DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

MAR 13 2012

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Development, Review and Approval of Business Cases for Certain Interagency and Agency-Specific Acquisitions

By the attached memorandum dated September 29, 2011, the Administrator of the Office of Federal Procurement Policy (OFPP) issued guidance to assist federal agencies in avoiding potentially duplicative and wasteful Government contracts. The OFPP Administrator expressed concern that in many instances, agencies have not considered the suitability of existing interagency contracts, *i.e.*, government-wide acquisition contracts (GWACs), multi-agency contracts and blanket purchase agreements (BPAs), before establishing new contract vehicles. As a result, frequently, the newly established contracts are overlapping or duplicative of existing contracts for supplies or services. Also, agencies may not have adequately considered opportunities for leveraging the Government's purchasing power when establishing agency-specific contracts. The OFPP memorandum outlines a new process to address these concerns.

The requirements in the OFPP memorandum address section 865(b)(2) of the National Defense Authorization Act for FY 2009 (P.L. 110-417), which requires multi-agency contracts to be supported by a business case analysis detailing the administration of the contract, including an analysis of all direct and indirect costs to the Government of awarding and administering the contract and the impact that the contract will have on leveraging purchasing power. The business cases for the interagency and agency-specific contracts covered by the OFPP memorandum must be approved in accordance with the OFPP guidance.

For the business cases for contract vehicles covered by the memorandum, the guidance contains the required schedules and thresholds, specifies the required elements of analysis for the business cases, and sets forth a four-step process for developing, reviewing, and approving business cases to support the establishment and renewal of GWACs, multi-agency contracts, BPAs, and agency-specific contracts. The OFPP guidance also requires agencies to share draft business cases for the covered contract vehicles with other agencies and to consider their feedback by posting specific information in MAX, at https://max.omb.gov/community/x/b5G8IQ. Five business cases have been posted to date – one having completed the process, with the Army to proceed with the proposed acquisition; two (one Army and one GSA) in the comment resolution phase; and two (one Army and one DISA) just posted for review. I encourage you to review them all.

SUBJECT: Development, Review and Approval of Business Cases for Certain Interagency and Agency-Specific Acquisitions

OFPP has included a Business Case Template and a set of frequently asked questions (FAQs) and answers regarding the new process outlined in the memorandum. The FAQs provide additional information on issues that were raised during the development of the guidance.

Accordingly, for contract vehicles covered by the OFPP memorandum, following coordination with the Director, Office of Small Business Programs (OSBP), submit Part 1 (see template) of the business case to DASN(AP) for coordination, prior to posting in MAX, at https://max.omb.gov/community/x/b5G8IQ. If the acquisition involves Information Technology, in addition to coordinating with OSBP, coordinate with the Department of the Navy Chief Information Officer prior to the submission to DASN(AP). After the posting requirements have been satisfied, if the determination is made to proceed with a new procurement, submit the finalized business case to DASN(AP) for approval.

Please advise all appropriate personnel to take the necessary steps immediately to comply with the guidance contained in this memorandum and the attachment.

My point of contact for this matter is Mr. Clarence Belton. He can be reached at clarence.belton@navy.mil or (703) 693-4006.

Althea H. Coetzee
RDML, SC, USN
Executive Director
DASN (AP)

Attachment:
As stated

Distribution:
See next page

SUBJECT: Development, Review and Approval of Business Cases for Certain Interagency and Agency-Specific Acquisitions

Distribution:
CMC (LB)
MARCORSYSCOM (CT)
MSC (N10)
NAVAIRSYSCOM (2.0)
NAVFACENGCOM (ACQ)
NAVSEASYSCOM (02)
NAVSUPSYSCOM (N7)
ONR (02)
SPAWARSYSCOM (2.0)
DIRSSP (SPN)

Copy to:
AGC(RDA)
DONCIO
OSBP

OFFICE OF FEDERAL
PROCUREMENT POLICY

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 29, 2011

MEMORANDUM FOR CHIEF ACQUISTION OFFICERS
SENIOR PROCUREMENT EXECUTIVES

FROM: Daniel I. Gordon
Administrator

SUBJECT: Development, Review and Approval of Business Cases for Certain Interagency and Agency-Specific Acquisitions

It is critical that the Federal Government, in its procurement activity, leverage its buying power to the maximum extent as well as achieve administrative efficiencies and cost savings. Too often, however, agencies establish new overlapping and duplicative contracts for supplies or services, because the agencies have not adequately considered the suitability of existing interagency contract vehicles: government-wide acquisition contracts (GWACs), multi-agency contracts, and blanket purchase agreements (BPAs). Similarly, in those situations when a suitable interagency vehicle does not exist, agencies have not adequately considered the opportunity to leverage the agency's own buying power, and achieve administrative efficiencies, through the use of an agency-specific[1] contract. This failure to make maximum appropriate use of interagency vehicles and agency-specific contracts results in higher prices and unnecessary administrative costs.

This memorandum outlines required elements of business case analysis as well as a process for developing, reviewing, and approving business cases to support the establishment and renewal of GWACs, multi-agency contracts, BPAs, and agency-specific contracts. This guidance supports efforts to deliver an efficient, effective, and accountable Government[2] by establishing a framework for addressing unjustified duplication among contracts, which was identified as an area of concern by the General Accountability Office in a recent report.[3] The requirements outlined in this memorandum address section 865(b)(2) of the National Defense Authorization Act for FY 2009 (P.L. 110-417), which requires multi-agency contracts to be supported by a business case analysis detailing the administration of the contract, including an analysis of all direct and indirect costs to the government of awarding and administering the contract and the impact that the contract will have on leveraging purchasing power. This memorandum also addresses the designation, by the Office of Management and Budget (OMB), of executive agents to manage GWACs under the Clinger-Cohen Act (40 U.S.C 11302).

---

[1] For purposes of this guidance, an agency-specific contract is an indefinite-delivery, indefinite quantity contract intended for the sole use of the establishing department or agency. Agency-specific contracts may be agency-wide (sometimes referred to as "enterprise-wide") or limited to one or more specific component organizations within the agency.

[2] See Executive Order--Delivering an Efficient, Effective, and Accountable Government, http://www.whitehouse.gov/the-press-office/2011/06/13/executive-order-delivering-efficient-effective-and-accountable-government

[3] See section 16 entitled, "Collecting improved data on interagency contracting to Governmentwide minimize duplication could help the government leverage its vast buying power", in Government Accountability Office Report GAO-11-318SP, http://www.gao.gov/new.items/d11318sp.pdf

For acquisitions that enter the solicitation phase after December 31, 2011, the agency which is responsible for the acquisition shall develop a business case, using the procedures outlined in this memorandum, to support the establishment or renewal of the following three types of acquisitions vehicles:

- all *GWACs*, as that term is defined in Federal Acquisition Regulation (FAR) 2.101;

- *multi-agency contracts*, as defined in FAR 2.101, or *multi-agency BPAs* created under the Federal Supply Schedules (FSS) Program managed by the General Services Administration (GSA), where:

  (i) usage by another agency (i.e., interagency usage) is expected to be significant[4]; or

  (ii) interagency usage is not expected to be significant but where a significant overlap[5] would be created between the scope of the proposed acquisition and the scope of existing contracts or agreements established under the Federal Strategic Sourcing Initiative (FSSI), the General Services Administration's SmartBUY programs, or an existing GWAC.

- *agency-specific contracts* or *agency-specific BPAs* where either the contract or the BPA would create a significant overlap (See footnote 5) between the scope of the proposed acquisition and the scope of existing contracts or agreements established under FSSI, SmartBUY programs, or an existing GWAC.

Business cases are required in accordance with the following schedule and thresholds:

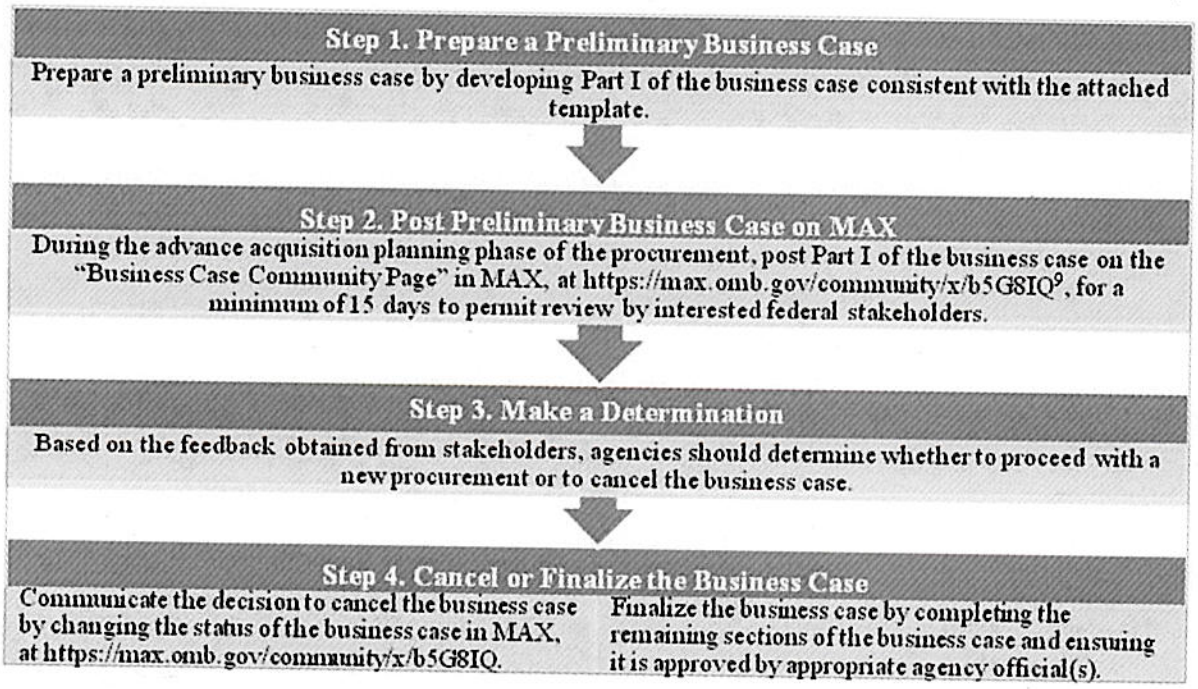
Type of Acquisition Vehicle	Anticipated Solicitation Release Date	Business case is required when the estimated value of the proposed acquisition vehicle is equal to or greater than...
GWAC	After 12/31/2011	All GWACs regardless of estimated value
Covered multi-agency contract or multi-agency BPA	1/01/2012 - 09/30/2012	$250 million
Covered agency-specific contract or agency-specific BPA	FY 13	$100 million
	FY 14	$50 million

[4] As a general guideline, significant usage is expected when obligations by customers outside of the awarding agency are anticipated to exceed 25% of total obligations over the life of the contract vehicle.

[5] As a general rule, significant overlap is created when the scope of the proposed acquisition includes supplies and/or services of existing contracts or agreements established under FSSI, SmartBUY programs, or an existing GWAC and obligations for these supplies and/or services are anticipated to exceed 25% of total obligations over the life of the proposed acquisition.

With good strategic planning, careful evaluation of the current marketplace, and strong contract management, significant value can be generated through the creation and operation of a new interagency or agency-specific contract vehicle.[6] Strategic planning includes both (i) evaluating the suitability of known existing vehicles before creating new interagency or agency-specific vehicles to avoid unhealthy duplication[7] and (ii) determining the best ways to create new vehicles where there is a void or insufficient choice.[8] These actions require an ongoing commitment of time and resources. Accordingly, to ensure that the expected return from investment in a contract or agreement is worth the effort and cost associated with planning, awarding, and managing a new vehicle, business cases for contracts and BPAs meeting the above-described thresholds should address the following required elements of analysis:

Business cases shall be developed, reviewed, and approved using the following four-step process:



[6] Experience has shown, for example, that the benefits of pooling buying power can be significantly enhanced by (i) convening a group of agency experts to better understand agencies' specific requirements, (ii) sharing pricing information and considering the impact a new contract would have on existing contracts, (iii) analyzing spend data, (iv) securing up-front spending commitments from agencies to increase vendor interest in the procurement, (v) maximizing small business participation, and (vi) requiring winning vendors to provide detailed spend data throughout the life of the contract that customers can analyze to improve internal business processes and inform future buying decisions.

[7] Duplication is most likely to occur as a result of multiple agencies creating their own separate contracts for similar products or services. Thus, agencies must be alert to the impact of duplication when creating a new interagency vehicle or a large agency-specific vehicle. The impact of duplication must be assessed when new vehicles overlap with existing interagency vehicles or with other vehicles within the same agency. Duplication is most likely to occur if the new vehicle would serve a narrow customer base, such as a single agency component.

[8] OFPP recognizes, as did the Acquisition Advisory Panel, that "[s]ome competition among vehicles is . . .desirable and even fundamental to maintaining the health of government contracting." – Acquisition Advisory Panel. *Report of the Acquisition Advisory Panel to the Office of Federal Procurement Policy and the United States Congress*: January 2007, p. 251, https://www.acquisition.gov/comp/aap/finalaapreport.html

[9] This site may also be accessed directly through the Chief Financial Officer Virtual Toolbox, available on MAX.

Business cases shall be approved by an authority no lower than the agency's Senior Procurement Executive (SPE) or equivalent official, following coordination with the agency's Director of the Office of Small and Disadvantaged Business Utilization (OSDBU) and – if the acquisition involves IT – the agency's Chief Information Officer. An agency may also choose to require additional approving officials. Agency-approved business cases shall be kept by the agency as part of the acquisition file. Agencies shall also indicate in MAX, https://max.omb.gov/community/x/b5G8IQ, whether the business case has been cancelled or approved by the agency.

Other than draft solicitations, agencies shall not issue solicitations for proposed BPAs, multi-agency contracts, and agency-specific contracts until the business case has been finalized and approved by the appropriate agency official(s). In addition, in the case of those approved business cases for establishing or renewing a GWAC, the agency shall formally submit the approved business case to OMB, as part of the request by the agency head (or deputy) to the OMB Director requesting that the Director grant the agency an executive-agent designation to award and manage the proposed GWAC. While an agency may release a draft solicitation for a proposed GWAC, the agency may not release a final solicitation for a proposed GWAC unless and until the OMB Director has granted the agency's request for an executive-agent designation.

In the case of other types of multi-agency contracts and BPAs as well as agency-specific contracts and BPAs, OMB reserves the discretion to require the agency to submit the approved business case to OMB, for review, prior to the agency releasing a final solicitation.

To improve acquisition planning and agencies' ability to leverage buying power, agencies are required to post on MAX links to web pages containing information about the BPAs and contracts that are covered by this memorandum. Web pages should include the names of vendors, contract terms and conditions, information about pricing, and provide a point of contact for further information. This sharing of information will better position agencies and interagency groups, such as the Strategic Sourcing Working Group (SSWG), which provides governance for FSSI, to assess potential benefits that might be leveraged government-wide. Instructions for posting award information is provided on MAX at https://max.omb.gov/community/x/b5G8IQ.

Thank you for your attention to these important matters. Questions regarding this memorandum should be directed to Curtina Smith at csmith@omb.eop.gov.

Attachment

Attachment

Business Case Template

Business cases for covered contract vehicles (see memorandum) shall address the following elements as described in the chart below: scope, potential duplication, value, interagency demand, and management. Final business cases should also include an executive summary that overviews the key points in each of the required areas and include a signature page with the appropriate agency approval(s) and date(s) approved.

Overview of Business Case Template	
EXECUTIVE SUMMARY PART I. SCOPE AND POTENTIAL DUPLICATION PART II. VALUE PART III. INTERAGENCY DEMAND AND MANAGEMENT SIGNATURE PAGE	
Type of Acquisition Vehicle	**Required Elements of Business Case Analysis**
GWACs	Complete parts 1, 2, and 3
Multi-agency contracts and multi-agency BPAs where interagency usage is anticipated to be significant	
Multi-agency contracts and multi-agency BPAs where interagency usage is not anticipated to be significant	Complete parts 1 and 2
Agency-specific contracts and agency-specific BPAs	Complete parts 1 and 2

BUSINESS CASE ANALYSIS OUTLINE

PART I. SCOPE AND POTENTIAL DUPLICATION

A. SCOPE

1. Describe the purpose of the acquisition and how it supports Presidential, government-wide, and/or agency priorities or initiatives. Describe the types of goods and services to be acquired.
2. Provide the anticipated period of performance as well as any option periods.
3. State the anticipated annual amount of spend over the life of the proposed acquisition and the amount of the contract ceiling.

B. POTENTIAL DUPLICATION

1. Complete the table below for each primary product or service to be offered on the vehicle:

Primary Product or Service		Existing vehicles researched		Uniqueness of Proposed Vehicle
PSC Code	Description	Servicing Agency	Name of Contract Vehicle	

Instructions for completing the table.

Column 1. PSC Code: identify 4-digit code, whenever possible.

Column 2. Description: briefly describe primary product or service to be acquired.

Column 3. Existing vehicles researched: List existing vehicles that agency evaluated for potential suitability. Agencies should always evaluate FSSI or SmartBUY agreements, and GWACs. For proposed GWACs and multi-agency contracts and multi-agency BPAs where interagency usage is expected to be significant, agencies should also consider relevant multi-agency contracts or BPAs, of which they are aware, and any relevant agency-specific contracts or BPAs.

Column 4. Uniqueness: Explain how the proposed vehicle differs from the identified existing vehicles (e.g., in terms of expected pricing, terms and conditions). If an agency-specific vehicle is proposed, note any other reasons for creating the vehicle, such as agency-unique requirements, compliance with agency standards, or simplified contract management (in lieu of having to manage contractors on multiple interagency vehicles, each of which addresses only part of the agency's requirement).

2. State if the agency has identified any overlapping agency-specific vehicles that it intends to phase out.

PART II. VALUE

1. Discuss the benefits expected as a result of the proposed acquisition. Address price, administrative and efficiency improvements as well as intangible benefits. Discuss the impact the proposed acquisition will have on the government's ability to leverage its purchasing power at both the agency-wide and government-wide levels.
2. Describe how the cost of awarding and managing the proposed contract vehicle compares to the amount of fees likely to be incurred if the agency used an existing interagency vehicle or assisted acquisition services.
3. Describe how the acquisition strategy and the resulting procurement will promote maximum opportunities for small businesses at both the prime and subcontracting levels.
4. Briefly describe the extent to which the proposed acquisition has been discussed with key stakeholders, including members of the SSWG, program managers of existing GWACs or multi-agency contracts (as appropriate), officials from GSA or the Small Business Administration, and agency offices with responsibility for small business programs, and the Chief Information Officer, if the acquisition involves IT. Indicate if any key stakeholder concerns or comments remain unresolved and discuss plans to resolve them.

PART III. INTERAGENCY DEMAND AND MANAGEMENT[9]

A. INTERAGENCY DEMAND

1. Identify the anticipated portion of the acquisition that will be used by external customers (expressed as percentage of total obligations). List the agencies that are expected to account for the majority of obligations under the vehicle, include the five largest customers outside the servicing agency and their expected estimated usage.

B. MANAGEMENT

1. Identify the number of FTEs supporting the award and administration of the contract and discuss any relevant specialized experience. For example, if awarding a contract for IT services, does the contracting officer and program manager have specialized experience?
2. Identify all direct and indirect costs to the servicing agency for awarding and administering the proposed contract vehicle.
3. Identify the fund (e.g., working capital fund), if any, that the agency intends to use to fund its work and receive payment from customer agencies.
4. If fees will be assessed, identify the following:
   a. List the amount of proposed fee(s) and briefly describe the methodology used for setting and adjusting fees when necessary. For example, state whether fees differ based on the amount and type of support required.
   b. Indicate if all costs to the agency for awarding and administering the proposed contract vehicle been included in the fee(s). If not, identify any costs not covered.
5. If the servicing agency plans to request any funding to support operation of the contract vehicle, identify the estimated amount of the request and the purpose to be addressed by the funding.
6. Discuss the steps the agency intends to take to ensure that over the life of the vehicle (a) vendor prices remain competitive, (b) regular customer feedback is obtained, and (c) the government maintains a qualified pool of vendors to meet customer needs.
7. Discuss how the agency intends to help ensure customer adherence to the following practices (where applicable, include links to agency reference materials or training materials developed for customers):
   a. Use of fixed-price task orders whenever practicable.
   b. Policies to maximize small business participation.
   c. Consideration of contractor past performance in the evaluation of proposals.
   d. Assessment of contractor performance on awarded tasks.

[9] This section is not required for agency-specific vehicles or for multi-agency vehicles where interagency usage is not expected to be significant.

Frequently Asked Questions (FAQs) for
Interagency and Agency-specific Business Cases

A. General Questions

1. What is the purpose of requiring business cases for interagency contracts?

Preparing a business case helps agencies determine if expected return from investment in an interagency or agency-wide contract or blanket purchase agreement (BPA) is worth the effort. The new process established by the Office of Federal Procurement Policy (OFPP) guidance for business cases is intended to help agencies leverage buying power and administrative efficiency. The business case analysis requires agencies to consider the suitability of existing vehicles and, by doing so, helps agencies avoid overlapping and duplicative contracts that can create inefficiencies and result in higher prices to the government.

The guidance requiring business cases also supports an Executive Order, to deliver an efficient, effective, and accountable Government by establishing a framework for addressing unjustified duplication among contracts, which was identified as an area of concern by the Government Accountability Office (GAO) in GAO Report GAO-11-318SP. (See section 16 entitled, "Collecting improved data on interagency contracting to Governmentwide minimize duplication could help the government leverage its vast buying power" of GAO Report GAO-11-318SP).

2. The guidance uses the terms agency-specific contracts and agency-specific blanket purchase agreements (BPAs). What are agency-specific vehicles?

For purposes of this guidance, agency-specific vehicles are either indefinite-delivery, indefinite quantity contracts or BPAs intended for the sole use of the establishing department or agency. Agency-specific contracts and agency-specific BPAs may be agency-wide (sometimes referred to as "enterprise-wide") or limited to one or more specific component organizations within the agency.

3. Why does the guidance require business cases for agency-specific contracts when the law (Public Law 110-417) focuses only on multi-agency contracts?

This guidance broadens the use of business cases to cover agency-specific contracts that may overlap with existing agreements established under the Federal Strategic Sourcing Initiative (FSSI), the General Services Administration's SmartBUY Program, or an existing government-wide acquisition contract (GWAC). Broadening the use of business cases will help to ensure agencies are giving appropriate consideration of existing vehicles before they create new ones and, where new vehicles make sense, to help the agency leverage its buying power and achieve greater efficiencies.

4. Is the guidance intended to allow an agency to stop another agency's plan to create an interagency or agency-wide contract?

No. The ultimate discretion to proceed with a proposed acquisition remains with the servicing agency, except for government-wide acquisition contracts (GWACs), where the servicing agency must obtain approval from the Director of the Office of Management and

Budget (OMB). We do not expect, nor intend, to eliminate all overlapping and duplicative contracts through the process outlined in the guidance. In fact, some duplication is healthy. That said, sharing of information about proposed acquisitions helps to improve the value of the resultant vehicles and avoid unhealthy duplication. The disciplined steps outlined in the guidance will help to reduce duplication and achieve a more healthy balance in the use of interagency and agency-specific acquisition vehicles.

5. **Must a business case be developed for every contract vehicle?**
The answer depends on the type of contract vehicle the agency is seeking to create. As described in the table below, a business case must be developed whenever an agency seeks to establish or renew a government-wide acquisition contract (GWAC). For multi-agency contracts or multi-agency blanket purchase agreements (BPAs), the answer depends on the size of the proposed vehicle and whether interagency usage is intended to be significant or significant overlap would be created between the scope of the proposed acquisition and the scope of existing agreements established under the Federal Strategic Sourcing Initiative (FSSI), the General Services Administration's SmartBUY Program, or an existing government-wide acquisition contract (GWAC). For agency-specific vehicles, the answer also depends on whether the vehicle would significantly overlap with existing FSSI, SmartBUY, or GWAC vehicles.

Type of Acquisition Vehicle	Anticipated Solicitation Release Date	Business case is required when the estimated value of the proposed acquisition vehicle is equal to or greater than:
➢ Government-wide acquisition contracts (GWACs), as defined in Federal Acquisition Regulation (FAR) 2.101	After 12/31/2011	All GWACs regardless of estimated value
➢ multi-agency contracts, as defined in FAR 2.101, or multi-agency blanket purchase agreements (BPAs) created under the Federal Supply Schedules (FSS) Program managed by the General Services Administration (GSA), where: - usage by another agency (i.e., interagency usage) is expected to be significant ; or - interagency usage is not expected to be significant but where a significant overlap would be created between the scope of the proposed acquisition and the scope of existing contracts or agreements established under the Federal Strategic Sourcing Initiative (FSSI), GSA's SmartBUY Program, or an existing GWAC. ➢ agency-specific contracts or agency-specific BPAs where either the contract or the BPA would create a significant overlap between the scope of the proposed acquisition and the scope of existing contracts or agreements established under FSSI, SmartBUY Program, or an existing GWAC.	1/01/2012 - 09/30/2012	$250 million
	FY 13	$100 million
	FY 14	$50 million

6. **Why does the guidance require sharing of information with other agencies?**
There are two main reasons agencies are being asked to share information. The first reason is value. Interagency contracts and agency-specific contracts are most effective when the range of customers they are designed to support have an opportunity to provide input when shaping the structure of the vehicle- its scope, terms, and conditions. This sharing of information increases the likelihood that the resultant vehicles will be used to their full capacity and enable the government to realize administrative efficiencies and the benefit of its purchasing scale. The second reason is avoiding duplication. Sharing information is an important part of the acquisition planning and market research process. While the decision to proceed with a proposed acquisition is ultimately left to the servicing agency, sharing information gives agencies greater insight into whether their needs can be met effectively with existing vehicles, which in turn helps to avoid redundant investments. OFPP believes these benefits are well worth the small additional time agencies are being asked to incorporate into their acquisition lead-times, especially given the average size of the investments associated with these vehicles.

7. **Does this guidance require an agency to create a business case if the proposed vehicle overlaps with a General Services Administration (GSA) multiple award schedule (Schedule)?**
No, but agencies are reminded of their responsibilities under Federal Acquisition Regulation (FAR) Part 8, Priorities for use of Government supply sources, which requires agencies to review the Schedules before creating a new vehicle.

8. **Will this guidance allow agencies the opportunity to comment on business cases for General Services Administration (GSA) multiple award schedules (Schedules)?**
No. This guidance focuses on business cases for all government-wide acquisition contracts (GWACs) and certain agency-specific contracts, agency-specific blanket purchase agreements (BPAs), multi-agency BPAs, and multi-agency contracts as defined by the Federal Acquisition Regulation 2.101. Agencies seeking to provide input on GSA Schedules should contact GSA.

9. **Does this guidance satisfy Federal Acquisition Regulation (FAR) 17.502-2(d) which requires an agency to prepare a business case before awarding a multi-agency contract?**
Yes. The requirements of 17.502-2(d) are met by developing the business case in accordance with the guidance.

10. **Does this guidance require business cases for orders placed under existing acquisition vehicles?**
No. This guidance focuses on the creation or renewal of government-wide acquisition contracts (GWACs) and certain multi-agency and agency-specific contracts and blanket purchase agreements (BPAs). With respect to orders, agencies are reminded that they should follow the acquisition planning guidance in the Federal Acquisition Regulation (FAR) Part 7 as well as any agency guidance specific to the placement of orders.

11. **The guidance refers to MAX. What is MAX and how can I sign up for training on MAX or get help using MAX?**
MAX is a comprehensive collaboration, information sharing, document management, and knowledge management capability that allows that allows registered users to easily create, edit, and share content on web pages using a simplified markup language. To register with MAX complete the information requested at https://max.omb.gov/maxportal/registrationForm.action to register with the MAX. Information about available MAX training can be found at https://max.omb.gov/community/x/SABIBw. The MAX technical support team and helpdesk can be reached at MAXSupport@omb.eop.gov or 202-395-6860.

B. **Developing Business Cases**

1. **Who is responsible for developing business cases? Who approves them?**
Agencies should designate appropriate acquisition or program person(s) or office(s) to be responsible for developing the business cases. Business cases may be prepared by responsible individuals or by a team. As described in the guidance, business cases must be approved by an authority no lower than the agency's senior procurement executive, or equivalent official, and coordinated with the Director of the Office of Small and Disadvantaged Business Utilization (OSDBU) and the agency's Chief Information Officer, if the acquisition involves information technology. As deemed appropriate by the agency, agencies may also require additional approving officials.

2. **At what point in the procurement lifecycle should a business case be prepared and posted for comment?**
The potential for administrative savings and efficiencies is greatest when existing vehicles are identified early in the acquisition lifecycle. For this reason, agencies should prepare and post the preliminary business case during the advance acquisition planning or other early phase of the acquisition lifecycle.

3. **Are there specific topics that must be addressed in the business case?**
Yes. Business cases for all covered acquisition vehicles must address scope, potential duplication, and value. For government-wide acquisition contracts (GWACs) and for multi-agency vehicles where interagency usage is expected to be significant, the business case must also describe interagency demand, and the agency's management capabilities and strategy.

4. **How much detail should be included in the business case?**
Each section of the business case should be brief, but comprehensive enough to give a full understanding of the all relevant facts and key issues related to the proposed acquisition, including. While the length of the business case is left to the agency, all the relevant topics can probably be adequately addressed in around ten pages.

5. **Must an agency follow the format provided in the guidance for preparing business cases?**

No. The format provided in the guidance is, however, a recommended format that agencies are strongly encouraged to use to ensure that a comprehensive analysis is completed for proposed vehicles.

6. **Does the guidance require any special coordination processes?**
   Yes. The guidance requires agencies to post a draft of their business case on MAX, at https://max.omb.gov/community/x/b5G8IQ, to permit review by interested federal stakeholders. This process is designed to increase the likelihood that the resulting vehicles will be used to their full capacity and enable the government to realize administrative efficiencies and the benefit of its purchasing power.

7. **What are the specific steps for developing business cases?**
   The guidance lays out a four-step process. First, the agency prepares a preliminary business case discussing scope and potential duplication. Second, the agency posts the preliminary business case on MAX, at https://max.omb.gov/community/x/b5G8IQ, for a minimum of 15 days to permit review by interested federal stakeholders. Third, based on feedback from stakeholders, agencies determine whether to proceed with a new procurement. Fourth, if the agency decides to proceed, it completes its business case by discussing value and, if the vehicle is a government-wide acquisition contract or a multi-agency contract with significant anticipated interagency usage, interagency demand and management considerations.

8. **What if a business case contains information that may not be suitable to share outside the agency?**
   Agencies should use their best judgment where there may be concerns or sensitivities with sharing the entire document. In such situations, an agency may provide on MAX a summary of each part of its business case rather than post the entire document.

C. **Determining Scope Overlap**

1. **What steps is an agency expected to take to determine if there is scope overlap?**
   As described in the guidance, an agency is expected to take three steps. First, it must conduct reasonable market research. Agencies should always evaluate agreements established under the Federal Strategic Sourcing Initiative (FSSI), the General Services Administration's SmartBUY Program, or an existing government-wide acquisition contract (GWAC). For proposed GWACs and multi-agency contracts and multi-agency blanket purchase agreements (BPAs) where interagency usage is expected to be significant, agencies should also consider relevant multi-agency contracts or BPAs, of which they are aware, and any relevant agency-specific contracts or BPAs. Second, the agency needs to explain in its preliminary business case how the proposed vehicle differs from the identified existing vehicles (e.g., in terms of expected pricing, terms and conditions). Third, the agency must vet its preliminary business case by posting it on MAX so that managers of existing vehicles that may overlap with the proposed vehicle have an opportunity to provide input.

2. **Where can agencies find the scope of government-wide acquisition contracts (GWACs) and agreements established under the Federal Strategic Sourcing Initiative (FSSI) and the General Services Administration's SmartBUY Program?**
   Agencies may refer to the "Links to Contract Vehicles" MAX page, https://max.omb.gov/community/x/tgRwIg, to find links to government-wide acquisition contracts (GWACs) and Federal Strategic Sourcing Initiative (FSSI) vehicles. Agencies may also go to the General Services Administration's FSSI initiatives webpage at http://www.gsa.gov/portal/content/112561 to find more information about each of the FSSI vehicles.

3. **If a proposed acquisition's scope overlaps with an existing vehicle, should the agency assume it would contribute to unproductive duplication and cancel it?**
   No. We recognize, as did the Acquisition Advisory Panel, that some overlap can create healthy choice and "[s]ome competition among vehicles is . . . desirable and even fundamental to maintaining the health of government contracting." When overlap is identified, agencies must carefully consider if there is still a need for moving forward with a new vehicle.

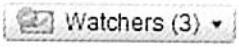
4. **Are there reasons to award a new vehicle even though its scope may overlap an existing vehicle?**
   Yes. For example, an agency may need to establish an agency-wide contract in lieu of using an existing interagency contract in order to negotiate terms and conditions that are tailored to its needs, simplify contract management by bringing contractors together under one contract vehicle (in lieu of having to manage contractors on multiple interagency vehicles, each of which addresses only part of the agency's requirement), or to ensure products are in compliance with agency standards.

5. **Who decides if the scope overlap is healthy or unhealthy?**
   As a general matter the agency seeking to create a new interagency or large agency-specific contract is responsible for determining if any identified scope overlap is healthy or unhealthy.

D. **Soliciting Comment on a Preliminary Business Case**

1. **How will stakeholders be notified about new business cases available for comment?**
   When an agency posts on MAX a preliminary business case (addressing scope and potential duplication), a message will be sent to federal agency stakeholders including Chief Acquisition Officers (CAOs), Senior Procurement Executives (SPEs), the leadership of the Strategic Sourcing Working Group (SSWG), which provides governance for the Federal Strategic Sourcing Initiative (FSSI), officials of the Federal Acquisition Service (FAS) within the General Services Administration, and managers of franchise funds who support assisted acquisitions. If the vehicle is for information technology (IT), a message will also be sent to Chief Information Officers (CIOs) and program managers for existing GWACs. A message may also be sent to other relevant stakeholders identified by the agency or the Office of Federal Procurement Policy (OFPP). CAOs and SPEs should encourage officials within their agencies who manage large blanket purchase agreements (BPAs), multi-agency contracts,

and agency-specific contracts to sign up for alerts on the MAX business case page, https://max.omb.gov/community/x/b5G8IQ, by clicking the **Watchers** button in the upper-right hand corner of the page.



2. **Does the agency need to accommodate all stakeholder interests before proceeding with the procurement?**
   No. Agencies proposing new vehicles are asked to give appropriate consideration to comments that speak to potential duplication or opportunities to leverage additional demand. Agencies are encouraged to communicate with stakeholders about their comments but are not expected to formally respond to each comment or commenter.

3. **If the Chair of the of the Strategic Sourcing Working Group (SSWG) or a senior agency official, such as a senior procurement executive, raises strong concerns, what is the proposing agency expected to do?**
   Agencies should confer with the Office of Federal Procurement Policy (OFPP) to assist in addressing significant stakeholder comments or concerns, especially those that speak to potential duplication or opportunities to leverage additional demand.

4. **If after 15 days no comments are received, may the agency conclude stakeholders have no objection to the proposed acquisition as explained in the business case?**
   Yes, the agency may proceed with the acquisition. Of course the agency may still wish to seek feedback by contacting key stakeholders, such as the Chair of the Strategic Sourcing Working Group (SSWG) and officials of the Federal Acquisition Service (FAS) within the General Services Administration.

5. **Where can an agency find instructions for posting and commenting on business cases using MAX?**
   Instructions for posting and commenting on business cases using MAX can be found at https://max.omb.gov/community/x/b5G8IQ.

E. <u>OMB Review of GWAC Business Cases</u>

1. **Why are business cases for government-wide acquisition contracts (GWACs) submitted to the Office of Management and Budget (OMB) for review when business cases for other proposed acquisitions do not have to be provided to OMB?**
   Section [cite] of the Clinger-Cohen Act authorizes the OMB Director to designate "one or more heads of executive agencies as executive agent for Government-wide acquisitions of information technology." Consistent with its responsibilities under the Clinger Cohen Act for approving executive agents, OMB will review all business cases for proposed government-wide acquisition contracts (GWACs). All other business cases will be reviewed periodically by OFPP to ensure that agency decisions to award new acquisition vehicles are supported by business cases that demonstrate the potential value of the proposed vehicle.

F. Centralized Database

1. **Will a centralized database containing interagency contract vehicles be developed?**
The Office of Federal Procurement Policy (OFPP) is considering options for providing information on existing interagency contract vehicles, including government-wide acquisition contracts (GWACs), multi-agency contracts, and any other procurement instrument intended for use by multiple agencies including blanket purchase agreements (BPAs). Available information sources indicate that there are a limited number of existing interagency contract vehicles and that the effort to create a new and potentially costly government-run database of interagency contracts may be unnecessary. To assist in the evaluation of options, OFPP is conferring with the Chief Acquisition Officers Council's Acquisition Committee for E-Gov (the "ACE"), which evaluates investments in the government-wide electronic acquisition systems that support common functions performed by all agencies. Until a determination has been made regarding the creation of a centralized database, which is expected by the end of the calendar year, agencies may refer to the "Links to Contract Vehicles" MAX page, https://max.omb.gov/community/x/tgRwlg, to find links to GWACs and other existing interagency contract vehicles.