



STATEMENT OF

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BEFORE THE

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COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON OVERSIGHT, INVESTIGATIONS, AND MANAGEMENT

Hearing on:

“Homeland Security Contracting: Does the Department Effectively Leverage Emerging Technologies?”

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INTRODUCTION:

Chairman McCaul, Ranking Member Keating, and distinguished Members of the subcommittee, I thank you for giving the Homeland Security & Defense Business Council an opportunity to appear before you today to discuss the important issues that relate to the Department of Homeland Security's (DHS) procurement policies and procedures, particularly as they relate to developing and deploying emerging technologies, as well as the Department's outreach to the private sector.

I am Marc Pearl, President and CEO of the Council, a non-partisan, non-profit organization of the leading homeland security solution providers. Collectively, our members employ more than 3 million Americans in all 50 states and provide expertise in technology development and integration, facility and networks design and construction, human capital, financial management, and program management. We are honored and proud to work with our country's leaders in civilian, defense, and intelligence agencies to advance and achieve their strategic initiatives. The purpose of the Council is to facilitate two-way substantive dialogue between the private sector and government on critical homeland security issues and to ensure that the private sector's perspectives, innovation, expertise, and capabilities are maximized in securing our nation.

At the outset, the Council wants to express our appreciation to this subcommittee and to the full Committee on Homeland Security for your continued leadership on the full range of issues associated with improving the contracting and procurement process within government and encouraging partnerships and substantive engagement with industry.

In addition to this written testimony, we would also like to bring to the subcommittee's attention two relevant documents that serve to further illuminate the Council's perspective. The first is our *Principles on Federal Contracting and Procurement*, developed in late 2009 after surveying our entire membership, which describes some of the challenges surrounding federal contracting and procurement. We have shared this document with Secretary Napolitano and other representatives within DHS. The second document was my testimony before the House Committee on Science, Space and Technology's Subcommittee on Technology and Innovation, in a hearing entitled, "*An Overview of Science and Technology Research and Development Programs and Priorities to Effectively Protect Homeland Security*" that was held this past March. That testimony focused on research and development (R&D) programs and recommendations that related to the reorganization of the DHS Science & Technology (S&T) Directorate. While the R&D issues in the S&T Directorate are not the emphasis of our testimony this morning, we are cognizant of the Oversight Subcommittee's deep and abiding interest in this issue and how it views its interrelated nature to the contracting and procurement issue. It is our understanding that members of the subcommittee's staff are aware of this testimony.

The Council's testimony today will focus on providing the subcommittee with our collective industry's perspective on how DHS and Congress can work together more effectively with the private sector to improve the homeland security procurement and acquisition process. As recognized in the April 2011 DHS Office of Inspector General (OIG) Report on "*DHS Oversight of Component Acquisition Programs*," acquisitions consume a significant part of the

DHS annual budget and are fundamental to the department's ability to accomplish its mission. Acquisition management is a complex process that requires an effective and efficient acquisition management structure. It begins with the identification of a mission need; continues with the development of a strategy, process, and a strong organization to fulfill that need; and concludes with contract closeout after satisfactorily meeting the terms. If any infrastructure component is deficient, the entire process is at risk for failure.

Council members – indeed all providers of homeland security solutions for our nation – together with DHS and Congress, share the same goal: to achieve the capabilities needed by DHS for mission success through a process that is transparent, accountable, timely, cost effective, and that encourages competition, innovation, and investment in the homeland security marketplace. No one wants to see, nor can afford, to have time, money, and resources wasted. To reach this shared goal, the Council strongly believes that we need to concentrate on developing three things:

- 1) A long term acquisition strategy;
- 2) Open and transparent processes, practices, and procedures that facilitate well-defined contract requirements, generate competition, and provide incentives for the private sector to participate in the process; and
- 3) A strong organization with a standardized and centralized procurement process and a workforce capable of planning and executing the process.

In addition to sharing the same goal, we each have a role in meeting the goal. Congress can provide funding, direction, and oversight to the programs and capabilities needed by DHS to achieve its mission. If DHS and industry work together, with DHS developing greater engagement and communication with industry prior to and throughout the entire procurement process, we can leverage already existing technology, experience, expertise, and dollars to accomplish that shared goal.

While the challenges associated with contracting and procurement are complex, the Council is recommending the following steps that we believe will further improve the process, procedures, people and the ultimate outcome – mission success:

1. DEVELOPMENT OF A MID- TO- LONG-TERM DHS STRATEGIC ACQUISITION PLAN

The private sector serves an important role in providing the technologies, products, and services – “the solutions” – that DHS needs to operationalize its mission. However, industry does not have limitless resources to devote to homeland security solutions in a void. Particularly in the current economic environment, the private sector cannot waste time and money on building speculative technologies that they believe ‘should’ or ‘could’ be incorporated into our nation’s homeland security efforts. They want to develop and deliver the solutions that the Department and our nation needs.

While we do not want to diminish the value of the Quadrennial Homeland Security Review (QHSR), the Bottom Up Review process, and DHS' overall 5-year strategic plan, the Council strongly believes that DHS must develop a mid- to long-term **strategic acquisition** plan. The lack of a predictable homeland security acquisition environment impedes industry's ability to anticipate government needs and efficiently marshal the resources to meet them.

Such a strategic acquisition plan would indicate the intended direction, or change in direction, with programs of record and other major, multi-year procurements, as well as identify DHS acquisition guiding principles, objectives, and targets. This would give companies a blueprint for government's future needs and the time to plan appropriately by aligning financial and personnel resources towards addressing those needs.

In the past week, DHS announced the upcoming release of the *Acquisition Planning Forecast System*, which is intended to provide the private sector with real-time access to the DHS forecast of contract opportunities. We applaud the development of this tool as a way of attempting to address the issue in the near to mid-term. While it does not satisfy the larger issue of long-term strategic acquisition planning, we recognize it as a step forward in the right direction. Any assistance that Congress can provide in guiding the development of a long term strategic acquisition plan would go a long way in providing the foundation for all interested parties to achieve mission success.

2. DEVELOPMENT OF OPEN AND TRANSPARENT PROCESSES, PRACTICES, AND PROCEDURES THAT FACILITATE WELL-DEFINED CONTRACT REQUIREMENTS, GENERATE COMPETITION, AND PROVIDE INCENTIVES FOR THE PRIVATE SECTOR TO PARTICIPATE IN THE PROCESS

A. ENGAGING THE PRIVATE SECTOR BEFORE THE PROCUREMENT PROCESS EVEN BEGINS WILL RESULT IN WELL-DEFINED CONTRACT REQUIREMENTS AND BETTER PERFORMANCE/RESULTS

The private sector wants to develop the capabilities that government needs to achieve mission success. To accomplish this, the government must provide industry with well-defined contract requirements. If the requirements in a procurement contract are vague and subject to different interpretations, it increases the potential for an increased or lost cost of development, duplication of effort, and a resulting product or service that fails to meet the government's expectations.

Defining the needs in a clear and concise fashion is not a job that government can or should do alone. DHS must develop processes, practices, and procedures that facilitate early substantive engagement with the private sector in an open and transparent manner long before a Request for Proposal (RFP) is initiated. Industry input is essential to help define and calibrate requirements to match mission objectives and achieve mission goals. The more complex the procurement, the more critical the need for an open information exchange. Transparency is also necessary to ensure that no one feels that a particular technology, product, service, or solution is being highlighted or unfairly selected. It also helps in defining the ultimate need. If all

participants understand and adhere to “rules of engagement,” we can optimize the input and exchange between the public and private sectors.

Contracting professionals often have a limited understanding of the private industry and limited exposure with the skills, experiences, and capabilities of potentially valuable companies. By engaging with the private sector prior to beginning the procurement process, DHS personnel, for example, can conduct more effective market research and gain a greater understanding of existing and emerging technologies, learn the appropriate industry terminology and concepts associated with the desired service or equipment, identify potential contractors that provide the item, and determine the correct scope of the requirements that best fit the existing vendor base.

The Council strongly supports DHS engaging the private sector by conducting more Industry Days sufficiently in advance of procurements to enable the government to examine and understand the technology that already exists and begin a dialogue that helps define requirements. Industry is also encouraged to see the government issuing more Requests for Information (RFIs) on the *FedBizOpps* website, and hopes this trend continues in the future. An RFI provides a mechanism for the government to seek advice and recommendations from the private sector before a RFP is issued. It allows the government to conduct market research to identify what kind of products or service solutions are commercially available. It asks industry to offer solutions for agency requirements or objectives; and facilitates the collection of information about companies with the appropriate capabilities, products, experience and expertise. Through this interactive tool, government and industry can have a continuous two-way dialogue that results in requirements that are greatly improved from when the RFI was first issued.

We must stress that the exchange of information with the private sector cannot stop at the issuance of a RFP, it must continue throughout the entire procurement process, particularly when information previously provided has changed. DHS should continue to use and further develop acquisition web sites that provide information for specific identified procurements, definitions of terminology and milestones, and regular updates to time schedules, future needs, and other previously provided information.

B. USE OF PROCUREMENT VEHICLES THAT GENERATE COMPETITION, BUT STILL PROVIDE INCENTIVES FOR THE PRIVATE SECTOR TO PARTICIPATE IN THE PROCESS

The Council also stresses the need for procurement vehicles that generate competition and provide incentives for the private sector to participate in the process. Industry supports the need for competition in the contracting process but stresses the need for DHS to balance these interests and understand the acquisition from the viewpoint of the contractor. Too much and/or too little competition is counterproductive.

One type of procurement vehicle often used by government is the indefinite delivery/indefinite quantity (IDIQ) contracts. While these types of contracts provide flexibility to the government, there have been problems when the selection criteria are not well defined or the process is too burdensome. The goal must be to ensure that the task order vehicle is responsive

to both government and to the client. The private sector must have an incentive on the task order. If too many companies participate, a company may think they have no chance of being awarded the contract and decide it is not worth the time or money to participate. On the other side, if too many companies are given task orders, it becomes difficult and time consuming for government to manage the contracts and make good decisions.

DHS must do a better job of selecting a reasonable number of companies to participate in the process so that companies have an incentive to compete. This will result in better time management and ensure contract outcomes that are in the best interest of government and the private sector.

3. DEVELOP A STRONG ORGANIZATION THAT HAS A STANDARDIZED AND CENTRALIZED PROCUREMENT PROCESS AND A WORKFORCE CAPABLE OF PLANNING AND EXECUTING THE PROCESS

A. DEVELOPMENT OF A STANDARDIZED AND CENTRALIZED DHS ACQUISITION AND PROCUREMENT PROCESS

DHS needs a stronger, more centralized acquisition process that moves away from the current stove piped environment. While much progress has been made since its creation, DHS still has a long way to go in ensuring collaboration, coordination, and communication across the agency. Combining almost two dozen agencies with different processes and cultures to form a new department was guaranteed to create challenges.

The Council believes that it is critical to establish an operating policy that facilitates effective engagement within DHS' components and with the private sector. There are at least 11 unique procurement processes across the agency with limited DHS-wide leverage. Large components run their own processes in different ways and many times inconsistently. This can result in duplicative efforts. DHS needs more communication internally and with other agencies to effectively identify potential technologies that it could leverage in support of other missions. These opportunities are often only discovered when the private sector brings them to their attention. The development of a clear DHS-wide acquisition process and the use of the same communication tools would not only enhance efficiency, but would provide needed transparency so that end-users, acquisition and operations officials, and industry can work together.

In addition, DHS must also have a strong R&D process and S&T Directorate that keeps us ahead of the curve so we can obtain the most effective and efficient technologies, services, and solutions that address our country's security needs. If we can improve coordination of these programs within the procurement and acquisition process, we will get even better results. As I mentioned in my introduction, my recommendations on these issues are contained in my testimony from March 2011 that focused on reorganization of the DHS S&T Directorate. While not the focus of my testimony today, I draw your attention to those recommendations because the R&D and S&T issues contribute to a strong organization and are interrelated to the contracting and procurement issue.

B. ENSURE A WORKFORCE CAPABLE OF PLANNING AND EXECUTING THE PROCUREMENT PROCESS BY INCREASING THE QUANTITY AND QUALITY OF PUBLIC SECTOR CONTRACTING PERSONNEL

We urge Congress to recognize and help address the shortage of acquisition and procurement staff across the Department. DHS needs the ability to increase the number of procurement officers with expertise in technology, engineering, and management to accomplish the complex operational aspects of oversight and review. Contracting officers must be accessible, interactive and open to sharing concerns and approaches for various aspects of a particular procurement. They must also value and understand input and substantive dialogue with the private sector both pre- and post award. Such an exchange is particularly valuable at a time when procurements have become more complex. To accomplish these goals, Congress should support programs that further the development, training, and retention of acquisition professionals. This could be accomplished, in part, by ensuring continued funding for the acquisition “intern” program.

The Council has long advocated, for example, that DHS develop an exchange program with the private sector to improve the management abilities and technical and professional competencies of its employees. A professional exchange program would offer DHS direct insight into the philosophy, procedures, and practices of industry. It would provide public sector professionals with an opportunity to examine industry policies and processes, as well as learn first hand how industry addresses contracting and procurement issues. This would allow DHS to interpret the needs of the Department in industry terms. By studying the best practices of the industry, government professionals are able to bring new knowledge, understanding, and empathy back into the Department to improve its processes. The process would also benefit industry, which would gain a better understanding of the unique perspective and experience of the DHS professional. Obtaining such direct insight and experience is currently unavailable in DHS.

CONCLUSION

As I stated in my introduction, we all share the same goal: to achieve the most successful outcome for all stakeholders through a process that is transparent, accountable, timely, cost effective, and that encourages competition, innovation, and investment in the homeland security marketplace. Today’s procurement processes need to be more flexible, inclusive, and dynamic to change. The Council and its members have worked closely and successfully to nurture a substantive relationship with the Management and S&T Directorates to discuss and develop innovative solutions to protect our country. But even amidst the establishment of these relationships, the business sector, as a whole has struggled to comprehend the long-term strategic needs and goals of DHS. This has made our long-term investments toward new technologies that might become effective solutions, challenging at best. Similar to the federal sector, industry has limited resources to devote to developing homeland security solutions in a void. As we have already stated, they cannot dedicate resources to building speculative technologies – we want to deliver the solutions that DHS and our nation needs.

We respectfully ask for you to consider, provide guidance and continued oversight, and help facilitate the steps we have recommended to improve the process and outcome for all stakeholders:

1. Development of a long-term acquisition strategy;
2. Development of open and transparent processes, practices, and procedures that facilitate well-defined contract requirements, generate competition, and provide incentives for the private sector to participate in the process; and
3. Development of a strong organization with a standardized and centralized procurement process and a workforce capable of planning and executing the process.

While DHS is still a relatively young agency and is still evolving, there is no need to constantly reinvent the wheel. There are many best practices and lessons learned, (both positive and negative), available from other federal agencies that have decades of experience with procurement and acquisitions.

On behalf of the Homeland Security & Defense Business Council, I appreciate the opportunity to provide the collective perspectives of industry on the important issues before the subcommittee. The Council is willing to provide or facilitate any support, expertise, and input you need to ensure that we can all work together to achieve mission success.