



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION
AND SUSTAINMENT

The Honorable Russell Vought
Director, Office of Management
and Budget
Washington, DC 20503

Director Vought,

On behalf of the Department of Defense, enclosed is the Department's consolidated report submitted in accordance with Section 4(c) of Executive Order (E.O.) 14271, "Ensuring Commercial, Cost-Effective Solutions in Federal Contracts." The Department remains committed to implementing the policy to "procure commercially available products and services, including those that can be modified to fill agencies' needs, to the maximum extent practicable, pursuant to the Federal Acquisition Streamlining Act of 1994" as stated in the E.O.

My lead for this report is (b)(6) who is available to address any address any questions and provide any additional information vis the Contract Policy mailbox, (b)(6) mail.mil

Sincerely,

(b)(6)

John M. Tenaglia
Principal Director,
Defense Policy, Contracting, and
Acquisition Policy

Enclosure:
As stated

DoD Compliance and Progress under Executive Order 14271



August 2025

Defense Pricing, Contracting, and Acquisition Policy

Office of the Under Secretary of Defense
For Acquisition and Sustainment

Washington, DC

Table of Contents

Executive Summary	2
1. Purpose	3
2. Maximizing Procurement of Commercial Products and Services.....	3
3. Highlights of Key Successes/Challenges	4
3.1. Key Successes	4
3.2. Key Challenges	5
4. Summary of Procurement Data	6
5. Rationale for Procurement of Non-commercial Products and Services.....	7
6. Summary	7
Appendix A. Acronyms.....	9

Executive Summary

This report details the Department of Defense's (DoD) compliance with the Federal Acquisition Streamlining Act of 1994 (Public Law 103-355, as amended) (FASA), and its progress toward implementing the policies of Executive Order (EO) 14271, "Ensuring Commercial, Cost-Effective Solutions in Federal Contracts," issued April 15, 2025.

It also highlights the Department's renewed commitment to identifying and utilizing commercially available products and services, while leveraging innovative acquisition techniques. The report also outlines successes and challenges in implementing EO policy and provides data on non-commercial actions with their justifications.

The report underscores the DoD's longstanding commitment to maximizing commercial procurement to enhance national defense.



1. Purpose

This report outlines the Department of Defense's compliance with EO 14271, "Ensuring Commercial, Cost-Effective Solutions in Federal Contracts", issued on April 15, 2025. The EO directs Senior Procurement Executives (SPEs) to review all non-commercial solicitations, pre-solicitation notices, solicitation notices, award notices, and sole source notices within 60 days and to establish an approval process for any subsequent non-commercial procurements. To ensure uniform execution, Defense Pricing, Contracting, and Acquisition Policy, under the Office of the Under Secretary of Defense for Acquisition and Sustainment, issued implementation guidance to all Military Departments and other Defense Agencies. This report fulfills the Department's response to the requirements of section 4(c) of the EO's which provides that each agency's approval authority has 120-day to detail the DoD's progress in leveraging commercial solutions to increase efficiency and enhance national defense.

2. Maximizing Procurement of Commercial Products and Services

EO 14271 enhanced the Department's focus to its longstanding commitment of promoting commercial preference when procuring the Department's products and services, in accordance with FASA. The DoD components have implemented various processes to prioritize commercial solutions in federal procurement. Agencies such Defense Media Activity, Department of Defense Education Activity, Defense Commissary Agency, and the Chief Digital and Artificial Intelligence Office have mostly or solely procured commercial products and services either due to its inherent requirements or due to the use of flexible acquisition authorities that prioritize commercial solutions. Examples of these flexible acquisition authorities include the use of Other Transactions (OT) agreements, Commercial Solutions Opening (CSO) authority, and Small Business Innovative Research (SBIR) Phase II authority. Since 2022, and in accordance with Defense Federal Acquisition Regulation Supplement (DFARS) 239.101(1), Defense Information System Agency (DISA) has employed a review process for contracts valued in excess of the simplified acquisition threshold for information technology products and services to target contracts that are not intended to leverage commercial products or commercial services. This is one example of how the Department has been proactively engaging through the years to procure commercial products and services to the maximum extent as possible.

Other key FASA implementation measures for which the Department has renewed focus include:

- Expanded procedures to conduct and document market research activities, use of flexible acquisition authorities, and contracting officers' collaboration with the Defense Contract Management Agency (DCMA) Commercial Item Group for commercial and non-commercial procurements;
- Emphasized performance metrics to track the use of commercial or non-commercial procedures for the acquisition of supplies or services; and
- Continued support to efforts that promote the procurement of commercially-available products and services, including those that can be modified to fill agencies' needs, to the maximum extent practicable, pursuant to the FASA. Examples include workforce training through the Defense Acquisition University.

These measures collectively demonstrate the Department's commitment to maximizing commercial solutions while maintaining mission effectiveness and warfighter safety.

3. Highlights of Key Successes/Challenges

This section identifies key successes and challenges faced by the Department as it implements the policies under the EO.

3.1. Key Successes

The Department's implementation of EO 14271 centered on enhanced adherence to commercial policy and preference, the strategic use of innovative acquisition authorities, and tangible increases in commercial procurement.

- **Enhanced adherence to Commercial Policy and Preference:** The EO increased cognizance of commercial-first requirements across the Department. This is demonstrated by mandating market research for all procurements, fostering more detailed discussions on commerciality determinations, developing new business intelligence tools to track and measure commercial adoption, and establishing new internal policies to ensure compliance.
- **Increased Commercial Conversion and Adoption:** The military departments and defense agencies have converted requirements from non-commercial to commercial, including information technology, administrative support, and hardware procurements.

For example, a comprehensive review at the National Security Agency increased its commercial procurement rate by converting multiple actions, and the Department of the Navy transitioned a \$1.02M requirements set to a commercial strategy following a review.

- **Strategic Use of Innovative Acquisition Authorities:** The Department has effectively leveraged authorities such as Commercial Solutions Openings (CSOs), Other Transactions, and SBIR Phase III to engage non-traditional contractors and accelerate the delivery of cutting-edge solutions. Multiple components, including Defense Advanced Research Projects Agency (DARPA), National Geospatial-Intelligence Agency (NGA), Department of the Air Force and Department of the Navy have successfully issued CSOs to acquire commercial capabilities to address mission needs.
- **Development of Enabling Partnerships and Capabilities:** Successes include establishing strategic partnerships (e.g. Navy and Defense Innovation Unit) to expand the use of commercial methods across the Department and successfully transitioning Research and Development (R&D)-developed capabilities into sustainable, production-level commercial contract vehicles.

3.2. Key Challenges

Although the Department has policies advocating preference for commercial products/services over non-commercial procurement, it faces the following challenges:

- **Specialized Mission and Market Gaps:** The Department's primary challenge is the highly specialized nature of warfighting, national security, and intelligence missions. Commercial markets often do not exist for mission-critical items such as missiles, unique weapon systems components, and specific requirements for construction, architecture & engineering (A&E), or research.
- **Structural and Supply Chain Dependencies:** The military departments have sole responsibility to catalog weapon system parts during initial provisioning. As a result, sustainment agencies (e.g. Defense Logistics Agency) are challenged from subsequently procuring available commercial alternatives for many of the requirements.
- **R&D Focus:** The missions of R&D-centric organizations (e.g., DARPA, Defense Health Agency) are focused on applied research and innovation rather than procuring existing commercial products and services. This often requires specialized partners, such as Federally Funded Research and Development Centers (FFRDCs), where standard commercial procedures are not applicable. In the case of DARPA, the unique and

unpredictable nature of its mission focus on advanced R&D, it is not feasible to predict requirements that support a commercial determination for certain technical and analytical service requirements.

- **Contractual and Procedural Limitations:** Existing long-term contracts often make it impractical to re-evaluate requirements for commercial alternatives until follow-on contracts are initiated. There are also restrictions on contract types and the inclusion of cost-reimbursement elements on commercial contracts. Commercial contracts are limited to the use of firm fixed price types or time and material contracts.
- **Reporting and compliance coordination:** Challenges in gathering consistent data from field offices and ensuring reporting alignment with assisted acquisition partners (e.g. General Services Administration), who handle their own data calls and compliance reporting.

4. Summary of Procurement Data

Below is the summary of the procurement data

Description	Percentage Actions
Total Covered Action Reviewed	100%
Non-Commercial Procurements Submitted for Approval	61%
Submissions Approved	95%
Submissions Approved as Individual Case	37%
Submissions Approved as Class Case	63%
Submission Currently Under Reviews	4%
Submissions Denied	below 1%
Non-Commercial Revised to Commercial Procurement	1%

The Department reviewed all pending actions covered under the EO with the results summarized above: 39% of these pending actions were procurements of commercially-available products and services; 61% were identified as procurements of non-commercial products and services. 95% of the pending procurements for non-commercial products and services were approved to proceed; 4% were still under review at the time of component data submission; less than 1% were returned to the requiring activity to re-consider commercially available alternatives, and 1% were previously identified as non-commercial but were revised to commercial procurement.

5. Rationale for Procurement of Non-commercial Products and Services

Justification for procuring non-commercial products and services are categorized as follows:

- **Highly Specialized Mission Requirements:** The most significant driver is the need for capabilities unique to the military, intelligence, and national security missions for which no commercial equivalent exists. This includes custom software development, advanced R&D services such as focusing on Countering Weapons of Mass Destruction, Special Operation Forces specific weapons and services, and systems (e.g. weapons systems and space and nuclear systems) with stringent security and interoperability requirements that commercial solutions cannot meet.
- **Statutory and Regulatory Exclusions:** Certain categories are explicitly defined as non-commercial by regulation. These include construction, A&E services, and real property (per Federal Acquisition Regulations 2.101), as well as spare and repair parts for fielded weapons systems previously catalogued as military-unique under DFARS provisions.
- **Market and Supplier Limitations:** The market cannot support a commercial acquisition because only one or a limited number of sources are capable of providing the required items, and those sources are non-commercial. This category also includes requirements dependent on a contractor's proprietary data.
- **International Partner Directed Actions:** Procurements are directed by international partners for country-specific configurations from designated vendors, typically as part of Foreign Military Sales agreement.
- **Unique Programmatic and Sustainment Needs:** This includes requirements for specific regulated research programs (e.g. Oak Ridge Institute for Science and Education), sustainment for legacy systems, and other miscellaneous services like environmental baseline work, simulator sustainment and training.

6. Summary

In alignment with EO 14271, the Department issued a guidance memorandum to provide the Department's standard approach to address the requirements of EO Section 4., Review of

Pending Actions, and Section 5., Oversight of Non-Commercial Procurements. The Department provides this consolidated report in compliance with section 4(c) of EO 14271.

Appendix A. Acronyms

A&E	Architecture and Engineering
CSO	Commercial Solutions Opening
DARPA	Defense Advanced Research Projects Agency
DFARS	Defense Federal Acquisition Regulation Supplement
DoD	Department of Defense
DON	Department of the Navy
EO	Executive Order
R&D	Research & Development
SBIR	Small Business Innovation Research
SPE	Senior Procurement Executive



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

MEMORANDUM FOR COMMANDER, UNITED STATES CYBER
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES SPECIAL OPERATIONS
COMMAND (ATTN: ACQUISITION EXECUTIVE)
COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (ATTN: ACQUISITION EXECUTIVE)
ASSISTANT SECRETARY OF THE ARMY
(ACQUISITION, LOGISTICS & TECHNOLOGY)
ASSISTANT SECRETARY OF THE NAVY
(RESEARCH, DEVELOPMENT & ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE
(ACQUISITION, TECHNOLOGY & LOGISTICS)
DEFENSE AGENCY AND DOD FIELD ACTIVITY DIRECTORS

SUBJECT: Executive Order 14271 – Ensuring Commercial, Cost-Effective Solutions in Federal Contracts – Implementation Guidance

On April 15, 2025, the President issued [Executive Order \(EO\) 14271](#) entitled, “Ensuring Commercial, Cost-Effective Solutions in Federal Contracts.” The EO requires agencies to “procure commercially available products and services, including those that can be modified to fill agencies’ needs, to the maximum extent practicable, including pursuant to the Federal Acquisition Streamlining Act of 1994 (Public Law 103–355, as amended) (FASA).”

Officials designated as Competition Advocates have long been charged to challenge unduly restrictive requirements that stand as barriers to full and open competition. Now, we must redouble our efforts to establish requirements in a way that avoids inadvertently disqualifying commercial solutions. Our Department’s unique warfighting mission demands the continued use of non-commercial products and services for certain capabilities. So, in redoubling our willingness to identify and use of commercially available products and services it should not be about casting truly non-commercial products or services as “commercial” for the purpose of misapplying policies and procedures unique to the acquisition of commercial products and commercial services.

Through continuous market research, we gain awareness and appreciation for commercially available innovations that can meet the Department’s problem sets. Requiring activities, program managers, and contracting officers must work together to identify commercial solutions to fulfill DoD mission requirements. Contracting officers cannot independently determine whether a commercial product or service is sufficient to satisfy a requirement owner’s need.

The attachment provides the Department’s standard implementation process to address the requirements of the EO Section 4., *Review of Pending Actions*, and Section 5., *Oversight of*

Non-Commercial Procurements. Please contact Defense Pricing, Contracting, and Acquisition Policy (DPCAP), Contract Policy Directorate with any questions regarding this policy at (b)(6) [mail.mil](mailto:(b)(6)@mail.mil).

(b)(6)

John M. Tenaglia
Principal Director,
Defense Policy, Contracting, and
Acquisition Policy

Attachment:
As stated

ATTACHMENT

Executive Order 14271 – Ensuring Commercial, Cost-Effective Solutions in Federal Contracts – Implementation Guidance

1. Section 4. *Review of Pending Actions*

- a) In accordance with the EO, the “approval authority” means the Senior Procurement Executive (SPE). DoD SPEs may delegate this approval/denial authority, in writing, no lower than to General Officers, Flag Officers, or members of the Senior Executive Service within their respective agencies. Any delegation(s) shall only be granted to acquisition officials possessing the necessary acumen to determine whether a proposed non-commercial procurement serves the best interests of the agency. Delegations may be on a by-procurement basis or for all procurements in a given agency.
- b) By June 15, 2025, agency approval authorities shall direct contracting officers to conduct a review of pending Federal Acquisition Regulation (FAR) actions (all open agency solicitations, pre-solicitation notices, solicitation notices, award notices, and sole source notices) for prime contract awards for non-commercial products or services valued at or above the Simplified Acquisition Threshold (SAT). This review need not include a review of awarded contracts.
- c) Contracting officers are to either consolidate or create an application for each solicitation, pre-solicitation notice, solicitation notice, award notice, and sole source notice into a proposed application requesting approval to proceed with a prime contract procurement for non-commercial products or services. Applications must be submitted to the respective approval authority. The proposed applications must contain a description of the procurement to include: the solicitation, pre-solicitation or sole source information, market research, and price analysis used to determine the availability of commercial products and services to meet the Government’s needs. Most important though, the application must justify the procurement of a non-commercial product or service, as required by 41 U.S.C. 3307(d) and 10 U.S.C. 3453(c) and 3453(d), as applicable, and the rationale for pursuing a Government-unique, custom-developed, or otherwise non-commercial product or service.

2. Section 5. *Oversight of Non-Commercial Procurements*

- a) Program Managers and requirement owners, in collaboration with contracting officers, are to submit a request for approval (RFA) to procure non-commercial products or services under FAR-based prime contracts prior to releasing solicitations valued at or above the SAT. Program managers and requirement owners using interagency acquisitions, or other procurement methods where an outside agency or DoD Component will be the buying activity, must have their approved RFA prior to submitting their requirements documents to the outside agency or DoD component’s buying activity. *Catalogued items for spare and repair parts in support of fielded*

weapon systems may be excluded from applicability where information pertaining to military-unique requirements was previously documented in the provisioning process (see DFARS 217.7601).

- b) Requests for Approval must include:
 - i) A description of the proposed procurement;
 - ii) Rationale for pursuing a Government-unique, custom-developed or otherwise non-commercial product or service; and
 - iii) The market research report, to include detailed market research activities and price analysis used to determine the availability of commercial products and services to meet the Government's needs and to justify the procurement of a non-commercial product or service, as required by 41 U.S.C. 3307(d), 10 U.S.C. 3453(c), and 3453(d), as applicable.
- c) Program managers and contracting officers should engage with the Department's centralized cadre of experts, the Defense Contracting Management Agency (DCMA) Commercial Item Group (CIG), to assist with the market research activities and price analysis in determining the availability of existing commercial products and services that may satisfy Government needs. Submit requests for support to the DCMA CIG via their website at <http://www.dcmamil.commercial-item-group/>.
- d) Agencies are to establish an internal review and approval process to provide oversight for all non-commercial procurements. The approval authority will provide written approval or denial for each proposed non-commercial procurement. Generally, the non-commercial procurement review should be accomplished no later than at the point in time when an acquisition strategy is presented for approval. When adequate documentation for all required elements of the RFA are included, the RFA may be approved as part of the written acquisition strategy or acquisition plan as referenced in FAR 7.102(a)(1), DFARS 207.105, and DFARS PGI 207.105(b)(20)(A)(6) through (9). The RFA may also be included as a standalone document with the purchase request provided to the contracting officers for procurements that do not have dedicated program offices or non-major defense acquisition programs. For review of current solicitations, pre-solicitation notices, and sole source notices, the RFA may be an amendment or modification to the approved acquisition strategy, or provided as an additional attachment to the purchase request. The RFA approval authority may be delegated as stated in paragraph 1(a).
- e) RFAs may be developed on an individual or class basis. A class RFA for non-commercial procurements may be submitted for procurements of same or related products and services or procurements that require essentially identical justification. A class RFA may be prepared for a weapon system, Product Service Code/Federal Service Code, Federal Supply Class, Federal Supply Group, a product or service purposely identified for military unique applications or any specific set of requirements as appropriate if the market research supports the RFA. Class RFAs must fully support the proposed procurement either for the class as a whole or for

each individual action. A class RFA must be for a specified period, with the expiration date indicated in the document. A class RFA must be approved prior to solicitation of any non-commercial purchases under the RFA. The program manager and contracting officer must ensure that individual procurements conducted pursuant to the authority of a class RFA are within the scope of the RFA.

- f) Within 30 days of the date of receipt of an RFA for solicitation of non-commercial products or services, the approval authority shall:
- i) Provide an assessment of the RFA, including the sufficiency of the market research and price analysis provided in support of the procurement of non-commercial products or services. If there are deficiencies in the RFA, the approval authority will take appropriate action, to include returning the RFA or any portion of the RFA to the contracting officer for additional research or action with respect to potential commercial products or services;
 - ii) Provide appropriate recommendations “to advance the solicitation of commercial products or services where those products or services would be sufficient to serve the applicable procurement needs”; and
 - iii) If during the review of the RFA, the approval authority decides to seek input from the Director of Office of Management and Budget (OMB) in consultation with the Administrator for Federal Procurement Policy, the approval authority will send a copy of the RFA package to DPCAP at (b)(6) [mail.mil](mailto:(b)(6)@mail.mil) for coordination with OMB.
- g) DoD SPEs must submit their agency report to DPCAP at (b)(6) (b)(6) [mail.mil](mailto:(b)(6)@mail.mil) using the reporting template in Appendix 1 **no later than July 25, 2025** and annually thereafter to enable DPCAP to develop and the Department’s consolidated response by the date prescribed in the EO. Components may add attachments to the reporting template, if desired, to provide additional details. Components may use the data table in Appendix 2 to track all RFAs at the SPE level but is not required to be submitted to DPCAP.

APPENDIX 1

Reporting Template

Component/Service/Defense Agencies	
Compliant with the EO (Y/N):	
If no, date of compliance with EO:	
Summary of Agency efforts to shift towards commercial products and services	
Highlights of Key Successes and/or challenges	
1.	
2.	
3.	
Summary of Procurement Data	
Description	Percentage of Actions
Total Covered Actions Reviewed	
Non-commercial Submissions	
Submissions Approved	
a) Submissions Approved as Individual Case	
b) Submissions Approved as Class Case	
Submissions Denied	
Non-commercial Revised to Commercial Procurement	
Summary of Rationale for Non-Commercial Procurement (list and quantify as percentage)	
1.	
2.	
3.	
4.	
5.	

