contracting, program, and legal collaborated well in strategizing and executing innovative techniques.”
— Gary Hickey, Deputy Director, Office of Procurement Operations

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USED TWO-STEP ADVISORY DOWN-SELECTS, ORAL PRESENTATIONS, AND A BEST-SUITED CONTRACTOR DETERMINATION

DESCRIPTION
This procurement was for the operation, maintenance, and modernization of the Automated Biometric Identification System for DHS enterprise. This $107 million, competitive task order was awarded under the DHS Enterprise Acquisition Gateway for Leading-Edge Solutions II (EAGLE II) multiple-award indefinite-delivery indefinite-quantity (IDIQ) contract vehicle.

INNOVATION
The team successfully applied a suite of best practices, including a two-step evaluation process, advisory down-selects, oral presentations, and a best-suited contractor determination. Presentation of the offeror’s innovative approach was required and evaluated during the oral presentations. The solicitation provided “the best-suited contractor determination” language, which allowed that after DHS had selected the apparent successful offeror, it could engage in communication solely with this contractor to address any remaining issues and to finalize a task order. In this context, DHS held negotiations with the apparent successful offeror and made the award.

RESULT
The Step One oral presentations and advisory down-select method allowed the technical evaluators a greater understanding of each offeror’s approach and increased confidence prior to reducing the number of offerors. Detailed written technical proposals (in Step 2) were only required for a small number of offerors with high probability of receiving award, which reduced industry bid and proposal costs, but also supported strong competitive pricing for the government. This award was subject to daily inquiry by a vast array of internal and external interested parties, resulting in multiple-award design-build IDIQ contracts and task orders.

USED A MULTI-PHASED EVALUATION APPROACH UNDER FAR PART 36 DESIGN-BUILD CONTRACTS

DESCRIPTION
CBP has a multi-pronged strategy for the border wall that includes barriers, infrastructure, technology, and people. In order to procure border wall prototypes which would inform ultimate design standards, CBP and the PIL partnered and developed two solicitations for multiple-award IDIQ contracts: one for concrete border wall prototypes and one for other border wall prototypes (non-concrete materials). The intent was to maintain competition at all levels while providing many design options for the U.S. Border Patrol to consider. This procurement, subject to daily inquiry by a vast array of internal and external interested parties, resulted in multiple-award design-build IDIQ contracts and task orders.

INNOVATION
The team developed a multi-phased evaluation approach consistent with FAR part 36—Construction and Architect-Engineer Contracts, which utilized a mandatory design-build down-select between Phase I and Phase II. Phase I was a 10 page concept paper focused on demonstrated experience, management, technical competence, and the offeror’s prototype concept approach. Phase I reduced the large pool of offerors down to a meaningful number. Phase II was focused on a technical and management written submission, the border wall prototype design, and price. Additionally, Phase II included oral presentations with the offeror’s proposed key personnel that focused on a standard set of technical and management capabilities, which were key to the evaluation outcome. The team developed collaborative consensus processes, utilized source selection software to ensure consistency in the evaluation, and supported debriefings for all unsuccessful offerors.

RESULT
The awards were made in under six months, and the construction of the prototypes were timely completed within 30 days. While protests for Phase I were filed, CBP prevailed in all, and no protests were received for the final award decisions.

www.dhs.gov/PIL
USED A THREE-STEP DOWN-SELECT PROCESS, ORAL PRESENTATIONS WITH ON-THE-SPOT CONSENSUS EVALUATION, CONFIDENCE-LEVEL RATINGS, AND GROUP ORAL DEBRIEFINGS

USCIS Joint Engineering Teams – Sustainment (JETS)

DESCRIPTION
This procurement was for agile development and maintenance capability to support USCIS’s four mission-focused portfolios (benefits, biometrics, customer service, and records). A single solicitation resulted in four awards, one award for each portfolio, each to a different contractor. These $370 million, 5 year, competitive task order awards were issued under the DHS Enterprise Acquisition Gateway for Leading-Edge Solutions II (EAGLE II) multiple-award indefinite-delivery indefinite-quantity (IDIQ) contract vehicle.

INNOVATION
The procurement team applied a three-step down-select process, as follows: Step 1 experience evaluation, Step 2 technical evaluation, and Step 3 oral presentation. Successfully conducted oral presentations with some dialogue were followed by on-the-spot consensus panel evaluation based on assessment of the government’s confidence. Evaluation documentation was in the form of bullet statements, rather than narrative essays, which significantly decreased evaluation lead time and provided a far more focused and beneficial selection approach for evaluators. After the award, optional group oral debriefings (one for each down-select group) were provided to all 43 offerors, ensuring maximum transparency and feedback.

RESULT
The innovations saved time and provided the technical evaluators a better understanding of offerors’ capabilities and key personnel. Three post-award GAO protests challenged, among other aspects, 1) the dialogue at the oral presentation as discussions, and 2) the bullet statements from the on-the-spot consensus evaluation report as insufficient. The GAO ruled against the protester on both counts, stating that the dialogue was simply part of the oral presentation, and not discussions; and that the use of bullet statements in the evaluation report was unobjectionable.

DEVELOPED RAPID FAIR OPPORTUNITY COMPETITION PROCEDURES FOR SMALL AGILE SERVICES TASK ORDERS

USCIS Verification Modernization Rapid DevOps Implementation Services 1 (VMRDIS1) and End User Experience Design (eUXD)

DESCRIPTION
The USCIS Chief Information Officer (CIO) wished to develop a new, rapid procurement procedure for competitive task orders below $10 million under the DHS Enterprise Acquisition Gateway for Leading-Edge Solutions II (EAGLE II) multiple-award indefinite-delivery indefinite-quantity (IDIQ) contract vehicle. USCIS would then award a series of small, fast, flexible procurements for agile services. The intention was to develop a quick, lightweight procurement process to make it easy to add contractor teams as needs arose, or add particular technical skills when appropriate. This would increase the agency’s agility and flexibility, while at the same time bringing in a flow of new cutting edge practices.

INNOVATION
The team created a standard and re-usable solicitation format under FAR subpart 16.5 (fair opportunity competition notice). The evaluations utilized a two-step down-select process, inviting only the most highly rated offerors to proceed to Phase II technical demonstrations, which included in-depth development, problem-solving, and demonstration of the work product. The VMRDIS1 solicitation released an independent government estimate price range ($4.6 - 4.8 million) to help reduce bid and proposal gamesmanship.

RESULT
The use of a standard solicitation format and evaluation process saved time and helped reduce industry bid-and-proposal burden. Post-award offeror feedback indicated that the sharing of independent government estimate price range with all offerors for well-defined and mature requirements could be effective when appropriately used.
APPLIED AGILE PRINCIPLES TO THE ACQUISITION OF AGILE DEVELOPMENT SERVICES

TSA Agile Services (TAS)

DESCRIPTION

The TSA Office of Information Technology required flexible agile software development services to support the organization’s transformation towards its envisioned state of an innovative, state-of-the-art, customer-centric technology organization. The $63 million, competitive task order was awarded under the DHS Enterprise Acquisition Gateway for Leading-Edge Solutions II (EAGLE II) multiple-award indefinite-delivery indefinite-quantity (IDIQ) contract vehicle.

INNOVATION

The team utilized agile processes to manage their efforts throughout the procurement, including: 1) consistent communication with industry including in-person comprehensive debriefings; 2) daily in-person team interactions involving legal, contracting, policy, and technical evaluation members; 3) consensus-only evaluation documentation; 4) use of visual whiteboards to aid evaluation; and 5) oral briefings to the selection official. The two-phased evaluation involved a mandatory down-select; confidence-level adjectival ratings; and evaluation factors that included prior experience and oral presentations, using scenario-based, on-the-spot questions.

RESULT

The award was made in 109 days from solicitation issuance, with no protests. The team, along with the winning offeror and “disappointed” offeror, presented in a PIL webinar and shared their lessons learned and sample documents. During the webinar, the unsuccessful offeror stated that they decided not to file a protest because of the thorough debriefing.

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USED A PRODUCT/CAPABILITY DEMONSTRATION, ADVISORY DOWN-SELECT, AND CONSENSUS-ONLY EVALUATION DOCUMENTATION

CBP Non-Intrusive Inspection (NII) Density Meters

DESCRIPTION

This procurement was for CBP’s Non-Intrusive Inspection (NII) team to attain the next generation of hand-held density meters to aid border patrol agents in detecting illegal contraband in easily concealable places. This effort led to a $16 million, competitive single-award IDIQ.

INNOVATION

“The team successfully applied a suite of best practices, including use of confidence level ratings, a two-phased advisory down-select evaluation model, and consensus-only evaluation documentation. Yet, the game changer for this team was the use of a product/capability demonstration, including thorough government testing of the product as part of the evaluation process.”

– Diane Sahakian, Director, Procurement Directorate, U.S. Customs and Border Protection

RESULT

The award was made in 107 days from solicitation issuance with no protests. The live product testing helped alleviate many concerns with the original procurement.

“To be innovative, we have to understand the basis of our past successes and failures and connect those ideas to strategies that produce new value propositions and processes.”

– H. Katrina Brisbon, Assistant Administrator for Contracting and Procurement, Transportation Security Administration
USED A “SHOW ME, DON’T TELL ME” EVALUATION, “SPEED DATING” DURING INDUSTRY DAY, AND ADVISORY FEEDBACK BASED ON YOUTUBE VIDEO SUBMISSIONS

OPO Flexible Agile Support for the Homeland (FLASH)

DESCRIPTION
This DHS-wide small business strategic sourcing contract vehicle was intended to provide innovative agile development services, including those from non-traditional sources, through multiple-award IDIQ contracts valued at $1.5 billion.

INNOVATION
Pre-solicitation innovations included advisory feedback based on optional submission of a three-minute video on YouTube to help offerors in making a bid/no bid decision and a different type of industry day for over 300 attendees. The industry day included 1) “speed dating” between vendors to facilitate opportunities for potential teaming and subcontracting, 2) one-on-one sessions between government and vendors, and 3) consultation with federal experts (e.g., representatives from small business, Office of Security, and DHS Digital Service). Solicitation innovations included an “in-person” technical challenge exercise, wherein offerors conducted an actual agile software development session. This method of demonstrating process/approach in person during a “live” situation executed a new way to conduct technical evaluations (a “show me, don’t tell me” model). It also enabled DHS to significantly reduce the size of the “written” proposal submission.

RESULT
Ultimately, the procurement was cancelled, but the innovative approaches were not unnoticed. In a July 26, 2017 open letter to CPO Soraya Correa, eight FLASH offerors said, “Thank you for taking a risk in the arena of government procurement that encourages risk-aversion. Thank you for aggressively seeking a new path, instead of resigning to working within the status-quo.” The DHS CPO and the Deputy Under Secretary for Management publicly took ownership of this unsuccessful, yet valuable experiment. Two lessons learned webinars were provided to the DHS acquisition community, and DHS Leadership hosted a webinar with the FLASH Offerors to share lessons learned outcomes.

www.dhs.gov/PIL
When we are building our solicitations, we should be really focused on what our customers need and what our very serious and important mission is here, not how to get around a potential protest. You will see in the statistics that, despite an increase, as a percentage of the amount of procurements that we do at this very large agency, it is not something that should keep you up at night and guide your every single decision as you plan your strategy.

– Laura Auletta, Executive Director of Policy and Acquisition Workforce

INSTITUTIONALIZED INNOVATION BEST PRACTICES

Homeland Security Acquisition Manual (HSAM) Policy Adoption of Innovative Practices

DESCRIPTION

Acquisition policy needs to support best practices the PIL has identified through tried and tested procurement projects.

INNOVATION

This effort focuses on institutionalizing innovation best practices by adding specific policy language to empower DHS Contracting Officers. To date, this has included two policy updates: 1) guidance on appropriate use of on-the-spot consensus evaluations without prior individual evaluation write-ups; and 2) use of a multi-step down-select process utilizing either advisory or formal notices when a large number of offers are expected.

RESULT

Contracting Officers now have at their fingerprints specific guidance and policy to support innovation in contracting. For example, the down-select process was updated in the HSAM at 3016.505(b)(70)(iii)(A) to provide clear guidance on a PIL best practice. Below is part of what was added to the HSAM.

ADOPTED VENTURE CAPITALIST FINANCING APPROACHES FOR OT AWARDS

Streamlined Procedures for S&T Silicon Valley Innovation Program (SVIP) Other Transactions

DESCRIPTION

To tackle the hardest problems faced by DHS, the Science and Technology Directorate (S&T) expanded its reach to non-traditional government contractors to harness the commercial R&D ecosystem for technologies with government applications and to co-invest in and accelerate technology.

INNOVATION

Modeled off of venture capitalist financing approaches, the team transformed the paper-based Broad Agency Announcement (BAA) and Other Transaction (OT) award process into a streamlined, interactive, real-time decision-making process. The process relies on a rapid, 10-page application as a solicitation response. If the application generates interest from a government peer review panel, companies are invited to provide a 15-minute oral pitch (via video-chat) followed by a 15-minute Q&A. The firms are advised of selection/non-selection typically within 24 hours. On average, the OT awards are completed approximately 45 days following notification. The award is structured in four distinct phases, up to $200K and six months each, to limit the risk exposure. The four phases consist of I) Proof-of-Concept Demo; II) Demo Pilot-ready Prototype; III) Pilot-test Prototype in Operation; and IV) Test in Various Operational Scenarios. Topics funded have included Internet of Things security, small Unmanned Aircraft Systems (sUAS) capabilities, seamless travel, energy harvesting fabrics, and cybersecurity.

RESULT

Awareness has been built with over 2,000 people in the start-up community, including companies, accelerators, and venture capitalists. The SVIP Other Transaction solicitation has resulted in 50 funded awards (27 at Phase I, 15 at Phase II, 7 at Phase III, and 1 at Phase IV). $9.3 million in DHS funded OT awards has leveraged more than $400 million in private sector investments.

“DHS S&T created SVIP to move at the speed of startups. To do this, we worked with the Office of Procurement Operations and Office of the General Counsel to create the Innovation OTS, which is a simpler, faster, and more effective method of procuring cutting-edge ideas for transition-to-market development. Through the Innovation OTS, we bring new ideas and approaches to the homeland security mission into a low-risk, high-standard program that produces real results. SVIP partners with operational components and DHS subject matter experts to guide and evaluate the new technologies, with the aim to produce high quality commercial products available for procurement. This is not only helping DHS mission capabilities, it is also benefiting startups. Keeping pace with innovation is a matter of national security and S&T’s SVIP enables DHS to do just that.”

- Melissa Ho, Managing Director, Silicon Valley Office, S&T
Here are some of the PIL webinar greatest hits! Recorded webinars, including sample documents, are available on the internal DHS homepage for on demand viewing.

**Use of “Highest Technically Rated with Reasonable Price (HTRRP)” Evaluation Technique from Recent U.S. Government Accountability Office (GAO) Decision**

**Presenters:**
- Ralph Nash
  - Academia
- Vernon Edwards
  - Industry
- John Cavadias
  - Charles McCarthy
  - General Services Administration

**Summary:**
A WIFCON blogger calls this “the most eye-opening and potentially important protest decision in decades.” Sometimes the U.S. Government Accountability Office (GAO) bid protest decisions include serendipitous messages; such was the case in its Jan. 2017 Sevatec, Inc. decision where the GSA contracting team used “Highest Technically Rated offerors with a fair and Reasonable Price” (HTRRP) evaluation scheme to make its contract evaluation highly efficient. In this $50 billion multiple-award IDIQ RFP (Alliant 2), the team intended on making 60 awards. If any of the top 60 technically-ranked offerors’ prices were found to be fair and reasonable, those firms would be awarded a contract. This was a best value procurement; however, NO trade-off analysis was conducted. Two well-known pre-eminent acquisition minds, Professor Ralph Nash and Mr. Vern Edwards, analyzed GAO’s recent Sevatec, Inc. case decision and explained how this decision could help DHS conduct efficient evaluations.

**Tone from the Top:**
- Soraya Correa
  - Chief Procurement Officer

**Participants:**
- 455

**Overall Satisfaction:**
- 4.4 out of 5

**Date of Recording:**
- 2/9/2017

“Procurement innovation requires you to think through the process and really understand what you are buying. A key to your innovation efforts is better communication with industry during that process, before you select a source.”

– Ralph Nash, Professor Emeritus of Law at The George Washington University Law School


**Presenters:**
- Jonathan Kang
  - U.S. Government Accountability Office
- Dan O’Sullivan
  - Federal Protective Service
- Christian Jordan
  - Transportation Security Administration

**Summary:**
During FY 2016, 2,789 protests were filed at GAO (up 6%), with GAO reviewing the merits of 616 cases. Of those, the government lost (case sustained) in 139 cases or 23%. This is a sharp rise from the 12% sustain rate in FY 2015. In the webinar, GAO reviewed FY 2016 protest trends and explained the most prevalent grounds for sustaining protests, including: 1) unreasonable technical evaluation, 2) unreasonable past performance evaluation, 3) unreasonable cost or price evaluation, and 4) flawed selection decision. DHS engaged directly with GAO about ways for DHS to avoid these pitfalls. The webinar showcased DHS’s own innovative evaluation technique in the July 2016 COGAR Group, Ltd. protest decision. In it, the Federal Protective Service (FPS) team used “efficient competition” to significantly reduce the evaluation burden while meeting regulations. The webinar also addressed recent cases covering topics such as price realism, professional compensation, and organizational conflict of interest.

**Tone from the Top:**
- Laura Auletta
  - Office of the Chief Procurement Officer

**Participants:**
- 361

**Overall Satisfaction:**
- 4.6 out of 5

**Date of Recording:**
- 4/20/2017

“The big picture here is [to] make sure that if you do get a protest, that you are going to be in the best position possible to win that protest. One key that I’ve always talked to contracting folks about is: “Think about your documentation, take your source selection decision, and work backwards.” A source selection decision should explain the basis for why the agency is making the award, so make sure that all the bases for the award are traceable back to something in the solicitation and traceable back to the awardee’s proposal. And it is helpful to have someone who wasn’t involved in the procurement take a look at that and see if they can make the exact same trace back through the record that you have made in your decision...because ultimately that is what GAO is going to be doing when we get ahold of the record.”


www.dhs.gov/PIL
Oral Presentations with a Twist – Case Studies

**Overview:**

It’s not easy to review and evaluate 100-page written technical proposals. It’s also expensive and time-consuming for vendors to prepare them. Increasingly, and in accordance with FAR 15.102, DHS is using oral presentations to substitute for, or augment, written proposals. Procurement teams using oral presentations in evaluations recognize the following: the value of interactive dialogue with offerors’ key personnel, the ability to see firsthand how the team interacts with each other and the government, and the opportunity to better understand the offerors’ proposed technical and management solutions. Participants heard from teams that have successfully utilized oral presentations and how they developed, structured, and conducted oral presentations. One of the smart techniques they used included throwing in an unscripted emergency situation during the oral presentation to assess contractor team’s ability to respond in real time.

**Presenters:**

- Carrie Herndon
- Scott Simpson
- Brenda Peterson
  Office of Procurement Operations

**Tone from the Top:**

- Victoria Short
  Office of Procurement Operations

**Participants:**

349

**Overall Satisfaction:**

4.5 out of 5

**Date of Recording:**

5/18/2017

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**Senior Management Perspective on Risk-Taking and Culture**

**Presenters:**

- Chip Fulghum
  Acting Under Secretary for Management
- Soraya Correa
  Chief Procurement Officer
- Mike Hermus
  Chief Technology Officer

**Tone from the Top:**

Chip Fulghum
Acting Under Secretary for Management

**Participants:**

328

**Overall Satisfaction:**

4.4 out of 5

**Date of Recording:**

3/22/2017

**Summary:**

Courage is a pre-requisite to invention – the courage to take risks is the foundation of innovation. In order to develop process improvements or procure breakthrough products and services, the government must be willing to foster risk takers and learn from subsequent mistakes. This PIL Town Hall explored how managed risk can be used to propel innovation. Soraya Correa, (Chief Procurement Officer), Chip Fulghum, (Acting Under Secretary for Management), and Mike Hermus, then (Chief Technology Officer), discussed their vision on how taking risks can foster innovation. They discussed how creating a learning culture that recognizes to achieve success you sometimes have to fail. As sound risk-taking is encouraged at all levels of management, lessons learned from both successes and setbacks should be infused back into the system, with a focus on sharing lessons learned across DHS so that we continuously improve outcomes for the organization. Examples of DHS successes and failures were shared to illustrate how this mindset is achieving positive results throughout the department.

*“The only thing necessary for the triumph of bureaucracy and inefficiency is for smart, innovative people to do nothing.”*

– Mike Hermus, Former Chief Technology Officer

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“I am a huge proponent of oral presentations... relying solely on written documents does not give you the full picture.”

– Victoria Short, Executive Director, Office of Procurement Operations
Cutting Time on Source Selection Authority (SSA) & Legal Review

**Presenters:**
- Polly Hall
- Christian Jordan
- Neil Bonner
  Transportation Security Administration

**Summary:**
Why is it so burdensome to conduct Source Selection Authority (SSA) briefings and legal reviews? The TSA Agile Services contracting team discussed how they streamlined their SSA briefing, conducted as an oral briefing, as well as their integrated processes to keep the legal team engaged throughout the procurement to build consensus along the way for this $62 million acquisition. These review processes shifted from formal documentation to real-time, narrative decisions. The team shared these integrated processes and lessons learned while outlining how they were able to save extensive time during reviews without compromising adherence to FAR/policy or the quality of the outcome. The Technical Lead, SSA, Contracting Officer, and Procurement Attorney engaged to help you plan your next procurement.

**Tone from the Top:**
Mathew Blum
Office of Federal Procurement Policy

**Participants:**
146

**Overall Satisfaction:**
4.6 out of 5

**Date of Recording:**
12/15/2017

“In the private sector, a company that fails to constantly keep its eye on the future soon finds itself out of business. In the public sector, an agency that doesn’t look for better ways of getting its job done falls behind, and our citizens pay the price in the form of poorer service and weaker return for each dollar invested. This doesn’t mean that everyone in an agency needs to be testing and innovating all the time, but common sense and experience tells us that some people need to do it some of the time and AT LEAST a few people probably need to be doing it most of the time.”

– Mathew Blum, OFPP Associate Administrator

Request for Information (RFI) Best Practices

**Presenters:**
- Michael Smith
  Office of the Chief Procurement Officer
- Carol Miller
  Industry
- Krista Sweet
  Industry

**Summary:**
The RFI is a useful tool to gain the latest market intelligence and to help the acquisition team fine-tune the source-selection strategy. In the PIL’s 21st webinar, an experienced team of DHS and industry representatives shared key findings and recommendations from an Acquisition Innovation Roundtable (AIR) session to make your next RFI a truly impactful tool. Their findings included what you may not have been fully aware of, such as 1) rough-order-of-magnitude (ROM) pricing is costly for industry to prepare and is often viewed as providing a ceiling price; 2) lack of government feedback on RFI submissions causes industry participants to wonder if anyone even read their submissions; and 3) industry *capture managers* have bosses who are skeptical of spending resources on RFIs that will not earn them business.

**Tone from the Top:**
Nina Ferraro
Office of the Chief Procurement Officer

**Participants:**
188

**Overall Satisfaction:**
4.5 out of 5

**Date of Recording:**
11/10/2016

“Innovation and learning are continuous processes. We’ve got to keep making that better and you have our support.”

– Nina Ferraro, Acting Deputy Chief Procurement Officer
In January 2016, GAO issued three decisions involving USCIS' award of task orders under the fair opportunity provisions of Federal Acquisition Regulation subpart 16.5 to firms holding contracts under the Enterprise Acquisition Gateway for Leading-Edge Solutions II (EAGLE II). Three firms protested various issues, including how the government evaluated their oral presentations in a multi-step process. This webinar featured the attorneys that successfully defended the agency’s action and explored practical do’s and don’ts that could help in case of a protest.

“I wanted to offer a couple of observations for the community to consider when they are thinking through this question about the difference between a [FAR] part 16 and a part 15 procurement. When you are doing a part 16 procurement, one of the things that the contracting officer has to consider is providing a fair opportunity to all the task and delivery order holders to compete. We look at issues of how the competition is to be conducted at that task or delivery order level through that lens. In other words, is it fair? Are the procedures that the contracting officer is using giving everyone an opportunity to compete? To the extent you write those procedures into your solicitations, you are pretty much golden because, as long as they don’t contradict anything in the FAR or anything in the base contract, those are the procedures that we would use to analyze the extent to which you follow your solicitation. Remember part 16 basically tells contracting officers they can establish procedures to implement how they are going to handle the fair opportunity to compete process. So you’ve got some discretion in how and to what extent you want to import part 15 or other rules of the FAR into the procedures you are going to use to award task and delivery orders.”

– Kenneth Patton, Managing Associate General Counsel for Procurement Law, U.S. Government Accountability Office

BUILDING A COMMUNITY

COMPONENT AIAs

It starts with inspiring and motivating PEOPLE.
The DHS Component Acquisition Innovation Advocates (AIAs) serve a key role in the procurement innovation ecosystem. Appointed by the Heads of the Contracting Activity, they encourage testing of new ideas, better ways of executing existing practices, and sharing of best practices and lessons learned. They best understand their respective DHS component to support the unique needs of the acquisition community at the grassroots level.

CDR Thomas “Andy” Howell
USCG AIA
Denise Morales
FEMA AIA
Brenda Peterson
OPO AIA
Zenobia Wilson
CBP AIA

Jason Bailey
ICE AIA
Richard Braendel
TSA AIA
LeeAnn Conway
FLETC AIA
Cathy Smith
OSA/USSS AIA

www.dhs.gov/PIL
FISCAL YEAR 2018
OBJECTIVES AND PRIORITIES

In addition to supporting more acquisition teams on their projects and producing webinars, here’s what we’re excited about:

• Introducing a PIL Boot Camp pilot, an interactive full-day training workshop for the acquisition professional;

• Expanding and developing new ways to share innovations using diverse media, such as five-minute nano-learning videos addressing frequently asked topics;

• Applying streamlined approaches to rapidly procure innovative commercial items; and

• Continuing to solicit new ideas from within DHS, across federal agencies, and from industry.

Behind the Scenes

CPO Soraya Correa records the PIL introductory video in the CBP recording studio, “PIL Explained in Two Minutes” - check it out at the internal and external PIL homepages!

Future Innovators

Eric Cho, DHS Acquisition Innovation Advocate (standing) explains to future acquisition leaders in the Acquisition Professional Career Program (APCP) what the PIL is about!

Getting the Word Out

Polly Hall (left), PIL, and Jeff Bardwell (right), OCPO Strategic Communications, talk about the PIL at National Contract Management Association (NCMA) World Congress in July 2017.
Become an Innovation Master!

Get started with the Level I Innovation Practitioner Badge and work your way up to a Level III Innovation Master.

If you’re a DHS employee, e-mail the PIL to self-certify you’ve met the criteria for the Level I Innovation Practitioner PIL Digi-Badge:

- Attend 5 PIL webinars
- Apply 1 innovation technique on your own

Add your PIL Digi-Badge to your e-mail signature to show off your innovation credentials.

PIL Digi-Badges borrow from the martial arts concept of “shuhari,” a three-stage skill-learning process that roughly equates to “beginner” (shu), “expert” (ha), and “master” (ri).

Get Your PIL Digi-Badge Today!