

# Defense Logistics Agency Instruction



August 18, 2006  
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J-654

## SMARTBUY AND ENTERPRISE SOFTWARE INITIATIVE (ESI) ENTERPRISE SERVICE AGREEMENTS (ESA)

References: Refer to Enclosure 1.

1. **PURPOSE** This DLA Instruction establishes and implements policies, processes, and procedures necessary to the effective, efficient, and economical conduct of official Agency business.

SmartBUY and ESI offer substantial cost reductions on commercial off-the-shelf (COTS) software by creating ESAs that are available to all DOD activities. These agreements leverage DOD buying power to provide the most favorable terms and pricing for commercially available software and software maintenance.

The ESAs entered into by General Services Administration (GSA) and DOD Components are proving that managing the acquisition of commercially available software at the Federal and DOD enterprise levels reduces the cost of acquiring and maintaining software products. By consolidating requirements and leveraging DOD's buying power, DOD is able to achieve the most favorable terms and pricing for commercially available software and software maintenance. The SmartBUY and ESI vision is to provide DOD Components with "point and click information technology (IT) shopping at lowest cost."

The outputs of SmartBUY and ESI agreements are as follows:

- a. Software cost reduction
- b. Software cost avoidance
- c. Efficient contract administration and management.

The DLA use of ESAs focuses primarily on reduction of the DLA infrastructure costs by leveraging DOD-wide quantities for economy of scale savings in acquisitions.

The use of SmartBUY or ESI agreements support the Internal Process Strategy in the Balanced Scorecard by providing the infrastructure products in a cost effective and consistent manner. This best value enterprise IT environment will enable modernization of business systems and fully support evolving business strategies.

SmartBUY and ESI agreements supports DLA Strategic Plan FY 07 – FY 13, as follows:

a. Goal 2: Continuously Improve DLA Performance Through the Development of Better Processes and Business Arrangements that Reduce Cost, Increase Logistics Capabilities, and Link Customer Demands with Our Supply Chains.

b. Strategy 5: Design, implement and sustain a best value enterprise IT environment.

2. APPLICABILITY This DLA Instruction applies to HQ DLA and DLA Field Activities.

3. POLICY

DLA software buyers must purchase commercially available software products, including maintenance, from DOD inventory before using other sources. If DOD inventory is nonexistent, DLA software buyers will compare pricing, terms, and conditions of a SmartBUY or ESI agreement, if one exists, before acquiring commercially available software products, including maintenance, from other sources or establishing a new Component agreement. If the software product is available on both SmartBUY and ESI, the SmartBUY agreement takes precedence over the ESI agreement. When a SmartBUY or ESI agreement is not the best value, the DLA software buyer will give the Software Product Manager (SPM) an opportunity to negotiate before using an alternate acquisition method.

DLA use of SmartBUY and ESI agreements will be in full compliance with:

a. Federal Acquisition Regulation (FAR) (<http://www.arnet.gov/far/loadmainre.html>) Part 39, Acquisition of Information Technology; Part 12, Acquisition of Commercial Items; and Part 8, Required Sources of Supplies and Services.

b. Defense Federal Acquisition Regulation Supplement (DFARS) (<http://www.acq.osd.mil/dpap/dars/dfars/index.htm>) Part 208, Subpart 208.74, Enterprise Software Agreements; Part 239, Acquisition of Information Technology; Part 251, Use of Government Sources by Contractors; and Part 252, Solicitation Provisions and Contract Clauses.

c. DOD Chief Information Officer (CIO) Guidance and Policy Memorandum Number 12-8430, ([http://www.esi.mil/uploaded\\_documents/1106UYJ87187.pdf](http://www.esi.mil/uploaded_documents/1106UYJ87187.pdf)) July 26, 2000, Acquiring Commercially Available Software.

d. DLA Information Technology Standards, Version 1.0, February 2000 and DLA Information Technology Solutions, Version 2.01, August 2002, for hardware architecture compliance ([IT Solutions in eWorkplace](#)).

e. Acting Director, Defense Procurement & Acquisition Policy and Deputy Chief Information Officer memorandum dated December 22, 2005, DOD support for the SmartBUY Initiative, [http://www.esi.mil/uploaded\\_documents/0214CWX26626.pdf](http://www.esi.mil/uploaded_documents/0214CWX26626.pdf).

4. RESPONSIBILITIES Requiring officials and software buyers are responsible for identifying the software needed and following existing acquisition and contracting policies.

They must also identify sources, including existing SmartBUY, ESI or DLA enterprise agreements, and obtain pricing, terms, and conditions for comparison.

#### 5. PROCEDURES

a. Identify - If required products are not available through a SmartBUY or ESI agreement, they can be acquired from non-SmartBUY or non-ESI sources.

b. Compare - When the required products are available from a SmartBUY or ESI agreement and no DOD inventory exists, requiring officials must compare pricing, terms, and conditions between the SmartBUY or ESI agreements and any other identified sources. If the SmartBUY or ESI agreement represents the best value, the required products must be acquired through these agreements. The SmartBUY agreement takes precedence over the ESI agreement.

c. Negotiate - Most SmartBUY and ESI agreements are Blanket Purchase Agreements (BPA) that offer DOD customers additional discounts through “spot pricing.” When non-SmartBUY or non-ESI sources represent a better value than the published agreements, buyers must contact the SPM for those agreements offering the required products and request negotiated pricing, terms, and conditions that would provide a better value than the non-SmartBUY or non-ESI source. Buyers should make the following decisions based upon the results of the SPM’s negotiations:

d. If the negotiated SmartBUY or ESI pricing, terms, and conditions represent the best value to the Government, then the required products must be acquired through one of these agreements. The SmartBUY agreement takes precedence over the ESI agreement.

e. If after the SPM’s negotiations a non-SmartBUY or non-ESI source still represents the best value to the Government, the buyer may acquire the required products from that source. The buyer must obtain a waiver letter from J-654 (Enterprise Licensing Division) before acquiring the products from the non-SmartBUY or non-ESI source.

f. Acquire - Buyers may acquire the required products after complying with the guidance outlined in this process. When acquiring products or services using SmartBUY or ESI, buyers may be required to comply with DFARS 217.78 – Contracts or Delivery Orders issued by a Non-DOD Agency, [http://www.acq.osd.mil/dpap/dars/dfars/html/current/217\\_78.htm#BM217\\_76](http://www.acq.osd.mil/dpap/dars/dfars/html/current/217_78.htm#BM217_76) and DLAD Subpart 7.90 – Use of Non-DOD Contracts, [http://farsite.hill.af.mil/reghtml/regs/other/dlad/PART07.htm#P329\\_30636](http://farsite.hill.af.mil/reghtml/regs/other/dlad/PART07.htm#P329_30636).

#### 6. EFFECTIVE DATE August 14, 2009

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Enclosure 1  
References

1. Federal Acquisition Regulation (FAR) (<http://www.arnet.gov/far/loadmainre.html>) Part 39, Acquisition of Information Technology; Part 12, Acquisition of Commercial Items; and Part 8, Required Sources of Supplies and Services.
2. Defense Federal Acquisition Regulation Supplement (DFARS) (<http://www.acq.osd.mil/dpap/dars/dfars/index.htm>) Part 208, Subpart 208.74, Enterprise Software Agreements; Part 239, Acquisition of Information Technology; Part 251, Use of Government Sources by Contractors; and Part 252, Solicitation Provisions and Contract Clauses.
3. DOD Chief Information Officer (CIO) Guidance and Policy Memorandum Number 12-8430, ([http://www.esi.mil/uploaded\\_documents/1106UYJ87187.pdf](http://www.esi.mil/uploaded_documents/1106UYJ87187.pdf)) July 26, 2000, Acquiring Commercially Available Software.
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6. DFARS 217.78 – Contracts or Delivery Orders issued by a Non-DOD Agency, [http://www.acq.osd.mil/dpap/dars/dfars/html/current/217\\_78.htm#BM217\\_76](http://www.acq.osd.mil/dpap/dars/dfars/html/current/217_78.htm#BM217_76)
7. DLAD Subpart 7.90 – Use of Non-DOD Contracts, [http://farsite.hill.af.mil/reghtml/regs/other/dlad/PART07.htm#P329\\_30636](http://farsite.hill.af.mil/reghtml/regs/other/dlad/PART07.htm#P329_30636).