

## SPECIAL REPORT: FEDERAL ACQUISITION

# Agencies market their governmentwide contracts

By ADAM STONE

It's sell, sell, sell in the land of big-budget acquisition vehicles.

With the rising popularity of governmentwide acquisition contracts (GWACs), agencies offering these purchasing vehicles are increasingly busy with marketing as they try to encourage other agencies to use their tools.

"If you look at the print periodicals that have a large government readership, you will see more ads pushing these programs," said Ray Bjorklund, chief knowledge officer at market research and consulting firm FedSources of McLean, Va.

GWACs were established to give agencies options when buying big-ticket information technology systems and services. They offer pre-selected vendors, both prime contractors and subcontractors, to provide specific technology at pre-competed prices and other terms.

These contracts have much to offer, as can be seen by their growing usage. In 2000 GWACs accounted for \$3.6 billion in spending, a number that rose to \$15.0 billion in 2005, according to INPUT, a Reston-Va.-based market research firm.

A number of factors drive the popularity of these contracts. GWAC fees may be lower than with other contracts, for instance, while processing times can be significantly faster. The Army's CR2 vehicle promises to complete competitive awards for a broad range of IT support services in just 19 days, for instance, a process that usually is months long.

Still, GWAC program directors must market their products to other agencies, which may have multiple GWAC choices.

Take for instance the General Services Administration, where Jim Ghiloni, GWAC program acting director, depends on the Internet to keep potential users aware of his offerings. These include the substantial new Alliant program. GSA next summer is expected to choose 25 to 30 companies to compete for federal IT business under the \$50 billion Alliant contract, and another 35 to 40 firms under the companion \$15 billion Alliant Small Business contract.

"There is a general awareness within the IT community in government: They know that GWACs exist," he said. "But we want to make sure they have easy access to the information that they need. When a customer goes to gsa.gov and clicks on GWACs, I want them to get that information easily."

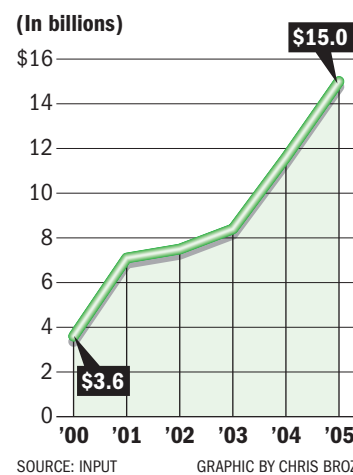
At the National Institutes of Health, program managers have done a bit of niche marketing in their efforts to promote such GWACs as Chief Information Officer Solutions and Partners (CIO-SP), which offers IT solutions; Electronic Commodity Store (ECS) III, for IT products; and ImageWorld 2, for electronic imaging system support services.



RICK KOZAK/FEDERALTIMES  
Victor Powers, NIH Information Technology Acquisition and Assessment Center director, uses a large graphic display to encourage buys under his contracts.

## GWAC PURCHASES

The growth in federal spending under governmentwide acquisition contracts:



## Best GWACs offer work to all contractors

What makes for a successful governmentwide acquisition contract (GWAC)?

Ashlea Higgs, manager of new markets at INPUT, would say a good churn of business that is generously spread among the various prime vendors is one telltale sign. He points to the Army's Communications and Electronics Command Rapid Response (CR2) contract, which has generated more than \$3.15 billion worth of business since it was awarded in January 2003. Top customers include the Army, Air Force, Navy and the State Department.

The eight prime vendors on the contract — which include Lockheed Martin Corp., Computer Sciences Corp. and Arinc — have all shared in the business of providing a range of information technology support services. Specifically, each prime on the contract has drawn more than \$150 million in business. Lockheed Martin has drawn the most work at \$860 million. In addition to the eight primes that are signed up, this contract relies on some 500 subcontractors.

Much the same distribution of work is seen on the National Institutes of Health's Chief Information Officer-Solutions and Partners 2 Innovations (CIO-SP2i). Activity has likewise remained consistent among some 45 primes, with the support of more than 600 subcontractors. This vehicle has awarded more than 476 task orders since December 2000 in the areas of CIO support, outsourcing, IT operations and maintenance, integration services, among others. That has meant total sales of \$1.6 billion, with major customers including NIH and the Health and Human Services, Defense and Justice departments.

The agency has, for example, positioned ECS III as a means to acquire technology related to homeland security — such as network security, data encryption and biometrics, especially to help secure wireless devices such as laptops. In so doing, the agency can offer fee discounts to agencies looking to make security purchases. "We're trying to be broad, but at the same time if there is a good fit for certain agencies, we are going to have outreach to those agencies," said Victor Powers, director of the National Institutes of Health Information Technology Acquisition and Assessment Center.

While marketing efforts such as these may help draw attention to

an agency's GWAC offering, getting a prospective buyer in the door is just a first step. It takes a number of other factors working in unison to make a GWAC an appealing vehicle.

"People want ease of use, low risk, and from a solution perspective they want best of breed solutions from the vendors," said Ashlea Higgs, manager of new markets at INPUT.

"The servicing agency has to be very customer focused, recognizing that that customer's ultimate need is to get some requirement fulfilled. It needs to be very mission oriented," Bjorklund said.

In practical terms this covers a lot of ground. How much help can

"A lot of times you will see one or two primes out of 10 or 20 getting the lion's share, but in this case you see everyone getting involved," Higgs said.

CR2 also has won favor through some attractive customer service features. The program boasts low administrative support costs; real-time access to a Web-enabled database for monitoring task order status; and task orders with firm fixed pricing for time and materials.

Another selling point of the CR2: versatility. Vendors market the contract to federal customers as the contract equivalent of a Swiss Army knife. Lockheed Martin's CR2 Web page, for instance, declares: "CR2 is the easiest route to solutions for almost every federal customer's needs. Contract scope is so broad that a solution to nearly any problem or product imaginable can be delivered through CR2's simplified acquisition tool."

An oversell? Maybe not, said Higgs. CR2 covers far more than just the IT systems that are available with other GWACs. Customers can order research and development support, testing and evaluation, certification, training and acquisitions support. This breadth of offerings makes the program appealing to agencies looking to do all their shopping in one place.

Certainly cost is another important factor. CIO-SP2i, for example, charges 1 percent but then offers even lower fees for agencies using small businesses on the contract. Also the fees can drop to as low as 0.5 percent depending on the size of the order.

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an agency give a customer in preparing a statement of work? How aggressively can the GWAC agency negotiate terms and conditions? Can the GWAC agency help the customer manage the contract? Also, can the agency assist with financial management? "This is critical for the customer agency, to make sure that their books are straight," Bjorklund said.

Right up there with service is the question of money. On contracts that may run to tens or even hundreds of millions of dollars, a change in fees by even a percent here or there can add up to big bucks.

With this in mind, GSA plans to cap fees on the new Alliant pro-

gram somewhere below the usual GSA charge of 0.75 percent, though the final figure is still under consideration, Ghiloni said. "Since we are talking about projects that are very large in scope — task orders in the hundreds of millions of dollars — we do understand that our customers are concerned about fees, and we want to do what we can to mitigate those concerns."

If GSA is being ambitious about fees, it may be to a greater purpose. Observers say the agency may have interest in trying to bring all or most existing GWACs into its stable.

While there have been no specific proposals to consolidate all GWACs within GSA, "there has been a dialogue" between GSA Administrator Lurita Doan and Paul Dennett, administrator for federal procurement policy at the Office of Management and Budget, according to Jim Williams, commissioner of GSA's Federal Acquisition Service.

Vendors suffer when they have to answer to different regulations in different agencies, Williams said, explaining the rationale for putting all programs under one roof.

A GSA bid for NASA's SEWP III (Scientific & Engineering Workstation Procurement III), has arisen from the Doan-Dennett talks, Williams said. GSA has suggested that SEWP duplicates other vehicles and should be moved to GSA or else stopped altogether and replaced by an in-house GSA offering.

Negotiations are touchy because GSA and NASA are both good customers of one another, Williams said. GSA already is one of the biggest SEWP III customers, purchasing more than \$477 million through the program in 2005.

Such consolidation "has happened in the past," said Higgs, pointing to GSA's absorption of a Transportation Department contract called ITOP — Information Technology Omnibus Procurement — which offers information systems engineering, management and security.

Would customers be better off or worse under a GSA-dominated GWAC environment?

"If government agencies don't get the same customer service under any of these contract vehicles, that would obviously be a problem," Higgs said.

For vendors, meanwhile, the GWAC program offers obvious attractions. Having been pre-screened and preapproved, vendors can find themselves front and center before potential buyers. It's clear some vendors find this an appealing prospect: GSA expects 100 proposals for its Alliant program and another for 300 to 400 for the Alliant small business vehicle. Only 10 to 20 percent will make the final cut, Ghiloni said.

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