

NAVSEA Small Business Industry Day
Tuesday, August 8, 2017
Notes

The following are notes and highlights of the August 8 NAVSEA Small Business Industry Day.

Session: Plenary Morning Session

- More than 200 participants attended the Third NAVSEA Small Business Industry Day.
- Ms. Allison Stiller, Acting Assistant Secretary of the Navy for Research, Development and Acquisition (ASN (RD&A)); Vice Admiral Thomas Moore, Commander, NAVSEA; Mr. James Smerchansky, Executive Director, NAVSEA; Ms. Melinda Reed, Deputy Director for Program Protection; Ms. Mary Thomas, OUSD(ATL) DPAP PDI; and Ms. Cindy Shaver, NAVSEA Director of Contracts spoke during the morning session.
- CAPT Ann Fischer, SEA 00 Chief of Staff, started the conference by providing administrative remarks and noting the brochure contained directions for accessing the NAVSEA website and downloading presentations. All presentations should be available within 2 weeks.
- VADM Moore welcomed attendees and highlighted the fact that NAVSEA receives an annual Total Obligation Authority (TOA) of \$35B and the ability to innovate and provide creative solutions to NAVSEA rests with small businesses.
- Mr. Smerchansky continued this theme by discussing how relationships with small business foster a culture of affordability and enables innovation at NAVSEA. This innovation is closely linked to diversity and inclusion which small business brings to its solutions.
- Mr. Smerchansky highlighted that small business provides 50% of the nation's Gross Domestic Product (GDP) and NAVSEA's use of small business results from a "business imperative" and not meeting specific goals or quotas.
- Mr. Smerchansky concluded his remarks by reminding participants of NAVSEA's mission to "Expand the Advantage" and stating we do that by including the "views, expertise and talent employed by small business."
- Ms. Allison Stiller, Acting ASN (RDA), thanked the attendees for participating in the event and noted more than 200 companies were registered.
- Ms. Stiller recapped current fleet operations around the world stating more than half the Navy is currently underway. She reminded the audience not to lose sight of individual Sailors and Marines and asked those in attendance to focus on those at the tip of the spear.
- Ms. Stiller spoke to the benefits brought to the Department by small business and encouraged government activities to leverage those benefits such as flexibility and affordability. She discussed the need for the government to tailor processes to accommodate and include small business as well as developing small business advocates. She noted the importance of engagement opportunities and concluded by saying the Department of the Navy is open to small business.
- Ms. Stiller then opened the floor to some questions:

Question: What's the future for the budget?

Answer: Secretary Spencer is reviewing how budget stability impacts acquisitions and small business. We know that "flow down" to subcontractors is a problem but need better

examples of the impacts to pass on to Congress and encourage you to pass on those problems and impacts. Finally, she believed the Senate Appropriations Committee (SAC) would mark the Defense Appropriations bill to sequestration levels.

Question: What's being done to speed up the contracting process for small business?

Answer: We are working on doing a better job of forecasting long-range needs and requirements that enable small business to participate. Ms. Cindy Shaver, NAVSEA Director of Contracts, added that if a MPM requires a specific capability or technology offered by a small business which addresses a valid requirement, we need to get the contracting officer involved in the discussion as early as possible.

Question: What's being done on small business ID/IQ contracts?

Answer: Ms. Shaver noted first a legitimate requirement needs to be documented before establishing a requirement for an ID/IQ contract. Mr. Smerchansky added that Deputy DPMs are supposed to be the Small Business Advocates for their program and should be collecting that information.

Question: For 8As, we're being told we need to use the ceiling on other existing contracts?

Answer: Mr. Smerchansky indicated that was a bad answer. Mr. Emily Harman, Director DON Office of Small Business Programs, stated small business needs to step up when issues or problems like that occur and provide examples of problems to her office.

Question: LPTAs are killing small business participation on Services contracts?

Answer: The Navy is moving in the opposite direction, away from LPTAs.

- Ms. Stiller ended her presentation encouraging the attendees to interact with the PEOs and prime contractors.
- Ms. Melinda Reed, the Deputy Director for Program Protection in DASD (SE) and Ms. Mary Thomas, a Program Analyst in Defense Procurement and Acquisition Policy (DPAP), discussed current and future requirements aimed at protecting DoD information.
- Ms. Reed and Ms. Thomas noted Enclosure 14 to DoDI 5000.02 outlines program responsibilities to ensure all DoD information is protected from cybersecurity risks/threats.
- They addressed DFARS Clause 252.204-7012 which requires contractors and subcontractors to provide adequate security to safeguard covered defense information; report cyber incidents on a covered contractor information system; submit any malicious software which identified in their systems, submit media and additional information to support damage assessment (if requested) and the requirement to flow down the clause to subcontractors.
- Ms. Reed and Ms. Thomas discussed NIST SP 800-171 and the protection of CUI in non-federal information systems and organizations noting this will be a common requirement on all contracts.
- Ms. Reed and Ms. Thomas highlighted the need to notify the DoD CIO of any NIST SP 800-171 requirements not implemented at the time of contract award on contracts awarded prior to October 1, 2017. They addressed the need for a System Security Plan and Plans of Action to demonstrate implementation of NIST SP 800-171 and that both have to be in place on December 31, 2017.

- Finally, Ms. Reed and Ms. Thomas talked to the role of DCMA in verifying adherence to cyber clauses of the contract.
- After a short break, Ms. Cindy Shaver, NAVSEA Director of Contracts, presented a NAVSEA Acquisition Overview.
- Ms. Shaver started her presentation by encouraging attendees to communicate with the PEOs, MPMs and DMPMs and frequently refer to the Long-Range Acquisition Forecast on the NAVSEA website which is updated every quarter. She also mentioned there are lots of opportunities for improvement and to feel free to pass on ideas to her or Ms. Stiller.
- In response to last year's actions, Ms. Shaver asked the audience if they are still seeing LPTA RFIs and if so, to please let her know. She was also interested in how the transfer of PCO responsibility for SeaPort-e work to the Warfare Centers was going.
- Ms. Shaver then discussed the current plan for replacing the SeaPort-e contract with the SeaPort NxG and specifically what the next generation contract would require. She anticipates a draft RFP release in the 1st Quarter of FY-18, final RFP in the 2nd Quarter, receipt of proposals in the 3rd quarter and award of new MACs at the end of the 1st Quarter of FY-19.
- Ms. Shaver then took questions regarding the SeaPort-NxG contract:

Question: Will the contract be a single NAIC such as 541330?

Answer: The same NAICs will be used that is currently on the existing SeaPort-e contract.

Question: Will the contractor need to be self-certified at the time of MAC award?

Answer: Looking at certifying at the MAC level every 5 years.

Question: All the information you presented is Pre-Decisional. When will it become Decisional?

Answer: As part of the AP approval process.

Question: Can you speak to evaluation criteria?

Answer: First, we are not looking at limiting the number of MACs awarded. We're putting more rigor on Past Performance.

Question: Have you discussed contracting mechanisms for services such as Cloud?

Answer: It will depend on the type of service.

Question: Can you discuss the terms of the contract?

Answer: It will be a 5-year base contract with one 5-year award term.

- Following completion of the SeaPort-NxG Question and Answer session, Ms. Shaver led a Large Prime Panel Discussion.

Panel Members:

Ms. Nancy Peters (CACI Vice President and Small Business Advocate), Mr. Alan McCall (SAIC Vice President and Director of Business Development), Mr. Neil Perry (Raytheon Director of Supply Chain Strategy and Operations), Ms. Ludmilla Parnell (GDIT Director, Business

Development Small Business Partnerships), and Ms. Diane Dempsey (BAE Director of Small Business Programs)

Introductions:

Each panel member provided a quick review of their company, discussing its organization and specific business/focus areas. Many talked about their corporate culture and all agreed the importance of ethics and integrity to their company. Following the introductions, Ms. Shaver then asked the panel members to discuss a number of questions.

Questions and Answers:

Question: What information as a small business should I prepare to enhance my chances of working with a prime contractor?

Answer: Panel members highlighted the need to understand “who I am” as a company, what are the strengths I bring to a team. They talked to the importance of client alignment and in particular any past performance with NAVSEA. What is your intimacy with the customer? A small business needs to consistently be informed and ready for procurement actions, which was referred to a number of times by panel members as “procurement readiness.” Small businesses need to know something about the prime they would like to team with. What is it you do specifically to align with the prime and how will you help them win a contract. Small businesses must also have a focused approach responding to solicitations. Finally, panel members encouraged the audience to maintain memberships in organizations associated with their business areas to enhance understanding of future trends as well as networking.

Question: Do companies have any mechanisms to solicit inputs from small businesses?

Answer: All panel members agreed it’s the responsibility of the small business to make large businesses aware of their company and their specific areas of expertise. All encouraged attendees to register on the large businesses’ website and the importance of keeping the information current. These databases are used to invite small businesses to events at the prime which are held quarterly as well as annually. They also use the information to reach out to small businesses in specific areas such as Hub Zones, Woman Owned and Veteran Owned, etc. One company noted they presently reach out to more than 600 suppliers. The panel members also highlighted the importance of having someone serve as a reference within the prime’s organization.

Question: Please share your concerns and advice on security/cybersecurity?

Answer: All members of the panel noted the importance of being proactive in addressing these requirements. “It’s simply the cost of doing business in the federal space.” Small businesses need to think about and plan for being compliant with the requirements and simplify the requirements wherever possible. They suggested companies should not plan on or wait for a waiver because in most instances it simply won’t happen.

- Following the above discussions, Ms. Shaver opened the floor for questions from the audience.

Question: Is it true being on an approved supplier's list can be a detriment?

Answer: Not necessarily. Large businesses are always seeking out the best suppliers but still need to qualify them. In nearly every instance, individual corporate agreements will be required. "Creative disruption" by a new supplier is a good thing. One panelist noted it's not always a small business seeking out a prime but a prime going to the small business. Another panel member stated that in set aside contracts, the large business can't do the work, small businesses need to act as the prime. Because of that, affiliation with only one company is bad.

Question: How do primes invite companies to internal events? What's the methodology?

Answer: Most companies use their registration database for invitations to internal events. That's why it's so important to register with each company and then keep the information current. Specifics about capabilities are also a must since that allows the large business to send invitations based on skills and experience. One panel member suggested messaging through the Supplier Advisory Council since some council members are from small business.

- Ms. Shaver thanked the panel members for their participation and the attendees for their interest and questions.
- CAPT Fischer closed out the morning session by highlighting a couple of upcoming events which may be of interest to small business. The first is the DoD SBIR Mentor Protégé Training which takes place in Chicago from 14-17 August. The second opportunity is the NDIA Gold Coast Conference in San Diego from 22-23 August. She finally suggested attendees access the Navy Office of Small Business website for other future events.

Plenary Session Actions:

1. Attendees were encouraged to provide examples of barriers to small business or suggestions for improving existing processes to either Ms. Stiller's and/or Ms. Shaver's office.
2. Ms. Reed and Ms. Thomas will look into the need for small businesses to purchase licenses to Microsoft Office 365 to access government databases when they don't possess .mil email accounts. This becomes a large expense for many small businesses.
3. Ms. Shaver will consider the use of solc source awards under SeaPort-NxG to Hub Zones, 8A, Women Owned, etc. businesses.

Session: Afternoon Session Opportunities Overview

Team Ships- Ship Construction

Ms. Bilyana Anderson, Executive Director of the Combatants Office in PEO Ships, gave an organizational breakdown and pointed out that although Small Business can't qualify for larger ship construction, there are opportunities in small boat/craft construction. There is currently over \$74B over the FYDP with an increasing portion going to Small Business subcontracts. Service contracting has over 20 Small Business contracts totaling over \$500M with as much as \$1B planned.

Team Ships- Ship Maintenance, Modernization & Repair

Ms. Karen Davis, Executive Director, Surface Warfare Directorate in SEA 21B, outlined the SEA 21 organization and noted that 50 or more ships have maintenance availabilities annually. There are Small Business opportunities in many areas including "non-complex" areas which do not require large facility capital expenditures. There are currently 50 Small Business contracts in work worth over \$550M and subcontracting goals are over 25%.

Integrated Warfare Systems

Mr. Mike Roberts, Director for Development and Integration in PEO IWS, outlined the IWS organization and pointed out that there are 128 programs/projects in the portfolio with 241 contracts worth over \$23.4B. PEO IWS was recognized as the 2016 Champion. There are over 42 SBIR Phase I opportunities and expect that over 54% will transition to PH II. The LRAF has just been updated with PSS/ESS opportunities for Small Business.

Undersea Systems

Mr. Mike Breslin, Executive Director, Undersea Warfare, outlined the organization, Team Sub has 26 active Small Business contracts worth over \$1.5B. Annually \$120M-150M PSS/ESS contracts are awarded and TEAM Sub is planning the Small Business share to increase from 2% to 20%.

Questions and Answers:

Question #1: When will the Team Sub PSS/ESS RFP be released?

Answer #1: FY 18.

Question #2: What does NAVSEA do to incentivize and reward Small Business subcontracting?

Answer #2: Ms. Shaver said that DFARS sets requirements for small business subcontracting and DCMA monitors contracts for compliance. CPARS are also used to evaluate compliance with subcontracting goals.

Question #3: What are the best ways for small business to introduce innovative technologies to ship maintenance and availabilities?

Answer #3: Team Ships has specific Industry Days as well as specific topic related Industry Days such as Welding and Corrosion Prevention.

Question #4: What opportunities does NAVSEA have for energy efficiencies initiatives and additive manufacturing?

Answer #4: Both NUWC Keyport and NSWC Carderock have technology initiatives along these lines and have small business opportunities. Contacts at both provided in package.

Wrap-up

Ms. Shaver thanked everyone for their participation and that NAVSEA is looking at ways to improve Small Business opportunities. She said that all the briefs and contact lists would be on the website (<http://www.navsea.navy.mil/BusinessPartnerships>). The LRAF for both NAVSEA and the Warfare Centers would also be posted. Feedback would greatly be welcomed and there is a feature to provide inputs on the website.