



August 22, 2012

General Services Administration  
Regulatory Secretariat  
(MVCB), Attn: Hada Flowers  
1275 First Street NE, 7<sup>th</sup> Floor  
Washington, DC 20417

Subject:  
Multiple Award Schedule (MAS)  
Program Continuous Open Season-  
Operational Change Notice-QDA-2012-01

The Coalition for Government Procurement (Coalition) appreciates the opportunity to submit comments on the above referenced change notice which establishes procedures for temporarily closing Multiple Award Schedules (MAS) and Special Item Numbers (SINs) for the receipt of new offers.

The Coalition is a non-profit association of more than 250 firms selling commercial services and products to the Federal Government. Our members collectively account for approximately 70% of the sales generated through the GSA Multiple Award Schedules program and about half 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 over the past 30 years towards the mutual goal of common sense acquisition.

The Coalition recognizes that GSA has a responsibility to control costs and wisely use its acquisition resources. The Coalition has long supported common sense efforts to do so. With respect to the Demand Based Model, however, our members have expressed the following:

- The Demand Based Model does not directly address the stated problem of low and no sales contracts.
- GSA already has contract requirements and procedures in place to address low and no sales contracts.
- The Demand Based Model attempts to achieve efficiency at the cost of innovation and flexibility.

The Coalition opposes closing Schedule solicitations for new offers. The Coalition believes that there are more effective ways to reduce the number of low sales contracts, reduce processing times and better utilize acquisition resources, without limiting innovation.

### **I. The Demand Based Model Does Not Address Current Low/No Sales Schedule Contracts**

In the Federal Register notice GSA states that 50% of MAS contractors have no, or low sales and that to mitigate the cost of managing these contracts it is necessary to close Schedules and SINs to the receipt of new offers. However, there does not appear to be a direct correlation between closing Schedules and reducing the number of these contracts. Essentially, this operational change does not address the problem without further action regarding the current backlog of low or no sales contracts. If GSA moves forward with its plan to close schedules without additional action, the 10,000 low or no sales contracts on its books will continue to exist until their end date. GSA's demand based approach unnecessarily limits competitive opportunities for new commercial firms seeking to enter the federal marketplace instead of effectively addressing the low sales performance of some firms currently on schedule.

Ironically, the operational change may actually increase the schedule contract count as the threat of closing a Schedule or SIN will increase the number of offers received. Indeed, a public announcement regarding a GSA decision to close a schedule will likely cause a temporary spike in the number of offers received as new competitive entrants to the market act to ensure they are not shut out of a market. The resulting additional workload will likely significantly hamper GSA's ability to take actions on the very contracts that are causing the problem. As such, implementation of the Demand Base Model will impede GSA's ability to quickly eliminate low and no sales contracts. Moreover, even if we assume that closing schedules will reduce the number of low sales contracts, it will do so at the expense of access to innovation and potentially better prices.

### **II. GSA already has contract requirements and procedures in place to address low/no sales contracts**

GSA has longstanding proposal preparation procedures and contract terms to prevent and/or address low sales contracts. As part of the proposal preparation process, GSA provides information and guidance designed to ensure potential contractors enter the market in a realistic, competitive and sound manner. These procedures include:

- Schedule solicitations advise that the Schedule is not the best model for all contractors.

- Offerors must take the "Pathway to Success" seminar designed to assist prospective FSS contractors in making informed business decisions as to whether obtaining an FSS contract is in their best interest.
- More recently, offerors have been required to complete a "Readiness Assessment". The assessment is designed to assist in deciding whether an offeror is able to compete as a Schedule contractor.
- Contract provision I-FSS-639 advises potential offerors that a contract will not be awarded if \$25,000 in sales are not anticipated during the first 24 months of the contract and \$25,000 annually thereafter.

If these processes are not sufficient to reduce the number of low and no sales contracts, I-FSS-639 also provides that contracts may be cancelled if sales criteria are not met by the contractor. GSA could *immediately reduce* the number of low sales contracts by exercising its discretion under this provision of the contract. We believe that in exercising this authority the contracting officer should proceed on a case by case basis considering relevant factors such as the contractor's marketing efforts and potential to offer unique or innovative services and products.

### **III. GSA's Demand Based Model attempts to achieve efficiency while sacrificing innovation and flexibility**

Schedules contracts provide an effective framework for commercial firms to compete and customer agencies to acquire commercial services and products. The depth and breadth of commercial items found on schedule reflects the dynamic, competitive nature of the commercial marketplace. The fundamental foundation of the Schedules program is continuous open seasons. Continuous open seasons facilitate rapid introduction of commercial offerings by current contractors and by continuously allowing new entrants, including small business, into the Schedules market. Continuous open seasons acknowledge the flexibility, efficiency, innovation and competitiveness inherent in the commercial marketplace. As a result, contractors can create solutions in response to agency requirements utilizing different business lines within their own company or by teaming with other companies. Our members have expressed concern that the demand based model will limit their ability to:

- Bring new companies into the federal market. Some companies are growing commercially by acquiring other companies. If a schedule is closed, current successful contractors may be limited in introducing a newly acquired company into the federal market.
- Introduce new product lines. It is not clear how the addition of new product/business lines by current contractors will be treated.

- Team with other contractors to create solutions to satisfy government requirements for solutions that cut across schedule.

Closing schedules will reduce the ability of firms of all sizes to effectively and efficiency provide new commercial products, services and solutions to meet customer agency requirements. It will also serve as a barrier to small businesses that bring new technologies to the Federal market. As the Government is looking to increase opportunities for small business through a number of Small Business Jobs Act initiatives, it is critical that the schedules remain open to these companies as a means of accessing the Government market.

The Coalition also notes that there is no mechanism for rapidly reopening a schedule if there is a need. A decision to either close or open a schedule can only be reasonably made based on information about customer demand. GSA has historical information about total sales. The information is not granular enough to adequately analyze previous demand. GSA is even more limited in forecasting what agencies will buy in the future. Consequently, by the time a customer agency concludes that a closed schedule does not have the items or contracts needed to satisfy its requirement, the Schedule program will lose that transaction and possibly lose that agency as a customer of the Schedules program. The inability to quickly respond to these government-wide requirements undermines GSA's ability to be an effective centralized procuring activity.

Finally, if GSA moves forward with the Demand Based Model, it is imperative that it quickly execute changes to facilitate the acquisition of Other Direct Costs (ODC) against the schedule. Otherwise contractors will be further limited in their ability to create solutions when their individual contract does not contain 100% of an agency's need.

The Coalition appreciates GSA's consideration of our comments on the Demand Based Model. We would be happy to meet with GSA to further discuss our suggestions on the current approach.

Sincerely,

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

Roger Waldron  
President