

PS

November 3, 2005

NOTICE TO THE TRADE – DeCA NOTICE 06-16

SUBJECT: Unique Partnership Opportunity

The purpose of this notice to the trade is to establish the Defense Commissary Agency's (DeCA) new Internet Sales Fulfillment Program. This program is intended to make the commissary benefit available through a web-based process, obtaining the best possible value for authorized commissary patrons by partnering with a progressive third party service provider.

DeCA's concept is to join forces with a business partner who would provide this service through its own order fulfillment facilities. We plan to offer this service to the DeCA customer as one of a variety of internet-based shopping alternatives available on the Agency's home page. Our intent is to link the authorized patron from the DeCA Web site to the third party, effectively providing seamless access for our business partner to a military grocery market that annually generates sales in excess of \$5 Billion. Detailed technical information concerning electronic data transfer requirements and a product listing will be provided to interested parties upon request.

The business partner will be responsible for fulfillment of the order to include: picking, packing and shipping the order directly to a customer's ship to address, as well as processing any payments/disbursements associated with this program. When implemented, the planned initial stock assortment will consist of between 300 to 500 semi-perishable items, selected in coordination with DeCA. As the program matures, the business partner should be capable of further expansion of semi-perishable items and must be able to expand into perishable items. All items provided under this program must meet the statutory definition for "Brand Name" products. In addition, the service provider of all products under this program must be either the manufacturer of the brand name item itself or an authorized representative designated by the manufacturer to provide products under this program. The business partner will accumulate sales data on a monthly basis, calculate 5% surcharge collected and send DeCA a check for the amount of surcharge collected. DeCA will not be furnishing the service provider with any product for subsequent inclusion under this program. It is DeCA's objective to have this program operational no later than June 1, 2006.

Interested parties are encouraged to furnish detailed offers for the program to include a list of references and links to current business developments, if any, described above by March 1, 2006. Subsequent to our initial evaluation, individual submitters may be required to present an oral presentation at DeCA Headquarters. If such a requirement becomes necessary, specific instructions regarding the oral presentations will be provided at a later date to the affected parties.

Please note that this is not a formal government solicitation enacted under the Federal Acquisition Regulation. The end result of this process will be a merchandising agreement

between DeCA and its business partner, one that describes the service being provided and details the responsibilities of each party. Potential business partners are also herewith informed that the Government is not liable for any expenses incurred in the preparation of their offers or in the conduct of any required oral presentations.

After receipt of all proposals, a panel of DeCA personnel will meet to evaluate each individual offer received using the grading criteria listed below. These criteria are shown in their descending order of importance.

- Percent of customer savings as compared to commercial grocery e-tailers
- Experience in internet-based grocery order processing and fulfillment
- Experience in e-commerce site development
- Shipping/handling charge to the customer
- Processing time for orders
- Geographic area for shipments i.e. CONUS, APO and FPO
- Customer service programs
- Hours of operation

If you are interested in working with DeCA to extend the commissary benefit to our authorized patrons who are interested in utilizing the Internet to shop, please provide your detailed offer by March 1, 2006. Packages should be addressed to the Defense Commissary Agency, PS/Attn: Mr. Larry Johns or Mr. William Pickett, at 1300 E Ave, Fort Lee, VA 23801-1800.

//s//

Scott E. Simpson
Chief Operating Officer