

Statement of
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“Reviewing Challenges in Federal IT Acquisition”

Joint Hearing of the
Information Technology
&
Government Operations
Subcommittees

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Government Reform

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Introduction

Chairmen Hurd and Meadows, Ranking Members Kelly and Connolly, and Members of the Subcommittees, thank you for the invitation to testify before you on behalf of Unisys Corporation. The subject of today's hearing is critical to moving the Federal Government toward information technology modernization and leading-edge digital services that facilitate interactions between Government and the Nation's public.

Unisys is a global information technology company that specializes in providing industry-focused solutions integrated with leading-edge security to clients in the government, financial services, and commercial markets. Unisys' offerings include security solutions, advanced data analytics, cloud and infrastructure services, application services, and application and server software.

Unisys has a rich legacy as one of the premier innovators of technology and started the computing revolution as the first company to design, manufacture, and deliver the commercial computer. Unisys also has a long and proud history of partnering with the Federal Government to provide solutions to Federal agency mission needs. Unisys brings commercial solutions and best practices to the Government with its long track record of providing information technology and professional services to private sector clients, to state and local governments, and to international customers both in the private and public sectors.¹ This breadth of experience has placed our company in the trenches as information technology has advanced at an exceptional rate over the last three decades. These trends required us to adapt, and we are enthusiastic to witness the Federal Government's recognition that it, too, must adapt. The increasing call for user-centric Government services, open data and transparency, and a more digitized Federal Government requires that the Government modernize many of its IT systems. Your subcommittees deserve great credit for recognizing the need for modernization. Your subcommittees are also to be commended for recognizing that modernization is not just about what systems or solutions you buy to enable modernization and drive digitization, but *how* you buy IT capability to facilitate what will be an ever-changing end state.

The challenges for improving Federal IT acquisition are significant, but continued management and attention to improving acquisition policies and processes presents significant opportunity for improving Government services and realizing savings. GAO's inclusion of "Improving the Management of IT Acquisitions and Operations" in its 2017 High Risk List is appropriate and will help drive attention to the challenges of improving Federal IT services delivery. In addition, the inclusion of Smarter IT Delivery on the Federal Government's Cross Agency Priority (CAP) goals is a positive. The Smarter IT Delivery CAP established the following vision:

¹ For more information about the history of Unisys, visit <http://www.unisys.com/about-us/company-history>

“The Federal Government will deliver world-class IT services allowing customers to easily access and complete digital transactions. We will accomplish this by attracting, hiring, and retaining the best talent inside government; partnering with the most innovative companies; and establishing effective processes to drive outcomes and accountability.”

The vision is correct, and as the CAP goal and GAO have recognized, the challenges are not insignificant, but can be overcome. In short, the vision lays out three areas of focus: people, procurement, and process. We hope that the new Administration will retain this as a CAP goal.

My written statement focuses on the need for:

- Investments in modernization;
- Improvements in acquisition; and
- Enabling change in management of IT.

With these discussion areas, I hope to provide a viewpoint both from strategic and operational perspectives on how each of the key focus areas (people, procurement, and process) can improve to create a truly digitized Federal Government. I have highlighted commercial best practices (that are applicable to Government) from leading global IT providers like Unisys in each of these areas.

Investments in Modernization

The Federal Government currently maintains a significant amount of “legacy” IT systems that rely on aging infrastructure and dated software code. Your committees have rightly focused on the disadvantages of relying on this legacy IT, including the barriers to providing data transparency and citizen services, as well as security threats. But modernization is, and will always be, an evolving challenge—one that will constantly change as technology and services delivery evolve. The previous Administration’s Office of Management and Budget (OMB) exit memo appropriately described the fundamentals of digitization as requiring a shift by the Government “to build up its ability to keep evolving as technology evolves; the transformation of government for the better is a continuous, iterative journey, not a destination.” This is a truth that has long been recognized by the private sector. And to address it, industry adopted as a best practice the reliance on iterative, or modular, and agile development that allows for the identification of technical problems and other challenges throughout the process along with flexibility to adapt to quickly changing technology landscapes.

Yet modernization of Government IT has a myriad of examples of failed projects, and GAO has highlighted a number of contributing factors. Simply put, modernization is not easy, and modernization is not cheap. Agile development and modular acquisition can go a long way toward solving the challenges associated with both risk and cost, as can a shift to “as-a-service”

consumption models, but ultimately Congress must provide the financial resources and flexibility to significantly advance Federal IT modernization in the pursuit of long-term savings and efficiencies.

Agency missions cannot be put on hold while financial resources are shifted to modernization efforts. Legacy systems must be sustained while transitions to modernized IT infrastructures and software are underway (e.g., bimodal IT). The need for this bimodal IT approach carries a financial burden tied to early investment costs, but is essential to modernization efforts that, in the long run, will address the imbalance of Federal IT investment that is dedicated to sustaining legacy systems. To address this budget challenge, the House of Representatives in the last Congress introduced and passed legislation titled the “Modernizing Government Technology Act” (MGT Act)—an effort that was led by you, Congressmen Hurd and Connolly, and Congresswoman Kelly. The bill’s goal of creating “IT modernization funds” that would allow agencies to invest in modernization while paying back those investment costs with future savings is strongly supported by Unisys. We encourage you to introduce similar legislation in the 115th Congress, and we recommend that the Senate consider companion legislation.

Additionally, Unisys recommends that the Administration review, and take action to finalize, the draft memorandum issued by former OMB Director Shaun Donovan and former Federal CIO Tony Scott on October 27, 2016, titled “Information Technology Modernization Initiative.”² That memorandum identifies the challenges faced by Federal agencies when considering modernizing IT systems, and it highlights some of the work done to identify IT systems that should be modernized. The draft memorandum also discusses a number of resources, including templates that OMB would provide to Federal agencies to help them identify which of their IT systems should be a priority for modernization. In effect, the draft memorandum would have initiated a lot of steps toward modernization that the Modernizing Government Technology Act sought to encourage. Appropriately, the memorandum also acknowledges the funding challenges that the MGT Act could address.

Unisys recommends some key principles that are widely used within our company and other leading organizations to enable successful modernization efforts. I outline them below in two major categories:

Applications Modernization

- Aggressively move from legacy and on premise COTS (commercial-off-the-shelf) applications to cloud-based services.
- Reduce the “run” (O&M) and focus on “configure and deploy.”
- Redesign business operations to leverage cloud service design patterns and workflow.
- Standardize, centralize, and automate: minimal touchpoints and customizations.

² Available at <https://policy.cio.gov/it-modernization/>

- Develop a robust integration capability and framework to allow cloud services to interconnect seamlessly.
- Improve decision making with analytics, big data, and machine learning.
- Focus on end-user experience, self-service, mobility, and low friction IT.
- Focus on security at all times. Eliminate accounts with “standing” elevated permissions; provision elevated permissions as needed and time bound.

Infrastructure Modernization

- Phased move to cloud-based infrastructure (Infrastructure-as-a-Service and Platform-as-a-Service). Non-production environments followed by production environments.
- Replication replaces redundancy. Replication should be built into the infrastructure design from the beginning.
- Only production environments should be available 24x7. Non-production environments should be created/enabled on demand, as needed.
- Account for some infrastructure on premise in most cases. Enable hybrid directory services model.

Additionally, we recommend that CIOs and IT staff align their modernization initiatives from strategic as well as operational perspectives. We encourage both Congress and OMB to provide support to agency CIOs with investments in skills, processes, and capabilities, and we encourage agency management to provide sponsorship for collaboration within and across departments. I have outlined a few alignment techniques below for your consideration.

- **Strategic Alignment**
 - CIO and IT staff maintain awareness of strategic business decisions, which may impact the IT organization and budget.
 - CIO and IT staff involvement in the short-term (1–2 years) and long-term (3–5 years) agency strategic business planning processes to ensure that IT aligns with the agency priorities.
 - CIO and IT staff proactively connects with the agency functional and program experts to understand the future direction of the agency operations.
- **Operations Alignment**
 - CIO and IT staff gain visibility and establish credibility with functional/agency/bureau IT leaders in connecting technology with an understanding of mission drivers and strategy.
 - CIO and IT staff understand and learn current business processes and identify opportunities for improvement through the use of information technology and automation.
 - CIO and IT staff understand and participate in decisions for software and hardware in use that are not directly under their responsibilities.

- CIO and IT staff get buy-in from mission and program owners with collaboration during feasibility studies, as well as systems design and implementation efforts.

Improvements in Acquisition

Key Procurement Attributes

The funding challenges regarding IT modernization are only one piece of the equation for improving Government mission delivery. Of equal importance is *how* the Government buys the IT capabilities that it needs. Unisys believes that an acquisition ecosystem that best serves the needs of the Federal agencies while ensuring the responsible expenditure of taxpayer dollars should have the following characteristics:

- **Competition** – The Government must ensure that robust competition is a priority. Competition is the single greatest driver of quality and fiscal responsibility in Federal contracting. To be truly competitive, the Government must establish an acquisition process that attracts the best the private sector has to offer. A primary means of ensuring competition is to rely upon commercially available solutions and services. Robust market research is essential to identifying commercial solutions and services and avoiding investments in duplicative IT solutions that are already commissioned in other environments.
- **Mission-Focused** – Accomplishing mission needs is the underlying goal of Federal acquisition. Effective acquisition is merely an enabler. Achieving outcomes in a timely manner is paramount to adhering to rigid processes. Thus, acquisition improvements must focus on driving mission results over non-value added administrative processes.
- **Incentive Driven** – Identifying and implementing innovation throughout the acquisition life cycle is often overlooked in Federal acquisition. The Federal acquisition ecosystem must encourage and incentivize Federal contractors to bring innovative solutions to the table during contract performance, and the Federal agencies must structure contracts to be agile enough to adjust to innovations.
- **Focused on Quality and Value** – The Government must focus investments on quality and value. Market research about the current market dynamics, as well as how the dynamics are likely to change in the future, must be strongly considered. A focus on fair and reasonable pricing in lieu of lowest price technically acceptable evaluation criteria must be the norm, particularly for more complex solution and service needs.
- **Collaboration** – Too often, a reluctance to engage all the stakeholders involved in delivering mission outcomes results in misunderstanding of mission needs and capabilities. To be successful, the Government must maximize communication between program offices, industry, the acquisition community, and others (legal, financial, etc.) so that all stakeholders understand how key challenges will be addressed.
- **Flexibility** – There is no one-size-fits-all approach to acquisition. How agencies buy is often dictated by what they are buying. Federal acquisition regulations must be flexible

enough to minimize risk in certain circumstances (commodity purchases, for example) and to allow the acquisition workforce to accept certain risk for more complex acquisitions. The Federal Acquisition Regulations System (FAR) provides needed flexibility, but this flexibility is often avoided by a risk-averse Federal acquisition workforce.

- **Accountability** – Each stakeholder should be able to clearly understand their responsibilities throughout the acquisition life cycle and the deliverables that are expected of them. All stakeholders must understand the risks, and risks that cannot be fully mitigated should be allocated appropriately and fairly. Each stakeholder must then be responsible for holding up their end of the bargain.

In our view, any changes made to acquisition regulations or processes should be focused on enhancements to the key attributes of a well-functioning acquisition system outlined above. With regard to Federal IT acquisition, there has been a lot of activity in recent years that focuses on these attributes. Because some of our recommendations build upon the work that has already been done, it is important to highlight what has been accomplished, including:

- The passage of the Federal Information Technology Acquisition Reform Act (FITARA) provides greater authority for agency CIOs to manage IT acquisitions and seeks to increase capacity for acquisition professionals to hone their understanding of IT.
- The establishment of Innovation or IDEA labs within Federal agencies that seek to streamline acquisition processes, shorten lead times, and improve acquisition overall is encouraging. The Procurement Innovation Lab at DHS and the HHS Buyers Club are good examples.
- The creation of the U.S. Digital Service to build internal core competencies.
- TechStat and PortfolioStat reviews to ensure that troubled IT programs are identified early on and corrective action is taken quickly.
- The TechFAR and Digital Services Playbook that focus on agile software development and modular acquisition.
- The creation of the Digital IT Acquisition Professional training program.
- Individual agency contracting strategies that seek to infuse innovation throughout the life cycle of the contract and spur contractor competitions to solve emerging challenges and needs.

Enhancing Competition

Commercial Items Acquisition

Leveraging commercial items acquisition for information technology and services can be a tremendous driver in delivering positive IT results for Federal agencies. Commercial items acquisition enhances competition for Federal contracts while simultaneously streamlining the acquisition process, thus reducing administrative burdens for both industry and Government.

Congress recognized these benefits and passed laws in the 1990s that encouraged greater reliance on commercial items and sought to remove and discourage the use of government-unique requirements for such acquisitions. Unfortunately, in recent years, government-unique regulations have been on the rise, and commercial entities have expressed frustration with the costs of entering and sustaining a presence in the Federal market. The House and Senate Armed Services Committees have been exploring this area for several years, and have enacted legislation, specific to DoD contracting, that seeks to reinvigorate commercial items acquisitions. Examples include requiring greater market research before making a determination that commercial solutions are not available, and requiring DoD to report on the defense-unique requirements that apply to commercial items acquisitions. Unisys supports many of the commercial item reforms that have been adopted. However, there has been little activity on this front as it relates to the civilian agencies. Thus, we recommend the creation of a public-private working group to conduct a thorough analysis of the current state of commercial items acquisition within the civilian agencies. Specifically, the working group should be tasked with analyzing if, and how, the commercial item reforms enacted in the Fiscal Year (FY) 2016 and FY 2017 National Defense Authorization Acts (NDAA) could benefit the civilian agencies if expanded Government wide. The working group should also examine the intersections between FAR Part 12 (Commercial Item Acquisition), FAR Part 39 (IT Acquisition), and FAR Part 37 (Services Acquisition) to identify areas where the FAR Parts are out of alignment or create confusion.

Regulation

The proliferation of regulations is not limited to the growth of government-unique requirements regarding commercial items acquisition. In efforts to establish the perfect acquisition system, the Government continues to add new statutory and regulatory requirements. In some cases, these are logical improvements. In other cases, such requirements add little or no value to mission outcome or effective oversight. Accordingly, we were pleased to see the enactment of language in the FY2016 NDAA establishing the “Section 809 panel” that Dee Lee will address during this hearing. We are hopeful that the work conducted by that group will lead to significant streamlining and efficiency in Federal acquisition. While many regulations are focused on industry requirements, the burden on the acquisition workforce has also expanded.

Acquisition policies, procedures, and processes have evolved over the years, and agencies have institutionalized them into acquisition practices for acquisition professionals to follow and measure. However, they also introduced several practices that are merely bureaucratic in nature and viewed as “check the box” compliance items that many acquisition professionals believe do not add value and which take up valuable time that could otherwise be used to enhance the acquisition and mission outcomes. We recommend that OMB, perhaps building upon the work being done by the Section 809 Panel, conduct a thorough review of all the compliance items that are mandated to be followed by acquisition professionals, and consolidate, streamline, or eliminate them.

Broaden Past Performance Considerations

As stated in my introduction, Unisys is a global company performing quality work for a number of public and private sector clients around the world. We have a solid record of past performance. However, we have witnessed occasions where the Federal Government has limited the evaluation of bidders' past performance primarily to work that has been performed specifically for the United States Federal Government (sometimes even to a segment of it), or has not given equal weight to past performance evaluations provided by a vendor's private sector or other non-U.S. Government customers. While this strategy may provide a certain level of perceived risk avoidance to the Government, it is far more likely that it is limiting competition and innovation. Unisys recommends that the Office of Federal Procurement Policy (OFPP) issue guidance to Federal agencies encouraging greater consideration of past performance by non-U.S. Government customers during the source selection process.

Appropriate Use of Small Business Set Asides and Accurate Measures of Small Business Participation in the Federal Marketplace

Unisys supports a Federal acquisition environment that provides opportunity for small businesses to participate in the Federal marketplace through the use of set-asides. However, we are concerned about usage of inconsistent and arbitrary methodologies applied by some agencies when determining to set aside contracts exclusively for small businesses. It is equally important that agency missions benefit from robust competition among Federal contractors of all sizes. Unisys supports balance between these two objectives.

Thus, it is important for the Government to have accurate data about the small business participation across the entire Federal market. Specifically, this means obtaining accurate data about small business participation at the prime contracting level and at the subcontracting level. It also means having accurate data about small business participation within specific industries. One area of concern is that set-asides are being used at a greater frequency for certain types of work. For example, because the Department of Defense spends much of its procurement budget buying major weapons systems that do not lend themselves to small business participation at the prime contracting level, the Department must rely on other sectors (i.e., information technology and services) to meet its small business contracting goals. In some cases, this has led to instances where large contracts have been set aside for small business participation only, putting at risk not only the Government mission but also the capacity of small businesses to perform. While small business prime contracting data is relatively accurate, there is much less confidence in small business participation data at the subcontracting level. Unisys often partners with small businesses to assist with meeting agency missions, and we are proud of our track record. However, we believe little attention is being given to small business subcontracting while there is an increasing push to elevate small business participation at the prime level. Unisys recommends that Congress continue to seek accurate data from the agencies about small business subcontracting at a macro level and within specific industries. Once there is confidence in the overall small business participation data, then meaningful conversations can occur about

how, and in what industries, Government can achieve a balance between robust and restricted competitions.

Leadership and Governance

Fostering Communication and Collaboration through Improved Governance

First and foremost, collaboration and communication between the Government and private sector is essential to aiding industry's understanding of the mission needs, and, in turn, the Government's understanding of the private sector capabilities to deliver on that mission. Effective communication *within* Government is of equal, if not greater, importance. Too often, a lack of communication between program, contracting, information technology, end users, finance, legal, and other Government personnel set IT projects off on the wrong foot, and the challenges become greater to bring those programs back into line. Effective communication can best be addressed by reevaluating existing IT governance structures and encouraging a culture of communication. Such structures should enhance the functionality of integrated program/project teams (IPTs)—cross functional or multidisciplinary groups of individuals that are organized and collectively responsible for delivering a product, service, or outcome, to an internal or external customer. While functional IPTs also require effective workforce planning (as discussed below), highlighting IPTs within governance models will ensure that key stakeholders are brought together in a collaborative environment early in a program's life cycle. Such collaboration is essential to ensure that perspectives, motivating factors, and concerns of each stakeholder are understood by others and addressed effectively. GAO published a valuable report regarding IPTs in November 2016 that highlights the key attributes of IPTs, many of which mimic industry best practices.³ Most notably, GAO recognized the importance of providing IPTs with strong executive leadership support external to the IPT itself to serve as an advocate for the team, empowering the team to carry out its responsibilities, and ensuring the team has the necessary resources to complete its work.

C-Suite Communication and Commitment

Frequent post-award communication among senior agency and vendor executives is also critical to ensuring successful outcomes and opportunities to innovate throughout the performance of a Federal contract. This approach is a critical success factor for any complex or a high-priority/high-visibility program. Such engagement has long been a best practice at Unisys. One recent successful example is the establishment of governance review monthly meetings with all senior stakeholders, including agency leadership, agency principals, and CEOs/principals of companies, which allowed proactive discussions as well as setting up/adjusting operational execution priorities and milestones.

³ GAO-17-8, IT Workforce: Key Practices Help Ensure Integrated Program Teams: Selected Departments need to Assess Skills Gaps, available at <http://www.gao.gov/assets/690/681309.pdf>

Acquiring Innovation

In the invitation to this hearing, the Subcommittees requested that we provide our views about how the Government can incentivize innovation and leverage private sector innovation capabilities. This is an important question and there are a myriad of options that the Subcommittees should consider.

Statements of Objectives

Greater reliance by Federal agencies on Statements of Objectives (SOOs) in lieu of prescriptive Statements of Work (SOWs) is another method that can be deployed to harness innovation. The benefit of Statements of Objectives is that they allow the agency to describe its mission needs and the challenges in broad terms. Conversely, Statements of Work (SOWs) often focus on a set of specific requirements that a contractor must be able to address. To be clear, SOWs are effective when the agency has a clear set of requirements. But often, particularly for more complex services and information technology projects, the agencies do not know all the detailed requirements that will need to be addressed. They simply recognize they have a mission challenge and that an information technology solution is necessary. In such cases, using a SOO instead of a SOW allows agencies to describe their challenges and empowers Federal contractors to propose Performance Work Statements (PWSs) that best meet the needs of the agencies. The bidder-proposed PWS allows contractors to propose innovative solutions for the agency to consider and provides contractors with leeway to provide alternative solutions that may have been dictated otherwise had a Statement of Work been used. Ultimately, a detailed PWS is developed by the winning bidder and agency.

Unisys recommends that OFPP issue guidance to the Federal agencies encouraging greater reliance on SOOs, particularly when complex services and non-commodity IT solutions are sought. The guidance should include specific examples of SOOs that are focused on mission results and outcomes and that maximize contractor flexibility to leverage innovation and creativity.

Overcoming a Culture of Fear about Communication

While governance structures promoting IPTs are integral to ensuring effective communication, more must be done to encourage robust communication between Government and industry. The “Myth Busting” memos published by OFPP over the past several years have been helpful. Additionally, individual agency initiatives, such as GSA’s creation of its “Interact” website that established discussion forums on specific acquisitions for Government and industry to communicate, have proven beneficial.⁴

One-on-one discussions between agencies and potential vendors must also be encouraged. Reluctance to engage in such discussions is often driven by fears of bid protests on the grounds

⁴ GSA Interact Website available at <https://interact.gsa.gov/>

that equal information will not be provided to all bidders. These concerns can be alleviated by publicly posting synopses of information provided by agency personnel during the discussions. Such discussions should be further encouraged, particularly during the time period before a final Request for Proposal has been issued. Additionally, meaningful communication can often occur after source selection via oral debriefings. Oral debriefings provide bidders, whether successful or unsuccessful, an opportunity to gain valuable Government insight about how the bidder's proposal was assessed and interpreted by the Government. Contrary to fears, meaningful debriefings result in fewer bid protests and equip vendors with valuable information about how to be successful in subsequent competitions.

Innovation Templates

Unisys also recommends that Congress require OFPP to create and test the use of "innovation templates" that would allow bidders to highlight innovative approaches they are proposing in response to an agency solicitation. The template should also permit bidders to discuss and highlight the value of the innovation being offered, including any long-term cost reductions or increased capabilities that will be achieved. The Professional Services Council (PSC) has created a sample innovation template as a resource for OFPP that we support.⁵

Contractor Demonstrations

Unisys is encouraged by agency initiatives to identify and adopt innovation throughout the life of contracts, particularly multiple award task and delivery order contracts. One recent example of this best practice is the Defense Information Systems Agency's Request for Proposal (RFP) for the Systems Engineering, Technology and Innovation (SETI) opportunity. In the RFP, DISA has reserved the option to permit contractor demonstrations in a one-on-one environment to discuss innovative ideas and solutions, or to present new technologies that are not currently being considered or developed. The goal of the demonstrations is to create robust sharing of ideas, solutions, and technologies that can support the warfighter or enhance national security. Unisys recommends that OFPP identify this DISA approach as a best practice and promote its use to other Federal agencies, where appropriate.

Value over Price

A practice that is hampering the Federal agencies' ability to identify and harness innovation is the reliance on the lowest price technically acceptable (LPTA) source selection methodology. While LPTA is a legitimate and useful acquisition strategy for use in procurements with well-defined requirements and objectives, industry has experienced misuse of LPTA evaluation criteria, particularly in instances where the agencies are seeking complex professional or IT services. In such cases, the focus on driving bidders to the lowest cost has led to an environment where value to the Government is an afterthought, and the ability of a company to effectively deliver a valuable solution or innovative outcome is undermined by a drive to hire a company

⁵ PSC Innovation Template available at <https://www.pscouncil.org/Downloads/documents/PSC%20Innovation%20Template.pdf>

with the lowest labor rates. In an era when the Government is seeking to increase innovation and obtain “best in class” solutions, an LPTA approach stymies creativity, eliminates flexibility to make tradeoffs between costs and desired capabilities, and risks higher long-term costs due to mission failures and contract rework actions. A focus on price over value is particularly problematic for contracts for information technology services, engineering and technical services, and other knowledge-based services or solutions where requirements are more difficult to accurately define and solutions require specific expertise that is not likely to materialize under an evaluation methodology that focuses on the lowest price. Congress, recognizing that LPTA undermines innovation when used inappropriately, adopted language in the FY17 National Defense Authorization Act that seeks to limit DoD’s reliance on LPTA for professional and IT services.⁶ Unisys recommends that the LPTA language included in the FY17 NDAA be broadened to have Governmentwide applicability, thus further reinforcing the appropriate circumstances when LPTA is acceptable, and when it is not.

Congress also recognized, via the FY17 NDAA, that in certain circumstances there is limited value in the evaluation of price as a source selection factor for initial contract awards on multiple award task and delivery order contracts. Under such contracts, the Government first selects a list of qualified vendors that have been “pre-vetted” to bid on task orders as the need arises within the Federal agencies. Because the Government does not have a specific need or requirement at the time the contract is created, there is little value in evaluating price. Under task and delivery order contracts, a second round of competition is conducted when a specific need or requirement (i.e., task order) is issued to the list of pre-vetted contractors. It is within this second round of competition that price becomes a more significant factor. To facilitate the Department of Defense’s ability to focus the initial round of competition on vendor qualifications, innovative capabilities, and past performance, Congress removed statutory requirements that price must always be an evaluation factor during the initial competition for multiple award task and delivery orders.⁷ Unisys recommends that this flexibility afforded to DoD be expanded Governmentwide so that the civilian agencies may, at their discretion, rely upon it.

Scaling Innovation

The advanced research projects agencies, such as the Homeland Security Advanced Research Projects Agency (HSARPA) and the Defense Advanced Research Projects Agency (DARPA) continue to identify and develop emerging technologies through their collaboration with private industry. Efforts by agencies (again, primarily DHS and DoD) to promote the Federal marketplace to tech hubs around the country, such as Silicon Valley and Austin, TX, also offer promise. However, challenges to integrating emerging capabilities into existing systems and bringing concepts to full-scale development continue to be a hurdle. Flexible acquisition authorities are

⁶ Section 813 of P.L. 114-328, Fiscal Year 2017 National Defense Authorization Act, available at <https://www.congress.gov/bill/114th-congress/senate-bill/2943>.

⁷ Section 825 of P.L. 114-328, Fiscal Year 2017 National Defense Authorization Act

effective in overcoming some of these hurdles and should remain within the acquisition “tool box.” An emerging issue to watch is how these agencies and outreach efforts expand and what effect they have on the competitive landscape.

Acquisition Workforce

To harness innovation and achieve IT modernization and digitization, the Federal agencies must be staffed with an acquisition workforce equipped with the appropriate skill sets and supporting resources. In the OMB’s “Toward an Ever Better Digital Government” publication attached to Shaun Donovan’s exit memo, OMB recognized this necessity and highlighted the need for effective recruitment, retention, and training of its workforce. The publication also stated:

“...the need is not for the Federal Government to hire all of its own engineers, product managers and designers. The vast majority of government digital service development work should continue to be done by private sector contractors, as is true today. However, government needs a certain critical mass of top-flight in-house technical talent in order to be a good buyer of private sector services – otherwise, government will do a poor job of specifying the solutions it truly needs, won’t be able to evaluate accurately which contractors are the best ones to deliver those solutions, will manage contractors badly, and won’t be able to drive continuous iteration of how agencies work to support execution of the latest best practices (e.g., today, moving agencies from “waterfall” to agile development, from monolithic systems to modular systems, from repetitive rebuilding of services to reuse of services, including extant, commercially available, cloud-based services).”

Clearly, Government and industry are in this together. And Unisys’ perspective has been, and continues to be, that our smartest customers are our best customers. To that end, we encourage investment in the Federal workforce to bolster both their capability and capacity to procure professional services and IT. Regarding IT, Unisys is encouraged by the language in FITARA requiring the development of IT acquisition cadres within the Federal agencies. We are also supportive of the creation of the U.S. Digital Services and the creation of the procurement innovation labs being established within the Federal agencies. We are particularly impressed by some of the initiatives taking place with DHS’s Procurement Innovation Lab (PIL) and the HHS Buyers Club.

The PIL has quickly established itself as a strong information resource within the DHS acquisition community and often provides insightful guidance to the DHS acquisition workforce about how to acquire innovation solutions and use innovative acquisition procedures. More importantly, Soraya Correa, the DHS Chief Procurement Officer, has made it clear that the PIL should encourage appropriate risk-taking in exchange for potentially more positive outcomes. This “I have your back” mentality goes a long way toward encouraging an acquisition workforce that has long had a culture of being risk averse. The PIL also deserves credit for establishing a

recognition program (PIL Badges) for acquisition professionals putting PIL practices and resources to use. This simple incentive promotes successful procurements that have enhanced mission outcomes and improved transparency for the benefit of both Government and industry. We should continue to reward these efforts through recognition.

The HHS Buyers Club is experimenting with how to acquire innovations. The Buyers Club is promoting several acquisition best practices, such as increased reliance on Statements of Objectives and, most interestingly, the use of 360 degree reviews—another recommendation by the Professional Services Council—in which bidders (including the losing bidders), the contracting officer, and the end users are asked to provide feedback on the acquisition process.

Unisys recommends that the agencies continue to support the work being conducted within the innovation labs. More importantly, Unisys recommends that Congress evaluate the merits of establishing a formal acquisition workforce recognition program that celebrates calculated risk-taking and successful strategies used by the acquisition workforce.

While there are positive developments on the acquisition workforce front, the biggest challenges facing the workforce are Federal hiring freezes and an ongoing risk-averse culture that promotes “check the box” administrative procedures over critical thinking and business acumen. Recently launched initiatives within Government to address these latter challenges are a good start. For example, the Digital IT Acquisition Professional (DITAP) training program offers a curriculum based on principles of agile software design geared toward acquisition professionals, so that they can gain experience applying modern IT procurement strategies. Improved governance structures that encourage the use of Integrated Program/Project Teams are also important. However, emerging training and IPT development have not scaled to meet the demand in Government. GAO has repeatedly highlighted workforce assessment gaps as hampering the ability to build strong IPTs. Additionally, DITAP training sessions are currently filtering approximately 30 people at a time through the program. To truly make a difference, the Government must find ways to proliferate such training.

Acquisition professionals would also benefit greatly from the support of agency senior leadership to enhance collaboration between contracting officers (COs) and program staffs to improve the quality of some key work products, such as acquisition plans, cost estimates, requirements definitions, alignment to IT investment review board activities, and risk registers. We have seen, and GAO has reported on, some improvements in this area. COs will greatly benefit from additional knowledge and experience gained from establishment of area-specific warrants adapted to IT specialties. We recommend that agency leadership make it a priority to cross-train all functional teams that are part of the IT acquisition. In addition, we recommend that acquisition leadership give consideration to having continuity in knowledge and experience in technology/management areas when making work assignments to COs.

We further recommend that the Chief Acquisition Officers Council and OMB consider collaborating with industry and academia to establish an industry standard certification for IT acquisition professionals similar to the Project Management Institute's Project Management Professional (PMP) certification.

Enabling Change in Management of IT

FITARA deserves strong recognition for being a driver of change management. Ultimately, driving change begins with strong leadership and ownership over a set of challenges. FITARA's focus on empowering CIOs has been tremendously helpful, and pockets of effort in Government where CIOs have been able to work collaboratively with other executives, primarily the CFO and the CAO, have proven that our Government's IT challenges can be overcome. Still, more can be done to ensure that best practices established by strong leaders remain in use as CIOs transition back to the private sector or to other departments. Below is a discussion about how CIOs operate in the private sector.

Effective CIO Governance and Change Management Strategies

Some of the best practices employed by commercial CIOs include establishment and effective communication of vision and strategies for enabling successful modernization of their enterprises. Proactive communication of the following initiatives and activities has proven to be very effective in transforming organizations.

- Common future technology vision, roadmap with common architecture.
- Common shared services that eliminate duplicative efforts.
- Leveraging scale and relations with vendors and service providers broadly.
- Enablement of integrated product/solutions/services teams.
- Streamlined communications/collaboration across the enterprise.
- Identifying cost efficiency and investment leverage for new capabilities.

Proactive change management strategy is also critical to enabling success of enterprise transformations. Some example initiatives that could be effective in managing change/transformations include:

- Emphasis and investments in strategic and tactical communications.
- Communication of flexibilities within governance models and policies to suit the mission of individual agencies or bureaus.
- Strong portfolio management with proven prioritization methods.
- Transparency and frequent communication of roles, responsibilities, and priorities.
- Simplified, clear, and quantified responsibility and accountability.
- Establishment of liaisons to other units with domain/mission expertise.
- Leadership connectivity and forums for unit level CIOs, CTOs, CISOs, and domain functional owners.

Benchmarks for Efficiencies and Effectiveness

One of the commercial sector IT best practices is to measure and benchmark organizations' IT costs, processes, service quality, and overall effectiveness in achieving business results or mission outcomes. This allows an organization to compare themselves with their peers and benchmark in relation to best in class performers. Unisys is a long time practitioner of leveraging industry standard IT benchmarks and in setting strategic and operational goals. Several top management consulting firms provide benchmark standards, external data and services for IT, and other business functions. Results from these benchmarks have been extremely valuable to companies such as Unisys and are great change management tools to provide a context to IT staff as well as end users. Typically, these benchmarks measure individual IT sub-functions throughout the life cycle from planning to operations and maintenance of IT infrastructure and application systems, as well as business processes. We believe the Government could benefit from such an approach adapted specifically to the Government environment, requirements, and culture. We recommend that the OMB Deputy Director for Management, Federal CIO, and GAO collaborate to develop best practices for Government IT that CIOs can leverage.

Conclusion

The Federal Government continues to take important steps to enhance its IT capabilities and to move to a modernized, digital government that is nimble, competitive, and harnesses commercial best practices. The previous Administration's work on this front offers great promise, and early signs indicate the new Administration plans to build upon the previous gains. Yet significant challenges remain, including establishing consistent funding streams, streamlining acquisition to promote innovation and efficiency, ongoing improvements to governance and sustained leadership, and, perhaps most importantly, workforce development that equips the hardworking Federal acquisition and IT workforces with the resources and leadership support they need to be successful. To these ends, Unisys is pleased to offer this initial set of recommendations, and welcomes the recommendations made by others testifying before your Subcommittees. We look forward to continuing to work with Congress and the Administration as it addresses this important issue. Thank you for the opportunity to testify and to share our views.