



Moving Forward

***RFP Release
(Press Briefing)***



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Key Features

- **Important changes since draft RFP**
 - Retains overall structure of requirements
 - Important change in contract pricing strategy
 - **Objective, clear source selection strategy**
 - **Importance of price and non-price factors**
 - **Clear, stable warfighter requirements**
 - **Acquisition reform**
 - **Straight down the middle**
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Clear and Stable Requirements Are Beneficial to All



- Remain true to warfighter requirements while providing necessary clarifications
- Avoids need for Engineering Change Proposals immediately following award
- Remains a Best Value approach as it provides both offerors opportunities to provide additional value
- Mandatory evaluation elements = required capabilities on Day 1
 - Platform must have all 372

Requirements Produce A Far More Capable Tanker



Source Selection Process

- **New Source Selection Authority (SSA)**
 - Senior career USAF official (not publicly identified, normal practice)
 - SSA Selects KC-X contract winner using approved Source Selection Strategy

- **New AF Acquisition Team (not identified)**
 - New Source Selection Advisory Council
 - New Source Selection Evaluation Team Leads
 - New Independent Review Teams

- **All levels below SSA joint with OSD**

THE RELEASE OF THE RFP REPRESENTS THE BEGINNING OF A NEW SOLICITATION



Source Selection Strategy: Issue Highlights



- **Issues from Congress and Industry**
 - **Integrated Fleet Air Refueling Assessment (IFARA)**
 - **Cost of Ownership Factors**
 - **Systems Engineering & Technology Maturity**
 - **Development & Integration Risk**
 - **1% Total Evaluated Price Gate**
 - **Fixed Price contracts / Corporate Risk**
 - **Interim World Trade Organization report**
 - **Release of Bid Information from Prior Competition**



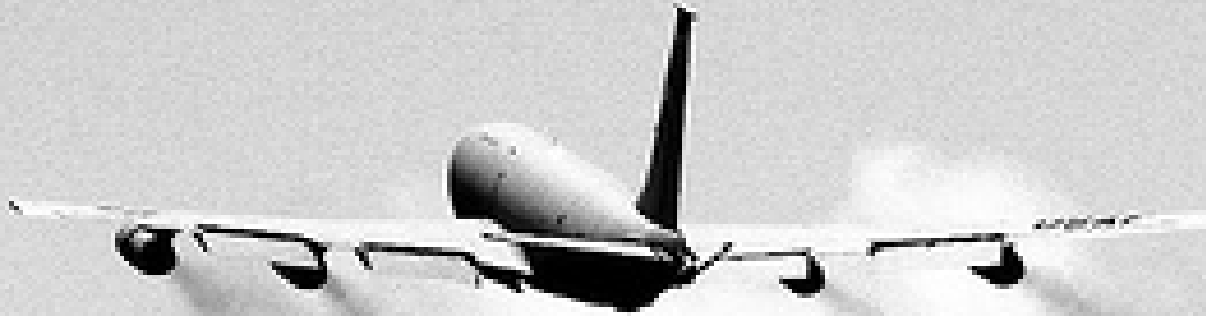
Contract Provisions

Balances Risk – Government and Industry

<ul style="list-style-type: none">■ Engineering, Manufacturing Development (EMD)	<ul style="list-style-type: none">■ Fixed Price – Incentive Firm (Target)<ul style="list-style-type: none">■ 60/40 Govt / Industry share ratio■ 125% ceiling mitigates risk
<ul style="list-style-type: none">■ Lots 1-2	<ul style="list-style-type: none">■ Firm Fixed Price
<ul style="list-style-type: none">■ Lots 3-5	<ul style="list-style-type: none">■ Not to Exceed w/ 2.5% trigger band (FFP with 5% in draft RFP)
<ul style="list-style-type: none">■ Lots 6-13	<ul style="list-style-type: none">■ Not to Exceed w/ 1.0% trigger band (5% in draft RFP)
<ul style="list-style-type: none">■ Interim Contractor Support	<ul style="list-style-type: none">■ Firm Fixed Price – 5 years<ul style="list-style-type: none">■ Extensive company experience with support to airline industry

Adjustments to ensure balanced sharing of risk across the span of time while providing disciplined cost control

Summary



- **Draft RFP Phase Complete**
 - **“Fair, open, and transparent” Sec Gates**
- **Over 230 changes incorporated**
 - **Improved clarity and understanding**
- **Extensive meetings with industry**
 - **Ensured understanding of evaluation criteria**
- **Clear, stable requirements**
- **Balanced risk and financial considerations**
 - **True to acquisition reform while accounting for long-term variability**
- **Provided an extended period for questions and for proposals**
 - **Proposals due in 75 vice 60 days**
- **Full spectrum of price and non-price factors**
- **Best value for the warfighter and taxpayer**