



October 23, 2018

Stacy Lowe
Lead Contract Specialist
General Services Administration (GSA)
1800 F Street NW Rm 4200
Washington, DC 20405

Subject: IT Schedule 70 RFI Response re: Software SINs

Dear Stacy,

The Coalition for Government Procurement appreciates the opportunity to provide comments in response to the *Proposed Changes to IT Schedule 70's Cloud Special Item Numbers (SIN) (132-40)*.

The Coalition for Government Procurement (“the Coalition”) is a non-profit association of firms selling commercial services and products to the Federal Government. Our members collectively account for a significant percentage of the sales generated through the GSA contracts, including the Multiple Award Schedule (“MAS”) program. Coalition members are also responsible for many of the commercial item solutions purchased annually by the Federal Government. Coalition members include small, medium, and large business concerns. The Coalition is proud to have worked with Government officials for more than 35 years towards the mutual goal of common sense acquisition.

The Coalition recommends that GSA increase the flexibility of SIN 132-40 so that the cloud services offered align more with commercial practices. First and foremost, GSA should focus on providing a contract vehicle that is flexible enough to meet customer agencies’ cloud services requirements. The current structure focused on compliance with the PRC and pricing at the contract level does not align well with how commercial cloud services are typically offered and does not provide the flexibility for contractors to efficiently and effectively meet agency requirements at the task order level. Because pricing cloud services does not fit well into the Schedules program, GSA’s cloud services contractors are at undue risk of non-compliance with the program’s outdated compliance regime, namely the Price Reductions Clause (PRC). Therefore, the Coalition recommends that GSA consider implementing major policy changes, discussed herein, to ensure that customer agencies are able to purchase cloud services from GSA that meet their requirements.

[A Flexibly Priced Cloud SIN to Meet Customer Needs](#)

Pricing under the Cloud SIN must be structured as flexibly as possible consistent with the commercial market. Cloud services (except for Infrastructure-as-a-service (IaaS)) are generally more solutions based

and tailored to meet unique customer requirements. Members report that solutions-based cloud services, like Software-as-a-service (SaaS), are difficult to price upfront due to changing technology, customer attributes, a lack of uniformity in pricing units of measure, differing government requirements and other variables. Because of the dynamic nature of cloud service offerings and agencies' unique requirements, contractors have found it difficult to foresee what the government's needs will be and effectively establish pricing at the Schedule level. Further, SaaS providers may have the same or similar types of offerings, but no two will be exactly alike nor will the pricing established be offered in the same manner.

Not only is the pricing for solutions-based cloud services challenging to establish at the Schedule level, it also continues to change over time. Members report that product descriptions and pricing for cloud solutions fluctuate rapidly which increases the administrative burden of updating cloud offerings under the Cloud SIN—a burden that both government and industry share. Pricing at the contract level requires consistent maintenance. The prices actually paid by customer agencies at the task order level are also unique based on each ordering agencies' specific requirements.

The terms and conditions for SIN 132-40 in the IT Schedule 70 "Critical Information Supplement" reflect the challenges associated with pricing cloud solutions under the Schedules program—

b. Pricing of Cloud Computing Services [(i.e. IaaS, etc.)]

*All current pricing requirements for IT Schedule 70, including provision SCP-FSS-001-N (Section III Price Proposal), SCP-FSS-001-S, SCP-FSS-004 (Section III Price Proposal), and clause I-FSS-600 Contract Price Lists, apply. **At the current time, there is no provision for reducing or eliminating standard price list posting requirements to accommodate rapid cloud price fluctuations.***

In addition to standard pricing requirements, all pricing models must have the core capability to meet the NIST Essential Cloud Characteristics, particularly with respect to on-demand self-service, while allowing alternate variations at the task order level at agency discretion, pursuant to the guidance on NIST Essential Characteristics.

Given that pricing for cloud services is highly customized based on agency requirements at the task order level, inconsistent in units of measure across the industry, and highly dynamic, the Coalition recommends that GSA utilize the authority provided by Section 876 of the FY2019 National Defense Authorization Act (NDAA) to implement an "unpriced" Cloud SIN. Section 876 provides the GSA Administrator the discretion to not include price or cost as an evaluation criterion when awarding services contracts that are acquired at an hourly rate. Effectively, the legislation allows for a so-called "unpriced" Schedules contract or SIN. Although this authority applies to services provided at an hourly rate, GSA should explore as much pricing flexibility as possible for cloud services priced as solutions, and likewise, create a contract structure that is as flexible as possible for both government and industry.

Waive the Price Reductions Clause (PRC) for the Cloud SIN

The Coalition recommends that the PRC be eliminated for the Cloud SIN, which would provide a more rationale framework for the delivery of cloud services through the Schedules program. Again, member companies report that each requirement received from Federal customers under the existing Cloud SIN is unique and often includes one or more bundled categories of cloud services. As a result, it is impracticable to identify a tracking customer for purposes of PRC compliance.

The application of the PRC to solutions offered under the Cloud SIN increases risk and compliance costs for commercial companies. We understand that GSA is seeking cutting edge technologies for this SIN in particular. However, this goal conflicts with Schedule terms and conditions that require contractors to demonstrate previous sales history via past invoices. The PRC also limits the dynamic nature of commercial cloud services and leads to higher prices in the private sector as it discourages discounts for commercial customers.

The Coalition has raised concerns in the past about continuing to maintain a requirement which limits commercial companies' ability to compete. It would be helpful to hear from the current Administration on the need to apply the PRC to solutions offered under the Schedules program, especially to cloud services.

Scope of Cloud SIN Services

The definitions of cloud are rather loosely defined raising questions about the scope of the Cloud SIN. For example, ridesharing services (e.g., Uber) offer an on demand, pay as you go, self-service provisioned through a cloud application. However, because it is a non-IT related service, we would not recommend that it be considered within the scope of SIN 132-40. The Coalition requests that GSA share a clearer vision for the scope of the SIN to avoid unnecessary duplication and overlap in the future as cloud-based services continue to evolve.

Question

The Coalition would sincerely appreciate clarification on the following question. On pg. 4 of the RFI under "2. Cloud Computing Related IT Professional Services," GSA states-

Labor categories under Special Item Number 132-51, Information Technology Professional Services may remain there, unless they are specific to Cloud Computing Labor Hours. Labor categories that are uniquely focused on supporting Cloud Computing should be offered only under SIN 132-40.

Given this statement, do labor categories that currently exist under SIN 132-51 that are not specific to cloud computing also need to be added to SIN 132-40, if those professional services will be required to respond to quotes that are generated exclusively under the Cloud SIN 132-40? Program manager, project control, administrative support labor categories are examples. We recommend that these general IT service labor categories remain under 132-51, and that GSA not require contractors to offer these same labor categories under 132-40.

The Coalition appreciates the opportunity to submit industry input in response to the latest RFI proposing changes to the Cloud SIN. If you have any questions, feel free to contact me at 202-331-0975 or rwaldron@thecgp.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'RWaldron', with a long horizontal flourish extending to the right.

Roger Waldron
President