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Creating IT efficiencies without sacrificing operational effectiveness will be a tough challenge, but we cannot afford to fail.

- Department of the Navy Chief Information Officer Terry A. Halvorsen

NUWC Newport Achieves IT Acquisition Efficiencies with DoD ESI

By Floyd Groce

The Department of Defense Enterprise Software Initiative, established in 1998 and sponsored by the DoD Chief Information Officer, was created to consolidate requirements for commercial software applications and negotiate with vendors to save time and money in the acquisition of software.

ESI's scope has since expanded to include information technology hardware and services. Since its inception, ESI has achieved cost avoidance of more than \$4 billion off commercial IT prices compared with prices published on the General Services Administration (GSA) Federal Supply Schedules.

In 2009, Laura DiPaola, a systems engineer at Naval Undersea Warfare Center, Division Newport, R.I., was tasked with purchasing a commercial off-the-shelf software suite. As a result, she conducted research on the requirements and processes to use an ESI Enterprise Software Agreement (ESA).

Rather than limit scope to a single acquisition, DiPaola explored how the division could maximize savings by expanding the use of ESI agreements. Working with the NUWC Division Newport command information officer, Robert Bernardo, as well as Stephen Lamb of the division's contracts department, DiPaola coordinated a team to initiate a Lean Six Sigma event with the objective of implementing a division-wide DoD ESI employment policy to:

- Maximize cost savings during the first year of implementation, as well as during the future years defense program (FYDP);
- Comply with DoD and DON directives by updating IT procurement processes to take advantage of ESI's enterprise agreements with enhanced terms and conditions that support DoD IT objectives and industry best practices; and
- Follow the Federal Acquisition Regulation order of precedence (see DFARS 208.002 and DoD Instruction 5000.2).

As a result of this event, the team outlined how using ESAs can reduce software costs and determined a new workflow process that would ensure ESAs were reviewed and used whenever possible.

The benefits were clear from the beginning. During a two-month sampling of software contracts with a value of more than \$3,000, not including purchase card transactions, the division achieved tangible savings by using ESAs.

Additional benefits were also achieved: (1) lines of communication were opened between departments; (2) a collaboration of ideas regarding the practical application of ESI's agree-

ments verification was explored; and (3) mutual agreements were made that contribute to NUWC Newport's acquisition efficiency.

The team also created metrics to illustrate the ways in which NUWC is benefitting from ESI's software licensing strategy and its cost savings mechanisms.

The next step for NUWC Newport was to capture definitive savings metrics through a second Lean Six Sigma event to demonstrate ESI's advantages. This step focused on implementation and data gathering rather than on enforcing ESI use. The team hopes to achieve greater buy-in from the entire division and share the ESI metric reports across the organization so that all stakeholders understand the tangible savings available through ESI.

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Under the DON information technology efficiencies initiatives, the department is focusing on ways to save on IT investments, including commercial software, hardware and services. While each Navy component must work within its own processes and requirements, the example set by the team at NUWC Newport illustrates the benefits that can be gained by investigating and using ESI contract vehicles.

These agreements benefit the defense and intelligence communities, and in some cases, the entire federal government, enabling better negotiating and purchasing power for the acquisition of IT software, hardware and services. **CHIPS**

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