



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE SUITE 1000
WASHINGTON, DC 20374-5065

IN REPLY REFER TO
ACQ 021
13 Feb 01

MEMORANDUM FOR NAVFAC ACQUISITION PERSONNEL

Subj: DOD ENTERPRISE SOFTWARE INITIATIVE AND MICROSOFT
SERVER ENTERPRISE AGREEMENT AND POTENTIAL ISSUES WITH THE
TERMS AND CONDITIONS OF CERTAIN FEDERAL SUPPLY SCHEDULE
CONTRACTS (01-07)

Ref: (a) DoD Chief Information Officer Guidance and Policy
Memorandum (G&PM) No. 12-8430 dated July 26, 2000
(b) GS-35F-4076D with Dell Marketing L.P
(c) GS-35F-4663G with Compaq Federal, LLC
(d) GS-35F-5136H with COMDISCO, Inc.

Encl: (1) ASN (RD&A) memo of 29 Jan 2001
(2) OASN (RD&A) memo of 2 Feb 2001

1. In enclosure (1), the Assistant Secretary of the Navy for Research, Development and Acquisition advises that under the Department of Defense (DoD) Enterprise Software Initiative (ESI), the DoD leverages its aggregate buying power for purchasing commercial software products. Enterprise Software Agreements (ESA) are negotiated with vendors to achieve the most favorable terms and pricing for commercially available software and maintenance. The ESI is described in reference (a), which establishes responsibilities for buyers and requiring officials when acquiring software.

2. By enclosure (2), the Office of the Assistant Secretary of Navy for Research, Development and Acquisition advises that there are potential fiscal and contractual issues associated with the terms and conditions of certain Federal Supply Schedule contracts. Until these issues have been resolved and you have been notified otherwise, you are directed to cease entering into new lease term agreements for Special Item Number 132-3, Leases of Commercial Information Technology Equipment under these schedules, unless they are step-leases under references (b) and (d).

A handwritten signature in black ink, appearing to read "Michael F. Howard".

MICHAEL F. HOWARD
Director, Acquisition Strategic Programs



THE ASSISTANT SECRETARY OF THE NAVY
(Research, Development and Acquisition)
WASHINGTON, D.C. 20350-1000
JAN 29 2001

MEMORANDUM FOR HEADS OF CONTRACTING ACTIVITIES (HCAs)
PROGRAM EXECUTIVE OFFICERS
DIRECT REPORTING PROGRAM MANAGERS

Subj: DEPARTMENT OF DEFENSE ENTERPRISE SOFTWARE INITIATIVE AND
MICROSOFT SERVER ENTERPRISE AGREEMENT

Ref: (a) DoD Chief Information Officer Guidance and Policy
Memorandum (G&PM) No. 12-8430 dated July 26, 2000

Under the Department of Defense (DoD) Enterprise Software Initiative (ESI), the DoD leverages its aggregate buying power for purchasing commercial software products. Enterprise Software Agreements (ESA) are negotiated with vendors to achieve the most favorable terms and pricing for commercially available software and maintenance. This approach provides significant savings in Total Cost of Ownership (TCO), and is the centerpiece of the Department's efforts to manage its substantial commercial software investment as an enterprise-wide asset. The ESI is described in reference (a), which establishes responsibilities for buyers and requiring officials when acquiring software.

The Department of the Navy (DON) is the designated ESI lead for negotiating ESA for all office software and Microsoft software products. In support of the ESI, the DON recently established a "virtual inventory" of Microsoft server products through ESA with four Microsoft Resellers. These Agreements provide a full range of Microsoft server products at a savings of 15% to 22% off the GSA price.

Contracting activities must comply with the G&PM when acquiring commercially available software. In addition, HCAs should determine availability of existing Microsoft server product inventory and purchase from this inventory in accordance with FAR 8.001(a)(1)(vii). The use of Microsoft ESA is directed when deploying a Microsoft server solution, whether with or without the server hardware. Products from the virtual inventory are purchased directly from the Resellers using existing purchasing procedures. Include "fill from inventory stock" in all such procurement actions. These procedures apply to all DON Commands and organizations whether or not they are scheduled for transition to the NMCI.

Subj: DEPARTMENT OF DEFENSE ENTERPRISE SOFTWARE INITIATIVE AND
MICROSOFT SERVER ENTERPRISE AGREEMENT

The DoD ESI Web site (<http://www.don-imit.navy.mil/esi/>) contains a copy of the DoD G&PM and other information on the ESI. Visit the site to browse a listing of available ESA software offerings and communicate with the DoD ESI software product managers. Questions concerning this memorandum may be directed to Mr. Floyd Groce at (703)607-5658 or by e-mail at Groce.Floyd@hq.navy.mil.



Paul A. Schneider
ASN(RD&A) (Acting)



DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH, DEVELOPMENT AND ACQUISITION
1000 NAVY PENTAGON
WASHINGTON DC 20350-1000

FEB - 2 2001

MEMORANDUM FOR DISTRIBUTION

Subj: POTENTIAL ISSUES WITH THE TERMS AND CONDITIONS OF CERTAIN
FEDERAL SUPPLY SCHEDULE CONTRACTS

Ref: (a) GS-35F-4076D with Dell Marketing L.P
(b) GS-35F-4663G with Compaq Federal, LLC
(c) GS-35F-5136H with COMDISCO, Inc.

There are potential fiscal and contractual issues associated with the terms and conditions of references (a), (b) and (c). Until these issues have been resolved and you have been notified otherwise, you are directed to cease entering into new lease term agreements for Special Item Number 132-3, Leases of Commercial Information Technology Equipment under these schedules, unless they are step-leases under references (a) and (c). This direction is effective immediately.


M. F. Jaggard
CAPT, SC, USN
Executive Director (Acting)
Acquisition and Business
Management

Distribution:
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