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Media

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Assistant Secretary Stackley: First let me thank you all, it's very late in the afternoon and I think this was called on fairly short notice, and it's not typical that we do a contract award followed by something like a press roundtable, but we recognize there's been a fair amount of interest in this particular procurement and the history of this procurement is pretty long, so we felt it would be worthwhile to provide you all with more than just a press release at the time of the award and have the opportunity for the folks that one, execute the procurement; and also the services to be available to provide their comments and address any questions you all have.

I'm just going to give a brief introduction and then turn it over to them.

First, the PEO for Enterprise Information System for the Navy, Vic Gavin, he'll be speaking. Beth Hoffman who is here for Terry Halvorsen, the Navy's Chief Information Office. From the services, Brigadier General Nally and Rear Admiral Webber.

Let me talk a little bit about how we got here and then -- First, I think everybody has the announcement. At 5:00 o'clock this evening Captain Windham who is the Procurements Contracts Officer signed the contract for NGEN to a team led by Hewlett Packard. It's a one year firm plus four option years contract. To describe a little bit about how we got here, folks are well familiar with the Navy-Marine Corps Intranet. That contract was awarded over a decade ago, sole source. More than ten years inside of a sole source, something that we refer to as a monolithic contract. Had a lot of growing pains at the front end. Bottom line the system met our needs but we needed to move past that. NMCI provide to be a very secure network. We got past the growing pains. Kind of beat it into shape with Hewlett Packard, but in

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determining that we need to move past that, we were looking for several things.

We were looking for affordability, we were looking for the ability to bring innovation to the system. In other words, the ability to move the system as technology moved forward. A very important aspect of the system, we were looking for greater I'll call it command and control of the network. We were also looking for the opportunity to continuously compete going forward. That led to the NGEN strategy.

The front end of the NGEN program, we spent a lot of time hammering out the requirements for the system. A tremendous amount. We needed to ensure we got the requirements right, and then followed that with the strategy for how we would procure it.

The first thing was we were going to need to procure the hardware, the infrastructure. The Navy needed to be able to own that in order to be able to compete the services that we're going to provide across the network.

We spent a lot of time working with industry, cast a wide net. It brought industry surveys looking for best practices, looking for the best ideas out there. We arrived at what we refer to as a segmented approach. Got away from the big monolithic network and broke it up into segments. Each of these are broken into what we refer to as indefinite delivery/indefinite quantity items inside the contract. Going forward what we're providing is services that rely upon the network that the Navy owns.

A big part of the strategy was affordability, and it's really looking at how to leverage the commercial industrial base for IT services in that competitive environment.

We also put a heavy weight on small businesses inside of NGEN. There's a 35 percent requirement, 35 percent of the dollars that go towards NGEN, the prime contractor is required to work with small businesses which we think help in bringing that innovation and affordability to the system.

It was not going to be a single step from NMCI to NGEN. We inserted a continuity of services contract where we actually commenced early transition activities. The Marine Corps took point in terms of starting to turn over the network for operation purposes and we learned a lot through that period. Then issued the solicitation, what seems like a lifetime ago,

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spent a good deal of time in discussions with industry, an extended period of time evaluating the bids to ensure that we got it right, leading to the ultimate award which we refer to as low price, technically acceptable type of contract award.

The bottom line is we got what we aimed for. We arrived at a contract award which ensures that we one, hold onto the security that we've got inside of NMCI, but have the ability to not just pace the security requirements, but we're looking to address let's just call it the future threat when it comes to cyber in a rapid fashion.

We've met the requirements that we established in terms of the contract itself, and we do have a contractual environment for far greater agility in terms of moving forward on the network.

I'll top there, turn to Vic Gavin whose PEO led the procurement, then we'll go with CIO and the services, and then turn it over for questions.

Mr. Gavin: Thank you, Mr. Secretary. I'll keep my comments kind of brief. But I can't start without thanking my team. I'd like to start by thanking the PEO/EIS team, the PMW-205 Naval Enterprise Networks Program Office, as well as our partners -- DON/CIO represented by Ms. Hoffman; our resource sponsor OPNAV N2-N6, Marine Corps C4, our two systems commands SPAWAR Systems Command and MARCOR Systems Command who had integral roles in making this happen. Fleet CYBERCOM, Navy CYBERCOM, and NETWARCOM for their hard work and dedication to getting us to this point where we are today.

A little bit of history I'd like to just kind of share with you guys. Not to take any of your thunder, sir, but the original NMCI contract was historic in that it consolidated thousands of individual networks into a one centralized, secure network with standard technologies and enterprise-wide oversight of the network.

Also NMCI was the first time that DoD hired a private company to build and manage and maintain its entire IT intranet and infrastructure including software. NGEN in my mind is just as significant. It is an inclusive, innovative and exemplary acquisition approach, essentially a lot of things that Mr. Stackley just talked about here today. We came up with the strategy by involving, as I said earlier, lots of the stakeholders to include all those at the table. We reached out to industry. We've had over two thousand inputs into our

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source selection process to get us to where we are today that we've adjudicated.

As mentioned before, we made this award in a low priced, technically acceptable approach which I believe was critical to ensuring that we had a competitive environment moving forward. We plan on maintaining that competitive environment, as Mr. Stackley said, through our continued acquisition approach by the segmented offerors, and I believe that too was part of the innovation around this acquisition.

But most importantly in all this is that the NGEN contract is vitally important to ensure the continued delivery of IT services to our 800,000 users, 400,000 work stations, and 2500 locations across the continental United States, Japan and Hawaii.

Ms. Hoffman: Thank you Vic, Secretary Stackley.

From the Department of Navy CIO's position, we are very excited about the NGEN contract. It provides the DON with the flexibility it needs to separate out enterprise services such as email from the previous bundled solution. It's providing us that transparency of cost that we need. It is deconstructing the network into segments and services that will provide us increased opportunities for competition at the appropriate level for either the segment or the service that we so choose, and providing the Department of Navy with best value enterprise network delivery.

As well, it also will enable both current and emerging IT capabilities. It supports the very flexible competitive nature that the Department of Navy needs, and it's also, NGEN is the DON's crucial path towards getting towards JIE and that is the DoD's Joint Information Environment.

NGEN is kind of the next logical evolution towards a mature enterprise network, as you have heard from Mr. Gavin and Secretary Stackley. A lot of effort and growing pains and lessons learned have gone in from NMCI and we are carrying that forth into NGEN.

Rear Admiral Webber: I am Rear Admiral Diane Webber. I'm the Deputy Commander at Fleet CYBERCOM.

NGEN for Navy represents an opportunity for us to move from a contractor owned and contractor operated network to a government owned and contractor operated environment. In

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making that transition we believe we gain the necessary authorities for increased command and control, improved situational awareness, and the ability to maneuver the network in accordance with the operational commander's intent.

In preparation for that transition, the Navy has expanded its network operational command and control work force to exercise greater network operational control as part of the transition. We began work over a year ago to ensure the governance we need was in place to provide the necessary warfighting capabilities.

The work force changes occurred at the global and regional levels at critical network operational facilities and will improve network warfighting reliability, adaptability, security, governance and mission capability.

First and foremost, our Navy NGEN is about generating the outcomes we want as a warfighting organization.

Brigadier General Nally: I'm Brigadier General Kevin Nally representing the United States Marine Corps. Thank you Mr. Stackley for allowing me the opportunity to speak here briefly.

I do also want to start off by thanking Mr. Gavin, the PEO/EIS Office; Mr. Stackley, personally sir, your support to the Marine Corps and the different way that we moved into this environment; your Systems Command personnel and MARCORSSCOM's personnel. It's been a great Department of the Navy team effort and it's really brought us I think in a really good positive working relationship.

We'll be utilizing the NGEN contracts to obtain contracted personnel support for enterprise services, transport services, and our end user desktop touch labor. We are government owned, government operated with contractor support. This allows the Marine Corps greater flexibility and cost savings. Now we have the option to leverage the NGEN contract items to supplement our USMC services on what we call our Marine Corps Enterprise Network.

The Marine Corps will essentially manage a regionally organized and operated [MCSEN] giving greater control to the regional commanders. This enables flexibility that the commanders wanted, that the Marine Corps requires, while allowing adherence to JIE standards and directives.

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The Marine Corps bought labor. We didn't buy a system or services. Now we have the ability to drive it in a competitive resource constrained environment to meet our mission requirements, better support interoperability, rapidly adapt emerging cyber security, cyber standards and adhere quickly to JIE standards and JIE tactics, techniques and procedures.

Assistant Secretary Stackley: I have one last comment. We all kind of touched on a piece of it, but there are a couple of thing that shouldn't be lost.

One of the things we achieved was extraordinary competition. The teams that formed were two very strong teams and they both submitted very competitive bids. That was to the greater good of the Department of the Navy.

And we talk about affordability, but this contract is achieving greater than a billion dollars of savings for the Department of the Navy. In this fiscal environment that's as critical as it gets.

Moderator: We're going to start in the room. I'm going to start with Sam Feldman because a little bird told me he came first, so we're going to let him go first. Sam, from Navy times.

Navy Times: Sir, can you give us a sense of what may change for the user experience, the Sailor interface? I know that this is going to be phased in. It's still going to be called NMCI, but down the road what possibilities are there?

Mr. Gavin: I think initially what you'll find with the change to NGEN, we hope to see absolutely nothing from individual users. We believe we have a network out there that is running, operating and providing the proper services to its user base today. Our requirement, not just our goal, our requirement is to as we transition into an NGEN environment, that it becomes transparent to the user base on the front end.

On the back end of the contract effort, we do believe that because of the innovation, the flexibility we brought into this contract, we believe we'll have a much greater opportunity to transition to the newer and latest technologies that are out there in the IT space at cost. The key there is to do it in a cost-wise manner. To transition and keep the cost curve in its downward trend.

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Additionally we believe we've postured ourselves because of this change to be more aligned with the new and emerging security requirements that will be coming along. So I think from a user perspective, those types of changes are all positive I would say.

Moderator: Jared from Federal News Radio.

Federal News Radio: Let me ask General Nally this one, sir.

My understanding was that as of a couple of weeks ago the Marine Corps was already off NMCI. For you, what does the transition to NGEN Actually mean between now and early '14 when it's actually [installed]?

Brigadier General Nally: We were off NMCI -- 1 June we went into a government owned, government operated environment with Mr. Stackley's support and Mr. Gavin's support, with contractor support. So we were in control of our piece of NMCI which is part of our Marine Corps Enterprise Network. So we were never off of NMCI.

Federal News Radio: So the right way to think about it may be is it's still [COSC] but it's government owned and government operated.

Brigadier General Nally: Correct.

Assistant Secretary Stackley: There's an important point. Think back to when NMCI was established or placed under contract. The vision back then was that this was an administrative network, and we were just lashing together a bunch of, one big administrative network. It became very apparent over time that it is not an administrative network, it's a tactical network. That's why it was very critical to the services to be able to take over command and control of the network which was one of the underpinnings of the NGEN strategy.

Federal News Radio: On the LPTA issue, I just want to confirm that both offerors were technically acceptable?

Assistant Secretary Stackley: That's correct.

Federal News Radio: You said one billion a year --

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Assistant Secretary Stackley: That's over a five year contract.

Federal News Radio: Thanks.

Moderator: Lee Hudson from Inside the Navy.

Inside the Navy: Looking ahead [inaudible] the NGEN contract, will it be divided into transport services and enterprise services? Or [inaudible]?

Assistant Secretary Stackley: A couple of minutes ago we just awarded the contract, and now you're asking five years from now -- [Laughter].

Mr. Gavin: Acquisition strategy.

Assistant Secretary Stackley: The question was hey, what's going to happen now that you're an NGEN? What's the Sailor going to -- Well tomorrow, NGEN is going to feel just like [COSC] does today. We have 400,000 seats, 800,000 users. You're dealing with the law of large numbers. So to migrate that thing is going to take time. One of the goals and tools inside of the contract is greater flexibility, ability, et cetera to do that. So when you think ahead to five years from now, the back end, it's far too premature to talk about how we're going to go ahead and go beyond the current NGEN contract.

What we want to do is be in an environment where the flexibility of the contract allows the system, the NGEN system, to evolve as technology and requirements evolve and not be stuck inside of a five year window and have to wait until the end of the contract to figure out what comes next.

Moderator: Mike?

Mike: I'd just like to actually follow on that. That was sort of my question. It was my understanding that this contract award would be for two contracts -- one for enterprise and one for transport. I'm trying to understand, because it doesn't seem to have been the case, what --

Assistant Secretary Stackley: Actually what was set up was a strategy that allowed for multiple ways of bidding. So we created contract line items or segments, and opened those up for bid across the broader industry but did not preclude a

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team from coming in and as a team bidding all the segments. In fact the winning bid was the HP team for enterprise services plus transport along with the end user hardware.

The RFP was structured so there could have been separate teams or separate companies winning the segments, but in fact the winning bid was the HP team across a combined bid across the segments.

Mike: So they won both?

Assistant Secretary Stackley: Yes.

Moderator: Nick Taborek?

Mr. Taborek: First of all can you confirm that two teams were involved, you got offers from two teams?

Assistant Secretary Stackley: I wish it was that simple. The answer is no. It goes back to the way the RFP was structured. What we ended up with -- Is this competition sensitive? There were seven proposals.

Mr. Taborek: -- teams?

Mr. Gavin: Effectively from two teams.

Assistant Secretary Stackley: Well, I wouldn't even say -- Well, there were two teams but then there were multiple bids where the team --

Mr. Taborek: I just wanted to make sure I get this part right. So when you say both teams were technically accepted, that means the only factor here that made you guys go with HP was that they were cheaper?

Assistant Secretary Stackley: Low price technically acceptable. They were the low price.

Mr. Taborek: Can you comment on the number, we've been calling it the \$4.5 billion network for a while. Now it's quite a bit cheaper. Were you surprised it was that much lower? Were you guys high balling it from the beginning?

Mr. Gavin: The price itself was the price that they were paying.

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What you see, I believe, is the advantage of having a competition, as well as what technology has afforded us. The cost of IT technology is on a downward trend. We think that by competing this effort we've been able to take advantage of this price curve that technology has afforded us as well.

Moderator: Frances Osborn from Military.Com.

Military.Com: Thank you. I believe Mr. Gavin mentioned and also another comment about flexibility. I take it, is it flexibility to embrace emerging technologies as they become available? So I think it's maybe somewhat obvious, but is there an effort to incorporate a common set of technical standards so as to better facilitate that?

Mr. Gavin: Actually we're partnered with our technical authority at SPAWAR Systems Command as well as our friends at MARCOR Systems Command to define those technical standards as we move forward.

As you can imagine, those standards are being defined not only by the government but primarily by industry. As industry standards continue to change, we will adopt and adapt to that new environment.

Moderator: We're going to move to the first round on the phone, and I'm going to let Bob Brewin since he gave us the sound check, I'm going to let him go first.

Mr. Brewin: Thank you very much. I'd like an explanation of what the segmented competition means, please.

Mr. Gavin: What we attempted to do, as Mr. Stackley explained earlier, we attempted to separate, our intent was to separate this network into two segments -- the transport side as well as the enterprise services piece -- in an attempt to gain more competition.

As Mr. Stackley mentioned, we gave the offerors a couple of opportunities. You could be in either segment -- either transport or enterprise services. The offeror bid one of those two. His bid would then be paired with the other side, and that combination would be used to select the winning offer.

Additionally we gave the offerors an opportunity to bid both segments combined. From a winning proposal perspective, that

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actually came out to be the lowest offer, was from HP, a combined transport and enterprise services segment.

Mr. Brewin: What kind of hardware is HP going to supply? And did it include SmartPhones, iPads, et cetera?

Mr. Gavin: The specifics of the hardware won't be discussed here because it's competition sensitive. However, I can tell you that HP, the winning offeror, will be providing all the services that we have today on NMCI and [COSC] which includes mobile services.

Assistant Secretary Stackley: Let me add, this is a services contract. The government owns the hardware. So it's not a question of what hardware HP provides. The question is what hardware does the Navy/Marine Corps decide to procure.

Moderator: Our next question will be from Bob Ackerman, Signal Magazine.

Signal Magazine: You say that this contract offers flexibility and the ability to incorporate innovation as it appears. What is the process for that? Will the government since it controls the contract be directing HP to incorporate certain aspects and leave it up to them? Or will HP look for those? How will the process of adding innovative capabilities work?

Mr. Gavin: A couple of ways. Obviously the government always has the right to incorporate and to change, modify the direction of the network. We fully plan to do that.

Additionally the contract offers the contractor an opportunity under a shared savings clause to propose innovative ways that drive, continue to drive down the cost curve and provide newer technologies at a lower cost. In doing so, the government has agreed to share the savings associated with that change with the contractor. So we believe that incentive will also continue to keep us innovative and current.

Assistant Secretary Stackley: Amber from Federal Computer Week.

Federal Computer Week: Kind of as coverage has been going on around NGEN, there's been a lot of numbers as the total contract value was thrown around, and it seems like a lot of the numbers that weren't thrown around were significantly higher. Is there any explanation for that?

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Assistant Secretary Stackley: I don't know what numbers were being thrown around. What we use as our baseline for measurement and comparison is we just go back in time in terms of what the budget was and then in the NMC environment, and then you would extrapolate out in the future years, and then we compare that to what the budget is today, the '14 budget.

So in fact we actually reduced our budget based on anticipated savings from this contract award; and then with the award itself, we get to harvest additional savings. So I don't know what you're using for a reference point in terms of large numbers, but when I describe over a billion dollars' worth of savings, that's a budget to budget type of comparison.

Brigadier General Nally: There was an RFP I think it said \$5.3 billion potentially over -- I think that's where these numbers are coming from.

Mr. Gavin: Those numbers were based on, as Mr. Stackley said, the historic budgeted line of what we traditionally spend on the cost of services.

Moderator: Jeff Fein from Jane's?

Jane's: No thank you.

Moderator: Rick Burgess at Sea Power?

Sea Power: How will sequestration affect this program? Have you all made any determination about that, if there is any?

Mr. Gavin: We don't believe there is any impact by sequestration on this contract.

Moderator: Nicole Johnson, Federal Times.

Federal Times: Can you briefly talk about, in terms of tracking performance, customer satisfaction, how you're going to be doing that, who will be doing that, and any vendor incentives?

Mr. Gavin: There are a couple of things we've done. From a command and control perspective, our 10th Fleet will be operating the network. They will have a full command and control of the network itself. For the average user, we will continue our way of getting feedback from the everyday user on

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this performance. That will be reflected back to the offeror in terms of, back to the winner in terms of sea powers and our traditional contractual ways of providing them feedback.

Federal Times: Can you clarify? Does that mean the vendor's going to be doing surveys? How involved will you be in that process? I'm just trying to find out about transparency, how you --

Rear Admiral Webber: This is Rear Admiral Webber from 10th Fleet.

We do that now. It's a mix of surveys, it's a mix of specific metrics that are in the contract that they will have to meet and if they don't meet then they owe us an explanation and an analysis. And then sometimes there will be a sequence of events that will cause the leadership to say hmm, we need to talk to the contractor because it looks like there's a pattern developing that's not really covered by the metrics.

Brigadier General Nally: From a Marine Corps perspective we for the past several years have been meeting every Wednesday with HPES, Wednesday afternoons around noon, and we have about 52 pages of data and statistics and metrics that we go over continually. And as the Director C4, even at Headquarters Marine Corps, when I do my travels I get feedback on how well we are doing with working with HP on the network.

Moderator: Phil Ewing from Politico?

Mike Fabey, Aviation Week?

Aviation Week: I just wonder if you can give me a general idea of what's going to happen when? What's the time table for this? Is it going to be something you do at once, or something you do by geographic location or what have you?

Mr. Gavin: The contract was signed today so they are under contract now. There will, however, be a transition period on the Navy side. The cost contract, what the government anticipated was a 13 month transition period from [COSC] to NGEN and we have a very detailed transition plan that is outlined to transition those services by network operating center, by user, from the existing contract vehicle to the new contract vehicle.

Right now it's anticipated to be 13 months but you can imagine we'll do what we can to make that as short as possible.

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Aviation Week: That would cover through to the first year option, right?

Mr. Gavin: Yes.

Aviation Week: And then after that, the way the options work out, can any of the segments be then not optioned or is it all in one no matter what?

Mr. Gavin: The segments can then -- 35 segments, part of the contract. At any time those segments can be recompeted. Obviously on the year is the best time to do that.

Aviation Week: The segments, are they broken up by capability, by geographic location? What's the delineation for each segment?

Mr. Gavin: The segments are broken up by capability. We effectively use the [ITIL] model to actually describe how we came up with the segments that we have, an industry standard. And they're based on that model itself.

Moderator: Thomas Roberts, MSNBC?

Sharon Anderson, CHIPS?

CHIPS: Can you talk about the mix of positions that will be operating the network? The kind of expertise.

Moderator: I'm not sure they understood the question. Can you clarify perhaps?

CHIPS: 10th Fleet will be operating the network. Can you talk about like system analysts, cryptographic technicians, ITs? Who will be operating the network?

Rear Admiral Webber: It's primarily the ITs who will be doing the operating, and the contractors will actually be doing most of the hands-on. The processes that we have put in place are largely related to governance and determining what improvements we might want to make and making sure that when we make changes to the network that we document it properly, get the impact of those changes, and we've got a good continuing improvement feedback loop going. But most of the hands-on stuff will be done by the contractors.

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Brigadier General Nally: The Marine Corps has a little bit different perspective on that since we're government owned government operated. Our Marines and our Marine civilians will be working side by side with the HPES contractors as a contractor support of us. So we will be able to set the priorities daily on what we think needs to be done and we'll work closely with HP like we have for the last couple of years and accomplish the mission.

Moderator: Wyatt from Information Week?

Information Week: Regarding the relation with DISA and its continuing efforts to be a more central network platform. In the news recently about building a new cloud center. How will this program, this project interface with or how will HP work with DISA to support NGEN?

Mr. Gavin: We currently have a very good partnership with DISA right now. The PEO as well as the existing HP contract. And we see ourselves continuing that partnership with DISA. We will use whatever technologies that DISA has available. As long as they remain technically feasible and cost-wise. The cost piece is very important to us. So we welcome DISA competing in a competitive environment.

MS. HOFFMAN: We second that. DISA does have a lot of good capabilities, and as long as they are competitive priced they will be considered as we move forward in any sort of competition of any segments or services.

Moderator: Dave from Fierce IT?

FierceGovernmentIT: Dave Perera, FierceGovernmentIT.

My question is going to be that a lot of people are going to take a look at this contract announcement and see the incumbent won, and the incumbent won on an LPTA evaluation basis. So the logical conclusion they're going to draw is that it must have been a lot of the transition costs that scooted them over the LPTA mark. In other words, anybody except the incumbent couldn't have won. Can you respond?

Assistant Secretary Stackley: First, anybody concluding that anybody but the incumbent could not have won, that's a pretty shallow analysis to arrive at that conclusion.

This was extremely competitive. And oh by the way, the incumbent is not the incumbent. Hewlett Packard is leading a

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team, but it's a different team from the NMCI team. So a couple of things here.

Hewlett Packard reshaped itself for NGEN. It was a very tight competition. And I believe that we got the best of U.S. industry at the table for this. I also believe that the 35 percent small business requirement inside of this contract is going to continue to fuel innovation and affordability throughout the life of the contract.

So this, to quickly conclude that the incumbent won for whatever purposes and to over-simplify would be just simply inaccurate.

FierceGovernmentIT: Can you say how big a role transition costs played in the final evaluation?

Assistant Secretary Stackley: First off, transition costs are not broken out in the contract itself. And second, it would be inappropriate for us to go into competition sensitive information in terms of how or why one contractor broke out versus the other.

Moderator: Nick Wakeman, Washington Technology.

Washington Technology: A hardware question for you. I know it's a government owned network, so when you're bringing on new hardware will there be like separate procurements that you'll go out with or will you go to HP and say we want you to buy XYX products.

Mr. Gavin: A two-part answer. Under the Navy government owned contractor operated model, the vendor will actually go out and procure the hardware necessary at the government's request. The hardware is government owned at all times, but that will be procured by HP.

From a Marine Corps standpoint I think the answer is different.

Brigadier General Nally: It's a little different. We're going to roll that under our Marine Corps combat hardware suite where fair and open competition, various hardware companies bid and it's part of our, if you will, part of our service catalogue. But this contract also allows us to, as we are going to move into a BDI environment, certain aspects of our Marine Corps Enterprise Network, this allows us the flexibility to do that.

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Moderator: MCI Bidwell, Defense Media Activity.

Defense Media Activity: Earlier it was clarified that the transition from NMCI to NGEN would be seamless. What [inaudible] differently once the transition is made?

Ms. Hoffman: I don't think from a user's perspective you will see any difference. I think when we all come into work tomorrow morning and turn our computers on, they are going to function as they do today.

Brigadier General Nally: From a Marine Corps perspective, 31 May of this year was the last day that we were basically government owned contract operated. 1 June, I don't think I came into work because I think it was a Sunday, but it was government owned government operated, and the Marines and civilians, our work force really didn't see any difference. The only difference we've seen in the last 27 days is the perception is that instead of dialing 1-800, I call it the crisis response team. If an individual needs assistance then we send Marines or civilian IT or HP people in to go put eyes on and see if they can fix it. The Commandant's guidance to me several years ago was I want every Marine, private through general officer, to have the same service that I personally get. And that's the perception right now in the Marine Corps, that that's starting to happen.

Rear Admiral Webber: Just to reiterate, our customers won't see anything different, but because we are taking over some of the command and control of the network, we grew a work force that would take more of the management responsibilities and governance responsibilities. So in the past where a lot of functions to track configuration management or to make decisions about minor changes on the network may have fallen to HP because they owned the network. You will see Navy and 10th Fleet specifically becoming more engaged in those decisions and processes.

Moderator: That's the last of the people I have listed on the phone. Is there anyone else out there on the phone who did not have an opportunity to ask a question already?

Any follow-ups in the room? Mike?

Mike: You said sequestration has no impact on --

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Assistant Secretary Stackley: Let me describe -- 800,000 users, 400,000 seats. We have an operating network today. Sequestration comes down on Department of Defense and the budgets draw down. The contract is unaffected, but how we exercise the contract may be affected by choices that we make within sequestration.

So the system will continue to operate.

You can come up with a scenario that says you know what? We've got to reduce the number of seats that we've got in order to address some of the cost challenges that we've got. We've got to take a look at data centers, service, things of this nature to pull costs out to reflect some of the immediate budget challenges.

The contract will be unaffected, but how we exercise the contract within sequestration, we're going to make cost choices and this gives us greater opportunities to make those cost choices, to address some of the budget challenges that we've got.

Mike: If sequestration stays in place does it have the potential to slow over time the transition?

Assistant Secretary Stackley: No. The transition's going to move. It will not slow down the transition.

Moderator: Chris, did you have another question?

Chris: Sure. What are some of the ways NMCI might modernize and improve moving forward? Just generally in terms of [quotable] moments, what are some ways that it adds value for the Navy and Marine Corps?

Mr. Gavin: AS far as modernization goes, I think we all agree with the concepts that are being thrown up by JIE. We believe that not only the Navy network but that industry in general is going to a more cloud-based architecture because of a lot of reasons -- cost as well as security.

We believe this contract allows us from a technology standpoint to move in that direction.

The pace at which we do that, however, is going to be driven by our pace of dealing with our government applications. As we continue to virtualize those and make those I'll say cloud

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ready, will determine the pace at which we move into that environment.

Moderator: Nick?

Mr. Taborek: Can you tell us what have you done, if anything, essentially to protect against a protest? Also can you comment on the [Captain] Hendricks situation? [Inaudible] a couple of days ago, [inaudible]. I think you mentioned the relationship with the contractor involved, the Navy's past statements saying that's not an issue here, but can you say anything about why maybe [inaudible] on that, or whether you expect that to be anything that's involved in a potential protest?

Assistant Secretary Stackley: I'm not going to spend a lot of time talking about a potential protest under any purposes other than to say that we spend an extraordinary amount of time defining our requirements and ensuring that the request for proposal mapped our requirements into that RFP, and then the criteria that we would use for down select, that we adhere to that absolutely, strictly, through the evaluation up to the down select. And conducted a number of peer reviews within the Department of the Navy and the Department of Defense to ensure that that trace from requirement to the request for proposals to the evaluation criteria to the proposal itself and all the discussions in between with industry, that we follow that strictly. There is no defense against a protest, but there is absolutely preparation to ensure that in the event of a protest that the government prevail, and we took every measured step to do that.

With specific regards to the circumstances surrounding Captain Hendricks' relief. That circumstance was unrelated to his, to the performance of his role as the program manager for really the long haul in getting us through this process, requirements definition up to the point of his relief prior to the award. But there is no correlation between his conduct that led to his relief versus his performance as a program manager on this program.

Mr. Taborek: To put everybody at ease as to a possible conflict or anything, will you announce what company the contractor will go to [inaudible]?

Assistant Secretary Stackley: Nothing special will be done in his case with regard to what information is being released. That's not in my hands, it's not in his hands. He's been

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relieved, he's now under, he's administratively assigned to the Commander of SPAWAR and then there are follow-on actions that the Department of Navy will be taking in his particular case. Those actions will govern what information is released on his case.

I will state very clearly, there's no conflict of interest here.

Mr. Taborek: No one with HP --

Assistant Secretary Stackley: No one involved either in the winning or otherwise associated with one of the bidding teams was involved in that instance.

Question: Just to follow on, was he a member of the source selection board?

Brigadier General Nally: He was not a member of the source selection evaluation team. He was a member of the source selection advisory committee.

Moderator: Lee?

Inside the Navy: If there is a protest do you all have any padding? I know with [inaudible], that protest caused it to be delayed a little bit. And in turn, that reduced the budget, the lawmakers took money out of the budget with that. I was just wondering if there was any leeway with that

Assistant Secretary Stackley: This is a very different situation from a standard procurement. We are buying a service and the service we're buying is overlaid on top of an existing system and the first phase is a transition. So if you think about that, the system is going to continue, will continue to operate. There is a front end transition phase under the new contract. And if under a protest, if there were such a protest, if under such a protest we had to extend the existing contract that simply means we're not starting the transition. I don't see Congress trying to mark the program because of a delay associated with a potential protest. We would simply explain to them how this continuous operation occurs and it's all the same money. The same system, the same money, it's a matter of who's providing the service.

Moderator: Jared?

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Federal News Radio: You all have covered some of this already, but I'm still not quite clear on what exactly happens during the transition period over this next few months, given the fact that NGEN is going to look a lot like NMCI/[COSC] when it's stood up.

Mr. Gavin: As Mr. Stackley said earlier, HP is a new team. While they're the prime contractor, they have a totally new set of subcontractor and partners associated with them. They have to get their new team into position. The new [inaudible] guy has to learn his role in taking over the network.

Additionally, the government now has a new role. Part of the transition is strongly led by the government understanding its role, getting its procedures and processes in place. Not only at the technical side but also at the operational side of it. I think those are the three elements of transition that have to take place over 13 months.

Assistant Secretary Stackley: That said, the reality is that HP, having been the incumbent, that much of their role is unchanged. That does in fact greatly simplify the transition.

Moderator: Anybody have any other questions on the phone?

FierceGovernmentIT: I have a question regarding the fact that NGEN is a five year contract. Given the fact that the transition from NMCI to NGEN took three plus years more than anticipated, indeed what does happen five years from now? Is it going to be, do you anticipate -- Why have it be five years? Why not just simply have it ten years and actually make the ten years ten as opposed to thirteen?

Rear Admiral Webber: I had a front row seat to the NMCI transition and it took so long because we had, hundreds would probably not be an exaggeration, of cats and dog networks that we were trying to consolidate into a single network. That network is there, as Mr. Stackley has explained, and so the transition is simply transitioning, in the case of, Brigadier General Nally has made a tremendous transition already. He's done all his hard work up front. Navy now takes the processes and the work force that we've put in place and we begin to take over some of the command and control responsibilities. We hope we've adopted a "rip the Band-Aid off" approach to get through it as quickly as possible so that we can move on to day to day operations, not in a transition state, and then begin to look at where do we go next.

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FierceGovernmentIT: I think I was referring more to the fact that the contract, setting up the RFPs, is what took so long to get from NMCI to NGEN. The whole period of the [COSC]. You had far longer to prepare the NGEN RFP than you will to prepare the successor RFP to NGEN.

Mr. Gavin: The big difference, though, I think it was mentioned earlier, is knowing what the network is. There were several I'll say years as part of that RFP development that the government had to figure out exactly what it had. Then that environment was a contractor owned contractor operated environment. In order for us to run an adequate competition, gaining knowledge of that was important to set up a competitive environment.

We believe that now that we know that, that we own that, that we control that, that we're at a much better position not only to shorten that period but to actually make the next competition at a much faster pace.

Assistant Secretary Stackley: You cannot underestimate how difficult the transition from a contractor owned, contractor operated 400,000 seat network to government owned and really a hybrid government operated contractor supported network. Now that we're there, when you go forward we have far greater flexibility to compete services on that network.

Moderator: Anyone else on the phone have a question?

Washington Technology: More kind of a process kind of question. When do you expect to debrief the losing team? What's the time frame for that?

Mr. Gavin: At their request.

Moderator: Anyone else have a question? In the room? Any closing comments?

Assistant Secretary Stackley: Thank you for your time. The Department of the Navy is very excited about this award. The benefits that we will quickly harvest from the contract award, but more importantly the service and performance that we expect of the system going forward and likewise, we look forward to, I'll call it a partnership with the Hewlett Packard team as we evolve this network from where it is today to where we look for it to be across the term of the contract.

Thank you.

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