

Summary Minutes of the U.S. General Service Administration's
Multiple Award Schedules Advisory Panel Public Meeting,
June 17, 2008

Committee Members: See Attachment A

Committee Members Present: Elliott Branch, Judith Nelson, Alan Chotvkin, Thedlus Thompson, Larry Allen, Glenn Perry, Thomas Essig, Jacqueline Jones, Lesa Scott, Thomas Sharpe, Jr., Jan Frye, & Debra Sonderman.

Date and Time: June 17, 2008, 9:00am to 4:00pm

Location: Jurys Hotel
1500 New Hampshire Avenue, N.W.
Washington, D.C. 20405

GSA Staff: Pat Brooks, Designated Federal Official

Presenters: None

Meeting summary: Initially, the Panel developed key issues that it felt should be addressed during upcoming discussions and/or presentations from stakeholders. The Panel then attempted to narrow down to some of the issues that should be addressed in the recommendations to the GSA Administrator.

Each panel member presented three themes or issues that each believed the panel should address. This was followed by an affinity exercise to categories these themes/issues in logical topical areas. The following summarizes the results:

I. Topical Areas

A. Pricing Techniques (competition and price reduction)

- Abolish most favored customer; establish fair and reasonable pricing objective.
- What are the roles and responsibilities of the GSA contracting officer vs. agency contracting officers with respect to pricing?
- One size does not fit all; recommend (1) a process for small orders; (2) mandatory competition for mid size order {streamlined but more than comparing schedules}; (3) BPA with task order competition for large orders
- Pricing techniques for goods vs. services: what, when, how; for enterprise wide, function wide, orders only.
- Substantially revamp or eliminate the price reduction clause; consider not having clause at all under some circumstances.

- Price reduction clause- should the clause be scrapped; should the government rely on competition at the task order level to ensure price fair and reasonableness?
- What is the impact of the price reductions clause on schedule pricing?
- Products & services- is there a difference in the way they should be treated with respect to the price reduction clause?
- Services schedule- focus on labor rates is flawed
 - fixed price BPA
 - large contracts should require best value competition or BPA if price only
 - unsure of benefit
- Address price reduction clause to products and services individually; caution for integrated solutions.
- Separation of consumable goods from services and expectations of what GSA's role is in each distinguished from an agency; also commercial vs. government.
- Is there a need for the price reduction clause in services task orders?
- What is the extent of competition at the order level?
- What are the true price competition levels?

B. Stakeholders 360 degree perspective

- Remember the small agencies.
- Value of multiple award schedules in small agencies vs. large agencies.
- Clarify value of work GSA does for small or large agencies.
- Clarify what must be done by the agency; are agencies taken it for granted that GSA is performing the due diligence so that orders can be placed without further negotiation.
- Account for all stakeholders including; (1) large and small customers; (2) GSA procuring contracting officers; (3) auditors; (4) congress [mandates]; (5) large companies; and (6) socio-economically diverse companies.

C. Training Expectations

- Adequacy of vendor and agency user training.
- Narrow the gap in expectations between customers and GSA
- Clarify regulatory basis of award.
- Agency/customer expectations of the schedules program.
- Separate GSA technology service order process from core purpose of offerings on schedule
 - structural vs. execution
 - acquisition vs. procurement
- What is the role of the multiple award schedule price?

D. Business Model

- Acquisition techniques for acquiring goods and services.
- Should reflect value or benefit provided
 - .75% fee for small order may be a bargain
 - .75 % fee for a very large IDIQ contract cannot be justified
 - recommend either tiering or cap on fee.
- Return/mirror commercial practices where possible.

- What is the appropriate best business model for maximizing the value adds of the schedules to ordering agencies and vendors?

E. Does FAS get MFC/what is the customer confidence level

- Is Multiple Awards Schedule pricing MFC or not; if not how do we address
- What is the objective of pricing? Is it being met?

F. Data

- There is a need for a system to collect items purchased by common description and capture data on purchases: item, quantity, price, geographic area.
- How can GSA obtain needed data regarding pricing from government buyers and vendors?
- Require/provide data collection at order level for GSA to quantify market effect of its programs.

G. Overarching guidance

- Ensure changes are “doable” for industry and contracting professionals.
- Focus on the 4th sentence of the third paragraph of the Charter – “The MAS Panel’s advice and recommendations will assist GSA in assuring that such policies {MFC and PRC} result in MAS prices that are the lowest overall cost alternative.

II. Recommended presenters

A. Customer agencies

- Army Contracting Command (example for a product for a critical agency mission)
- Veterans Affairs National Energy Business Center
- DoD Enterprise Software Initiative (example for innovation)
- Depart of Education (example for services such as the Small Business Program Federal Student Aid
- AMCOM- Huntsville, Alabama
- Veterans Affairs- Pharmacy Benefit Program
- Small agency
- MARSYSCOM (example for teaming arrangements)

B. Examples of customer use of the schedules program should include the following schedules:

- Furniture (products and integrated solutions)
- Schedule 70 (integrated solutions, services, or products)
- Schedule 84 (integrated solutions, services, or products)
- MOBIS (integrated solutions and services)
- Pharmaceuticals (products)

C. Other parameters for the customer examples

- Example should include dollar ranges from micro purchases to the respective schedule maximum order.

III. Suggested points for each presenter to address:

- How do you use the schedules?
- Why do you use the schedules?
- How do you price (accepts GSA or negotiates more)?
- How do you perceive the schedules program?
- How & did you seek competition?
- Have you received appropriate training from GSA?
- Other than price, what were the components to determine best value?
- Do you have confidence in GSA base price (MFC)? To what extent did you rely on this?
- FAR Regulations- are they adequate/clear?
- Contractor price list- was it adequate and clear?
- Did you seek additional discounts; at what level (above or below maximum order)?
- How did you use eBuy/GSA Advantage for market research/competition?

IV. Recommended formal invitations to make presentations before the Panel to the following individuals or organizations:

- Andy Patchan, GSA IG
- Maureen Regan, Counsel to Veterans Affairs IG
- Shay Assad, DoD
- Congressional oversight (majority and minority)
- GSA- senior FAS official to address how GSA ensures that MFC is obtained for each contract; what is the contract award process for the schedules program; how the schedules program should work given that the panel has heard difference from the FAS contracting officers; what does GSA do and at what point do the agency contracting officers take over; how does GSA police the pricing policy
- U.S. Small Business Administration- importance of the schedules program to small business; what value does small business bring to the customer as a result of having a schedule contract.
- OFPP- Leslie Fields to address standards for 1102 and IT skills; Matthew Blum to address schedules, GWACS, & MACs

V. DATA Call

The Panel requested written responses or data to address these questions:

- How often PRC triggered?
- For each schedule the following data is requested:
 - number of new contracts awards for FY 06 and FY07
 - dollar value of sales per schedule by special item number (SIN)
 - number of transactions (task & delivery orders) per schedule
 - IFF per schedule (FY06 and FY07)
 - number of 1102 per schedule or Acquisition Center

- Policy guidance: (1) economic price adjustment (EPA)-what is the policy guidance that informs the contracting officers on how to do and EPA up or down; (2) PR- use external; track performance against?; internal guidance.
- Status of the DoD/GSA MOU pricing study.
- Update on Johnson & Johnson study which addressed the value proposition of the schedules program.
- Basis of award of MFC vs. other method(s).
- Customer discounts on schedule buy- why; when; how successful; what are criteria for schedule competes.
- How many contractors routinely compete?; how many respond?

VI. Parking Lot Issues

- Remove all non statutory non commercial schedules terms to enhance growth, encourage competition and maximize schedule offerings.
- We need strategy- standards, IT skill descriptions; leverage pricing geographically.
- Define resellers- should the government be required to purchase through a distributor when the manufacturers sell directly to commercial customers.

List of attendees at Attachment B

Elliott B. Branch
ELLIOTT BRANCH, Chairman
Multiple Award Schedule Advisory
Panel

9/12/2008
DATE