



The Coalition
for Government
Procurement

August 30, 2011

Daniel I. Gordon
Administrator for Federal Procurement Policy
Office of Management and Budget
725 17th Street NW
Washington, DC 20503

Dear Administrator Gordon,

On behalf of the over 300 members of The Coalition for Government Procurement, I am writing regarding the Office of Management and Budget's strategic sourcing efforts and the use of Federal Supply Schedule (FSS) Blanket Purchase Agreements (BPAs). The Coalition strongly supports the use of FSS BPAs for strategic sourcing. FSS BPAs are a streamlined, flexible acquisition tool that can effectively leverage agency requirements to provide best value. GSA's electronic quote tool, e-Buy, provides transparency and enhanced competition for BPAs established under FSS contracts. Most importantly, the FSS program provides the federal government with access to millions of commercial products and services and the underlying competitive environment that is the commercial marketplace.

Although the Coalition generally supports the government's strategic sourcing efforts, we believe that improved requirements development is vital to its success. Improved requirements development for commercial solutions and effective communication with FSS contractors will increase competition while reducing overall bid and proposal costs for government and industry. Competition for well articulated requirements with corresponding volume commitments (guaranteed minimums) will increase savings for customer agencies and the taxpayer. Moreover, we believe that competition for focused commercial-based solutions at the agency level will accelerate effective strategic sourcing, and provide significant opportunities and jobs for commercial firms doing business under the FSS program.

The Coalition is concerned that the current approach to strategic sourcing includes the use of some generic, governmentwide FSS BPAs that do not include well-defined requirements or volume commitments upon which effective competition can be based. These generic, governmentwide BPAs will rely on task order technical and price competitions for agency specific requirements. For example, the Request for Quote for Managed Print Services (MPS) includes hundreds, if not thousands, of pricing data points that FSS contractors are being required to submit. However, the proposed

MPS BPAs do not include specific requirements or volume commitments upon which the FSS contractors can effectively price their quotes. The proposed BPAs also include a host of new data reporting requirements and other non-standard terms that increase costs for contractors and the government. It is our understanding that once the MPS BPAs are established, task order competitions will be conducted for agency specific requirements. The task order statements of work will reflect each agency's unique requirements (volume commitments, terms, security needs, number and types of locations, software compatibility and technical integration into agency networks) and will seek new pricing and technical quotes from the BPA holders. In the current economic environment, companies feel compelled to respond to these generic BPAs (and spend limited bid and proposal funds) at the risk of potentially being shut out of a market.

The Coalition believes that the intermediate step of establishing generic governmentwide BPAs results in *vertical contract duplication* that increases bid and proposal costs for both government and industry. In fact, GSA has included a supplemental industry funding fee of 1.25 percent to be added to the MPS BPAs for a total fee to agencies of 2 percent when using the BPAs. It is our understanding that the additional fee is intended to offset GSA's operational costs associated with the BPAs. In turn, agencies will be incurring additional operational costs when conducting the task order level competitions.

We recommend that OMB consider using a more focused approach to strategic sourcing. Generic, governmentwide BPAs should be eliminated to the maximum extent practicable. Agencies should be required to compete and establish strategic sourcing FSS BPAs based on their specific requirements, including volume commitments. Specific requirements and volume commitments will lead to more competition, better pricing and improved efficiency. Finally, to ensure strategic sourcing accountability and transparency, agencies should be required to report performance results for their BPAs to OMB. These reports would allow OMB to monitor each agency's strategic sourcing progress. With regard to the proposed MPS BPA, we request a review of the current acquisition strategy before any further implementation takes place.

I would be happy to discuss the challenges associated with strategic sourcing at your earliest convenience. The Coalition supports your commitment to improving federal acquisition and looks forward to working with you to ensure our procurement system provides opportunity and the best value for the taxpayer, government, and industry.

Sincerely,

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

Roger Waldron
President

cc: GSA Administrator Martha Johnson, FAS Commissioner Steven Kempf