THE ASSISTANT SECRETARY OF THE NAVY
(Research, Development and Acquisition)
WASHINGTON, D.C. 20350-1000

JAN 29 2001

MEMORANDUM FOR HEADS OF CONTRACTING ACTIVITIES (HCAs)
PROGRAM EXECUTIVE OFFICERS
DIRECT REPORTING PROGRAM MANAGERS

Subj: DEPARTMENT OF DEFENSE ENTERPRISE SOFTWARE INITIATIVE AND MICROSOFT SERVER ENTERPRISE AGREEMENT

Ref: (a) DoD Chief Information Officer Guidance and Policy Memorandum (G&PM) No. 12-8430 dated July 26, 2000

Under the Department of Defense (DoD) Enterprise Software Initiative (ESI), the DoD leverages its aggregate buying power for purchasing commercial software products. Enterprise Software Agreements (ESA) are negotiated with vendors to achieve the most favorable terms and pricing for commercially available software and maintenance. This approach provides significant savings in Total Cost of Ownership (TCO), and is the centerpiece of the Department's efforts to manage its substantial commercial software investment as an enterprise-wide asset. The ESI is described in reference (a), which establishes responsibilities for buyers and requiring officials when acquiring software.

The Department of the Navy (DON) is the designated ESI lead for negotiating ESA for all office software and Microsoft software products. In support of the ESI, the DON recently established a "virtual inventory" of Microsoft server products through ESA with four Microsoft Resellers. These Agreements provide a full range of Microsoft server products at a savings of 15% to 22% off the GSA price.

Contracting activities must comply with the G&PM when acquiring commercially available software. In addition, HCAs should determine availability of existing Microsoft server product inventory and purchase from this inventory in accordance with FAR 8.001(a)(1)(vii). The use of Microsoft ESA is directed when deploying a Microsoft server solution, whether with or without the server hardware. Products from the virtual inventory are purchased directly from the Resellers using existing purchasing procedures. Include "fill from inventory stock" in all such procurement actions. These procedures apply to all DON Commands and organizations whether or not they are scheduled for transition to the NMCI.

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The DoD ESI Web site (http://www.don-imit.navy.mil/esi/) contains a copy of the DoD G&PM and other information on the ESI. Visit the site to browse a listing of available ESA software offerings and communicate with the DoD ESI software product managers. Questions concerning this memorandum may be directed to Mr. Floyd Groce at (703)607-5658 or by e-mail at Groce.Floyd@hq.navy.mil.

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