

## DoD ESI White Paper

# How to Order Software Using DoD ESI Contract Vehicles

Practical guidance for the most  
common ordering scenarios in DoD

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## About DoD ESI

The DoD ESI was formed in 1998 by Chief Information Officers at the DoD. To save time and money on commercial software, a joint team of experts was formed to consolidate requirements and negotiate with commercial software companies, resulting in a unified contracting and vendor management strategy across the entire department. Today, DoD ESI's mission extends across the entire commercial IT life-cycle to include IT hardware products and services. DoD ESI has established DoD-wide agreements for thousands of products and services.

[www.esi.mil](http://www.esi.mil)



## Executive Summary

### Why Use ESI?

Department of Defense (DoD) information technology buyers should use the Enterprise Software Initiative (ESI) to fulfill commercial off-the-shelf (COTS) information technology (IT) software, hardware, and related services when customer requirements match products and services available under DoD ESI.

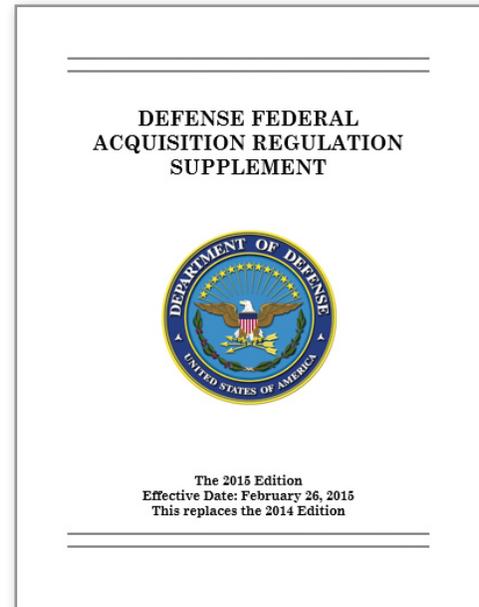
Mandated for consideration by the Defense Acquisition Regulation Supplement (DFARS) and DoDI 5000.02, DoD ESI is an official DoD initiative sponsored by the DoD Chief Information Officer (CIO) to save time and money on COTS IT.

The DFARS requires all DoD departments and agencies to fulfill requirements for commercial software and related services, such as software maintenance, in accordance with DoD ESI (unless it does not represent the best value to the government). Additionally, many of the DoD Components may have implementing policies related to use of DoD ESI.

Specific guidance can be found at DFARS 208.7400, which prescribes policy and procedures for acquisition of commercial software and software maintenance.

As used in DFARS and throughout this white paper, the following definitions apply:

- “Enterprise software agreement” means a Blanket Purchase Agreement (BPA) or a similar ordering vehicle that is used to acquire designated commercial software or related services such as software maintenance.
- “Software maintenance” means services normally provided by a software company as standard services at established catalog or market prices, e.g., the right to receive and use upgraded versions of software, updates, and revisions.



The DFARS mandate covers software and software maintenance that is acquired--

- As part of a system or system upgrade, where practicable;
- Under a service contract;
- Under a contract or agreement administered by another agency (e.g., under an interagency agreement);
- Under a Federal Supply Schedule contract or blanket purchase agreement established in accordance with FAR 8.405; or
- By a contractor that is authorized to order from a Government supply source pursuant to FAR 51.101.

DoD ESI's joint team of experts establish agreements with vendors, which results in a unified contracting and vendor management strategy across the entire department.

This white paper describes the process buyers should follow once they have determined to fulfill their requirement through the DoD ESI Blanket Purchase Agreements (BPAs). It is important to note that ESI does not dictate the products or services to be acquired.

### **Disclaimer / Caveats**

- You still need to review the ordering guide for the specific BPA you are using.
- You still need to comply with the Federal Acquisition Regulation (FAR), DFARS and your agency's instructions and policies.
- You still need to think strategically beyond the steps described in this white paper and consider how your transaction might be leveraged to maximize your agency's buying power.
- You should always try to negotiate the best terms and price for the Government.

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## How Do I Order From ESI? Roadmap Overview

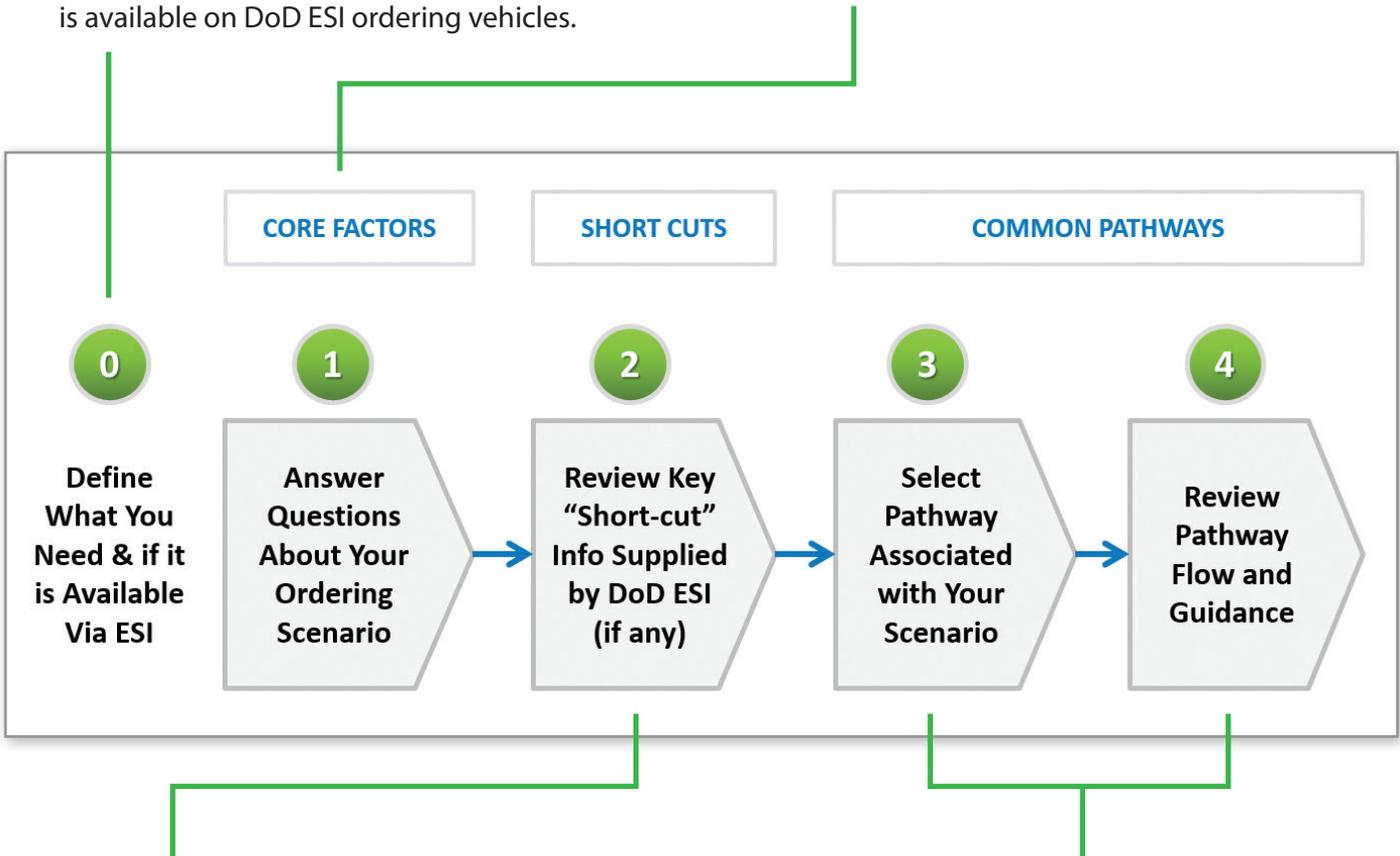
ESI has developed an Ordering Guide Toolkit, Roadmap, video tutorials, and this companion white paper to explain the software acquisition process.

### Phase 0: Requirements and Availability from DoD ESI

The preliminary step to ordering is to define what you need and determine if it is available on DoD ESI ordering vehicles.

### Phase 1: Core Factors

Once it is determined that the product you need is available from DoD ESI, then answer questions about your ordering scenario.



### Phase 2: Short Cuts

Next, review key “short-cut” information supplied by DoD ESI, such as existing license inventory or Enterprise License Agreement lists.

### Phases 3 & 4: Common Pathways

Finally, select the pathway associated with your scenario and review pathway flow and guidance.

## Phase 0: Requirements and Availability from DoD ESI

The most critical aspect of any acquisition is the completeness of your requirement. Requirements are important and determine many key decisions throughout the entire life-cycle of the project. Poorly defined requirements delay the solicitation and award process and could result in costly claims and performance issues after contract award. It is critical to invest time up front to get your requirements right and avoid scrap and rework after contract award. Simply put, if you don't know what you need, stop and figure it out before proceeding.

## Phase 1: Core Factors

Once you know what you need and you *know* it is available through DoD ESI, then you are ready to answer three basic questions about your order scenario:

- What is the extent of competition?
- What is the estimated order value?
- Who is your buying activity?

What is the extent of competition?

What is the estimated order value?

<p><b>1.A) Product Brand Selection</b></p> <p><input type="checkbox"/> One (Limited Source)</p> <p style="margin-left: 20px;"><input type="checkbox"/> Publisher Name*: _____</p> <p style="margin-left: 20px;"><input type="checkbox"/> Product Name*: _____</p> <p><input type="checkbox"/> Two or More (Full &amp; Open Competition)</p> <p style="margin-left: 20px;"><input type="checkbox"/> Publisher Name #1: _____</p> <p style="margin-left: 20px;"><input type="checkbox"/> Publisher Name #2: _____</p> <p style="margin-left: 20px;"><input type="checkbox"/> Publisher Name #3: _____</p>	<p><b>1.B) Dollar Value of Order</b></p> <p><input type="checkbox"/> \$1 - \$3,000</p> <p><input type="checkbox"/> \$3,001 - \$150,000</p> <p><input type="checkbox"/> \$150,001 and up</p> <p><b>1.C) Buying Organization*</b></p> <p><input type="checkbox"/> _____</p>
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Who is your buying activity?

This will determine the pathways you will follow, what you can buy, and how you can buy it. DoD ESI has developed brief video tutorials covering Requirements and Market Research that can aid you in determining which pathway to follow.

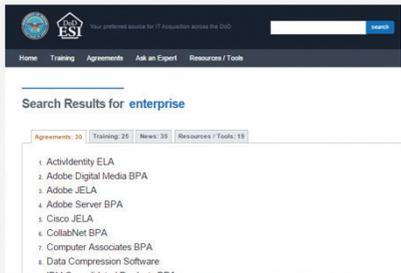
- 1.A) Product Brand Selection: First off, are you competing this requirement or are you using a brand name specification? If using a brand name specification, who is the publisher and what product are you acquiring? If you are competing a specification or functionality, who are the potential publishers who can fulfill your requirements?
- 1.B) Secondly, what is the estimated dollar value of your order? For ordering purposes, the three key thresholds that matter are \$3000 (the micro-purchase threshold), \$150,000 (Simplified Acquisition Threshold), and greater than \$150,000.
- 1.C) Finally, who is buying the software? Your buying organization may be entitled or required to use an enterprise software license (ESL) or enterprise license agreement (ELA). Knowing where your organization fits into the larger enterprise is critical.

## Phase 2: Short Cuts

Once you’ve answered the questions in Phase 1, then you may determine if a short cut exists to save you considerable time. For example, DoD ESI may already hold an inventory for the particular product you need.

Alternately, there may be an ESL or ELA that covers the product you need and has been mandated for use. There are several agency-specific, DoD-wide, or potentially Federal-wide agreements covering some of the most widely used publishers or manufacturers and products. The DoD ESI web site will publish availability of these ESL or ELAs.

2
Review key short-cut info supplied by DoD ESI (if any)

STEP	WHAT	WHO	HOW (Tools & links)
<b>A</b>	Visit ESI Web Page with List of Inventory Currently Available	Ordering Activity / Customer	[See Sample Page on next slide] <a href="#">Vendors/Agreements with Inventory</a>
<b>B</b>	Visit ESI Web Page with ESL / ELA Info	Ordering Activity / Customer	<a href="http://www.esi.mil/Search.aspx?submit=search&amp;q=enterprise&amp;Digest=tE8ctnCBFiRWRBcGH9Af+w">http://www.esi.mil/Search.aspx?submit=search&amp;q=enterprise&amp;Digest=tE8ctnCBFiRWRBcGH9Af+w</a> 

## Phase 3: Common Pathways

The ESI Ordering Toolkit and companion roadmap cover the six most common or likely scenarios DoD buyers encounter when using DoD ESI ordering vehicles. These scenarios, or pathways, are as follows:

- A. Available Inventory
- B. ESL/ELA in Place
- C. Limited Source/Brand Name Justification
- D. Functional Specification Competition
- E. Pre-Competed Technical Solution
- F. Ordering via a Third-Party Integrator or contractor.

No matter which pathway you follow, you should always adhere to DoD ESI's Best Practices.



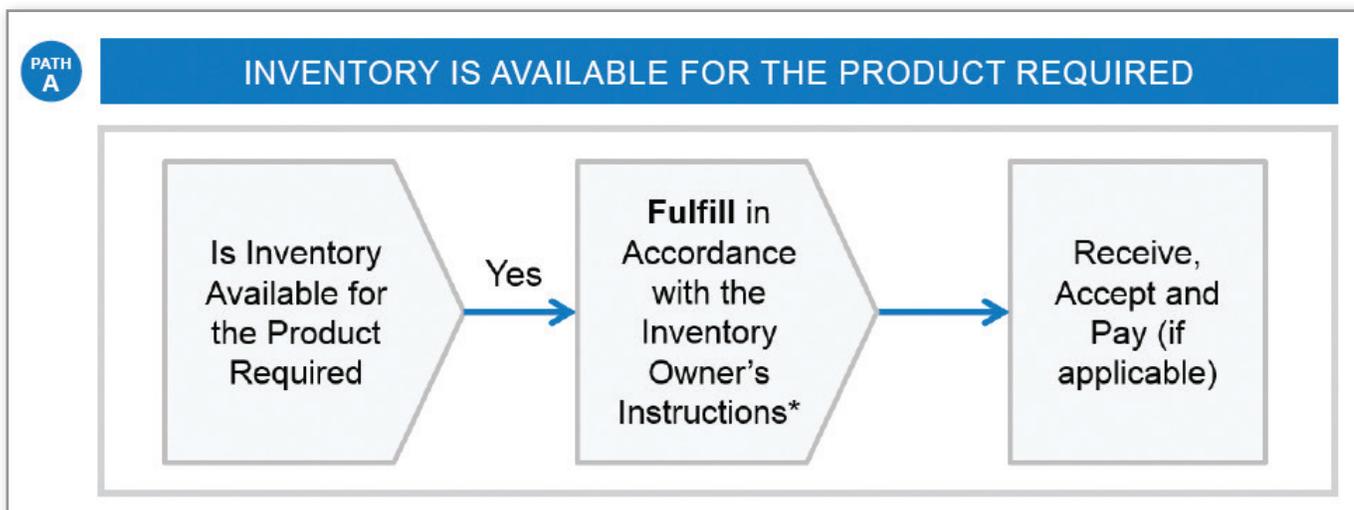
### Always Attempt to Negotiate Terms & Price

- Follow ESI Terms and Conditions Best Practices
- Read BPA standard terms and conditions
- Negotiate additional Terms and Conditions with Publisher
- Price should not exceed BPA price
- Negotiate additional discounts

For orders <\$3000, buyers should still attempt to negotiate terms and price even if they're using a purchase card

### Pathway "A" Inventory is Available

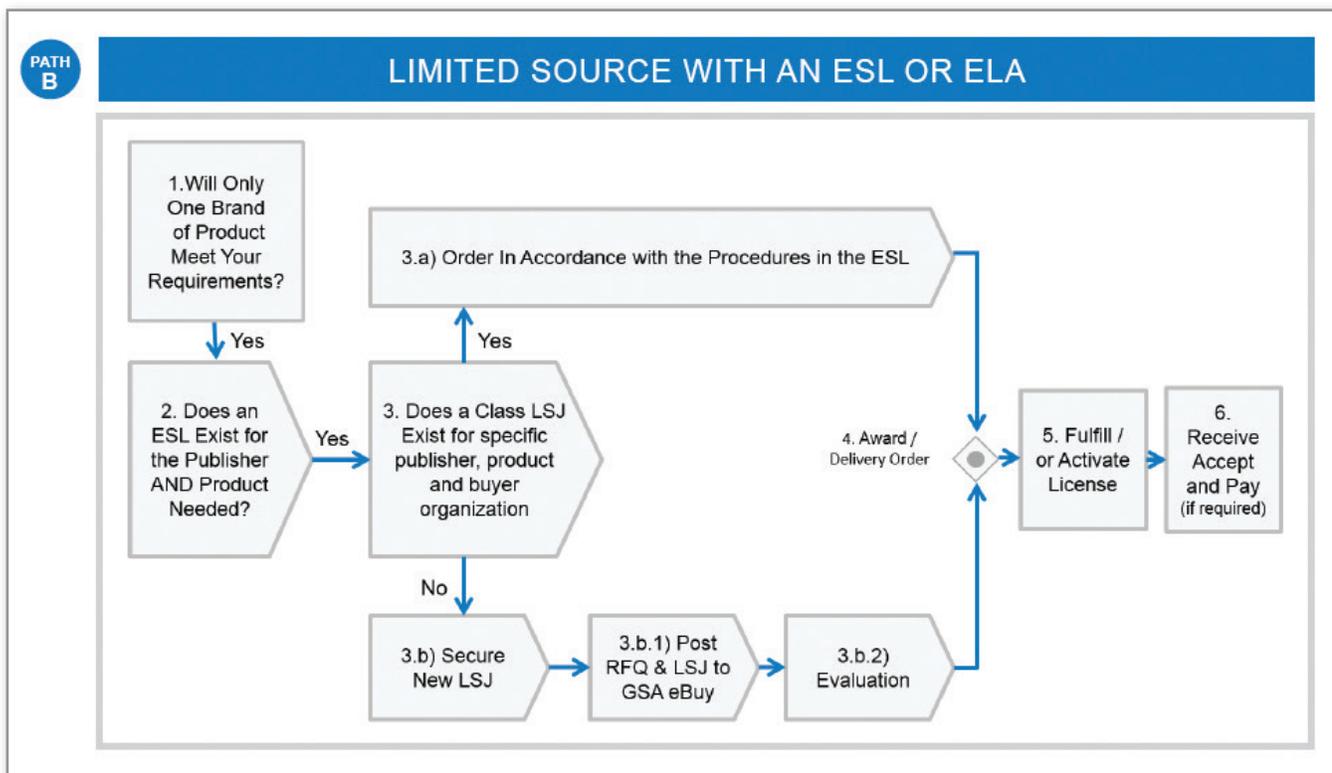
FAR 8.002 lays out the priorities for use of mandatory sources and at the very top of the list are inventories of the requiring agency or excess from other agencies. To see if inventory is available for the product required, use the shortcut discussed above. If a product inventory exists, review the contract vehicles page on the ESI web site for the publisher, reseller, and product information. Next, fulfill your requirement in accordance with the inventory owner's instructions (these vary from agency to agency). Finally, receive, accept and pay for (if applicable) your product.



## Pathway “B” ESL or ELA is in Place & Source is Limited

This is the pathway to follow when only one brand of product meets your requirements. There are two tracks you can follow on this pathway. The first track is if an ESL exists for the publisher AND product needed and a class Limited Source Justification (LSJ) has been executed for your specific publisher, product and organization. If this is true in your case, then order in accordance with the procedures in the ESL, which vary from agreement to agreement. Finally, issue the award or delivery order, fulfill or activate license, receive, accept, and pay (if required).

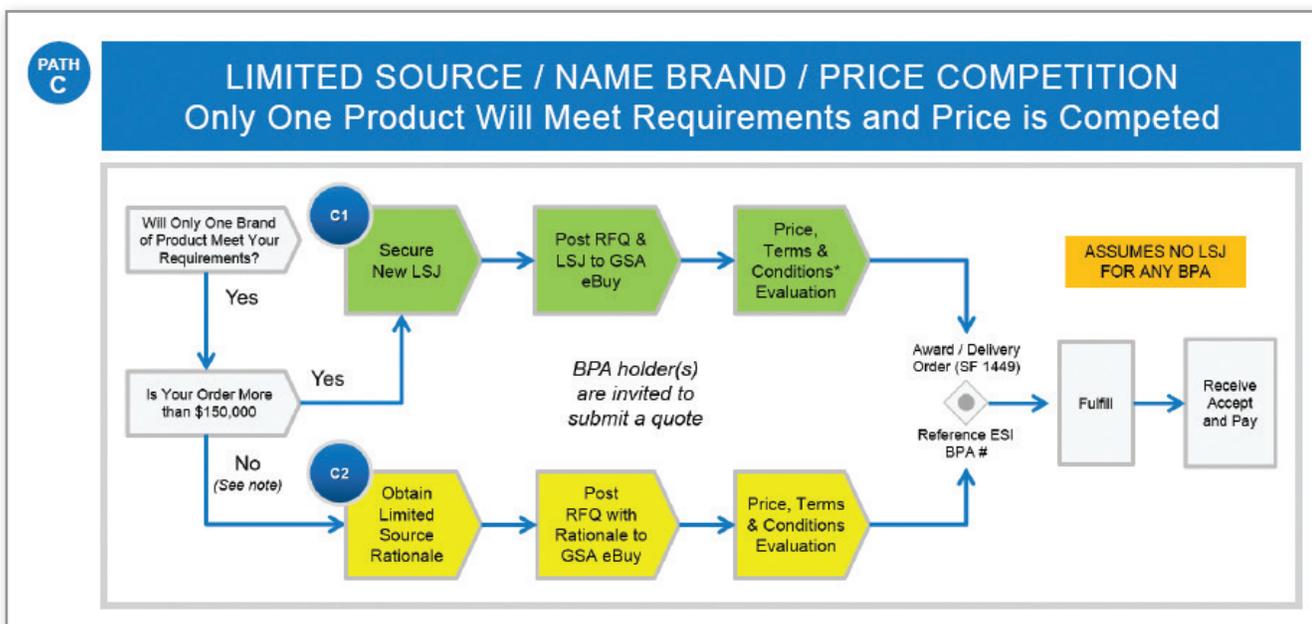
The second track is if a Class LSJ does not exist for your specific publisher, product and organization. In this case, you will need to secure an LSJ, post your request for quote (RFQ) along with the LSJ to GSA eBuy. Upon receipt of quotes, evaluate the terms, conditions, and pricing. Finally, issue the award or delivery order, fulfill or activate license, receive, accept, and pay (if required).



### Pathways “C1-C2” Limited Source / Name Brand / Price Competition

Use Pathway C when only one brand of product will meet your requirements. This pathway assumes there is no LSJ covering the BPA under which you plan on placing the order. There are two tracks you can follow on this pathway, depending on the estimated dollar value of your order. If your order is expected to be greater than \$150,000, you need to secure an LSJ, post your RFQ and LSJ to GSA eBuy, and invite all DoD ESI BPA holders who hold DoD ESI BPAs for the brand name product to submit a quote. Upon receipt of quotes, evaluate terms, conditions, and pricing. Finally, issue the award or delivery order, fulfill or activate license, receive, accept, and pay for your software.

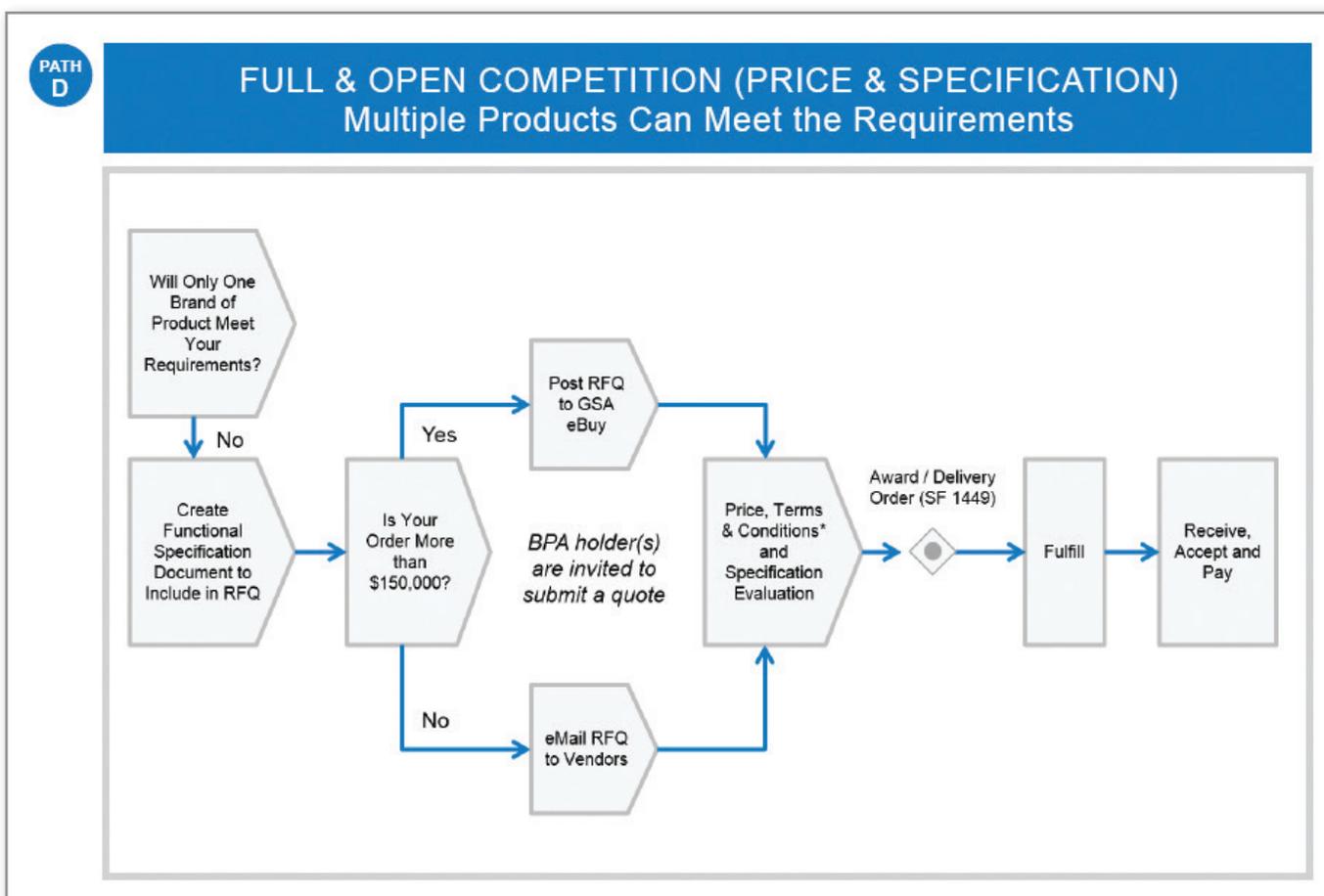
If your order is less than \$150,000, you’ll need to obtain a limited source rationale in the format prescribed by your contracting office, post your RFQ and rationale to GSA eBuy, and invite all DoD ESI BPA holders who hold DoD ESI BPAs for the brand name product to submit a quote. Upon receipt of quotes, evaluate terms, conditions, and pricing. Finally, issue the award or delivery order, fulfill or activate license, receive, accept, and pay for your software.



## Pathway “D” Full & Open Competition

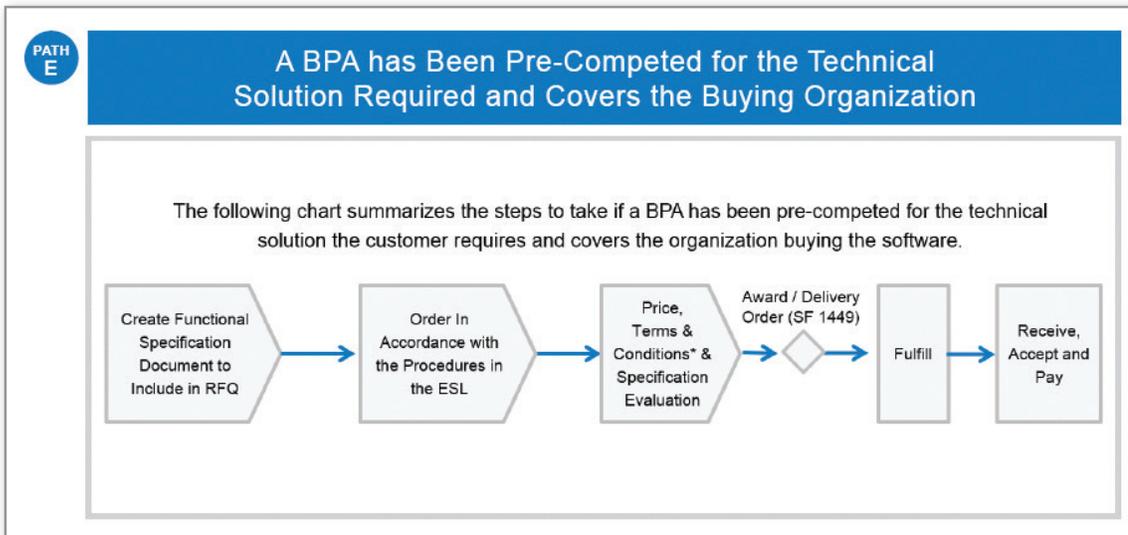
When multiple brands of products will meet your requirements use Pathway D, Full & Open Competition. First, work with your acquisition team to create a functional specification document to include in an RFQ. If the estimated value of your order is more than \$150,000, post your RFQ and specification to GSA eBuy and invite all DoD ESI BPA holders to submit a quote. Upon receipt of quotes, evaluate terms, conditions, and pricing. Finally issue the award or delivery order, fulfill or activate license, receive, accept, and pay for your software.

If the estimated value of your order is less than \$150,000, email your RFQ and specification to all DoD ESI BPA holders. Upon receipt of quotes, evaluate terms, conditions, and pricing. Finally, issue the award or delivery order, fulfill or activate license, receive, accept, and pay for your software.



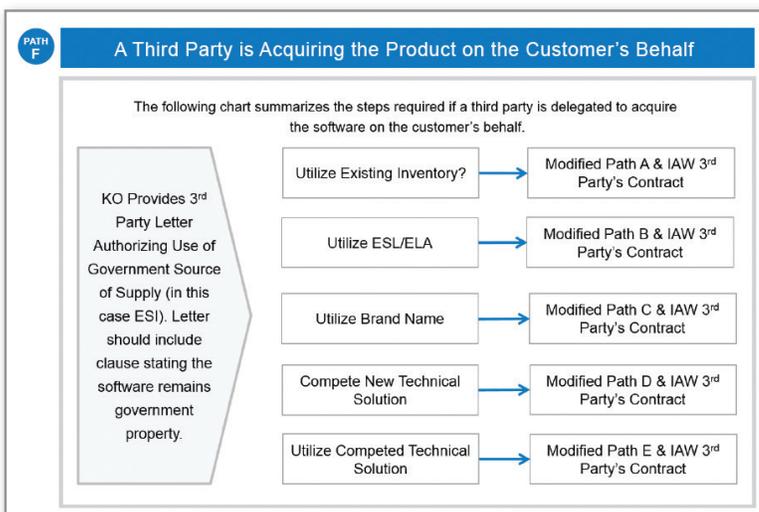
### Pathway “E” Pre-Competed Technical Solution

If your agency has pre-competed a technical solution work with your acquisition team to create a functional specification document to include in your RFQ. For the purpose of this white paper, a pre-competed technical solution is defined as an ordering vehicle containing products and/or services acquired under full and open competition to cover your agency or component. Next, order in accordance with the procedures in the ESL. Upon receipt of quotes, evaluate terms, conditions, pricing then issue the award or delivery order, fulfill or activate license, receive, accept, and pay for your software. .



### Pathway “F” Third Party is Ordering on Customer’s Behalf

Occasionally a software Systems Integrator (SI) or other contractor will be acquiring the software as part of a large-scale implementation effort. For the purpose of this white paper, a large-scale implementation effort is defined as an effort requiring more than \$150,000 in new license acquisition fees. In situations like this, the contracting officer should follow the guidance at FAR Part 51 and, if appropriate, provide the SI a Letter Authorizing Use of a Government Source of Supply (in this case DoD ESI). The letter should include a clause stating the software remains government property. The SI would then follow Modified Pathways A, B, C, D, or E and in accordance with the terms and conditions of its contract.



## Conclusion

For more than a decade DOD ESI has stood at the forefront of commercial and government software licensing best practices. While use of DoD ESI is mandatory for consideration in accordance with DFARS 208.7400, it is also the most effective and efficient way to acquire COTS software. DoD ESI prepared this white paper to help DoD ESI customers understand the process required to place the most common type of orders using the DoD ESI Blanket Purchase Agreements (BPAs). If you require assistance using DOD ESI BPAs or would like DoD ESI to conduct a training class in your offices, please visit [www.esi.mil](http://www.esi.mil) and click "Ask an Expert".

### About the Author

Dan McMullan, Principal Consultant at BuySide Partners, is a 10-year USMC veteran with 15 years' experience as a Department of the Navy Contracting Officer. From 2011-2013, Dan held an Unlimited Contracting Officer's Warrant, supervised nearly 20 contracting employees, and managed a portfolio of IT hardware, software, and services contracts worth nearly \$1 billion. In October 2013, he was singled out by Naval Supply Systems Command leadership to develop standard operating procedures governing the "deep diving" and "rewiring" of high risk, high-dollar service contracts worth several billion dollars.



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Department of Defense Chief Information Officer  
6000 Pentagon  
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