March 14, 2021

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Subject: VA Supply Chain Assessment Industry Input

Mr. Parrish,

The Coalition for Government Procurement ("the Coalition") sincerely appreciates the opportunity to share input from industry with you on the U.S. Department of Veterans Affairs (VA) Supply Chain Assessment (SCA).

As you know, the Coalition is a non-profit association of firms selling commercial services and products to the Federal Government. The Coalition's Healthcare Committee members provide more than $12 billion worth of healthcare products/services and pharmaceuticals to support the healthcare needs of the nation's veterans. In addition, our IT member companies account for 40 percent of Federal IT spending, more than $24 billion in Federal IT contracts, and more than $145 billion in Federal Government contracts. Coalition members include small, medium, and large businesses. We are proud to have worked with Government officials for more than 40 years towards the mutual goal of common-sense acquisition.

Thank you again for the open dialogue with industry during the "Market Research: VA Supply Chain Modernization" virtual meeting on March 7. Our members from the IT, medical and surgical products, and pharmaceutical industries appreciated the opportunity to hear from you and your team on the VA's timeline and approach to the SCA. As a follow-up to the meeting, the Coalition would like to first offer some feedback and recommendations for the VA's SCA from our IT member companies. We will also be providing additional input from our healthcare members focused on the medical/surgical and pharmaceutical supply chains at the VA.

I.   Supply Chain Modernization Public Dashboard

Coalition members recommend the development of a public Supply Chain Modernization "dashboard" that tracks and reports on the VA's progress. A dashboard will serve as a key management tool for the VA while providing stakeholders with timely information and updates on the VA's efforts. In addition, the VA should establish a Supply Chain Modernization reading library accessible by potential bidders. This library should include all relevant studies, analysis of the current supply chain, and/or alternative solutions.   It also should include all relevant technical reports and information regarding VA business/logistics processes and functions.   Finally, the VA should provide a timely calendar for future

meetings with industry, along with relevant background information to allow industry sufficient time and information to plan, prepare, and participate in future sessions.

II.   Supply Chain Modernization and the VA's Existing Systems

The Coalition recommends that the VA consider the functionality of its current and planned systems as it identifies the scope of its Supply Chain Modernization, for example:

Financial	iFAMS/FMS, IFCAP, Oracle (Canteen)
Ordering	iFAMS, ROES, IFCAP/TBD Supply Chain, Oracle (Canteen)
Asset/Facilities Management	AEMS/MERS, MAXIMO, Service Now (OIT), MBMS (NCA)
Inventory Management	VISTA (Prosthetics), McKesson (Pharmacy), IFCAP (Medical Supplies- not IT), EHRM (Pharmacy), MAXIMO/AEMS/MERS (OIT Inventory), Oracle (Canteen), MBMS (NCA)

In addition, separate organizations within the VA are seeking supply chain solutions for their portion of the supply chain, like:
- Office of IT: IT equipment
- VHA: Medical and surgical supplies
- National Cemetery Administration: Headstones and markers, etc.
- General Operations: Furniture, office supplies, etc.

The VA should define the scope of Supply Chain modernization considering the functionality of other modernization initiatives underway within the Department.

III.   Documentation of End-to-End Supply Chain Processes

The VA should develop a detailed evaluation of all end-to-end supply chain processes across the VA to ensure that all processes work together to provide the needed reporting, management control, and efficiencies for such a large organization. The end-to-end design should also include effective and efficient workflows that improve the quality of the process, reduce the number of times items are handled, and improve overall layout. An example of an end-to-end process is:
1. Request for Contract/Contract Action
2. Funding Authority Availability
3. Contract Award
4. Delivery Orders/Catalog
    a. Automated Ordering based on Inventory levels/Facility Management triggers
5. Receipt of goods
    a. Inventory Balances (what products are available and where they are located, Cost of Goods Sold calculations)
        i. Point of Use systems integrated into inventory
        ii. Re-order points (currently manual)
    b. Asset Management (Capitalized, Facility Management (Servicing, Parts, etc. for certain asset types)
6. Invoicing
7. Payment

The Coalition also recommends that the VA define "to be" end-to-end supply chain processes across the VA. For these "to be" processes, the VA should consider these factors, among others:

- Service to the Veteran
- VA users supporting the service to the Veteran
- Financial/Audit impacts
- FAR requirements and other Federal policies
- State-of-the-art supply chain capabilities prevalent in similarly-sized health care delivery organizations

IV.   The Need for Defined Outcomes for Supply Chain Modernization

As part of the Supply Chain Assessment, the VA should define clear goals for its modernization efforts and the expected outcomes, including by what means they will be achieved. For example:

Goal	Expected Outcome	Achieved By
Understand Inventory Levels across the VA at any point in time	Ability to respond to needs across VA, by moving inventory as needed	-Standard Item List -Track Receipt, Use and Transfer at Item detail
Understand where items used in Hospital x were bought/source of item	Track patient outcomes based on source of item, look for trends	-Tracking from Contract, to Order, to Receipt, to Transfer, to Use by unique Item Tracking; i.e. ¾ mm tube pump XYZ
Inventory levels are kept at appropriate levels, operations are not impacted by lack of inventory	Inventory is available where and when needed by employees and for patient care; excess inventory is not carried, and inventory is not stale	Just-in-Time (JIT) for expendable property
Reduce LOE for tracking, stocking and ordering inventory	Less human intervention in repeatable ordering activities, more human oversight into processes/needs	Bar Coding, Point of Use Systems, Automated Ordering
Equipment is traceable, serviced and is recorded; status of equipment, age and replacement status is easily viewed	Owned and Leased equipment is reportable by department/location/age/service status/useful life	RFID and other technologies Equipment/Asset Management System
Ability to track Implants/prosthetics by patient	Can notify veterans of any updates/concerns with their prosthetics.	Bar coding, integrated patient record with purchasing/vendor/model information
VA achieves buying power through centralized/consolidated ordering	Costs for supplies and equipment are reduced through bulk purchasing/consolidated purchasing	Single system/database for orders/centralized ordering

V. Acquisition Approach and Analysis of Alternatives

The Coalition recommends that the VA research the supply chain processes and systems that similarly sized healthcare systems in the commercial market use today in addition to DMLSS. The VA should also adopt an agnostic technology assessment approach that would consider all products that meet the VA's requirements, including DMLSS.

In terms of the specific acquisition strategy, regardless of whether the VA decides to release a State of Objectives (SOO) or a Statement of Work (SOW), the VA should be clear about what is requested. For example, clarity about the required service delivery model, what is being acquired as a service, what is being retained and what is being outsourced. This information will enable industry to submit consistent responses and help the VA to more efficiently assess, compare, contrast, and select the responsive bidder. In addition, we ask that the VA consider:

- Improving the "speed of implementation" by embracing the use of accepted products that have success and acceptance in the VA to lower organizational change management training and adoption challenges wherever possible
- Completion of a "cost" comparative analysis for new products to the VA that may require an Analysis of Alternatives (AOA)
- Taking a managed service approach to supporting this Supply Chain transformation and completely transitioning out of maintaining systems, which this shifts the risks of modernization to a vendor and limits the operational distractions from the mission
- Clarifying whether FedRAMP is required or if progress towards certification will be considered, or if the VA would waive the requirement. Many Best-of-Breed Solutions in the commercial market are not currently FedRAMP certified, which could be a challenge if implementation is within one or two years
- Providing an industry partner a 3-month award to assess, design, build, and demonstrate an MVP prototype

We sincerely appreciate your consideration of these Supply Chain Modernization recommendations from our IT members. The Coalition would be happy to host a small group meeting with these members to discuss these suggestions further at your convenience.

Thank you again, and if you have any questions, I may be reached at rwaldron@thecgp.org or (202) 315-0975.

Respectfully,

Roger Waldron
President