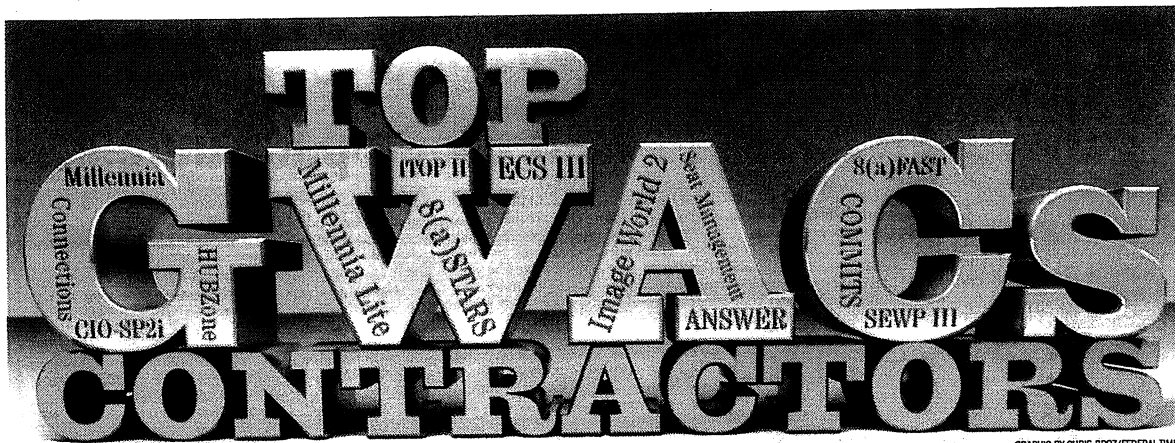


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GRAPHIC BY CHRIS BROZ/FEDERAL TIMES

Addressing 'a public image problem'

Criticism of interagency contracts is pushing GWACs sales down, experts say

By DAN DAVIDSON

2006 was a tough year for GWACs.

Sales plunged on governmentwide acquisition contracts about 30 percent from the previous year — from \$5.7 billion in 2005 to little more than \$4 billion for 2006 — according to figures compiled for *Federal Times*.

Ray Bjorklund, senior vice president of FedSources, the Washington consulting firm that compiled the GWACs sales data for *Federal Times*, said the reasons for the contracts' dismal performance are pretty clear.

"A great deal has to do with widespread concerns about interagency contracting, especially with the [Government Accountability Office] putting those contracts on its high-risk list and with a Defense Department's inspector general report that worried that their use had gotten out of hand and that there was inadequate oversight," he said.

These concerns have soured some buyers on all interagency contracts and especially those of the General Services Administration, which were singled out in past critical audits by GAO and

the Defense inspector general, Bjorklund said.

"The result has often been for agencies to turn to their own internal contractors," Bjorklund said. "Contracting officers are taking the path of least resistance, and that means not using those GWACs that are administered by other agencies. The level of spending is not going down. It is just going elsewhere."

Among GWACs that saw their sales slow in 2006 were GSAs Information Technology Omnibus Procurement II (ITOP II), Commerce Information Technology Solutions (COMMITTS) and the National Institutes of Health Electronic Commodity Store (ECS III).

GSA's 8(a) Streamlined Technology Acquisition Resources for Services (STARS), a contract that offers agencies a slate of small and disadvantaged vendors to buy from, was conspicuous for its healthy sales increase. This was likely helped by the termination of another GSA-

managed small business GWAC, 8(a) FAST, in 2005.

A bad rap

That GWACs should suffer because of past criticisms of interagency contracts is odd and unfortunate, said Jeffrey Westerhoff, senior vice president and GWACs director for SRA International of Fairfax, Va. GWACs do not suffer from the main deficiency of other interagency contracts: lack of oversight.

"The taint has spread from interagency contracts to GWACs because people don't know what GWACs are and how they differ," said Westerhoff, whose firm offers services on four GWACs. "There is no problem with GWACs, and there is a great need for them. GWACs are misunderstood. It's more of a public image problem than a real problem."

Perhaps the most important difference between GWACs and ordinary interagency contracts is that the former are vetted by the Office of Management and Budget, which approves such vehicles only if they can demonstrate that they are needed, properly managed and have adequate oversight, Westerhoff said. "It's not so easy to be designated a GWAC."

Nonetheless, many contractors at the Defense Department appear to be under the impression that because of the recent criticisms of GSA's contracts, they cannot use either GSA's supply schedules or GWACs, said Bjorklund. And, since half of the federal government's technology budget is spent by Defense, the consequences have been roundly felt, he said.

Other reasons for decline

Sales of some GWACs are declining for another reason: They are reaching the end of their business lives, and prospective customers are holding off on some new procurements until new or successor contract vehicles are awarded and available, Bjorklund said.

Finally, some customers are turning away from GWACs in an attempt to cut costs.

"Budgets are getting very tight, and agencies are looking to save money," said Paul Murphy, president of Eagle Eye Publishers in Fairfax, Va., a market research firm. "Agencies are being more assertive in trying to manage their own contracts, and the resultant savings in fees do add up. Also, fewer middlemen are involved and there is a more direct rela-

tionship with the client."

And it is not just Defense that is looking to its own resources for contract development.

"The major issue driving this [downward sales] trend is the development of agency-specific [multiple agency contracts]," said Jim Ghiloni, acting director of GSA's GWAC program. "Navy Seaport, Eagle [vehicles offered by the Navy and Homeland Security Department, respectively] and others offer services that were originally provided by GSA but are now being done on those."

"However, I think it's cyclical. GWACs fill a niche for those IT solutions that have difficult requirements. We have enterprise-wide, large scale GWACs and small business GWACs," Ghiloni said.

Steps to reverse trend

GSA has been moving aggressively to shore up its losses and reverse the downward trend for its GWACs. It recently made a pact with Defense to improve the interagency contracting process, which may enhance the image of GWACs as well.

In general, GSA "will take bold steps, be innovative and demon-

See GWACs, Page 10



Bjorklund

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SPECIAL REPORT: TOP GWACs CONTRACTORS

GWACs

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strate a new capability, for example, with the introduction of Alliant, which will have a \$50 billion ceiling and be awarded this summer, and Alliant Small Business, which will have a \$15 billion set-aside," Ghiloni said. Alliant will replace Millennia and ANSWER.

"We are also talking to industry and contractors to see what solutions they have to offer on how to improve our system, reach out and provide the best that is available," he said.

GSA is not alone. NITAAC, the National Institutes of Health Information Technology Acquisition and Assessment Center, offers three GWACs and plans to promote them aggressively.

Its CIO-SP2i — Chief Information Officer-Solutions & Partners 2 Innovations — had the most dollars sales in 2006 of any GWAC, up from second place last year. And Diane Frasier, acting director in the NITAAC Office of Logistics and Acquisition Operations, is working to make sure its popularity doesn't flag.

Like other sponsoring agencies, NITAAC has seen some fall-off in sales because of "concerns about interagency contracting," but the CIO-SP2i contract has less to worry about because no other existing contract can duplicate what it offers, Frasier said. In addition, NITAAC began taking steps a couple of years ago to increase oversight of its GWACs and enhance their transparency.

"In the face of the criticism of interagency contracting, we recognized that we needed to increase oversight and make sure everything was done within scope. We had always done this with CIO-SP2i, but we got more rigorous with our other two GWACs," Frasier said.

The others are ECS III, a provider of network equipment, and ImageWorld 2, a provider of imaging devices for document conversion and electronic storage, among other things.

However, CIO-SP2i may have its best years behind it, according to Westerhoff.

"That vehicle expires in December 2010, and most agencies like contracts that can run for five years," said SRA International's Westerhoff. "You can't do that with CIO-SP2i, and so NITAAC has to go to OMB and say it needs CIO-SP3 — and there is no guarantee they will get it."

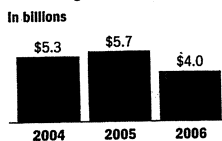
A place for GWACs

Despite the overall decline in sales last year, GWACs won't be going away any time soon, said Westerhoff.

"The decline is already starting to stabilize," Westerhoff said. "These large GWACs can provide the help customers need, and some will come to look at their internal contracts and say they are not getting what they need, that there is not enough control or oversight. I think they will

DECLINING SALES

Sales of information technology products and services under governmentwide acquisition contracts are declining:



SOURCES: Federal Procurement Data System; National Institutes of Health Information Technology Acquisition and Assessment Center; and GSA 8(a) STARS and GSA HUBZone program office data obtained through FedSources' Freedom of Information Act requests

GRAPHIC BY USA ZILKA CHAVEZ

come back."

Nor will Schedule 70, which is GSA's supply schedule of contracts for software, hardware and IT services, replace GWACs, Westerhoff said. Though Schedule 70 sales dwarf those of GWACs by about fourfold, GWACs have definite advantages, he said.

GWACs are more flexible than Schedule 70 in that hardware, software or service not already on the contract can be easily added. When purchasing something off Schedule 70, however, a buyer can buy only what's on that schedule "unless you go out and team with another contract," Westerhoff said.

GWACs are also distinguished by the relatively small number of prequalified contractors — a select number — compared with the thousands that are listed on Schedule 70. And while virtually any contract type can be used with a GWAC, Schedule 70 is limited to time and materials (T&M) and fixed price, Westerhoff said. And GWACs, unlike Schedule 70, offer worldwide coverage.

One GWAC that has been consistently popular is NASA's SEWP III, which is mostly a provider of hardware, including network equipment and storage devices. Agriculture Department contract specialist Linda Fischer said she has been purchasing on the SEWP III for seven years because its quick, simple, easy-to-understand format has continued to improve over the years.

"They encourage customers to make suggestions to make it better," she said. "They even sponsored a one-day retreat in Florida to get customers' opinions. They have been very helpful."

SEWP III has indeed been highly successful, said NASA program manager Joanne Woytek, even though its largest contractor — Northrop Grumman — pulled out of all federal IT in March last year. If not for that, sales in 2006 would have outshone those in 2005, she said.

But sales could very well jump next year, as SEWP IV will be awarded later this spring and will, for the first time, allow unlimited installation services, which are limited under SEWP III to 30 percent of the hardware price.

E-mail: fedlet@federaltimes.com

TOP 100 CONTRACTORS

The top 100 contractors offering products and services under governmentwide acquisition contracts in fiscal 2006:

Rank 2006(2005)	Company	Sales (in millions)	Rank 2006(2005)	Company	Sales (in millions)
1 (2)	Computer Sciences Corp.	\$515	52 (38)	A&T Systems Inc.	9
2 (13)	General Dynamics Corp.	376	53	Access Systems Inc.	9
3 (1)	Science Applications International Corp.	352	54 (44)	Computer Technology Associates Inc.	9
4 (3)	SRA International Inc.	325	55	OST Inc.	8
5 (4)	Lockheed Martin Corp.	313	56 (36)	ITS Corp.	8
6 (5)	Northrop Grumman Corp.	204	57 (80)	DLT Solutions Inc.	8
7 (7)	Booz Allen Hamilton Inc.	115	58	Computer Systems Management Inc.	8
8 (14)	World Wide Technology Inc.	102	59 (56)	Government Telecommunications Inc.	7
9 (15)	CACI Inc.	98	60 (52)	Sabre Systems Inc.	7
10 (8)	GTSI Corp.	96	61 (67)	Electronic Consulting Services Inc.	7
11 (12)	Unisys Corp.	87	62 (64)	Abacus Technology Corp.	7
12 (16)	BearingPoint Inc.	78	63 (61)	Buchanan & Edwards Inc.	7
13 (18)	Stanley Inc.	71	64	Centech Group Inc.	7
14 (11)	L-3 Communications	67	65	Advanced Broadband Solutions Inc.	6
15 (20)	Raytheon Co.	57	66	Computer System Designers LLC	6
16 (19)	CDW Government Inc.	49	67	Catapult Technology Ltd.	6
17 (34)	HP	48	68	Pante Technology Corp.	6
18 (9)	RS Information Systems Inc.	40	69	Enterprise Information Services Inc.	6
19 (23)	Sytel	38	70	CDO Technologies Inc.	5
20 (21)	GMRI	38	71	Futron Inc.	5
21 (26)	IBM*	37	72 (54)	Sterling Computers Corp.	5
22 (22)	BAE Systems	37	73 (70)	Accenture Ltd.	5
23 (10)	QSS Group Inc.	35	74 (97)	Focused Management Inc.	5
24 (27)	Universal Hi-Tech Development Inc.	31	75 (100)	Avineon Inc.	4
25 (32)	A-TEK Inc.	28	76 (85)	Smartronix Inc.	4
26	GWA-Datatrak FAST, LLC	27	77	LIT & Associates Inc.	4
27 (58)	Sword & Shield Enterprise Security Inc.	26	78	Preferred Systems Solutions Inc.	4
28 (25)	Force 3 Inc.	25	79	Analytical Services Inc.	4
29 (30)	Countertrade Products Inc.	22	80	Amdex Corp.	4
30 (35)	FC Business Systems Inc.	21	81	Visionary Integration Professionals Inc.	4
31 (33)	Silicon Graphics Federal Inc.	21	82 (98)	EPS	3
32 (40)	Advanced Management Technology Inc.	21	83	Merlin Software Corp.	3
33 (29)	EDS Corp.	20	84	Cairo Corp.	3
34 (48)	FCN Inc.	19	85 (95)	Project Performance Corp.	3
35 (42)	Harris Corp.	18	86 (75)	Tangible Software Inc.	3
36 (57)	ProLogic Inc.	18	87 (69)	Allied Technology Group	3
37 (37)	SI International Inc.	16	88 (91)	System Plus Inc.	3
38 (53)	Intelligent Decision Systems Inc.	15	89 (68)	Intelligent Enterprise Solutions LLC	3
39 (50)	Sentel Corp.	15	90	JMA Information Technology Inc.	3
40 (55)	Bay State Computers Inc.	13	91 (49)	New Technology Management Inc.	3
41 (43)	American Systems Corp.	13	92	Oasis Systems Inc.	3
42 (47)	Verizon Inc.	13	93	KT Consulting Inc.	3
43 (51)	Digicon Corp.	13	94	Dynamic Process Solutions Inc.	3
44 (28)	Westwood Computer Corp.	12	95	Master Key Resources LLC	2
45 (31)	Apptis Inc.	12	96 (92)	Omnitac Solutions Inc.	2
46 (24)	iGov	11	97	LGB & Associates Inc.	2
47 (60)	The Newberry Group Inc.	11	98	Madison Research Corp.	2
48 (59)	STG Inc.	10	99	Integrated Technologies Inc.	2
49 (94)	Advanced Technology Systems	9	100	Information Management Resources Inc.	2
50 (86)	Converge Networks Corp.	9	Total sales for top 100 vendors	\$3,890	
51 (46)	Technica Corp.	9	Total sales for all vendors	\$4,027	

SOURCES: Federal Procurement Data System; National Institutes of Health Information Technology Acquisition and Assessment Center; and GSA 8(a) STARS and GSA HUBZone program office data obtained through FedSources' Freedom of Information Act requests

GRAPHIC BY JOHN HARMAN

How FedSources compiled GWACs data

Data on sales under each of the 14 governmentwide acquisition contracts was compiled for *Federal Times* by FedSources, a market research and consulting firm based in McLean, Va.

The company chose the source of data for each GWAC separately, depending on which had the most complete sales figures:

■ Federal Procurement Data System figures for COMMITS, GSA 8(a) FAST, GSA ANSWER, GSA Connections, GSA ITOP II, GSA Millennia, GSA Millennia

Line, GSA Seat Management and NASA SEWP III

■ National Institutes of Health Information Acquisition and Assessment Center data for CIO-SP2i, ECS III and ImageWorld 2.

■ Data obtained through Freedom of Information Act requests for GSA 8(a) STARS and GSA HUBZone.

COMMITTS data include the original COMMITTS vehicle and its successor, COMMITTS Next Generation (NexGen). GSA ITOP II data include contract actions

administered by the Transportation Department and later the General Services Administration.

Sales were evaluated in terms of the obligated amount for each contract annually, in order to reflect current value as opposed to the estimated contract value over the contract's lifetime.

If a contractor's name changed due to merger, acquisition or other reasons, the name was adjusted for the entire government fiscal year during which the transaction was completed.

Data for 2006 is estimated based on actual but incomplete data.

SPECIAL REPORT: TOP GWACs CONTRACTORS**In IT market, some contracts rise as others fall**By **DAN DAVIDSON**

It's probably more accurate to think of governmentwide acquisition contracts (GWACs) not as contracts but rather as marketplaces. And like any market, a GWAC can be busy as a blue light special one day and dead as a frozen custard stand in January the next day.

Such is the case with one GWAC that once was the busiest in the field: the General Services Administration's Millennia, which offers customer agencies a wide range of information technology services. Once GSA's pride and joy, this contract, for some years, led all GWACs in total sales. In 2005, Millennia's sales peaked at \$1.35 billion. But the next year, sales plummeted to half that: less than \$700 million, according to figures compiled for *Federal Times* by FedSources, a market research and consulting firm based in McLean, Va.

Experiencing different trajectories entirely are two other GWACs: the National Institutes of Health's CIO-SP2i, (Chief Infor-

mation Officer-Solutions & Partners 2 Innovations), which offers chief information officer support services; and GSA's 8(a) STARS (Streamlined Technology Acquisition Resources for Services), which offers information technology services from small, disadvantaged businesses.

The ups and downs of various GWACs reflect changing buying trends and sometimes outside events, such as policy changes affecting interagency contracting. These changes have had an especially heavy impact on GWAC use by the government's biggest purchaser of goods and services: the Defense Department.

Millennia: On the wane

But also, each contract vehicle has a life of its own, said Ray Bjorklund, senior vice president of FedSources.

"Millennia was a great contract vehicle, but now, approaching its expiration in April 2009, it no longer serves all of today's needs," Bjorklund said. "So people are moving to other vehicles, such as GSA STARS, where they can meet



M. SCOTT MAHASKEY/FEDERALTIMES

Jim Ghiloni, GSA's acting director of the Alliant program, says much of the interest directed at Millennia has shifted to Alliant, its replacement.

their social and economic goals. Or they are waiting for GSA's Alliant and Alliant Small Business (to be awarded later this year), which will better meet their needs."

Jim Ghiloni, GSA's acting director of the Alliant program, agrees. "Millennia is coming close to the end of its life cycle, and that means many of its ongoing proj-

ects were started two and three years ago and spending on new projects is on the way down," Ghiloni said. Much of the interest once directed at Millennia has shifted to Alliant, which will replace both Millennia and ANSWER, another aging GSA IT services procurement vehicle, Ghiloni said.

Millennia also has suffered from recent moves by the Defense Department to make greater use of its own in-house contracts as a way to save money and avoid continued criticism from auditors about its misuse of interagency contracts.

"The Defense Department has employed its own contracts over the past few years to get more control over their operations," said Paul Murphy, president of Eagle Eye Publishers, a market research and consultant firm based in Fairfax, Va.

This doesn't mean Millennia is gathering dust. Lockheed Martin of Bethesda, Md., a prime contractor on Millennia, says it continues to see its sales increase on that contract and has nothing but praise for it.

"It is a unique vehicle, set up for large-scale system integration-type of programs, and it is one of the few GWACs that held quarterly meetings with its industry partners to discuss changes in the acquisition world or any other is-

See **MARKET**, Page 14**Top 10 in sales****1. COMPUTER SCIENCES CORP.**

Headquarters: El Segundo, Calif.
CEO, chairman: Van Honeycutt

2006 revenue: \$14.6 billion
Services offered through GWACs

Include: Infrastructure support, interagency data exchange and portal development, shared services, simulations, health care systems

Top agency customers: Environmental Protection Agency, NASA, Army
GWAC awards: Millennia, Millenia Lite, ANSWER, CIO-SP2i, Connections, Seat Management

Statement on GWAC plans: "These contracts are very important to us. . . . We find that GWACs are a very good opportunity to find channels to more business. [The General Services Administration] has done some things that will make it more strategic for [the Defense Department] and civilian agencies to use. We think Alliant [a GWAC that GSA plans to award later this year] will be good also. Alliant uses terminology included in the Federal Enterprise Architecture and Department of Defense Enterprise Architecture, and GSA aligned the contracts around the architecture; and [the contracts] will be very appealing to many people and will make them even more successful. GWACs that don't have specific functional areas but are general are the most successful."

2. GENERAL DYNAMICS

Headquarters: Falls Church, Va.
CEO, chairman: Nicholas Chabraj

2006 revenue: \$24.1 billion
Services offered through GWACs

Include: Information systems integration, information system engineering, systems operations and maintenance, logistics management services, medical communications, legacy information systems modernization, training development

Top agency customers: Coast Guard, Federal Emergency Management Agency, Army
GWAC awards: ANSWER, Millennia Lite, CIO-SP2, COMMITTS NexGen, Connections,

Statement on GWAC plans: "General Dynamics has access to additional GWAC and GSA schedule contracts as a result of the Anteon acquisition in 2006. General Dynamics will increase its federal GWAC business by actively marketing those vehicles across the wider General Dynamics customer base. . . . Customers are looking for larger-scale integrated information technology and telecom solutions that are effective and save money. The Alliant and Network GWACs, to be awarded in 2007, will be great vehicles for implementing effective solutions that encompass information technology and telecom."

3. SCIENCE APPLICATIONS INTERNATIONAL CORP.

Headquarters: San Diego
CEO, chairman: Ken Dahlberg

2006 revenue: \$7.8 billion
Services offered through GWACs

Include: IT requirements and design research, analysis and definition; system development and software maintenance; technical support; network system operations support; systems installation and integration; information center and help desk support; hardware

Top agency customers: Homeland Security Department, GSA, Navy
GWAC awards: ANSWER, Millennia, Millenia Lite, HUBZone, Connections,

Seat Management**4. SRA INTERNATIONAL INC.**

Headquarters: Fairfax, Va.
CEO, president: Stanton Sloane (as of April 1)

2006 revenue: \$1.2 billion
Services offered through GWACs

Include: Systems integration, software development, critical infrastructure protection, information assurance, knowledge management

Top agency customers: Health and Human Services Department, Defense Department (CIO-SP2i), Defense Department, Federal Deposit Insurance Corp., Agency for International Development (Millenia); Justice Department, Defense Department (Millenia Lite)
GWAC awards: CIO-SP2i, Millenia, Millenia Lite

5. LOCKHEED MARTIN CORP.

Headquarters: Bethesda, Md.
CEO, chairman, president: Robert Stevens

2006 revenue: \$39.6 billion
Services offered through GWACs

Include: chief information officer support; outsourcing; IT operations; integration services; critical infrastructure protection; digital government; enterprise resource planning; clinical support, research and studies

Top agency customers: General Services Administration, Navy
GWAC awards: CIO-SP2i, ITOP II, ECS II, Millenia, Millenia Lite

6. NORTHROP GRUMMAN CORP.

Headquarters: Los Angeles
CEO, board chairman: Ronald Sugar

2006 revenue: \$30.1 billion
Services offered through GWACs

Include: Software engineering, communications, systems integration, modernization of legacy systems,

software development, network computing, data warehousing, critical infrastructures

Top agency customers: GSA, Defense
GWAC awards: ANSWER, CIO-SP2i, ECS III, Seat Management, ITOP II, Millenia, Millenia Lite

7. BOOZ ALLEN HAMILTON

Headquarters: McLean, Va.
CEO, chairman: Ralph Shrader

2006 revenue: \$3.7 billion
Services offered through GWACs

Include: Design research, analysis and definition; system development; software maintenance; facilities management, infrastructure and operations; information systems; telecommunications; chief information officer support, operations and maintenance; integration services; critical infrastructure protection and information assurance; digital government; enterprise resource planning; clinical support, research and studies

GWAC awards: Millenia, ANSWER, CIO-SP2i, Connections

8. WORLDWIDE TECHNOLOGY INC.

Headquarters: St. Louis
CEO: James Kavanaugh

2006 total revenue: \$2.1 billion
Services offered through GWACs

Include: personal computers, workstations, networking equipment, peripherals, software, warranty, maintenance, security, training, professional services, leasing

Top agency customers: Navy
GWAC awards: SEWP III, ECS III

9. CACI

Headquarters: Arlington, Va.
CEO, chairman, president: J.P. London

2006 revenue: \$1.8 billion
Services offered through GWACs

Include: Systems integration, systems

management, network management, wide-area networks, support for legacy systems

Top agency customers: Defense Department, Navy, State Department
GWAC awards: Millennia Lite, ANSWER

10. GTSI CORP.

Headquarters: Chantilly, Va.
CEO, president, director: Jim Leto

2006 revenue: \$882 million
Services offered through GWACs

Include: Servers, workstations and software; data storage; network and communications equipment; desktops; laptops; IT peripherals and supplies

Top agency customers: Justice Department, Veterans Affairs, Homeland Security
GWAC awards: SEWP III, ECS III

Example of how company services helped a customer agency: Under SEWP III, GTSI has been able to help the Homeland Security Department do enterprise server consolidations for Customs and Border Protection using many new technologies not available through the GSA.

Statement on GWAC plans: "GTSI intends to grow our business by building on our Technology Lifecycle Management approach to technology-based infrastructure solutions delivered through industry-leading professional and financial services. We will offer a wide range of services to complement our product offerings making it easy for our customers to get affordable, scalable and repeatable solutions that meet their needs."

Biggest growth market through GWACs: Security because of mandates of HSPD-12, enterprise computing, server and storage consolidation; networking; voice over Internet Protocol; unified communications.

Compiled by **Fiona Clem**

SPECIAL REPORT: TOP GWACs CONTRACTORS

Technology

Continued from Page 1

merce Department — require special permission from the Office of Management and Budget.

But VA is bucking a trend. Most agencies are increasingly striking their own contracts as a way to save the cost of fees charged by GWACs and because auditors are taking closer aim at the government's interagency contracting practices. The result has been tough on GWACs. According to figures compiled by the market research firm FedSources Inc. for *Federal Times*, sales on GWACs last year plummeted 30 percent from the previous year to just over \$4 billion — accounting for slightly more than 6 percent of the government's total spending on IT.

For VA, the NASA contract was attractive because it offered four times the number of vendors that VA had available on its own IT contract.

And VA procurement officials didn't have to incur the cost and 18 months of time it would take to award a new IT contract to replace the expiring one VA had been using.

In addition, NASA's contract offers easier customer service than VA's own contract because of an array of electronic tools that help procurement officials order off the contract, said Gary Shaffer, director of VA IT Capital Execution Service, which manages the department's IT funds.

"Their ability to do that is well in excess of anything we can do at VA," Shaffer said.

Selling points

One of the most attractive things about GWACs is that they offer customized services and compliance oversight, GWAC managers say.

"We can actually give them more control by giving them more reports and more tracking," said Joanne Woytek, the program manager of NASA's GWAC, which is called Scientific Engineering Workstation Procurement (SEWP). NASA trains customer agency buyers to ensure they use SEWP and its tools properly, she said.

"In the old way of doing things, we were just catalogs; it made sense [for agencies] to do their own," Woytek said. "But nowadays, we can tailor this contract to meet their needs and policies and we don't charge extra."

Agencies using SEWP see its electronic tools "as being the way to go because they have built-in compliance," said Woytek.

The request-for-quotes tool also builds in competition. In seconds, the tool's search feature can pick out product and service options fitting the customer's needs from a list of thousands and then even suggest additional vendors who offer products and services that may be similar to those selected by the user, she said.

Once an order, such as VA's

server order, is placed, SEWP's program office will electronically notify the contractor, the purchaser and the agency's central office of the purchase, ensuring the needed paperwork and notifications are completed.

For VA, the tool will also flag items requested that are not VA-approved, Woytek said.

In the next planned version of the tool, which will be rolled out later this year, agencies will be able to identify policies, clauses and requirements they need attached to all quotes from that agency, Woytek said. So if Defense needs to add special security clauses or financial statements, they will automatically be added by the quotes program, she said.

SEWP has evolved considerably since it started as a hardware and software catalog in 1993. The contract now offers products aimed at infrastructure and mission solutions, rather than individual components. The SEWP III Web site boasts that the contract offers everything "from Palm Pilots to supercomputers."

NASA isn't the only agency offering electronic tools that boost competition and ensure purchasing compliance. The National Institutes of Health is revamping the request-for-quotes tool it offers customers of its Electronic Computer Store (ECS) contract, and will offer the tool on its other two GWACs, said Diane Frasier, acting director of the NIH Office of Logistics and Acquisition Operations, which manages the agency's GWAC programs.

Next year, NIH will launch e-GOS, or electronic government ordering system. Like NASA's tool, e-GOS will have government regulations built in and it will let agencies post and receive bids electronically, she said.

NIH already reviews all task orders going through its three GWACs to make sure they meet the contract's scope, but e-GOS will speed up the compliance oversight process, Frasier said.

OMB sets limits

The Office of Management and Budget has the ultimate GWAC oversight role. It approves and reauthorizes all GWAC contracts. As a result, "there is not a proliferation of GWACs," said Paul Denett, OMB's procurement policy administrator.

There are 12 active GWACs open for business across government, and that number is likely to remain stable for some time, Denett said. In addition, another seven GWACs are in the process of expiring, meaning agencies can exercise options on existing orders but they can't place any new orders. While the number is likely to remain stable, the GWACs offered are constantly in flux as some expire and new ones sprout up to replace them.

In the last few years, the General Services Administration, which manages the lion's share of GWACs, has reduced the number of GWACs accepting new or-

TOP CONTRACTS

How governmentwide acquisition contracts rank in sales in fiscal 2006:

Rank 2006	(2005)	(2004)	Contract	Sponsoring agency	Sales (in millions)
1	(2)	(5)	Chief Information Officer-Solutions and Partners 2 Innovations (CIO-SP2i)	National Institutes of Health	\$1,011
2	(3)	(2)	Applications 'N Support for Widely-diverse End-user Requirements (ANSWER)	General Services Administration	717
3	(1)	(1)	Millennia	GSA	679
4	(5)	(3)	Scientific & Engineering Workstation Procurement III (SEWP III)	NASA	509
5	(4)	(4)	Millennia Lite	GSA	328
6	(9)	(12)	8(a) Streamlined Technology Acquisition Resources for Services (STARS)	GSA	298
7	(7)	(7)	Information Technology Omnibus Procurement II (ITOP II) ¹	GSA	145
8	(6)	(6)	Electronic Commodity Store III (ECS III)	NIH	139
9	(8)	(8)	Commerce Information Technology Solutions (COMMITTS)	Commerce	84
10	(10)	(9)	Connections	GSA	62
11	(11)	(11)	Seat Management ²	GSA	54
12	(13)	(13)	HUBZone	GSA	2
13	(14)	(14)	ImageWorld 2	NIH	1
14	(12)	(10)	8(a) FAST ³	GSA	0
Total					\$4,027

¹ITOP II expired in January.²Seat Management expires June 2008, but no new orders can be placed. Funds may be spent through existing orders.³8(a) FAST expired October 2004.

SOURCES: Federal Procurement Data System; National Institutes of Health Information Technology Acquisition and Assessment Center; and GSA 8(a) STARS and GSA HUBZone program office data obtained through FedSources' Freedom of Information Act requests

GRAPHIC BY JOHN HARMAN



RICK KOZAK/FEDERAL TIMES

'In the old way of doing things, we were just catalogs; it made sense [for agencies] to do their own. But nowadays, we can tailor this contract to meet their needs and policies and we don't charge extra.'

Joanne Woytek
NASA

ders to help minimize customer confusion caused by the array and overlap of them, said Jim Ghiloni, acting director of GSA's GWAC program. Six will not be renewed and a seventh was already replaced by another contract. Even GSA's two most popular GWACs — ANSWER (which stands for Applications 'N Support for Widely-diverse End User Requirements) and Millennia — will be replaced by a new contract called Alliant, which will be awarded this summer.

Staying relevant

With the number of GWACs tightly controlled, the consolidation trend means GWACs are going with broader offerings and higher sales ceilings, said Ashlea Higgs, manager of INPUT Net-

work and Teaming Solutions at INPUT, a market research firm in Reston, Va.

"The last thing they [agencies] want to do is put contracts in place that get used up before the life of the contract," he said. "They're planning for success."

This planning points to the success many of the reauthorized GWACs had in their previous incarnations, he said. For example, Alliant's ceiling price, \$50 billion, equals the combined ceiling value of both ANSWER and Millennia.

Ray Bjorklund, vice president of FedSources, a McLean, Va. consulting firm, agrees.

"I see GWACs as more encompassing, more flexible and consequently [there will be] less of them in the future," he said.

The flexibility to order wide-ranging products and services on

pre-competes contracts is what makes GWACs, and contracts like them, popular, said Bjorklund. The contracting support attached to GWACs means agencies save the time and cost of competing their own contracts, he said.

For VA, using a GWAC takes the burden off its strapped contracting office, because it is no longer duplicating the IT contract management structure already in place with SEWP, said Elfrain Fernandez, VA's associate deputy assistant secretary for acquisition.

Instead, VA contracting officers can focus on procurements that directly support programs affecting veterans, such as health care management, he said.

But to stay relevant, agencies managing GWACs need to refresh them with up-to-date offerings of products and services, Bjorklund said.

NASA SEWP has been successful in part because it rapidly evolves, responding to customer needs for new technology to meet their missions, he said.

SEWP has a "technology refreshment" process that allows prime contractors to add new products or subcontractors offering advances in technology. Technology refreshment can be done on a daily basis, according to SEWP's Web site.

This is also something GSA has designed into its planned Alliant contract, Ghiloni said. The contract has provisions to refresh technology offerings as new developments and vendors emerge.

"We're incorporating flexibility into Alliant, so as technology evolves, we will evolve with it," he said. "We're not just taking a snapshot of technology and thinking that will be true over the next 10 years."

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SPECIAL REPORT: TOP GWACs CONTRACTORS



M. SCOTT MAHASKY/FEDERAL TIMES

Agencies will pay more attention to STARS, says Paul Murphy, president of Eagle Eye Publishers, because of the difficulty they face in meeting socioeconomic procurement goals.

Market

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sues that arose," said Jeff Chesko, Lockheed's Millennia program manager.

NIH's star

GSA's STARS and NIH's CIO-SP2i, by contrast, are on a different path. CIO-SP2i had more sales in dollars last year than any other GWAC, up from the second spot in 2005 and the fifth position in 2004.

Diane Frasier, director of acquisition management at the NIH IT Acquisition & Assessment Center (NITAAC), attributes the contract's success to the fact that it provides services "in most, if not all, areas in a solution-type contract."

One satisfied CIO-SP2i customer is NIH's own National Eye Institute, which has used the GWAC to buy help-desk support, computer programmers and IT security. The contractor for security provides day-to-day security monitoring and intrusion monitoring, and it runs the whole security program, said Terry Williams, the Eye Institute's chief information officer.

"This GWAC is good for us, first of all, because we, as part of NIH, do not have to pay the standard 1 percent fee," Williams said. "But that is really a minor concern. More important is that it is very easy to use, the paperwork is minimal and from start to finish, we can see the contract processed in a month. And it is flexible. Almost any terms of the contract can be modified."

Another satisfied customer is the federal Office of Child Support Enforcement (OCSE), a Health and Human Services Department agency, which has used CIO-SP contracts since 1996.

"The CIO-SP2 makes obtaining services easy, all the contract work is done up front, the process is quick and everything can usually be completed within one month," said Margot Bean, OCSE commissioner.

OCSE used the CIO-SP2i vehicle to establish a congressionally mandated directory of all peo-

ple in the country newly hired, against which states check for anyone who might be in arrears on child support payments. The agency considered other GWACs but chose CIO-SP2i for "its really good service," Bean said.

However, CIO-SP2i may also have gotten a boost simply because it isn't managed by GSA.

"Its popularity is due in part because the criticisms that had been made of some of GSA's contracts had not been made of CIO-SP2i or NIH in general," said Jeffrey Westerhoff, senior vice president of GWACs at SRA International in Fairfax, Va. "NIH is not GSA, and it continued to do contracting with Defense."

And NIH is investing in ways to improve its contract programs, Frasier said.

"Now we are building an electronic system — e-GOS, or electronic Government Ordering System — to make purchasing easier. Regulations will be built into the system, as will explanations as to why specific regulations are required and justifications for them," Frasier said. "E-GOS will ensure transparency, simplify and streamline the acquisition processes and it will all be online and in a single system."

NITAAC will also continue its Industry Advisory Council, which it began in 1998 as a formal way to get feedback from industry. It meets monthly and discusses such things as happenings in Congress, interagency contract problems, and outreach and promotion, she said.

NITAAC also promotes its outreach and training programs, which now assist in drawing up performance-based contracts.

"This solidifies CIO-SP2i as a leader and ensures we will remain a leader," Frasier said.

BearingPoint, a McLean, Va., provider of IT solutions and a member of NITAAC's advisory council, reports that its business through the CIO-SP2i GWAC has been increasing, thanks not only to the council but to the marketing group NITAAC hired to promote its GWACs.

BearingPoint does business through CIO-SP2i with Defense and most of the civilian agencies,

TOP CONTRACTS, CONTRACTORS AND CUSTOMERS

The top companies doing business on the top five government acquisition contracts:

Rank	Company	(in millions) 2006 sales	Sales share
NIH CHIEF INFORMATION OFFICER - SOLUTIONS AND PARTNERS 2 INNOVATIONS (CIO-SP2i) \$1,011			
1	Lockheed Martin Corp. Company's top customer: Justice, \$77 million in awards	\$189	19%
2	SRA International Inc. Company's top customer: Army, \$57 million in awards	182	18
3	Science Applications International Corp. Company's top customer: Homeland Security, \$72 million in awards	108	11
4	Computer Sciences Corp. Company's top customer: Health and Human Services, \$30 million in awards	107	11
5	BearingPoint Inc. Company's top customer: Health and Human Services, \$37 million in awards	78	8
GSA APPLICATIONS IN SUPPORT FOR WIDELY-DIVERSE END-USER REQUIREMENTS (ANSWER) \$717			
1	General Dynamics Corp. Company's top customer: Navy, \$269 million in awards	\$289	40%
2	Computer Sciences Corp. Company's top customer: Navy, \$98 million in awards	184	26
3	Science Applications International Corp. Company's top customer: General Services Administration, \$97 million in awards	108	15
4	Northrop Grumman Corp. Company's top customer: General Services Administration, \$53 million in awards	66	9
5	CACI Inc. Company's top customer: General Services Administration, \$28 million in awards	36	5
GSA MILLENNIA \$679			
1	Computer Sciences Corp. Company's top customer: General Services Administration, \$185 million in awards	\$223	33%
2	SRA International Inc. Company's top customer: General Services Administration, \$136 million in awards	136	20
3	Science Applications International Corp. Company's top customer: General Services Administration, \$74 million in awards	74	11
4	Lockheed Martin Corp. Company's top customer: General Services Administration, \$71 million in awards	71	10
5	Northrop Grumman Corp. Company's top customer: General Services Administration, \$67 million in awards	71	10
NASA SCIENTIFIC & ENGINEERING WORKSTATION PROCUREMENT III (SEWP III) \$509			
1	World Wide Technology Inc. Company's top customer: Navy, \$30 million in awards	\$91	18%
2	GTSI Corp. Company's top customer: Veteran Affairs, \$20 million in awards	90	18
3	HP Company's top customer: Veteran Affairs, \$20 million in awards	48	9
4	IBM* Company's top customer: Army, \$17 million in awards	37	7
5	CDW Government Inc. Company's top customer: Air Force, \$12 million in awards	35	7
GSA MILLENNIA LITE \$328			
1	Science Applications International Corp. Company's top customer: Navy, \$19 million in awards	\$59	18%
2	Lockheed Martin Corp. Company's top customer: Navy, \$13 million in awards	52	16
3	CACI Inc. Company's top customer: Navy, \$20 million in awards	46	14
4	General Dynamics Corp. Company's top customer: Army, \$18 million in awards	33	10
5	Northrop Grumman Corp. Company's top customer: Defense, \$7 million in awards	17	5

* IBM sales may include Lenovo products.

SOURCES: Federal Procurement Data System; National Institutes of Health Information Technology Acquisition and Assessment Center; and GSA 8(a) STARS and GSA HURZone program office data obtained through FedSource's Freedom of Information Act requests

GRAPHIC BY JOHN HARMAN



Frasier

said Diane McLaughlin, BearingPoint program manager for GWAC contracts. "It's popular across the board. Its turnaround time is significantly less than other GWACs, and as a full-solution vehicle it offers hardware, software and services."

STARS gains ground

Also on an upward trend is GSA's STARS. Helped by the termination of GSA 8(a) FAST in 2005, STARS has seen its sales rise from \$20 million in 2004 to \$206 million in 2005, to \$298 million last year.

"STARS is a convenient vehicle," Eagle Eye's Murphy said. "And contracting officers have

been under pressure to meet their socioeconomic contracting goals, and they are looking for a fast way to move stuff off their desk."

Agencies will pay more attention to STARS because part of the difficulty they face in meeting socioeconomic procurement goals, Murphy said. Agencies are mandated to spend certain percentages of their contracting dollars on purchases from small businesses owned by minorities, women and disabled veterans, for example. STARS helps agencies find these vendors, he said.

STARS sales will go up and up, Bjorklund agreed. "Here's a contract vehicle that generates 8(a)

contractors," he said. So-called 8(a) contractors are companies that are considered economically or socially disadvantaged — for instance, they could include small businesses located in depressed urban or rural areas.

The Defense Information Systems Agency used STARS for just that purpose when it paid \$450,000 to The Newberry Group Inc. of St. Charles, Mo., for a computer facilities management service that facilitated the conversion and migration of a legacy-based operating system for DISA's Defense Enterprise Computing Center.

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