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IFF Reduction Modification in Review

Congratulations, if you are one of the over 12,000 Multiple Award Schedule (MAS) contractors who have already accepted the IFF Reduction Modification. We hoped that the Mass Modification process would be a relatively easy transition for contractors and it seems that 85% of all MAS contractors agree with us and are proceeding with their MAS contract. We hope this includes you.

If you did accept the modification, it's time to get ready for the next steps. By January 1, 2003, you will need to have lowered your prices by at least the amount of the fee reduction. GSA doesn't want this to be an overly complex or expensive process for you. If you would like to reprint your pricelist – that's great – follow your normal procedures. There's no better way to have accurate information.

But, if you have pricelists to use up, you don't need to reprint – we can work with you. Come up with clear cover page notices or stickers – and reprint at your normal scheduled time. Don't forget to lower your prices in *GSA Advantage!* as well. To ensure recognition of your electronic pricelist update, include the modification number FX-03 in the mod field in the transmittal.

We remind you that the reduction in the IFF is all about reducing the price to the customer. We ask you to collect less on our behalf and to remit less to us. For you, it should come out even. For GSA, our customers will save money – and maybe do a bit more business with you. To ensure that the IFF modification was handled properly, the contractor report card is being modified to add a new question: Did the contractor demonstrate that it reduced the pricing per the IFF reduction? Next time we visit you, after January 1, 2004, be ready to show proof that you reduced the prices. Acceptable proof will include updated price lists, before and after invoices, or updated *GSA Advantage!* files.

By the way, there are still almost 2,000 of you that haven't gotten the message. This is a **mandatory** modification and we don't want you to lose out by waiting until the last minute. If you haven't accepted the IFF reduction modification yet, GSA is in the process of preparing a modification to cancel your contract, effective December 31, 2003. Now, that's no way to celebrate New Year's Eve. The good news is you can still head off cancellation if you act promptly.

Just to refresh your memory, a new section has been placed on the

Vendor Support Center (VSC) homepage called "Pending Modifications." Anyone viewing the VSC website can review and choose from the list of Modifications available, one of which is the IFF Reduction Modification. Detailed information will provide you the background, purpose and implications of the Modification. At the conclusion, you will enter your personally assigned Personal Identification Number (PIN) and other verification information as a means of accepting the mod. Upon execution, a confirmation e-mail, with a printable SF-30 attached, will be sent to you (the contractor), the Administrative Contracting Officer (ACO) and the Procuring Contracting Officer (PCO). By completing the electronic process, contractors are considered to have electronically signed the Modification.

We definitely don't want you to miss out on this one, so if you need help, give us a holler or call your designated ACO. We want you to still be around in January.

CCR Update

First of all, just in case you have no clue what we are talking about here, CCR refers to the Central Contractor Registration database which is the contractor information repository for conducting business with the Federal Government. By partnering on the CCR with the Department of Defense (DoD), GSA will be able to ensure and maintain a single source of vendor information for award and payment actions. A Federal Acquisition Regulation (FAR) change (FAR Case 2002-018 available at <http://www.arnet.gov/far/Proposed Rules>) requires all government vendors (which includes GSA MAS contractors) to be registered in the CCR by DUNS number.

While many MAS and Global Supply contractors are already registered in CCR, the new FAR mandates certain changes to your contract. All existing contracts must be modified by the end of the calendar year. You should have already received an email with your personal identification number (PIN) for this modification. Go to <http://vsc.gsa.gov> and click on "pending modifications." Choose either the "CCR mod for MAS" or the "CCR mod for Global Supply, Stock and SOP" contractors.

If you are in one of these categories, you can skip the rest of this article. But, if you are one of the

contractors what have not registered, you need to know that CCR registration is **mandatory**. The good news is that CCR will benefit you in the long term. It will enable Government agencies to share data, so that you don't have to keep providing the same information over and over again. It also serves as a marketing tool. Tens of thousands of government buyers and program personnel search it for potential providers of specific goods and services every day. On the other hand, if you do not register, Government agencies will NOT PAY your invoices. In addition, you will need to review and update your registration at least once per year to retain your registration.

CCR Registration is simple; you register via the World Wide Web at <http://www.ccr.gov>. The CCR handbook is available at this site, as well, to assist you with your registration. You must have a DUNS number to begin the registration, but you can obtain this free nine-digit identification number by calling Dun and Bradstreet, Inc. at (800) 333-0505.

Please don't drag your feet on doing this. Remember, the FAR has been changed so that all Government vendors must be active CCR registrants in order to receive an award or **get paid**. Repeat... you must be registered in CCR to get paid by any Government agency. Do it today and avoid the last minute rush.

MAS (Multiple Award Schedule) Economic Price Adjustments

So, do you, the contractors, have questions about the new clause on Economic Price Adjustments (EPA)? What does it really mean to you? We bet that you do, so...just in case, we are going to try to put this in layman's terms. If you already know everything about the EPA clause, just disregard this article and enjoy the rest of the newsletter.

While the term Economic Price Adjustment refers to both increases and decreases, price decreases are actually handled under the Price Reduction clause (which we will address in a future edition of GSA Steps.) In this article, we hope to give you some helpful information about price increases.

Know the limitations on timing and amount. Some schedule contracts do not allow price increases for

the first year of the contract. Many limit the number of increases you can request per year, and a minimum of 30 days between increases. Generally, increases are not allowed in the last 60 days of a contract. Many schedule contracts limit the amount of the increase from year-to-year, and overall. Check the limitations in your contract (just look for the clause entitled Economic Price Adjustment) before you start. Doing this will save you time in the long run.

Most of our contractors have prices based upon discounts from commercial pricelists. It is relatively simple to request a price increase if you fall in this situation.

Contracts Based on Commercial Pricelists

To ask for a price increase, submit a letter to your PCO asking for an increase and specify the amount(s). Include copies of the old and new published price lists. If your discounting practices have changed since your contract was awarded, you will need to complete the Commercial Sales Practices form you completed with your offer. If your discounting practices have not changed, then your cover letter asking for the increase should very clearly state that the discounting practices have not changed since we completed negotiations (or since our update of xxx date.)

You will also need to submit documentation showing that the increase is reasonable. An explanation of trends going on within your industry, and comparison with your competitors may be good ways to demonstrate the reasonableness of your increase.

Keep in mind that many MAS contracts carry a cap on how much the price can increase in any one year and that this cap applies model per model. If your contract contains a cap, state in your letter requesting the increase that you are aware of the cap, and show examples of how you have remained within it.

The GSA Contracting Officer (CO) will then review your request. If you complete all the information above your price increase will be evaluated more quickly than if you are missing some of this data,

and the CO has to return it to you for additional information.

After the evaluation is completed, the CO has several choices. If everything is in order and the price is reasonable, the CO can approve the price increase. If the CO is concerned about the proposed new pricing, they can reopen negotiations to increase the discount. If you can't reach agreement, the CO can remove models from the contract. Following CO approval, you will have 15 days to update your pricelist and your GSA Advantage files. The new prices apply only to orders issued on or after the date of the price increase.

Contracts Not Based on Commercial Pricelists

For some of you, especially in the services world, your pricing may not have been based on published pricelists. Instead, it may have been based on demonstrated market prices such as hourly rates.

Your contract will contain one of two types of EPA mechanisms: Fixed Price and market indicators. If you have a fixed price mechanism, at the time of award, you negotiated the amount of

future price increases. In other words, your contract contains an automatic increase that kicks in each year, on a specified date. The rate of escalation might vary among the items offered, if needed. For example you might have negotiated a 3% increase for each hourly rate for the first three years and a 3.2% increase for each hourly rate for each subsequent year, to be effective on the anniversary date of the contract. If you have a negotiated EPA, you do not need separate approval from the CO. It is already a part of your contract.

On the other hand, if you used a market indicator, such as an index, survey or indicator, you do need to formally request a price increase.

Send your CO a letter requesting a price increase. Specify how much of an increase you want. Include the index, survey or indicator used and the dates, levels and the calculation of the change.

In your letter, you will also need to address whether

If you need additional information, please contact the MAS Helpdesk at 1-800-488-3111, option 4 or email your questions to MASHelpdesk@gsa.gov.

or not your commercial pricing practices have changed. If they have, you will need to complete the Commercial Sales Practices form you completed with your offer. If your pricing practices have not changed, then your cover letter asking for the increase should very clearly state that the pricing practices have not changed since we completed negotiations (or since our update of xxx date.)

Your letter should also include documentation demonstrating that the increase is reasonable. An explanation of trends going on within your industry, and comparison with your competitors may be good ways to demonstrate the reasonableness of your increase. Not submitting all the required data will just slow down the evaluation. Your CO will come back and ask you for it anyway. So it's better and more timely to do it right the first time. Just a suggestion.

After the evaluation is completed, the CO has several choices. If everything is in order and the price is reasonable, the CO can approve the price increase. If the CO is concerned about the proposed new pricing, they can reopen negotiations to negotiate a better price. If you can't reach agreement, the CO can remove models from the contract. Following CO approval, you will have 15 days to update your pricelist and your GSA Advantage files. The new prices apply only to orders issued on or after the date of the price increase.

There is a great deal of additional information available on Economic Price Adjustments that are not based on commercial catalog or price lists. If you need additional information, please contact the MAS Helpdesk at 1-800-488-3111, option 4 or email your questions to MASHelpdesk@gsa.gov. We hope this helps clarify some of what is going on with the EPA clause.

Federal Supply Schedules Realignment

On June 26th, the GSA Administrator signed an order that will greatly improve the GSA schedules program. The schedules program has seen tremendous growth in the last several years and due to that growth in certain areas, realignment was necessary. The changes will make our schedules even more customer friendly, put personnel where there is the greatest need, redistribute the workload, and reduce

overlap in the schedules. This realignment helps us address the huge increase in workload in the IT Acquisition Center and also provides new growth opportunities for regional centers to expand into new areas.

Specifically, the order reduces the number of Federal Supply Service acquisition centers from eight to seven by closing the Office and Scientific Equipment Center, located in Arlington, Virginia. Associates from the Office and Scientific Equipment Center have been successfully reassigned primarily to the IT Acquisition Center and the Furniture Center. The contracts from the closed Center have been transferred to the National Furniture Center (office equipment), Office Products and Administrative Services Center (office products) and the General Products Centers (scientific products and services).

Major benefits from this realignment include: the redistribution of experienced human resources to where they are urgently needed; the creation of growth opportunities in the regional Centers; better alignment with customer buying patterns; and an overall reduced cost structure. This change is transformational and supports "Good Government" practices. GSA is stronger and better positioned for the future as a result of this action and we will all be more successful.

Vendor Partners Encouraged to Up-load Photographs of Products into *GSA Advantage!*

Customer Agencies have often requested that more photographs be included with the products offered on *GSA Advantage!* to help them better identify items for purchase. Here is a customer comment recently received:

Although many items come up when doing searches, the information provided isn't sufficient to make a choice. One picture is worth a 1,000 words. I want to see what I am ordering, the description isn't always enough to determine if the product will suit my needs. I won't buy what I can't see.

In response to these concerns, we are encouraging vendors to submit photos for products (and their accessories) where it would benefit the customer

making a purchase decision. If you provide photos in your printed catalogs, it is likely to be of benefit in an on-line purchase environment also. Product photos are commonly used in most on-line shopping sites and have the potential to increase product visibility and opportunity for sales.

GSA Advantage! currently contains over 200,000 registered Federal customer users worldwide and is the most widely accessed e-commerce site in the Federal Government. Use of the site continues to climb as sales have increased 21% for FY 2003.

There are two ways you can submit photos into *GSA Advantage!* You can submit photographs using the Schedule Input Program (SIP) software available for download at the GSA Vendor Support Center website: <http://vsc.gsa.gov> or by submitting photos via Electronic Data Interchange (EDI) using the Photo Upload Tool at the VSC Website (under the heading of "Other Site Features"). Contact the Vendor Support Center at 877-495-4849 or e-mail vendor.support@gsa.gov if you need assistance.

The following additional guidance is provided for your use in the submission of photos for *GSA Advantage!*

Photo Requirements

- All photos should be in .jpg format
- Photo size must be less than 35K (photos can be any length and width as long as the file size does not exceed 35K). Note that GSA also will create thumbnail images of your photos to be used in search result listings. Customers can click on the thumbnail to expand the photos to the size that you submit.
- Photo filename should not exceed 30 characters and should not contain special characters (i.e., spaces, symbols, etc.).

Suggestions for Creating Photos

- If you already have photo images in another format, please convert them to a .jpg format. We recommend that you consider using imaging software such as Photoshop, Paint Shop Pro, Photo Impact, etc.
- If you have photos but they are in print, we suggest using the original photos or if unavailable scan the

images. Using scanning software, images should be created in .jpg format.

- If you do not have photos, we suggest creating photos using a digital camera. Photos taken with regular (non-digital) camera can be provided on disk in .jpg Format by your film developer.

How to Add Photos Using SIP

- Once photos are created they must be placed in sipv6/photo subdirectory.
- Open SIP and click on File/Open/Photos (or click on photo icon). This screen will check photo size, format, etc. Once validated you will be able to assign photos to products (and accessories) either from this screen or you may go directly to an individual item via the File/Open/Products.

How to Add Photos Using the VSC Website (EDI vendors only)

- After creating photos, go to <http://vsc.gsa.gov>. Vendors using EDI may upload/ftp photos to GSA using the Photo Upload Tool located on the VSC website. Login using your VSC assigned user ID and Password (contact VSC at 877- 495-4849 for assistance, if necessary) then click on the Photo Upload Tool to begin.
- An alternative solution is to ftp zipped photo files to an established ftp mailbox, using the naming structure 'contractnumber_photos.zip'. The .zip file must also contain an 'email.txt' file containing only the email address of the person submitting the photo file. The only notable difference will be that any validation error(s) will be emailed back to the email address provided in the .txt file.
- EDI Vendors kindly note that the photo filename must also be included in the 832 catalog file submission using the REF segment (2/040) with the "51" qualifier in the REF01 and the file name in the REF02. To delete a photo from GSA Advantage, simply exclude the REF segment from the 832 catalog submission. Please note that one photo may be used for multiple products.

Please go to the VSC Website if you need assistance

