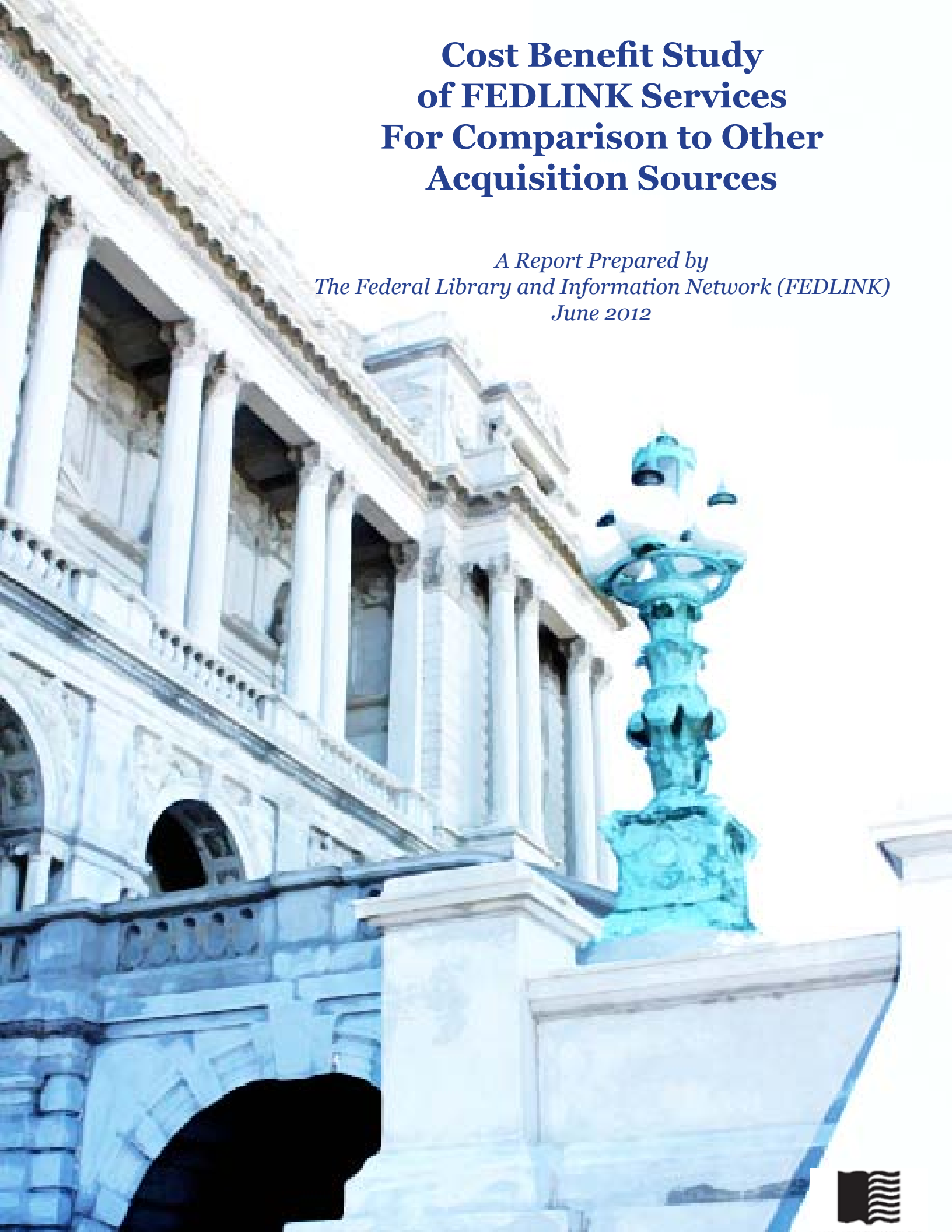


Cost Benefit Study of FEDLINK Services For Comparison to Other Acquisition Sources

*A Report Prepared by
The Federal Library and Information Network (FEDLINK)
June 2012*



Executive Summary

From Fiscal Year 2000 to Fiscal Year 2011, federal government agencies spent an estimated \$5.9 billion—nearly \$500 million annually—on print publications, electronic databases, information retrieval, and other commodities that can be collectively described as an “information market.”

If all federal agencies procured information through existing federal strategic sourcing programs, the government could realize savings ranging from 9 percent to 20 percent, or around \$127 million to \$500 million in total savings for the four-year period from FY2012 to FY2015. In addition to these direct savings on purchases, the government could realize indirect savings on labor and other costs associated with procurement.

The Office of Management and Budget has been looking into federal commodity purchasing and has implemented a number of strategic sourcing initiatives to improve federal purchasing. Federal strategic sourcing models use the full cost of ownership that evaluates all costs including market research, acquisition, financial management, quality assessment and assurance, and management.

The full-service FEDLINK strategic sourcing model, that includes extensive technical assistance, centralized procurement services and centralized accounting services, replicates the strategic sourcing savings at the higher end with an anticipated 20 percent rate reduction. In Fiscal Year 2011 transactions were new, the total savings to the government were \$67.4.1 million -- \$26.4 million in discount savings and \$41.1 million in cost avoidance.

The “typical agency” spends an average of 82.5 hours to complete procurement for less than \$25,000. Agencies that use FEDLINK’s Transfer Pay services spend on average of only 20.3 hours per procurement and Direct Express users spend an average of 54.3 hours. For purchases between \$25K and \$150K, a typical agency spends an average of 484 hours to complete the procurement process while those using Transfer Pay spend only 39 hours on a similar purchase. For procurements above \$150K, Transfer Pay users spend only 50 hours of work compared to an average in-house rate of 963 hours worked on acquisition.

By using FEDLINK, a typical agency can avoid between \$2,405 per small purchase and up to \$45,229 for large purchases under FEDLINK’s Transfer Pay service. These cost savings are those associated with the work of a COR and related acquisition management, accounting, and financial costs. Cost savings vary depending upon which FEDLINK payment method an agency chooses.

In addition to cost avoidance, FEDLINK’s intangible benefits include measurable results for member agencies including

- ~ Shorter lead time to acquire products and services,
- ~ Broad selection of vendors,
- ~ Fewer bid protects,
- ~ Minimized quantity of service issues, and
- ~ Reduced workload of agency contracting staff.

1.0 Introduction and Background

The purpose of this study is to identify and quantify the tangible cost savings/cost avoidance and the intangible benefits that accrue to users of FEDLINK. Shrinking budgets, staff cuts and federal mandates to streamline business practices and monitor performance increase the need for federal libraries to find ways to leverage the use of their resources. This report reviews both the FEDLINK business model and the tangible/intangible cost savings/cost avoidance calculations FEDLINK achieves for its members using strategic sourcing services.

FEDLINK is an organization of federal agencies working together to achieve optimum use of the resources and facilities of federal libraries and information centers by promoting common services, coordinating and sharing available resources, and providing continuing professional education for federal library and information staff. FEDLINK serves as a forum for discussion of the policies, programs, procedures and technologies that affect federal libraries and the information services they provide to their agencies, to the Congress, the Federal courts and the American people.

Originally established by the Librarian of Congress in 1963 as the Federal Library Committee (later the Federal Library and Information Center Committee or “FLICC”), FEDLINK continues in recognition of the need for cooperation and concerted action within the community of federal libraries and information centers in the 21st century. In 2001, the Congress established a statutory revolving fund under 2 U.S.C. § 182c to support FEDLINK interagency procurement and library support efforts.

On May 23rd, FEDLINK received the designation from the OMB/GSA Strategic Sourcing Working Group to be the Executive Agent for Information Resources. This is the first organization with the designation outside of the GSA.

2.0 FEDLINK Business Model

FEDLINK establishes contractual vehicles (i.e., Indefinite Delivery/Indefinite Quantity (IDIQ) contracts or Basic Ordering Agreements (BOAs)) with multiple information services vendors through a formal, open procurement process in accordance with Federal Acquisition Regulations (FAR). The period of performance is one federal fiscal year with options for FEDLINK to renew for additional years.

FEDLINK administers contract by monitoring vendor performance and customer satisfaction; and resolving issues, and incorporating new products and services as appropriate.

2.1 Purchasing and Pricing Models.

Because of increased competition in the information market, federal libraries and information centers are in a position to leverage their buying power to influence the price of information. This advantage is enhanced by buying through consortia or strategic sourcing models such as FEDLINK. FEDLINK combines the buying power of many small buyers in order to take advantage of large economies of scale. Vendors, too, benefit from the strategic sourcing model

because of access to a consolidated federal purchasing group. Streamlined acquisitions, centralized account management and reduced marketing costs all lower vendor costs and increase access to smaller buyers.

The FEDLINK acquisition model thus is able to add a “Most Favored Customer Price” clause to the majority of its contracts. By comparing commercial prices and General Services Administration (GSA) schedules, FEDLINK offers its users equal or better pricing.

2.2 FEDLINK Payment Options

Under its procurement rubric, FEDLINK procures commercial information services, publications, and library support services that will help agencies acquire resources efficiently and cost-effectively. It provides related accounting services as well as education and training in products, services, technology and techniques that enhance the performance of federal agencies.

FEDLINK members may elect one of three payment options, transfer pay, direct pay or Direct Express. The options differ based on the extent of the contracting and accounting support LC/FEDLINK provides an agency, which is reflected in different fees for the three options.

2.2.1 Transfer Pay

In Transfer Pay mode, agencies transfer their funds to FEDLINK under the authority of Section 103 of P.L. 106-481 (2 U.S.C. 182c) which establishes FEDLINK as a revolving fund. With Transfer Pay, FEDLINK provides technical assistance, centralized procurement services and centralized accounting services. These services include completing requirements for request for proposals, conducting competitions, resolving issues with vendors, monitoring and maintaining account balances, and invoice processing.

2.2.2 Direct Pay

In Direct Pay mode, agency contracting officers are responsible for competing purchases of books or serials over the agency’s simplified acquisition threshold within the framework of the established LC/FEDLINK purchasing vehicles. This includes a synopsis of requirements for purchases more than \$25,000. Agencies then send purchase orders and purchase order modifications that total less than \$100,000 directly to the vendor but send orders totaling more than \$100,000 to LC for authorization to use LC/FEDLINK purchasing vehicles.

2.2.3 Direct Express

Electronic retrieval services vendors offer direct payment options under Direct Express. With Direct Express, there is no administrative fee paid to FEDLINK; the cost of administering Direct Express is included in the vendors’ prices. Direct Express is processed as the vendor pays the FEDLINK administrative fee of 0.75% of total quarterly Direct Express sales. The fee is included in the contract award price(s) and reflected in the total amount charged to ordering activities. Direct Express customers are responsible for

initiating the purchase, managing delivery of the products and services, and paying invoices.

2.3 FEDLINK Strategic Sourcing Model

FEDLINK achieves its mandated objective to achieve optimum use of resources and facilities of federal libraries and information centers by demonstrating the overall agency deferred cost/ savings through five performance areas.

2.3.1 Volume Discounts

FEDLINK uses the buying power of several agencies/bureaus to make acquisitions and structure agreements.

2.3.2 Centralized Procurement Services

FEDLINK develops requirements, Statements of Work (SOWs), Requests for Information (RFIs), Requests for Proposals (RFPs) and Indefinite Delivery/Indefinite Quantity contracts (IDIQs). It manages the solicitations, contract awards, reviews and negotiations and provides oversight on contract modifications and performance.

2.3.3 Centralized Accounting Services

Via interagency agreements, FEDLINK receives funds from member agencies. It processes invoice payments and funds transfers between vendor accounts, and issues credit memoranda and refunds. It tracks and reports fund usage and balances to members and performs necessary financial reporting requirements and account reconciliations.

2.3.4. Experienced Library Staff as Contracting Officer Representatives (COR)

CORs monitor the technical or administrative aspects of contract performance during the life cycle of the contract. FEDLINK CORs assist and advise the LC contracting officers, the member agency point of contact, and ensure latest contract information shared among participants.

In addition to contracting staff, FEDLINK has an executive management team, financial analysts, education program managers and legal counsel. All of these skills and more are required to create a true performance-based approach to meet federal agency procurement needs.

2.4. FEDLINK Contracting Authority

2.4.1. Statutory Authority

Section 103 of P.L. 106-481 (2 U.S.C. 182c) establishes FEDLINK as a revolving fund, effective Fiscal Year 2002. The law authorizes the FEDLINK revolving fund to provide “the

procurement of commercial information services, publications in any format, and library support services,...related accounting services,...related education, information and support services” to federal offices and to other organizations entitled to use federal sources of supply (Subpart (f)(1)). This work is conducted under interagency agreements (IAAs) between the Library of Congress and FEDLINK customer agencies.

2.4.2 Procurement Authority

The Library of Congress Contracts and Grants Management (LC/CGM) conducts FEDLINK procurement under the Federal Acquisition Act (FAR) as a service to FEDLINK members, most of whom are Executive agencies. FEDLINK contractual vehicles are generally IDIQ contracts, pursuant to FAR 16.5 and BOAs pursuant to FAR 16.7. LC contracting officers administer both with support from FEDLINK librarians who serve as CORs.

2.4.3 Business Rules for Intra-governmental Exchange Transactions

FEDLINK is in procedural compliance with the requirements of the Office of Management and Budget’s (OMB) Business Rules for Intra-governmental Exchange Transactions (OMB Memorandum #M-03-01).

3.0 Methodology

The analysis used in this report uses several methodologies developed by Abacus Technology in their 1997 study of FEDLINK. This updated report combines an understanding of current organizational practices and actual Fiscal Year 2011 costs to provide certifiable data.

Calculations on the *costs avoided* are based on a “typical agency” process to purchase goods and services and the *intangible benefits*, which a “typical agency” should expect to accrue because of choosing FEDLINK. This report presents only the total initial cost of procuring information services, excluding any option year negotiations. To obtain annualized costs associated with procuring information services with multi-year renewals, the initial costs of the procurement are added to the annual costs of option year renewals and the total divided by all years covered.

3.1 Development of “Typical Agency” Procurement Process

To calculate overall agency costs and develop the appropriate steps in agency procurement, FEDLINK identified the following agency departments as the principle participants in “typical agency” procurement for information services:

- ~ Technical library and information center staff (CORs),
- ~ Agency accounting staff,
- ~ Agency budget staff, and
- ~ Agency contracting office staff (COs).

The procurement assumption for a “typical federal agency” has
~ an anticipated dollar value exceeding \$3,000 and not exceeding \$100,000, or
~ an anticipated dollar value exceeding the simplified acquisition threshold of \$100,000 that requires a full and open competitive procurement.

3.2 Development of FEDLINK’s Weighted Average Discount Rates

The following methodology details how FEDLINK developed a weighted average discount rate. This weighted average discount rate assesses the benefits that accrue to FEDLINK members because of volume discounts that are negotiated as part of a Basic Order Agreement (BOA). The actual worksheet is contained in Appendix C.

3.2.1 Calculation of Database and Book Weighted Average Discount Rate

Step 1: Obtain top 20 vendors spend and discount rates.

Step 2: Review previous fiscal year invoices and BOAs to establish average vendor discount rate by one of two means:

- a. Sample random invoices from the vendor (preferred method) to calculate actual discount received.
- b. When discounts are displayed as a range, select the discount in the middle of the range.

Step 3: Apply each vendor’s average discount rate to his or her total prior fiscal year service dollars to reflect discounted commercial price.

Step 4: Calculate the total fiscal year spend by product category, and

Step 5: Average the discounts by adding the discounts and then dividing by the number of occurrences.

Questions arise when determining the current basis for comparable rates and fees. Should the basis be commercial rates, “newsstand” rates or some other factor? Because the commercial rate is often the vendor’s printed rate, using the commercial rate as the basis allows for stabilization and comparison by any user.

3.2.2. Calculations of Average Serials Fee

Basic serials subscription services provided by the vendors include placing new and renewal orders with publishers, prepaying publishers, claiming missing issues and providing a range of administrative services. Services fees/discounts charged by the vendors are based on each customer’s individual title list and technical requirements. The Library of Congress, Office of Contract and Grants Management calculated that the average transfer pay serials subscription fee for FY2011 was .92 percent. (Please note that this fee does not include any FEDLINK Fees.)

Based on information provided by FEDLINK direct pay members, the Library of Congress, Office of Contracts and Grants Management calculated that the FY2011 average direct pay serials fee was 2.4 percent. In some cases, direct pay members reported serials subscription fees high as 10 percent. The report assumes that a “typical agency” procuring serials services, on its own without any assistance from FEDLINK staff, would not be able to negotiate lower than 2.4 percent. Direct Pay has diminished in recent years. Due to its diminished use, it is not a primary focus of this report.

Abacus Technology attributes the lower serials subscription fee to FEDLINK staff’s knowledge and experience with the serials market. The direct pay average volume fee in the serials column in Table 4-1 demonstrates the difference the FEDLINK’s knowledge and experience makes in negotiating subscription fees. Because use of

4.0. Typical Agency Costs to Procure Books, Serials, and Online Database Services

The analysis identifies the steps and functional units involved in conducting procurements above and below the simplified acquisition threshold. It also accounts for the estimated time involved in procuring, obtaining and paying for the goods and/or services.

Table 4.0 estimates the costs a “typical agency” could expect to incur in the procurement of subscriptions and publications, electronic information retrieval services, and information products and support without FEDLINK services. The detailed “typical agency” cost breakdowns are contained in Appendix A and B.

Table 4.0
Typical Agency Costs Associated with One Procurement

Agency Function	Procurement Value		
	Less than \$25K	Between \$25K & \$150K	Greater than \$150K
Technical (COR)	\$ 2,778.70	\$ 15,366.71	\$ 30,683.65
Contracting Officer	\$ 730.14	\$ 8,125.07	\$ 16,648.31
Accounting	\$ 210.44	\$ 210.44	\$ 210.44
Budgeting	\$ 186.86	\$ 186.86	\$ 186.86
Total Cost	\$ 3,906.13	\$ 23,889.08	\$ 47,729.25

As shown in Appendix A, the “typical agency” spends an average of 82.5 hours to complete procurement for less than \$25,000. Agencies that use Transfer Pay services spend on average only 20.3 hours per procurement and Direct Express users spend an average of 54.3 hours. For procurements between \$25,000 and \$150,000, a typical agency spends an average of 484 hours to complete a procurement of more than \$150,000. Agencies that use Transfer Pay spend on average 39.0 hours per procurement and Direct Express users spend an average of 368.5 hours. For procurements above \$150K, Transfer Pay users spend only 50 hours of work compared to an average in-house rate of 963 hours worked on an acquisition. Direct Express users spend only 845.5 hours on average for a similar procurement.

4.1. Costs Avoided by a “Typical Agency” as a Result of Using FEDLINK Services

By using FEDLINK, as seen in Table 4-1, a “typical agency” can avoid between \$2,405 per small purchase and up to \$45,229 for large purchases under FEDLINK’s Transfer Pay service. These cost savings are those associated with the work of a COR and related contract management, accounting, and financial costs the agency would accrue if the agency purchased its books, serials and online database services independently. Cost savings vary depending upon which FEDLINK payment method an agency chooses. The detailed analysis of the calculation is contained in Appendix A and B.

Table 4.1

Typical Agency Costs Avoided for One Procurement

Agency Function	Procurement Value		
	Less than \$25K	Between \$25K & \$150K	Greater than \$150K
Cost Avoided Choosing Transfer Pay	\$ 2,405.05	\$ 21,737.58	\$ 45,229.36
Cost Avoided Choosing Direct Pay	\$ 1,982.87	\$ 4,230.51	\$ 6,370.65

4.2. Intangible Benefits of Using FEDLINK Services

In addition to the dramatic cost savings offered by FEDLINK, there are a number of intangible benefits for federal agencies that purchase through FEDLINK . The cost calculations do not reflect the added efficiencies of FEDLINK’s staff experience with state-of-the-art information sciences and information technology and FEDLINK’s experience with vendors. Additional indirect savings can be measured through:

- ~ Reduced lead time before receipt of services
- ~ Large pool of vendors
- ~ Fewer bid protects
- ~ Minimized quality of service issues, and
- ~ Reduced workload of agency contracting staff.

5.0. Saving and Cost Avoidance Calculations

FEDLINK services result in cost savings for a “typical agency” in both Transfer Pay and Direct Express.

Table 5-1 uses FEDLINK’s Top 20 vendors as the basis for demonstrating \$26.4 million in savings. This illustration shows vendors that are least likely to provide large discounts. These vendors usually have monopolies or oligopolies in the research area of discipline. However, it is important to understand these vendors eliminate charges due to having the convenience of having one point of contact for contracting and billing & payment issues. In addition, the FEDLINK Contracting Officers and Network Librarians specialize in the service area. Due to their specialization, a number of additional charges in commercial and other government contracts were eliminated in their schedule of costs.

Table 5-2 uses the number of transactions managed by FEDLINK to demonstrate cost

avoidance. By multiplying actual transactions with the cost avoidance analysis in Table 5-1, assuming the transactions were all new, the total savings to the government is \$41.1M. Equally, changing the assumption to remove the 39.9 percent of the prior year transactions, the total government savings is still \$24.7M. Prior year transactions are orders placed in the previous fiscal year but not yet completed until the current year. In this case study, these orders were made in Fiscal year 2010 but not completed until Fiscal year 2011.

Tables 5-1 and 5-2 present FEDLINK as a cost effective alternative for acquisition of subscriptions & publications acquisition, electronic information retrieval services, and information product & support. Detailed analysis is provided in Appendix A, B and C.

Table 5.1
FY2011 Discount Savings for Performance Measurement

	Database	Books	Serials	Library Support	Total Savings thru FEDLINK
Transfer	\$ 41,312,387	\$ 11,487,320	\$ 19,634,597	\$ 8,513,762	
Direct		\$ 83,800	\$ 6,610,358		
Direct Express	\$ 48,804,917				
Cost through FEDLINK	\$ 90,117,304	\$ 11,571,120	\$ 26,244,955	\$ 8,513,762	
Allocated Net Discount Rate Based on Top 20 Vendor	0.83	0.78	0.85	0	
Project Cost Without Discount	\$ 108,575,065	\$ 14,834,769	\$ 30,876,418	\$ -	
Undiscounted Service Dollars Savings	\$ 18,457,761	\$ 3,263,649	\$ 4,631,463	\$ -	\$ 26,352,873

Library Support was not a Top 20 Vendor, therefore at this time no discount was presented.

Table 5-2
FY2011 Cost Avoidance for Performance Measurement

	Transfer Pay				Direct Pay		Direct Express		Total
	FY2011	Prior Years	Total						
Rate for Cost Avoidance per <\$25,000	\$ 3,906	\$ 3,906			\$ 1,983		\$ 1,983		
Number of Transactions	2,710	2,441	5,151	89%	-	0%	277	67%	
Cost Avoidance per <\$25,000	\$ 10,585,619	\$ 9,534,869	\$ 20,120,488		\$ -		\$ 549,254		\$ 20,669,742
Rate for Cost Avoidance per >\$25,000 but <\$150,000	\$ 23,889	\$ 23,889			\$ 4,231		\$ 4,231		
Number of Transactions	451	37	488	8%	1	25%	61	15%	
Cost Avoidance per >\$25,000 but <\$150,000	\$ 10,773,974	\$ 883,896	\$ 11,657,870		\$ 4,231		\$ 258,061		\$ 11,920,161
Rate for Cost Avoidance per >\$150,000	\$ 47,729	\$ 47,729			\$ 6,371		\$ 6,371		
Number of Transactions	162	5	167	3%	3	75%	76	18%	
Cost Avoidance per >\$150,000	\$ 7,732,139	\$ 238,646	\$ 7,970,785		\$ 19,112		\$ 484,170		\$ 8,474,067
Total number of Transactions	3,323	2,483	5,806		4		414		6,224
Total for Cost Avoidance	\$ 29,091,731	\$ 10,657,411	\$ 39,749,142		\$ 23,342		\$ 1,291,485		\$ 41,063,969
Avg. Saving / Transactions									\$ 6,598

6.0 Challenge, Solution and Results

6.1. Census Bureau

Challenge

Renegotiate a consolidated license contract for more than 450 journals, worth approximately \$225,000, for Census employees throughout the United States.

Solution

FEDLINK worked with the Census Bureau on the technical requirements and standard requirements templates with flexibility to add local, customized needs. FEDLINK issued RFQs to subscription agents with basic ordering agreements, assisted in evaluating offers, and identified the best value for Census requirements.

Results

Two awards were made to small businesses for 33 percent of the original quote. Each procurement was accomplished in just 1 month. Additionally, the Census Bureau saved an estimated \$50K in staff time working with the FEDLINK team.

6.2. Department of Defense – Air Force

Challenge

Air Force personnel and families need to learn foreign languages quickly when they are relocated or other work assignments change.

Solution

FEDLINK assisted AF staff in developing technical requirements under our streamlined process for competition among a set of companies with FEDLINK Basic Ordering Agreements. Two separate Requests for Quotes were issued as funding became available.

Results

Two awards were made to small businesses meeting the needs of the Air Force personnel for one-third the cost of the original quote. Every procurement was accomplished in one month including writing technical requirements. It is estimated that the hours in AF staff time saved resulted in avoiding an additional \$50,000 in personnel costs.

Appendix A

Typical Agency Cost Matrix

Procurement: >\$3,000 but <\$25,000

Activity	Agency Hours spent on One Procurement without FEDLINK					Agency Hours Eliminated by Using FEDLINK		Estimated Remaining Agency Hrs	
	Technical Hours	Contracts Hours	Accounting Hours	Budgeting Hours	Total Hours	Direct Express	Transfer Pay	Direct Express	Transfer Pay
Development Requirement	40.0				40.0	(26.7)	(26.7)	13.3	13.3
Determine Contract Vehicle		1.5			1.5	(1.5)	(1.5)	-	-
Develop State of Work -Cost Requirements	-								
Special Contract Admin	-								
Instructions to Offeror	-								
Evaluation Criteria					-			-	-
Contracts Review of SOW					-			-	-
Prepare and obtain approval of justification for non-full and non-open competition					-			-	-
Develop Evaluation guide-lines for Technical Review Panel. Contracting Officer provides instructions to panel.					-			-	-
Develop Vendor/Source List					-			-	-
Draft FBO synopsis					-			-	-
Review Revise & Finalize SOW					-			-	-
Develop Terms and Conditions of RFP					-			-	-
Process RFP thru Contract Review Board					-			-	-
Make RFP Available to Vendors					-			-	-
Obtain Technical Clarification to Vendor's Questions and Respond to Vendors	13.3	6.7			20.0		(20.0)	20.0	-
Process Responses after RFP closes.									
Prepare Abstract of Offers	-								
Review Each Proposal	-								
Removed electronic media and test for viruses	-								
Label each Document					-			-	-
Technical Review									
Performing Review, Summarizing, & Making Recommendations					-			-	-
Cursory Technical Review	0.5	0.5			1.0			1.0	1.0
Cost Analysis Price Reasonableness	1.0	3.0			4.0		(4.0)	4.0	-
Negotiations					-			-	-
Best and Final Offers					-			-	-
Reviews by Contract Review Board		2.5			2.5		(2.5)	2.5	-
Legal Office / Management Review					-			-	-
Notification of Vendor of Acceptance/Non-Acceptance					-			-	-
Debrief and follow-up with Vendors					-			-	-
Notice of Contract to Customer		0.5			0.5			0.5	0.5
Prepare Requisition									
Prepare PR Documentation, Management Review/Approval, Numbering, and Fund Availability Check	1.0			1.0	2.0			2.0	2.0
Commit/Certify Funds				0.5	0.5			0.5	0.5
Invoice Payment			7.5	3.0	10.5		(7.5)	10.5	3.0
Total Hours	55.8	14.7	7.5	4.5	82.5	(28.2)	(62.2)	54.3	20.3
Total Hours %					100%	(34%)	(75%)	66%	25%

Activity	Agency Hours spent on One Procurement without FEDLINK				
	Technical Hours	Contracts Hours	Accounting Hours	Budgeting Hours	Total Hours
Hourly Rate	\$ 49.77	\$ 49.77	\$ 28.06	\$ 41.52	\$ -

Appendix A

Typical Agency Cost Matrix

Procurement: >\$25,000 but <\$150,000

Activity	Agency Hours spent on One Procurement without FEDLINK					Agency Hours Eliminated by Using FEDLINK		Estimated Remaining Agency Hrs	
	Technical Hours	Contracts Hours	Accounting Hours	Budgeting Hours	Total Hours	Direct Express	Transfer Pay	Direct Express	Transfer Pay
Development Requirement	60.0				60.0	(40.0)	(55.0)	20.0	5.0
Determine Contract Vehicle		2.0			2.0	(2.0)	(2.0)	-	-
Develop State of Work -Cost Requirements	-								
Special Contract Admin Instructions to Offeror	-								
Evaluation Criteria	80.0				80.0	(40.0)	(53.0)	40.0	27.0
Contracts Review of SOW		20.0			20.0		(20.0)	20.0	-
Prepare and obtain approval of justification for non-full and non-open competition	2.0	4.0			6.0	(1.5)	(6.0)	4.5	-
Develop Evaluation guide-lines for Technical Review Panel. Contracting Officer provides instructions to panel.	12.0	4.0			16.0	(5.0)	(16.0)	11.0	-
Develop Vendor/Source List	5.0	12.0			17.0	(17.0)	(17.0)	-	-
Draft FBO Synopsis	1.0	1.0			2.0		(2.0)	2.0	-
Review Revise & Finalize SOW	10.0	20.0			30.0		(30.0)	30.0	-
Develop Terms and Conditions of RFP		20.0			20.0	(10.0)	(13.0)	10.0	7.0
Process RFP thru Contact Review Board		12.0			12.0		(12.0)	12.0	-
Make RFP Available to Vendors	0.3	1.3			1.5		(1.5)	1.5	-
Obtain Technical Clarification to Vendor's Questions and Respond to Vendors	20.0	10.0			30.0		(30.0)	30.0	-
Process Responses after RFP closes.									
Prepare Abstract of Offers	-								
Review Each Proposal	-								
Removed electronic media and test for viruses	-								
Label each Document		9.0			9.0		(9.0)	9.0	-
Technical Review Performing Review, Summarizing, & Making Recommendations	80.0	4.0			84.0		(84.0)	84.0	-
Cursory Technical Review		4.0			4.0		(4.0)	4.0	-
Cost Analysis Price Reasonableness	1.5	4.0			5.5		(6.0)	5.5	(0.5)
Negotiations		4.0			4.0		(4.0)	4.0	-
Best and Final Offers	8.0	4.0			12.0		(16.0)	12.0	(4.0)
Reviews by Contract Review Board		4.0			4.0		(4.0)	4.0	-
Legal Office / Management Review		2.0			2.0		(2.0)	2.0	-
Notification of Vendor of Acceptance/Non-Acceptance		2.0			2.0		(2.0)	2.0	-
Debrief and follow-up with Vendors	20.0	20.0			40.0		(40.0)	40.0	-
Notice of Contract to Customer	8.0				8.0		(8.0)	8.0	-
Prepare Requisition									
Prepare PR Documentation, Management Review/Approval, Numbering, and Fund Availability Check	1.0			1.0	2.0		(1.0)	2.0	1.0
Commit/Certify Funds				0.5	0.5			0.5	0.5
Invoice Payment			7.5	3.0	10.5		(7.5)	10.5	3.0
Total Hours	308.8	163.3	7.5	4.5	484.0	(115.5)	(445.0)	368.5	39.0
Total Hours %					100%	(24%)	(92%)	76%	8%

Activity	Agency Hours spent on One Procurement without FEDLINK				
	Technical Hours	Contracts Hours	Accounting Hours	Budgeting Hours	Total Hours
Hourly Rate	\$ 49.77	\$ 49.77	\$ 28.06	\$ 41.52	\$ -

Appendix A

Typical Agency Cost Matrix

Procurement: >\$150,000 and above

Activity	Agency Hours spent on One Procurement without FEDLINK					Agency Hours Eliminated by Using FEDLINK		Estimated Remaining Agency Hrs	
	Technical Hours	Contracts Hours	Accounting Hours	Budgeting Hours	Total Hours	Direct Express	Transfer Pay	Direct Express	Transfer Pay
Development Requirement	120.0				120.0	(80.0)	(95.0)	40.0	25.0
Determine Contract Vehicle		4.0			4.0	(4.0)	(4.0)	-	-
Develop State of Work -Cost Requirements									
Special Contract Admin Instructions to Offeror									
Evaluation Criteria	160.0				160.0		(145.0)	160.0	15.0
Contracts Review of SOW		40.0			40.0		(40.0)	40.0	-
Prepare and obtain approval of justification for non-full and non-open competition	4.0	8.0			12.0	(3.5)	(12.0)	8.5	-
Develop Evaluation guide-lines for Technical Review Panel. Contracting Officer provides instructions to panel.	24.0	8.0			32.0	(10.0)	(32.0)	22.0	-
Develop Vendor/Source List	10.0	24.0			34.0		(34.0)	34.0	-
Draft FBO synopsis	2.0	2.0			4.0		(4.0)	4.0	-
Review Revise & Finalize SOW	20.0	40.0			60.0		(60.0)	60.0	-
Develop Terms and Conditions of RFP		40.0			40.0	(20.0)	(34.0)	20.0	6.0
Process RFP thru Contact Review Board		24.0			24.0		(24.0)	24.0	-
Make RFP Available to Vendors	0.5	2.5			3.0		(3.0)	3.0	-
Obtain Technical Clarification to Vendor's Questions and Respond to Vendors	40.0	20.0			60.0		(60.0)	60.0	-
Process Responses after RFP closes.									
Prepare Abstract of Offers									
Review Each Proposal									
Removed electronic media and test for viruses									
Label each Document		18.0			18.0		(18.0)	18.0	-
Technical Review Performing Review, Summarizing, & Making Recommendations	160.0	8.0			168.0		(168.0)	168.0	-
Cursory Technical Review		8.0			8.0		(8.0)	8.0	-
Cost Analysis Price Reasonableness	3.0	8.0			11.0		(11.0)	11.0	-
Negotiations		8.0			8.0		(8.0)	8.0	-
Best and Final Offers	16.0	16.0			32.0		(32.0)	32.0	-
Reviews by Contract Review Board		8.0			8.0		(8.0)	8.0	-
Legal Office / Management Review		4.0			4.0		(4.0)	4.0	-
Notification of Vendor of Acceptance/Non-Acceptance		4.0			4.0		(4.0)	4.0	-
Debrief and follow-up with Vendors	40.0	40.0			80.0		(80.0)	80.0	-
Notice of Contract to Customer	16.0				16.0		(16.0)	16.0	-
Prepare Requisition									
Prepare PR Documentation, Management Review/Approval, Numbering, and Fund Availability Check	1.0			1.0	2.0		(1.0)	2.0	1.0
Commit/Certify Funds				0.5	0.5			0.5	0.5
Invoice Payment			7.5	3.0	10.5		(8.0)	10.5	2.5
Total Hours	616.5	334.5	7.5	4.5	963.0	(117.5)	(913.0)	845.5	50.0
Total Hours %					100%	(12%)	(95%)	88%	5%

Activity	Agency Hours spent on One Procurement without FEDLINK				
	Technical Hours	Contracts Hours	Accounting Hours	Budgeting Hours	Total Hours
Hourly Rate	\$ 49.77	\$ 49.77	\$ 28.06	\$ 41.52	\$ -

Appendix B

Labor Cost Calculation Schedule

The following schedule illustrates the federal labor costs for performing the Technical (COR), Contracts, Accounting and Budget functions. According to the Federal Pay Rate schedule, Federal employees located in the Washington, D.C. add a 22% Benefit calculation for Fiscal Year 2012.

	Technical	Contract	Accounting	Budget
Federal Grade, Step	GS 12, Step 5	GS 12, Step 5	GS 7, Step 5	GS 11, Step 5
Annual Salary	84,855	84,855	47,838	70,794
Annual Benefits	18,668	18,668	10,524	15,575
Total Salary/Benefits	103,523	103,523	58,362	86,369
Cost per Hour (based on 2,080 hours/year)	\$ 49.77	\$ 49.77	\$ 28.06	\$ 41.52

Appendix C

Top 20 Vendors Spend and Discount Rate

No	Vendor	SID	Product/Svc	FY2011	FY2010	FY2009	FY2008	Disc %
1	EBSCO	EB	Serials	\$11,875,097	\$8,956,002	\$10,325,035	\$13,275,221	20-45%
2	West, a ThomsonReuters Business	WE	Info.Retrieval	\$8,916,595	\$5,938,851	\$5,800,587	\$4,375,133	0-60%
3	Baker & Taylor	BA	Books	\$5,040,098	\$4,502,713	\$4,693,637	\$4,009,466	27%
4	OCLC	OC	Biblio.	\$4,861,044	\$5,121,657	\$5,077,664	\$5,909,999	0%
5	ProQuest	UM	Info.Retrieval	\$4,435,319	\$4,757,664	\$3,833,522	\$3,859,804	25%
6	Swets Info.Svc	RE	Serials	\$4,025,284	\$6,482,795	\$6,465,057	\$3,803,423	0-20%
7	Lexis-Nexis	ML	Info.Retrieval	\$3,911,166	\$6,949,284	\$6,630,422	\$5,861,315	0-49%
8	Basch Subscriptions	BS	Serials	\$3,497,575	\$1,174,155	\$1,088,440	\$1,156,755	0-10%
9	EbscoHost	EH	Info.Retrieval	\$3,480,595	\$2,905,026	\$2,591,056	\$1,976,368	9-18%
10	W.T. Cox Subscriptions	WC	Serials	\$2,719,809	\$1,006,889	\$935,756	\$877,836	12%
11	Gale Group, The	GR	Info.Retrieval	\$2,054,663	\$717,324	\$1,538,925	\$1,344,376	25%
12	Janes Info. Group	JN	Info.Retrieval	\$1,996,517	\$2,405,682	\$1,964,435	\$1,739,178	19%
13	CQ Roll Call	CQ	Info.Retrieval	\$1,952,200	\$2,791,160	\$2,302,520	\$1,784,265	
14	Advanced Educational Products	AD	Books	\$1,363,704	\$968,125	\$710,439	\$339,415	5-40%
15	AOBC Books	OV	Books	\$1,248,376	\$1,383,731	\$798,894	\$1,042,153	5-30%
16	IEEE	IE	Info.Retrieval	\$1,119,069	\$1,202,404	\$908,203	\$361,032	
17	Safari Books Online	SF	Info.Retrieval	\$1,091,634	\$463,460	\$873,286	\$64,500	0-28%
18	Dialog	DI	Info.Retrieval	\$1,077,122	\$1,033,461	\$1,196,985	\$1,484,490	8%
19	Internet Archive	XD	Digitization	\$1,058,407	\$1,591,046	\$1,227,621	\$1,002,055	
20	Thomson Scientific	UI	Info.Retrieval	\$1,007,184	\$612,333	\$1,202,326	\$538,563	0-60%
	Total Spent on Top 20 Vendors			\$66,731,458	\$60,963,762	\$60,164,810	\$54,805,347	

Top 20 Annualized Savings based on Applied Discount Rate

No	Vendor	SID	Product/Svc	FY2011	FY2010	FY2009	FY2008	Disc %
1	EBSCO	EB	Serials	\$3,859,407	\$2,910,701	\$3,355,636	\$4,314,447	33%
2	West, a ThomsonReuters Business	WE	Info.Retrieval	\$2,674,979	\$1,781,655	\$1,740,176	\$1,312,540	30%
3	Baker & Taylor	BA	Books	\$1,335,626	\$1,193,219	\$1,243,814	\$1,062,508	27%
4	OCLC	OC	Biblio.	\$0	\$0	\$0	\$0	0%
5	ProQuest	UM	Info.Retrieval	\$1,108,830	\$1,189,416	\$958,381	\$964,951	25%
6	Swets Info.Svc	RE	Serials	\$402,528	\$648,280	\$646,506	\$380,342	10%
7	Lexis-Nexis	ML	Info.Retrieval	\$958,236	\$1,702,575	\$1,624,453	\$1,436,022	25%
8	Basch Subscriptions	BS	Serials	\$174,879	\$58,708	\$54,422	\$57,838	5%
9	EbscoHost	EH	Info.Retrieval	\$469,880	\$392,179	\$349,793	\$266,810	14%
10	W.T. Cox Subscriptions	WC	Serials	\$326,377	\$120,827	\$112,291	\$105,340	12%
11	Gale Group, The	GR	Info.Retrieval	\$513,666	\$179,331	\$384,731	\$336,094	25%
12	Janes Info. Group	JN	Info.Retrieval	\$379,338	\$457,080	\$373,243	\$330,444	19%
13	CQ Roll Call	CQ	Info.Retrieval	\$0	\$0	\$0	\$0	
14	Advanced Educational Products	AD	Books	\$306,833	\$217,828	\$159,849	\$76,368	23%
15	AOBC Books	OV	Books	\$218,466	\$242,153	\$139,806	\$182,377	18%
16	IEEE	IE	Info.Retrieval	\$0	\$0	\$0	\$0	
17	Safari Books Online	SF	Info.Retrieval	\$152,829	\$64,884	\$122,260	\$9,030	14%
18	Dialog	DI	Info.Retrieval	\$86,170	\$82,677	\$95,759	\$118,759	8%
19	Internet Archive	XD	Digitization	\$0	\$0	\$0	\$0	
20	Thomson Scientific	UI	Info.Retrieval	\$302,155	\$183,700	\$360,698	\$161,569	30%
	Total Savings on Top 20 Vendors			\$13,270,198	\$11,425,211	\$11,721,817	\$11,115,440	19%

Bases for Discount Percentage



Invoices preferred method of obtaining Discount % due to actual usage.
 Contracts Provides a range of discount % and is not tied into usage. Used avg rate for Applied Rate.
 Information not easily accessible. Vendor provides pricing per item and will have to pull each item to compare.

Top 20 Vendors Spend Categorized by Product

Product/Svc	FY2011	FY2010	FY2009	FY2008	Avg Disc %
Serials	\$22,117,765	\$17,619,841	\$18,814,288	\$19,113,235	15%
Info.Retrieval	\$31,042,064	\$29,776,649	\$28,842,267	\$23,389,024	17%
Books	\$7,652,178	\$6,854,569	\$6,202,970	\$5,391,034	22%
Biblio.	\$4,861,044	\$5,121,657	\$5,077,664	\$5,909,999	0%
Digitization	\$1,058,407	\$1,591,046	\$1,227,621	\$1,002,055	0%
	\$66,731,458	\$60,963,762	\$60,164,810	\$54,805,347	