



May 3, 2017

Steve Kinsella
Contracting Officer
U.S. General Services Administration
2300 Main
6th Floor
Kansas City, Missouri 64108

Subject: Request for Information for Strategic Sourcing, MRO Purchasing Channel Next Generation

Dear Mr. Kinsella,

Thank you for the opportunity to provide comments in response to the General Services Administration (“GSA”) Request for Information (“RFI”) regarding their proposed plans for the next generation Maintenance, Repair, and Operations (“MRO”) purchasing channel.

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 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.

Pursuant to the RFI, GSA is considering creating at least one, and possibly more than one, enhanced Special Item Number (“SIN”), to serve as the next generation Federal Strategic Sourcing Initiative (“FSSI”) purchasing channel for MRO products on the 51V Schedule. In addition to maintaining many of the current generation’s Best-in-Class (“BIC”) and FSSI features, the new enhanced SIN(s) could include many additional features, including but not limited to, targeted set-asides, zonal pricing, and ancillary services.

Our understanding is that GSA is seeking specific industry input in response to the RFI that can be used to design an Enhanced SIN that offers certain BIC features and “lowest possible pricing” for MRO part numbered products. However, based on the current RFI, Coalition members have more questions about the proposal rather than specific suggestions. For this reason, we request that GSA provide additional

details about the Enhanced SIN (or SINs) through a second RFI and/or Industry Day so that industry can better understand the proposal and provide more substantive feedback.

Until additional details are provided, we recommend that any next generation solution for the MRO Purchasing Channel:

- Remove restrictions that hinder competition and access to innovation
- Include the costs associated with order lead times into their pricing evaluation
- Remove requirements which incentivize particular sources of supply at the contract level
- Not include additional administrative fees (i.e. CAF) for customer agencies

According to the RFI, “contractors may be disallowed from holding an existing 51V SIN alongside its Enhanced SIN(s), simultaneously.” Although vendors remain receptive to the new SIN(s), by disallowing contractors from holding an existing 51V SIN alongside the new enhanced SIN(s), the proposal could reduce competition and access to innovation on the Schedule. Indeed, due to several technical issues, such as uncertainty regarding the impact on pricing associated with existing contracts, many vendors may choose not to quote on the new Enhanced SIN(s). Moreover, because not all of a vendor’s catalog under SIN 105 002 would qualify for inclusion under the proposed enhanced SIN(s), this requirement could further diminish the number of vendors who are willing to quote on the new Enhanced SIN(s). Competition would be further reduced if GSA requires Schedule holders with products on regular SIN’s and not awarded the Enhanced SIN to remove products from the Standard SIN so only Enhanced SIN items are available (see Question 9, RFI Q and A document).

The RFI seeks feedback from industry on which BIC features and FSSI characteristics are currently driving costs up, so that pricing pressures could potentially be alleviated to allow for lower pricing. Again, additional details regarding the design of the Enhanced SIN(s) and potential set-asides would be helpful in soliciting specific input from industry. One concern raised by small business members was that if vendors with products on the enhanced SIN(s) are to be evaluated alongside all other GSA vendors, then lead time should be factored into the pricing evaluation, as it is one of the largest factors contributing to vendor costs. By requiring a shorter delivery window, the proposal inflates the operational costs of its participating vendors, as they would need to invest in additional staff to process orders in a timely fashion. By not considering these costs in the pricing evaluation, Enhanced SIN vendors would be at a competitive disadvantage relative to those vendors free of these requirements.

The Coalition also questions whether it is GSA’s intent to discourage manufacturer participation on Schedule 51V. Based on the BIC and FSSI features proposed, the RFI appears to encourage government customers to prioritize products and services derived from distributors and wholesalers. Rather than establishing requirements incentivizing particular sources of supply at the contract level, GSA should allow these decisions to be made at the order level, where buyers will have a greater understanding of their needs and resources.

Lastly, given GSA's emphasis on offering lower pricing for customer agencies, GSA should eliminate the proposal's 2% Contract Access Fee (CAF) and apply the standard Industrial Funding Fee (IFF) of 0.75%. This would maintain consistency with the entire Schedules program. Otherwise, contractors' electronic systems may need to be updated to monitor not only Schedule sales, but Schedule sales by SIN, to ensure that the appropriate fees are being submitted to GSA on a quarterly basis. It would be more cost efficient for contractors and customer agencies to maintain the standard IFF.

Again, the Coalition requests that GSA share what they learned from feedback submitted in response to the RFI and what their plans are regarding the proposal moving forward. Specifically, the Coalition requests that GSA provide additional details about the Enhanced SIN (or SINs) through a second RFI and/or Industry Day so that industry can better understand the proposal and provide more substantive feedback.

Thank you for the opportunity to provide public comments in response to the proposed rule. If there are any questions, please contact me at (202) 331-0975 or rwaldron@thecgp.org.

Sincerely,

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

Roger Waldron
President