

TRANSCRIPT OF PROCEEDINGS

IN THE MATTER OF:)
)
FSSI PRE-QUOTATION CONFERENCE)
)

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IN THE U.S. GENERAL SERVICES ADMINISTRATION

IN THE MATTER OF:)
)
FSSI PRE-QUOTATION CONFERENCE)
)

Sheraton Crystal City
Ballroom A
1800 Jefferson Davis Hwy
Arlington, Virginia

Thursday,
March 18, 2010

The parties met, pursuant to the notice, at
9:02 a.m.

BEFORE: JUDY POSKANZER, Director, National
Administrative and Office Supplies Acquisition Center
Federal Acquisition Service

APPEARANCES:

BOB WOODSIDE
JEFF LAU
ED LEW
JEFF KOSES
JACK KELLY

P R O C E E D I N G S

(9:02 a.m.)

1
2
3 MS. POSKANZER: All right, I'd like to
4 welcome everyone to our Pre-Quotation Conference for
5 the second generation of the FSSI Office Supplies BPA
6 RFQ. My name is Judy Poskanzer. I've been up since
7 four o'clock coming down from New York on the shuttle,
8 so I'll try to be very coherent.

9 I'd like to introduce the team we have here,
10 but first I absolutely would like to welcome you and
11 glad that you vendors and customers alike are here
12 with us. The team consists, and many of you will know
13 the teammates from, you know, working on the schedule
14 and being on the schedule and dealing with them over
15 the course of many years, Mr. Bob Woodside, he's the
16 lead CO. We have Jeff Lau, whose project manager
17 doing a lot of our data. Ed Lew will be here later.
18 He's our CO. We have Mr. Jeff Koses, who everybody
19 knows is the program director of the acquisition
20 operations, which is the MAS, and we have another
21 illustrious speaker, Mr. Jack Kelly from OMB, who will
22 be part of our agenda. And we do have, you know,
23 vendors here. We have commodity team members
24 scattered throughout the room as well, and I'm glad
25 that everyone came here today.

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1 I just want to intro this that I know I've
2 heard from many of you the general comment "I wasn't
3 expecting this." But I want you to realize that this
4 has been a very collaborative process and continues to
5 be so, and that's what FSSI strategic sourcing and
6 having a commodity team is all about. You know, we
7 started last fall, the commodity team, which consists
8 of about 16 agencies. So all of this, from what we
9 come to today, is based on input and discussions and
10 meetings with the customers, the commodity team, and
11 of course, you the vendor community, and trying to
12 listen to everyone and coalescent into something
13 that's -- I know good for all because we all have
14 different needs and desires, but trying to optimize
15 and make it, you know, work for as many people as
16 possible, as many stakeholders as possible. And you
17 know, it will continue to be a collaborative,
18 interactive, and discussion-related process.

19 So we did not do this in a vacuum by any
20 means, you know, there were a lot of people over the
21 course of time. And like I said, it will continue to
22 evolve. And you know, be mindful that we had a first
23 generation that wasn't quite as amenable to all of us,
24 and we took that and we tried with this process and
25 you know evolve it to where it is now. And like I

1 said, it will continue to evolve.

2 On the first page or the second page, excuse
3 me; you'll see the key players and who will be
4 talking. I'll be giving an intro, as I'm doing now,
5 and an overview, and then we will have Mr. Jack Kelly
6 from OMB talking about agency participation. Mr. Jeff
7 Lau will be talking about some of the particular
8 issues that came up and how we evolved to where we are
9 today, try to fit in a break there for you, and then
10 Mr. Bob Woodside will be going over the evaluation
11 process. And then we'll see how timing is when we hit
12 lunch. There is a restaurant here, just for
13 administrative points. They have a buffet, but you
14 can order from the menu. So when we get closer to
15 that -- unless we're done before noon, but we'll
16 obviously have some time for that.

17 So as we begin -- and we'll try -- there
18 were a lot of questions. Hopefully, or we may answer
19 many of the questions that you relayed to us,
20 particularly, in question form, so many of the
21 questions may be answered even in the framework of our
22 presentation. And if they're not, you know, we will
23 go through questions that were sent to us as well as
24 open the floor for questions as well. And the bottom
25 line is, is that we're still open, you know, and

1 consider things, even during this open -- you know,
2 open period we -- you know, and we want to hear from
3 you. You know, if you say this doesn't work, we need
4 your help as to what could make it better, what will
5 drive costs down? So many of you have brought up
6 certain points and certain questions that we will
7 obviously -- we will definitely take into
8 consideration because it may, you know, drive the cost
9 and that is paramount, you know, because we're trying
10 to all save the government money.

11 Next slide.

12 (Slide.)

13 MS. POSKANZER: These are the topics that
14 I'll be going over today, just the kind of the
15 strategic sourcing process, the more particulars that
16 we've evolved through and will continue, you know,
17 post-award. The six overarching goals that got us to
18 where -- you know, where we are today with the
19 solicitation and the reason that some of those things
20 are in the solicitation, the -- team strategy
21 decisions, the timelines are in here, and our role, my
22 role as project program manager as well, you know, the
23 team as a commodity manager, and then the differences
24 and the value in the differences between office -- the
25 first generation, which we're currently in and the

1 second generation.

2 Okay, and you know, we gave handouts because
3 most -- I can't read this sitting in the audience. I
4 can barely read it here. I'm sure some of you share
5 that with me, with our vision. Okay, I'm not going
6 to, you know, read through the whole thing, but there
7 is a whole process involved and that's what, you know,
8 strategic sourcing is about, bringing, as I said, in
9 all the stakeholders, the vendor community, the
10 customers, the GSA, you know, but I also want you to
11 realize this is not GSA's procurement. I mean I see
12 some of the commodity team. I see Nelson from the VA.

13 I see Vernon from Department of Justice. I'm sure
14 there are more of you that are out there, hopefully.
15 And I see Deborah Ford. There she is, Ms. Ford from
16 DHS. So this is not about GSA. This is about the
17 federal government and all the customers here.

18 So just starting the process, not to go too
19 long, but you know, we had to identify what we were
20 going to be procuring. We had key activities. We've
21 had bi-weekly meetings where we'd gather up and have
22 discussions about requirements and issues and
23 concerns. I had one-on-one interviews with most of
24 the key commodity team members where we, you know,
25 started to formulate the needs and desires of the

1 customer side. During this whole time, you know,
2 we've done market analysis, looking at the spend, and
3 we still have more of that to do as we continue along.

4 We had, as you know, the Listen to Industry Day on
5 January 13 that many of you were at. And then, you
6 know, continue to take that input from the customers
7 and vendors and develop the strategy and refine it.
8 We had a two-day post-Industry Day, listen to Industry
9 Day. We had a two-day commodity team meeting here in
10 Washington to go over our strategy and to fine-tune
11 it.

12 As I said, we continue to talk to all of the
13 communities as we evolve. We issued the RFQ on 3/8,
14 tentatively plans to close, although we are looking to
15 -- you know, many of you have asked for an extension
16 of that and right now we are tentatively looking at
17 4/7. We can have, you know, input, but that's what
18 we're looking at to extend that and we are hoping and
19 planning to award on June 1st. And then, of course,
20 the post-award is very, very involved. We know that
21 we're asking a lot of data and we want to capture that
22 data, analyze it. We will be having a management
23 knowledge management portal where that information
24 will be uploaded and we'll be able to get reports for
25 the customers, which is paramount to confirm the

1 savings that the government is looking for. We'll
2 have a communications and marketing strategy that I'm
3 already working on, you know, to lay out post-award.
4 There is -- as you see in the RFQ, there's, you know,
5 meetings, quarterly meetings with the commodity
6 manager and the vendors. There's quarterly meetings
7 with the commodity team, you know, analyzing the core
8 list, making sure it's up-to-date, you know, amending,
9 doing modifications, so there's a lot of post-award
10 activity involved to make this viable. Next.

11 (Slide.)

12 MS. POSKANZER: Okay, the overarching goals
13 that we're looking to develop our strategy against are
14 these six main goals, you know, achieve savings, you
15 know, bottom line very important. Capturing the data,
16 we want to be sure -- you're always hearing, you know,
17 in this Administration we need to save money, you
18 know, this agency is going to save "x" millions of
19 dollars by, you know, strategic sourcing, and being
20 able to capture that data and report that out becomes
21 very important so we can, you know, drive behaviors,
22 so we can evolve our procurement.

23 We want to drive compliance with mandates,
24 acts and orders. We know we have, you know, TAA
25 compliance. We have Ability One compliance. There

1 are a lot of different regulatory issues, which we
2 want to make sure that we meet. We need to conform
3 with agency business practices. And bottom line, we
4 need to make this easy to use for our customers. So
5 we did, you know -- I know Bob is going to go into
6 more of the details of these, but just to highlight,
7 and this is in the RFQ, you know, we're looking, based
8 on what we heard, and that can be a point of
9 discussion. We heard from the vendor community and
10 the customer community, and you may say this isn't
11 what I said, but it's an amalgamation.

12 Right now we're looking at seven BPAs across
13 the three different pools. We have the first pool,
14 which is focused on socioeconomic participation, and
15 it has all of the categories of items. Pool two is
16 focused on just the lowest price with two BPAs, and
17 pool three is a toner-only BPA, again, having some
18 focus -- having focus on socioeconomic as a factor.
19 And there's a comment there about agency
20 participation, which Jack will be addressing in his
21 presentation.

22 Now we go on to the next, and it talks about
23 kind of a top tier, how we're going to evaluate this.

24 Again, I'm not going to go into a lot of the details
25 because Bob Woodside, who is the CO, is going to be

1 reviewing some of that. But as you read in the
2 solicitation, for each pool the first one is the full
3 product, you know, toners, copier -- not copiers.
4 Sorry, toners, office supplies and paper, and there
5 will be a preference for socioeconomic and a
6 preference for a minimum of one SDVOSB, and then after
7 that the pricing is paramount. Then we go to pool two
8 and again the focus is on best pricing, meeting all
9 the Go/No Go factors, and then three is the two BPAs
10 again, focused on socioeconomic with a preference for
11 SDVOSB with having met those Go/No Go factors.

12 And then, like I said, you know, many
13 comments that you've made, you know, certainly bring
14 to light ways that we can achieve some savings that we
15 will certainly address some of the points of why are
16 we requiring hard copy catalogs, those kinds of
17 things, which certainly -- and if there are other
18 things that you feel would drive savings, and
19 certainly be, you know, by not having to print up
20 catalogs and such, you know, is environmentally
21 beneficial, you know, there's a lot of value. We
22 certainly call -- will and can readdress those.

23 So achieve savings. What we came to with,
24 you know, different input from different fronts. Some
25 of it was, you know, a compromise. It was a

1 consensus. We had parties who wanted much lower in
2 this area, which -- and I don't want to belabor this
3 because Mr. Lau is going to talk about how we came to
4 these points, so I won't go into how we evolved to
5 that, but you know, we put out there a \$100 minimum
6 that it would also -- you know, we recommend that
7 agencies do task orders, you know, against the
8 schedule if they have larger quantities. The
9 delivery, you know, is three to four day ground for
10 most orders. Some agencies have a requirement for
11 next day and secure desktops, so we wanted to put that
12 in there, although that's a separate thing to price
13 out.

14 Right now the contract is one year with
15 three-year options. We thought it wasn't too short
16 because this is a very time-consuming and costly
17 process for us, and for you the vendor community, so
18 we didn't want it too short. We didn't want it too
19 long because then there might be -- there can only be
20 so many vendors on contract and we don't want shut
21 people out for a terrifically long period of time. We
22 wanted to allow ordering through different channels.
23 Some people have -- some vendors may have said, you
24 know, why don't you just make it mandatory DoD
25 advantage or E-Mall, but the customer community, you

1 know, wanted a fuller array of ordering touch points,
2 whether it be agency portals or vendor websites,
3 phone, fax. Some people still do that. Obviously,
4 it's not the largest percentage of the ordering, but
5 there still is that done. And then we included, as
6 you may have seen, aggregate discount thresholds to
7 leverage the spend and we had three volume discount
8 levels at 10 million, 25 million and 50 million
9 because we want to push behavior. We want to show you
10 that we're going to achieve these sales throughout the
11 course of the BPA.

12 And then capturing data, data becomes
13 paramount. So you know, we can -- that's what
14 agencies are looking for. They don't always know what
15 their spend is. They don't manage it. The
16 government-at-large wants to know beyond the customer
17 level, you know, the aggregate of the government is
18 interested in knowing how savings -- you know, this
19 Administration, this big push on savings on costs
20 within agencies, so we feel that getting the Level 3
21 purchase card data and the ordering data is very
22 important and the transactional data, and we will, as
23 I mentioned, have this knowledge management portal,
24 which you will be able to feed your data into that and
25 agencies will be able to have access to that to get

1 their spend data and get reports. And it's important,
2 as we say here, start to track with the reporting
3 requirements of the EPA, CPG requirements, which are
4 becoming more and more stringent, as you're seeing as
5 more executive orders come out, making more and more
6 requirements on that level.

7 You know, there are some agencies that were
8 looking more for price, had more concerns about price
9 and there were agencies that had more concerns about
10 meeting their socioeconomic goals with this contract
11 vehicle, so we formulated pool one and pool three,
12 which have a preference for small business and even
13 more of a preference for SDVOSB, which is what
14 agencies have asked for. It wasn't just something
15 that we decided, oh, which one of these. You know,
16 that again has become within this Administration and
17 current times, the SDVOSB has become, you know, top of
18 mind and a lot of agencies need to meet their goals on
19 that particular socioeconomic category and so that's
20 why we focused on that one.

21 Okay, as I'd mentioned in my overview,
22 meeting -- you know, having Ability One, have to meet
23 TAA compliance, you know, green requirements, again,
24 that's becoming more paramount as within this
25 Administration, and it just continues to evolve, as

1 you know in your industry more and more green and
2 requirements.

3 Conforming with agency business practices,
4 you know, initially, we had some ideas that maybe we
5 just have a core, focus on core items in a particular
6 listing, but we listened to both vendors and customers
7 and they wanted the full catalog available, so we're
8 using the core listing as a base point for evaluating
9 your offer. Customers wanted ordering through all
10 channels. Some needed the desktop and the secure
11 delivery, so we put that just a requirement into pool
12 two, not into all pools. No restriction on payment
13 methods, although we fully expect most to be using the
14 purchase cards. There will be -- each agency will be
15 having an agency -- dedicated agency manager, which
16 will be relayed to you. You'll be required to offer
17 training to the customer, which I'm sure if you can
18 interact with the customer, you know, that's great
19 that you can have that contact with the customer that
20 I assume the vendor community would love to have that
21 opportunity. And then, there will be required
22 meetings with the commodity manager, ourselves as well
23 as the customers who are using you.

24 Then we go on to the next -- in our
25 timeline, so we haven't slipped too much. We had, you

1 know, some changes. We were going to issue it out
2 maybe a little bit earlier. We've, you know, had a
3 lot of meetings with OMB. Some of the things that
4 came out in here are discussions, interchanges with
5 OMB, and we didn't slip too -- most of it, I think,
6 was due to the snow and trying to meet with people in
7 Washington because New York was okay, up until about
8 two weeks ago and then we had a bad storm that you
9 didn't have, but I was pretty impressed with your
10 snow. I'm a girl from upstate New York. I was in the
11 Buffalo blizzard of '78, and when I came down here I
12 was pretty impressed. You had a lot of snow, I must
13 say. You weren't just, you know, crying.

14 (Laughter.)

15 MS. POSKANZER: And then here we -- you
16 know, the 4/07/10 closing and award on 6/01 and then,
17 you know, implementation soon to start after that. So
18 we've been pretty, pretty tight with our deadlines
19 because we know the customers have the need for this
20 requirement and we've made commitments to such. Okay,
21 next slide.

22 (Slide.)

23 MS. POSKANZER: All right, I'm not going to
24 go over everything that's in there, but I guess this
25 is what my team has to do once it's awarded. That

1 looks like a lot of stuff, but -- I realized I wasn't
2 talking into the mike, sorry, but a lot of it is to
3 maintain the integrity of the core list, making sure
4 it's current and up-to-date, making sure that we have
5 the reporting from the vendors because then we have to
6 report up to the chief acquisition officer's council
7 and OMB to report what's going on, our savings, our
8 sales, our spend. We will work with, you know,
9 communication and marketing outreach strategy to the
10 customer community. We will be meeting with the
11 vendors, as well as there's the requirement in the
12 solicitation for that. So there's a lot of things,
13 which bring up kind of -- some of you said 2 percent
14 fee. You know, this is -- some of the changes we're
15 making an advantage which we're trying to match the
16 requirements we have in the solicitation, so there is,
17 you know, some cost up front. As you know, we're an
18 appropriated agency and you know, just be mindful that
19 -- we don't get a lot of appropriation. I see the
20 shaking head. You know, we're industrial funded. So
21 we need to cover our costs, and just be mindful of
22 that 2 percent. It's not 2 percent on top of the IFF.
23 It's another 1.5 percent or .0125, and I know that's
24 been a point. We certainly -- we're not looking to
25 make more than to just to cover our costs, so we will

1 definitely constantly assessing that -- that fee and
2 going down. But there are a lot of costs to this
3 whole process. And the bottom line is that if we're
4 doing this, then other agencies don't have to be
5 spending all their time doing all of this for each
6 particular agency. So when you stop all the agencies
7 doing all their own BPAs, then you know, it could save
8 you time and money because you won't be having to
9 constantly, you know, filling out RFQ proposals. So
10 it saves you and it saves the government by not
11 repeating the work and that it will be all taken care
12 of here and that's also the thought of, you know, we
13 are saving money in the long run, even with that fee.

14 So those are all the requirements that the
15 commodity manager has to deal with, even post-award,
16 which is even -- not more important than pre-award,
17 but is a lot of work from all of us. Okay, and the
18 next.

19 (Slide.)

20 MS. POSKANZER: Now we come to generation
21 one, generation two. You always learn from something
22 that's transpired, or hopefully we always learn, you
23 know, we say that to our kids, if we have kids. Oh,
24 you learn from -- you know, it's always learning.
25 It's always evolving. So we know that there were some

1 challenges with the first generation, and we were
2 looking to evolve this. Maybe some of you are not
3 feeling that that's the perspective, but that's the
4 way we're trying to come across here, and Jack, again,
5 will be speaking more on the commitments. I put that
6 on him.

7 That price will be evaluated as a primary
8 factor, which it wasn't the first go around. So even
9 within the socioeconomic preference pools, it's still
10 -- price is the most important factor. The delivery,
11 we did raise the minimum order a bit. Again, some may
12 feel it's too high. Some may feel it's too low. This
13 was the point -- the price point or the order point
14 that we came up with and limited number of awardees.
15 We feel we can get better pricing with that. Agency
16 usage, again, many agencies maybe looking at to meet
17 their -- are looking only at price only, so we have an
18 option for that agency, those agencies. Many are
19 looking at socioeconomic, so that we have something
20 for those core agencies that are looking to meet their
21 socioeconomic goals with this requirement. We're
22 working -- we are evolving a little bit with
23 advantage, so we're trying to make it easier on that
24 perspective, and we're looking to as -- and this may
25 be a point of discussion, the point of sale to get all

1 of the sales that any federal agency would be
2 spending. We want everyone to get the benefit of this
3 pricing. And there will be better access to agencies
4 for data and reports -- you know, you the vendor
5 community will be having to report that. It will be
6 available on our knowledge management portal, and it
7 will be available to agencies so they can see what
8 they're spending. So those are some of the changes
9 that we brought to this requirement. So with that,
10 I'll turn it over to Jack.

11 MR. KELLY: Well, thanks. I'm glad to be
12 here today. Those of you in the agency community are
13 familiar with how I can sometimes rattle on, so my
14 boss said, Jack, before you get up to the script I
15 want you to think over and over less is more. So with
16 that in mind, I'll try to keep this short.

17 The agency folks who are here have heard me
18 say this, but I'm not sure that you all have. In the
19 last eight weeks the very senior level of folks in
20 OMB, our deputy director for management and his
21 immediate staff, including my boss, the administrator
22 of OFBP have spent more time thinking and talking
23 about strategic sourcing than took place in OMB in the
24 last eight years. My guys are extremely interested in
25 this.

1 Some of you may be aware that the President
2 issued a memorandum within about 45 days of taking
3 office that the federal government had to save \$40
4 billion over two years. Agencies have had to come in
5 and file acquisition savings plans, showing how they
6 plan to do this. Strategic sourcing is so far is a
7 very small part of those plans. One of the things we
8 want to do is make it a bigger part. So as a
9 consequence of that, there are several things that OMB
10 is doing and plans to still do along these lines, and
11 I'd like to read you something that our administrator
12 Dan Gordon issued yesterday to the agencies, and it
13 kind of -- it'll give you an idea of what we've been
14 doing. This went out to the chief acquisition
15 officers and the senior procurement executives across
16 the government.

17 "As you all know, the latest strategic
18 sourcing initiative among supplies is approaching
19 another critical milestone. GSA published a request
20 for quotations to the office supply vendor community
21 on GSA e-buy last week, March 8th, tomorrow, that's
22 today, GSA is hosting a pre-quotation conference to
23 allow interested vendors to ask questions and express
24 their views on this solicitation. My office has been
25 in contact with several agencies that participated

1 actively in the office supplies commodity team and
2 that represent substantial levels of spending on
3 office supplies. Three of those agencies, VA,
4 Treasury and DHS have indicated their willingness to
5 support the BPAs that result from this strategic
6 sourcing initiative. We have also received similar
7 statements of support from Interior, which, though,
8 not a member of the commodity team responded
9 positively to the strategic sourcing briefing at the
10 most recent chief acquisition officers council
11 meetings. Together these agencies spend nearly a
12 quarter of a billion dollars annually on office
13 supplies, an amount that exceeds the annual office
14 supply spending of any other individual agency.
15 Accordingly, I would expect vendors to offer lower
16 prices in response to this solicitation than other
17 agencies would be able to attract on their own. I
18 would also expect to be offered even lower prices if
19 additional agencies would join with us.

20 To that end, I'm inviting those of you that
21 have not yet expressed your views on this initiative
22 to express your willingness or commitment to use the
23 BPAs that will result from it. I realize that you
24 will not be able to provide such a commitment before
25 tomorrow's conference; however, because GSA is built a

1 reverse auction into the negotiation process there
2 will be further opportunity to come on board over the
3 next two weeks. This should give us sufficient time
4 to allow the vendors to consider in their offers any
5 additional commitment agencies are willing to make,"
6 and then it asked them to respond to me.

7 I got an email this morning from another
8 agency, Commerce, that is said that it's going to come
9 along, and I'm expecting other responses today,
10 including one from DoD. In addition to this outreach
11 to the agencies, and our deputy director for
12 management is going to be contacting some of the
13 deputy secretaries urging formal commitments from
14 them. As this procurement rolls out, and as agencies
15 start adopting, you know, the new BPAs, we're going to
16 be reporting the status of this routinely to the chief
17 acquisition officers council, so we're going to know
18 whose in and whose out, and basically try to get as
19 many people in as we can.

20 I want to underscore something Judy said,
21 and that is that we consider ourselves on a path. You
22 know, we learned some lessons from the previous
23 procurement. I think we have lessons still to learn.

24 I'm hoping that, you know, you all will help us out
25 today and provide your input on things you think sound

1 like they're promising. Things you think that you
2 don't like. We absolutely recognize that success in
3 this means that we have to be doing things that make
4 sense to you, just like we expect you to do things
5 that makes sense to us. So I think this is a great
6 opportunity for dialogue, and I look forward to it.

7 MR. LAU: Good morning everyone. I just
8 wanted to thank everyone for making it out today, and
9 looking forward to some interesting dialogue.

10 Back in January, we met and listened with
11 industry regarding the re-compete of the strategic
12 sourcing for office supplies. We've also met with
13 individual agencies and agencies, as a whole, through
14 the commodity team to discuss their needs as well.
15 Judy previously mentioned the six overarching goals,
16 and the importance of these goals is that they were
17 really the drivers of a lot of the decisions that
18 we've made in the RFQ. I'm going to state them again,
19 achieving savings, capturing data, enabling
20 achievement of socioeconomic goals, compliance with
21 mandates, acts and orders as well as ease of use for
22 agencies.

23 In our discussions, we looked at the needs
24 of both industry and the agencies, and we believe
25 we've created a solution that addresses the issues and

1 concerns of all stakeholders involved. Over the next
2 several slides, I'm going to go over several points
3 that have been raised by the stakeholders, and our
4 ultimate decision on those points, the first one being
5 delivery costs and shipping options.

6 Industry has indicated during Listen to
7 Industry Day that shipping and delivery is one of the
8 biggest ways the government can save for office
9 supplies. We understand that, and we listened and we
10 revised the delivery terms to the standard three to
11 four business days delivery. Many of you on your base
12 GSA schedules have one-day overnight or two-day
13 delivery. We're looking for some savings by extending
14 the delivery date to three or four business day
15 standard. There's also going to be pool specific
16 shipping options for those agencies who have more
17 specific requirements, such as expedited delivery,
18 desktop secure delivery as well as delivery to outside
19 of the continental U.S.

20 The next point is the minimum order
21 threshold. Industry has indicated that the minimum
22 order threshold is another opportunity to drive
23 savings. Average minimum order for existing agency
24 BPAs range from \$25 to \$50. We're looking to start at
25 \$100, you know, I know a lot of customers would prefer

1 2, \$300, but at this point, you know, we're trying to
2 drive change within, you know, the culture of federal
3 agencies, not everyone -- you know, in their mind they
4 have embedded buying small, \$25, \$50 orders. We're
5 looking to drive change and \$100 is a good starting
6 point. And we look forward to opportunities to
7 increase that, going forward.

8 We've also included an option for
9 convenience fee to be charged for orders that are
10 below the \$100 threshold. That excludes additional
11 shipping options that I previously mentioned, you
12 know, like expedited delivery, et cetera.

13 The next point is point-of-sale. This is
14 one of the new requirements under the OSII RFQ. This
15 is something that agencies brought up in discussions
16 that they would like to have as part of this
17 procurement. At Listen to Industry Day, you all
18 indicated that point-of-sale is something you either
19 already do or can implement into your business
20 practice. We're providing industry a six-month period
21 after award to implement point-of-sale for all orders
22 placed using GSA smart pay card. Basically, this
23 would ensure that if you have a GSA smart pay card,
24 and you use it, whether it's purchasing through
25 Advantage DoD E-Mall, fax, phone, or through a store,

1 the federal agency buyer holding that card will get
2 charged the same price, and that will help ensure
3 consistency in terms of price across the agencies.

4 The next point is product offering.
5 Industry has indicated that a full catalog is a
6 preferred method. We've listened to industry and
7 we've -- for this procurement we're requiring a core
8 list of, you know, various paper, toner and general
9 office supply products. In addition to the core list,
10 a contractor's full approved schedule contract items
11 would be allowed on contract -- on the BPA, excluding
12 furniture, janitorial, break rooms, and other non-
13 sustainable products. The products must also be in
14 compliance with all acts, mandates and orders as
15 previously stated, you know, those are one of our
16 overarching goals, and also include Ability One
17 products.

18 Marketing and communications is the next
19 point. We've gotten a lot of feedback from industry,
20 specifically, vendors who were actually awarded OSI
21 BPAs. They basically said we got the BPAs, you know,
22 but what happened to GSA? GSA wasn't there to support
23 and market the BPAs. So as part of this initiative,
24 we've heard industry's concerns and already initiated
25 talks, as Judy mentioned, on a joint effort by the

1 FSSI OS -- OS commodity manager and as well as General
2 Supplies and Services Business Development Division,
3 and what we're looking to do is market the OSII
4 vehicles to customer agencies and GSA smart pay card
5 holders as well as maintain post-award communications
6 between all the stakeholders involved.

7 The next point is the standardization of
8 part numbers. We've heard industry's concerns
9 regarding, you know, vendors using vendor-specific
10 part numbers and you know, it's hard for people to
11 compare pricing if you're looking at a vendor-specific
12 part number. When you look on GSA Advantage, there's
13 not going to be anything you can compare against. So
14 for this RFQ, we're standardizing or requiring the use
15 of manufacturer part numbers versus reseller part
16 numbers to maintain that consistency. We're going to
17 also make sure that there's an apples to apples
18 comparison when looking at OEM, remanufactured and
19 compatible toner cartridges.

20 Industry has indicated that the contract
21 period needs to be long enough so that -- to allow the
22 contractor time to obtain a return on their
23 investment. We understand, you know, when you're
24 doing an RFQ it takes a lot of time and money at the
25 vendor level to submit a proposal. As Judy mentioned,

1 and we talked with agencies as well, we're going to
2 have a one-year base period with three one-year option
3 periods. The previous OSI vehicle was three years
4 total. In addition, you know, there's an opportunity
5 for BPAs to be added, going forward.

6 Contract award size. Industry has indicated
7 that they would prefer a larger pool of BPAs for this
8 award. Talking with agencies, many agencies were
9 looking to do a single or two-vendor award for the
10 BPAs. So in negotiations, we narrowed that figure
11 down to seven, and like I said, there are
12 opportunities for possibly opening up the BPAs at a
13 later time to add more vendors.

14 RFQ submission extension, Judy touched on
15 this point before. We're going to -- industry has
16 indicated that, you know, more time is needed to
17 submit a package. We've extended, and will be issuing
18 an amendment to the RFQ to extend the closing date to
19 April 7th. And as Jack just touched base on regarding
20 agency commitments, we understand, you know, as far as
21 industry's desire to have some kind of commitment or
22 you know, terms from agencies that say they will --
23 that, you know, you're going to bid on this vehicle
24 and the government will, on a good faith effort, use
25 the vehicles. So as Jack mentioned, we already have

1 support from the VA, DHS, Treasury as well as
2 Interior, and we're looking at Commerce and DoD as
3 well. So I believe we've addressed many of the key
4 factors raised by the stakeholders and we're confident
5 that our decisions will benefit all. Thank you.

6 MR. WOODSIDE: Hi. Good morning. My name
7 is Robert Woodside. I'm the branch chief of the
8 Administrative Service Branch, and I'm currently
9 working on the FSSI office supplies project that we're
10 talking about today. Let me just give -- can you pull
11 it up? Thank you. Okay.

12 Okay, today we'd like to discuss for the --
13 Q review of the submission requirements, provide
14 detailed information of the technical evaluation
15 factors, talk about the pricing and evaluation
16 methodology and contact information for additional
17 questions. Hopefully, I will also answer some of your
18 questions today with my presentation.

19 Once again, you know, I'd like to remind you
20 when we're going through what the requirements are for
21 this solicitation, I'd like to remind you of the goals
22 that we're trying to achieve. We're trying to achieve
23 savings. We're trying to capture data. We're trying
24 to achieve socioeconomic goals. We're trying to
25 comply with the mandates, acts and orders, conform

1 with agency business practices, and be easy to use.
2 So a lot of the questions you got -- you know, why are
3 you doing this? Why are you doing that? Some of the
4 things I'll be going through today, what we're asking
5 you to submit and what, you know, we're evaluating,
6 you know, please remember the goals that we're trying
7 to achieve for the government.

8 Okay, so due submission close and time.
9 Submit quotes in both hard and soft copies. The
10 reason why we're asking for eight hard copies is we
11 need to have copies for the technical evaluation team
12 to use. So if we didn't have you submit the copies,
13 we'd just have to copy it ourselves. So that's why we
14 are asking for hard copies. We are going to have a
15 technical evaluation team that is going to review
16 this.

17 In tab 1, we need the technical quotation,
18 which address all the Go/No Go factors, and attachment
19 4, which is a cover page, and in tab 2, we want the
20 full price quotation; and we want it in electronic
21 format and you also may submit prices for each pool.
22 So if you want to submit different prices for pool one
23 and pool two, you may do that, being pool two does
24 have extra requirements.

25 In the past performance questionnaires, we

1 asked that to be sent to the contracting officer
2 Edward Lew as soon as possible, but obviously, no
3 later than the closing date and time. Right now it's
4 March 31st at three o'clock, but like Jeff Lau
5 mentioned, we are planning on extending that with an
6 amendment.

7 Okay, quotations will be evaluated on the
8 basis of technical, which includes the sub factors in
9 the Go/No Go, socioeconomic status for pools one and
10 three, and price factors. On the Go/No Go, you must
11 meet all the Go/No Go. Pools one and three have an
12 added factor of socioeconomic status, which is more
13 important than the technical sub factor, and pool two
14 has some additional Go/No Go factors, such as OCONUS
15 delivery, also, which we didn't put up here, ability
16 to do desktop and secure desktop delivery, demonstrate
17 ability to provide buyer's information for Fill or
18 Kill at the line item level -- must be able to do Fill
19 or Kill at the line item level and notify the buyers
20 of that. And also, for pool two, offers who are a
21 large business, you must be able to do quarterly
22 subcontracting reports and also provide a
23 subcontracting plan that exceeds your goals in your
24 regular 75 contract. So we're looking for
25 subcontractor plans for this BPA, if you are a large

1 business that exceeds what you currently have in your
2 GSA 75 contract, all factors of Go/No Go and failure
3 of any of the Go/No Go factors for each of the pools
4 will find you technically unacceptable.

5 For pools one and three, a strong preference
6 for small business participation is sought in the
7 procurement, achievement of socioeconomic objectives
8 is a clear goal, as I mentioned before. It is going
9 to be an evaluating factor, and when combined with
10 price and non-price factors, is more important. So
11 for pools one and three, socioeconomic stats will be
12 the most important evaluation factor. And once again,
13 we're going back to, you know, the government does
14 want to achieve socioeconomic goals.

15 Quotes from small business companies will
16 receive the maximum for the socioeconomic factor. And
17 once again, you know, it is the most important factor
18 for pools one and three. And in pool one, we would
19 prefer that at least one of the offerors that we award
20 a BPA to be a service disabled veteran-owned small
21 business. And in pool three, the toner only pool, we
22 prefer that both of them be service disabled veteran-
23 owned small business. Once again, going back to the
24 government's desire to achieve socioeconomic goals.

25 In pool two, we're looking for the two

1 lowest price technically acceptable quotes to win the
2 competition. So pool two is -- you know, we're
3 looking for low price, qualified contractors. Okay,
4 once again, you know, you must comply with all the
5 Go/No Go factors for whichever pool you choose to
6 compete in. And first, the Go/No Go are evaluated and
7 then we look at socioeconomic status and then we look
8 at price. So that's the order. We want to, first of
9 all, make sure, of course, that you can meet all of
10 our requirements. We then look at what your
11 socioeconomic status will be, and we will then, you
12 know, look at price for the price evaluation.

13 Okay, now going into the specific Go/No Go,
14 for pool one, first of all, we want you to be an
15 ability certified contractor -- Ability One certified
16 contractor, so please provide the letter from Ability
17 One saying that you are an authorized distributor of
18 Ability One items. We may also verify this with
19 Ability One, but you absolutely must be an Ability One
20 certified contractor. You must demonstrate your
21 ability to date to meet all the environmentally
22 preferable requirements we outlined. You must be able
23 to provide 100 percent of the core items in the
24 attachment 1, the quote sheet which we included, and
25 by the 100 percent items, we want you to make sure you

1 submit prices on all those items in the quote sheet,
2 and also ensure that, you know, those items are on
3 your GSA Schedule 75 contract prior to closing time.
4 They must be on your contract. We will also do random
5 sampling to make sure that your manufacture part
6 number matches the description. In the attachment one
7 we're given descriptions, detailed descriptions.
8 We're not saying you must provide, you know, part
9 number 1, 2, 3. So we are asking you to put down what
10 the part number is, but then we will do random
11 sampling to make sure, you know, let's say part number
12 1, 2, 3 does match the detailed description. So you
13 must, you know, provide 100 percent of the core items
14 and it must be those items we're asking for. Must be
15 able to provide real-time status to GSA Advantage, you
16 know, basically, describe to us, explain to us how
17 you're going to upload that so we'll know -- the
18 customer will know, for instance, when an item has
19 been shipped.

20 Realistic plan of accomplishment, provide
21 the point-of-sale discount for all BPA orders. We
22 don't want customers, you know, to have to know about
23 this BPA or have to know about your contract. We just
24 want a customer when they use their smart pay card
25 that automatically they get the discount without ever

1 knowing that the BPA even exists. So within six
2 months of award, we want you to be able to do this,
3 and we want you to show us -- you know, give us a plan
4 with actionable milestones and plan on how you're
5 going to meet those milestones, a detailed plan on how
6 six months after the BPA award you will have this in
7 place for all orders. So we want to look at that. We
8 want to look at milestones. We want to look, you
9 know, at how you're going to accomplish, your plan to
10 do this.

11 Agency defined reports at no additional
12 costs, you know, please describe how you'll do that.
13 Sand delivery with -- any of it comes within three to
14 four business days, you know, please describe, you
15 know, how you will make sure you meet that
16 requirement. Demonstrate a Level 3 transaction data
17 at the line item level, you know, provide us, you
18 know, information, you know, possibly from your
19 merchant bank, you know, describe how, you know, your
20 merchant bank will be able to provide this for us or
21 will be able to provide it to you so you can give it
22 to us. And satisfactory past performance, once again,
23 we have an attachment 7, which we ask you to submit as
24 soon as possible to the contracting officer, which
25 your customers will rate you on those qualifications.

1 And also, we also have other information, perhaps,
2 into your Schedule 75 contracts. And we can also look
3 at information we have on you for your past
4 performance on your current contracts.

5 Okay, pool two has all the same
6 requirements, except for a few additional ones. So
7 I'll go over the additional requirements for pool two.

8 Demonstrate ability to provide desktop delivery and
9 secure desktop delivery. We will look at how you're
10 going to do that. How do you plan on providing
11 desktop delivery and secure desktop delivery? We do
12 have some customers out there who need that, so that
13 is a requirement for this pool, and please let us know
14 how you will do that.

15 Ability to deliver to Alaska, Hawaii, Puerto
16 Rico and international locations are OCONUS. We will
17 evaluate your plan of accomplishment for how you would
18 do that. How will you be able to do that? Please let
19 us know. Demonstrate ability to offer Fill or Kill
20 status. We will look at your ability -- your
21 understanding of the requirement of the process to
22 make sure you understand what we're talking about when
23 we say Fill or Kill, as outlined in the RFQ. And
24 these additional Go/No Go for pool two are on page 31
25 of the RFQ. The ones I went over before for pool one

1 are on page 30 of the RFQ. So make -- please let us
2 know you understand the Fill or Kill requirement and
3 how you will do that, and also your ability to report
4 subcontracting quarterly and also, you know, submit a
5 subcontracting plan that exceeds the goals of your
6 current GSA MAS contract if you are an other than
7 small business. If you're a small business,
8 obviously, you don't need to do this. But if you're a
9 large business, we want you to tell us how you're
10 going to report the subcontracting quarterly and also
11 submit a plan to us that exceeds your goals in your
12 MAS 75 contract.

13 Okay, pool three has all the requirements of
14 pool one; with the exception of pool three is for only
15 toner. So the third line instead of saying,
16 "demonstrate ability to provide 100 percent of all
17 core items," is to provide all the toner items in
18 attachment 1, which I believe is tab 5 of the price
19 sheet. So all the other requirements are the same as
20 pool one.

21 Okay, the government will analyze submitted
22 price quotes as called out in attachment 1. Hassan,
23 can we pull up attachment 1?

24 (Slide.)

25 MR. WOODSIDE: Okay, it's probably a little

1 hard to see, but there are some things I'd like to
2 point out is, first of all, in step 4, we do talk
3 about the fee. I know there'll be a lot of questions
4 on that. It's an additional 1.25 percent, so it's not
5 an additional 2 percent. It's an additional 1.25
6 percent, and that's basically -- you know, GSA has to
7 recover its costs. We don't get appropriated. As
8 Judy mentioned, you know, as the sales move through
9 the vehicles, if the sales, you know, increase to the
10 vehicle, you know, GSA would definitely, you know,
11 consider reducing their fee. You know, right now
12 that's what it is, you know, but as sales go through
13 the vehicle, we may reduce that fee. It's also -- we
14 also spell out in the RFQ where it is. It's in 5.4.2
15 of the RFQ. So you have your industrial funding fee
16 of .75 percent and you have the additional 1.25
17 percent.

18 Another thing I'd like to point out in Step
19 5, I think it is. Can we move on to Step 5?

20 (Slide.)

21 MR. WOODSIDE: Okay, for the toner pricing
22 sheet, if you're just going to compete in pool three,
23 so if you're just going to do pool three alone, you
24 only have to fill out the prices in the toner pricing
25 sheet. However, as it says right there, vendors --

1 third line from the top, vendors in all three pools
2 need to provide items for the sheet. So if you're in
3 pool one and pool two, don't forget to fill out the
4 toner sheet as well. Pool one and pool two, you know,
5 is for all items. So pool one and pool two, fill out
6 the office supply and paper sheet, which is tab 4, I
7 believe, and also fill out tab 5, which is the toner
8 sheet. But if you're only going to compete in pool
9 three, you could just do the toner sheet.

10 Okay. Now let's just -- let me go through
11 some of the -- can you shrink it again, Hassan, maybe
12 go through some of the tabs. Okay, yeah, so tab 2 is
13 just the contact info, just basically give us your
14 contact information. That's pretty clear. Tab 3 is
15 the definitions, you know, basically, we're saying
16 there are three main categories, paper, toner and
17 general office supplies, and the discounts you will
18 provide for the core items for paper, toner and
19 general office supplies will carry over to the non-
20 core items in your full catalog, the average
21 discounts. So it's just define here what is paper,
22 what is toner, what is general supplies. I think
23 that's fairly straightforward.

24 Next tab.

25 (Slide.)

1 MR. WOODSIDE: Okay, this is the general
2 office supplies, paper pricing tab. As you can see,
3 you need to fill out the areas in green, so the
4 manufacture part number, the manufacture name, your
5 proposed -- okay, your current GSA schedule price in
6 dollars and your proposed bid price in dollars. So
7 we're not looking in this area for like a discount off
8 your schedule price. We're actually looking for real
9 dollars. We're looking for real prices there.

10 Okay, next tab.

11 (Slide.)

12 MR. WOODSIDE: And this is the toner sheet.

13 Let's go into some things. The toner sheet, you
14 know, has the OEM toner cartridges. We also have -- I
15 don't know. Can we scroll over a little bit, Hassan,
16 let me see if we can -- I mean scroll to the other
17 side. You can't. I know it's a little hard to read,
18 but we also have an option there where you can put in
19 compatible and remanufactured toner cartridges, too.
20 And I'll go over how we're going to evaluate the
21 pricing on that in a few minutes.

22 Okay, go to the next tab, Hassan.

23 (Slide.)

24 MR. WOODSIDE: Okay, here's the category
25 discount for paper. You know, it will calculate an

1 average discount and that will carry over to your full
2 catalog. You know, we have maybe like, you know, 600
3 items on here. I know most of you have thousands of
4 items on your full catalog. So that would carry over
5 the average discount of all your paper items. It
6 would carry over to your full catalog, the same with
7 toner, the same with general office supplies. We want
8 to make sure you understand that, so we want you to
9 indicate yes. So you know, where it says vendor
10 approved, you know, make sure you indicate yes in all
11 three areas.

12 Now the market basket total price what this
13 is all the evaluations we're doing, including the
14 evaluation we're going to be doing on toner cartridge
15 later on, we're going to come up with a market basket
16 total price. So you know, the whole value of
17 everything, you know, including the aggregated
18 discount rates I'll talk about later, the variations
19 on toner as far as evaluating prices, I'll talk about
20 later. That's going to give a total price right
21 there, which is \$8 million, and I'll go back to that
22 market basket total price later on, but that's where
23 it is in the quote sheet.

24 Go back to -- next tab, Hassan.

25 (Slide.)

1 MR. WOODSIDE: Okay, now here's additional
2 discount. The aggregate BPA discounts, what we're
3 asking for is, you know, what additional discount --
4 what additional volume discount will you offer us
5 once, you know, the orders on your contract go above
6 these levels. So above 25 million, above 50 million,
7 above 75 million, and above 100 million, what
8 additional discount will you offer us. And we're
9 going to weight this, when we rate the prices, this
10 will be weighed at 20 percent each. So 20 percent at
11 the base price and then 20 percent all these
12 additional discounts, and that's also spelled out in
13 the instructions, the tab 1 on the price sheet. It's
14 also spelled out in the RFQ as well.

15 Some additional options, pricing, next
16 business day fee, desktop delivery fee, secure desktop
17 and convenience fee, we will be looking at that for
18 fair and reasonable. We're not directly weighing
19 those in the evaluation, but we're going to look at
20 that. We're going to obviously make sure that, you
21 know, that the government is being given a fair price.

22 So we'll look at that for fair and reasonable
23 pricing.

24 Okay, I think that covers most of the
25 spreadsheet. Can we shrink that down, Hassan, and go

1 back to the -- okay, go to -- just move a little -- go
2 pass all that because we covered that already. Okay,
3 I mentioned this before. I think we covered that with
4 the spreadsheet. You can go beyond that. Okay. So
5 once again, that thing I showed you, the expected
6 market basket costs, we'll be looking at that. We
7 will calculate that as a total sheet in that tab, in
8 the tab where we had total market price, we'll
9 calculate that at like one dollar value, so like it
10 would be like \$8 million, you know, with all the
11 different variations it'll have.

12 And pricing for toner will be evaluated --
13 will be weighed with OEM and non-OEM and compatible.
14 The reason why we're doing that -- the reason why
15 we're allowing you to offer compatible and also
16 remanufactured is because, you know, once again, the
17 goal is, you know, we want to reduce costs, so we'll
18 be able -- by being able to allow you to offer reman
19 and compatible, you may reduce cost to the government,
20 and also we want to be greener. We want to be more
21 environmentally friendly. So we're having it as an
22 option where you can offer that -- can offer, you
23 know, in addition to the OEM toner cartridge, you
24 can offer the remans and you can offer the compatible.
25 You don't have to, but that's an option you have to,

1 you know, possibly, you know, win this competition.

2 So just going over this, where only the OEM
3 item is offer, the BPA price will be that of the OEM
4 item. By the way, the prices you offer will be the
5 prices that will be awarded, if you receive the award.

6 I mean we're talking about different weights as far
7 as 25 percent, 50 percent. That's just how we're
8 weighting it for an effective price. I know there was
9 a question about, you know, what will the actual price
10 be? The actual price will be the awarded price, but
11 we're using these weights to determine, you know,
12 who's going to be the winner, basically.

13 So where an OEM and a compatible non-OEM is
14 offered, it'll be 75 percent the OEM and 25 percent
15 the compatible, the same thing with the reman. If an
16 OEM and a reman is offered, it will be 75 percent of
17 the OEM and 25 percent of the reman. If you are going
18 to offer the OEM, the non-OEM compatible and a reman,
19 then it's 50 percent at the OEM, 25 percent at the
20 non-OEM and 25 percent at the reman, and this is for,
21 you know, determining who the lowest price vendors
22 are. That's what this is, you know, to come up with
23 an effective price. And this will calculate into the
24 calculated price, which I showed you previously on the
25 tab for the price sheet.

1 You know, once again, these are the weights,
2 the weights we'll be doing at the various thresholds.

3 We talked about the base price and this 20 percent,
4 the \$25 million level is at 20 percent, the \$50
5 million level is at 20 percent, 75 million is 20
6 percent and 100 million is 20 percent. So give us,
7 you know, what your price will be or you know, your
8 discount structure will be for each of those aggregate
9 discount tiers, and we will weight it this way. It
10 will be one fifth for each of them, so they will be
11 equally weighted.

12 Okay, pricing for non-core items are not
13 going to be directly evaluated. It's going to be
14 calculated, as I showed you in the pricing sheet
15 previously where, you know, let's say there's 30 paper
16 items on there and 100 office supply items or
17 whatever. It'll come up with an average discount. So
18 as a 100 -- well, actually, it's more, but let's say
19 there's 300 office supply items. Out of the 300
20 office supply items, what's the average, you know, you
21 give a discount, you know, in all different items, you
22 know, 5 percent on your schedule, 7 percent on your
23 schedule, maybe 15 percent off your schedule price,
24 you know, we will do those automatic calculations for
25 you. In tab 4, you just need to fill out those areas

1 in green, but we will calculate what the discount is.
2 So you have to -- since we're calculating what the
3 discount is, we want to make sure you indicate
4 agreement with that. So if the average discount for
5 all the core office supply items comes out to like 33
6 percent, if that's the average discount under, you
7 know, 300 office supply items, let's say, on the core
8 list it's 33 percent, that will carry over to your
9 other, you know, 5,000 items in your full catalog. So
10 that is how we're going to evaluate non-core, and you
11 just need to indicate, yes, you agree to that. So
12 we're going to evaluate at the core items. We're
13 going to determine the low bidder at the core items,
14 but the average discounts will carry over to non-core
15 because, of course, we want the government to get the
16 benefit of your full catalog. We want the government
17 to be able to not just buy 600 items, but to buy, you
18 know, the thousands of items you have in your full
19 catalog. But at the same time, we want to it -- make
20 sure we get a discount for those items as well. The
21 idea is to drive as many federal agencies -- you know,
22 hopefully, all federal agencies to use this vehicle,
23 and therefore we need to have the largest
24 comprehensive list of items possible. So we want to
25 get your non-core items, but we also want to make sure

1 we get a discount for it.

2 AUDIENCE MEMBER 1: Are you entertaining
3 questions at this point?

4 MR. WOODSIDE: I think we're going to take
5 questions after the break. We're going to have a
6 break and take questions at that point, but thank you.
7 Go back for a second, Hassan.

8 (Slide.)

9 MR. WOODSIDE: Okay, we're not simply
10 evaluating option your pricing and pricing for -- as I
11 mentioned before, pricing for a secure desktop
12 delivery, express deliver and OCONUS will be evaluated
13 for price reasonableness. That's not actually going
14 to factor into our evaluated price, but we are going
15 to check that for price reasonableness.

16 Next slide.

17 (Slide.)

18 MR. WOODSIDE: Okay, now I'd like to -- I
19 think there may be some confusion about, you know,
20 about doing the price evaluations and how we're going
21 to start it with pool two. I know there were some
22 questions about -- there were some concerns that we
23 were going to reveal the identity of companies' prices
24 and so forth, but we're definitely not going to do
25 that. This is how we're going to do it, but

1 basically, the way it's going to work, and maybe if I
2 explain it, it'll be a little clearer. We're going to
3 come out -- you know, we're going to do this first for
4 pool two. So I don't know. Is there any way you can
5 pull up that Excel spreadsheet again to that -- I
6 don't want to go back and forth. Okay, yeah, go to
7 that -- yeah, OS pricing. Oh no, go to the next one.
8 Sorry. Category discounts. Category discounts tab.
9 Okay, so that market basket total price. So you
10 know, let's say it's \$8 million. So we're going to
11 get that market basket total price of \$8 million. So
12 what we will do is we will let everybody know, okay,
13 this is the low price right now, the low price, the
14 low market basket total price is \$8 million. So you
15 know, Company A, we will tell Company A, okay, this is
16 the low price right now, \$8 million. And by the way,
17 Company A, this is what your price is. Your price is,
18 you know, \$8.7 million. Now the reason we're going to
19 tell you what your price is -- I mean you could
20 obviously figure it out yourself, but we want to make
21 sure, you know, you did it correctly. You know, I
22 know there's a lot of different weights in here with
23 the aggregate discounts, with the toner cartridges,
24 with, you know, the OEM, the non-OEM, the
25 remanufactured. So we just want to make sure, you

1 know, you know where you are just in case you
2 calculate it wrong. So we would say Company A, you
3 know, the low price right now, the market basket total
4 price is \$8 million and you're at \$8.7 million. So
5 we'll let you know what your price is -- what your
6 market basket price is and what the low price is right
7 now, and that's all. We're not going to give any --
8 no other information. We're not going to, you know,
9 mention who the company is. We're not going to
10 mention about individual item prices that, you know,
11 the price on, you know, this toner cartridge is, you
12 know, \$13.25. We're not going to say that. We're
13 just going to give those two numbers, the market
14 basket total price for the low bidder, and not
15 identify the low bidder, obviously, and also what
16 yours is. So that's how we're going to do it with
17 pool two. I'm going to start with pool two, you know,
18 it will be determined by the contractor as to how many
19 rounds we may do that. You can go back to the
20 PowerPoint now. Thank you.

21 (Slide.)

22 MR. WOODSIDE: Okay. And once the price of
23 a pool two has been established, we will then go to
24 pools one and three and tell them, you know, what that
25 is. So once we make the award for pool two, you know,

1 we can then let everybody know that. It is then
2 anticipated only one revised price submission will be
3 committed at this juncture. So we'll basically go out
4 to pools one and three and say, okay, here's what the
5 pool two price is, you know, you can now resubmit your
6 prices and you know, this is something that you could
7 see that you could, you know, try to beat or try to
8 match or try to get closer to. So you know, we
9 anticipate only one round, however, we do reserve the
10 right to do additional rounds if we feel that would
11 result in lower pricing.

12 One thing, too, is, you know, we do want to
13 remind you that we may decide to award initial quotes.

14 Obviously, if we feel we have very good prices up
15 front, and it's to the government's interest to make
16 the award now, we may not do this. So this is just an
17 option as far as, you know, asking for additional
18 rounds of pricing. It's not something that we're
19 promising that's going to happen, and we may do it.
20 We may not do it. So the point is here is to please
21 submit your best prices up front, you know, try to
22 submit your best prices up front because we may award
23 at initial prices.

24 And yeah, there will be time for questions
25 and answers. Next slide.

1 (Slide.)

2 MR. WOODSIDE: I'd like to give -- I'd like
3 to give, you know, our contact information. Judy
4 Poskanzer who spoke before is the program manager.
5 I'm the senior contracting officer. Edward Lew, who's
6 in the room, is a contracting officer, and Jeffrey
7 Lau, who presented before is a project manager. So
8 thank you very much for your time.

9 MS. POSKANZER: Thank you. I think we can
10 all use and desire a break, so let's do that before we
11 get too negative.

12 (Whereupon, a short recess was taken.)

13 MS. POSKANZER: All right, we've got two
14 things before we start the Q&A. One, Mr. Woodside
15 would like to make a little correction to his -- first
16 of all, I'd like to put it out there to any of our
17 commodity team members if you'd like to come up and
18 speak, you're more than welcome to come up and speak,
19 and then we're going to have -- I want to get his
20 title correct, Mr. Ken Brennan, he's in the Office of
21 the Assistant Secretary of the Navy, and he's in
22 strategic sourcing, deputy director. If I misstated
23 that, he'll correct me. Bob?

24 MR. WOODSIDE: Yeah, thank you. Just
25 quickly, I just want to make a clarification. When

1 we're talking about the spreadsheet before, especially
2 tab 6, where it has the market basket total price like
3 that would be like the price I was talking about, the
4 \$8 million price, and I said, you know, we would
5 provide you your price as well as the lowest price.
6 In reality, we don't have to really provide you your
7 price because you'll be able to calculate yourself.
8 Using the attachment 1, the spreadsheet, you'll be
9 able to calculate your own market basket total price.
10 That's a fairly new field we put in right now, so
11 you'll be able to calculate where you are. So we
12 really just need to provide you the low price. I just
13 wanted to clarify that that you will be able to figure
14 out what your price is. Okay. Thank you.

15 MR. BRENNAN: Good morning everyone. I
16 appreciate Judy making the offer to have me speak real
17 quickly, and it will be very quickly because what I
18 have to add is really just an endorsement of the FSSI
19 and the Office Supply's effort. Judy, you got my
20 title right. I am with the Department of the Navy. I
21 am the strategic sourcing lead in the assistant
22 secretary's office for Research, Development and
23 Acquisition. RDA is the senior acquisition executive
24 for all procurement and acquisition within DON, which
25 is Navy and Marine Corps. We've been active, and

1 would like to especially thank Jamie Hawk as our team
2 member and lead for DON on office supplies and other
3 strategic sourcing initiatives that have really been
4 championed over about the last three years. We have
5 really been using office supplies to the best of our
6 ability and have generated some significant spend and
7 some significant savings that really to be kind of
8 honest has actually made me look good in front of the
9 bosses. So thanks to everyone that had a hand in
10 that, especially Jamie.

11 The OSII, we are on board with and fully
12 supportive. We are beginning to take a more corporate
13 look at the effort within the Department of Defense,
14 and I defer to Stewart Haslet in the Defense
15 Procurement and Policy shop, DEPAP, and we are working
16 on aligning our policy with them and our commitment,
17 and that still has not been published yet, but we are
18 working through that. We are very supportive, and we
19 plan on taking the same policy with some minor tweaks
20 from OSI in or participation, and rolling it into
21 OSII. So keep up the good work. If anybody has any
22 questions, I'll be around during breaks, and the work
23 that's here, the supply capabilities, the data mining,
24 the savings, the mission needs being met are very
25 important, and it translates throughout DON, and we're

1 appreciative of it and look forward to implementing
2 this fully under the auspices of both strategic
3 sourcing FSSI and then under DoD's participation.
4 Thank you.

5 MS. POSKANZER: I think I'm going to take
6 this on the ground here. Hello. Because I will not
7 necessarily be answering all the questions by myself
8 because I have a whole team here, so I want to be able
9 to hand off the mike when I do that. So what we're
10 going to do is I have pretty much all the questions
11 that we got asked. We will try to get through most of
12 them. We will also publish, and any time I'm saying
13 something wrong, just give me a -- one of you guys,
14 that's not right, Judy.

15 We will publish them -- you know, we will
16 either amend the RFQ or just post the answers on RFQ
17 because some of these are just kind of clarification
18 versus any changes we need to make or corrections. So
19 that will all be done, you know, through E-Buy as it
20 was issued and we may even issue one tomorrow, you
21 know, with some of the major things that we know we
22 are changing and we'll continue.

23 Did any other customers want to speak before
24 I get started?

25 (No response.)

1 MS. POSKANZER: Okay. I don't want to -- if
2 any time during the Q&A, you feel you'd like to, feel
3 free. Okay, I'll try not to move around. I've been
4 told that's annoying, okay, when I was in public
5 speaking class. I like to wonder. All right, I think
6 many of the questions were answered in the
7 presentations, and some of them I may quickly go over
8 just to make sure that it was done so. And while
9 we're going through these, you know, we can broach or
10 brook some questions, if it's not being answered
11 correctly.

12 The first one, Jack, was -- it's not for
13 you, but the question referred to, you know, the
14 commitment letters and commitment. And as Jack had
15 mentioned, agencies are providing that to us and we
16 will -- when we do get them, we will issue them out to
17 you, so you -- you know, as attachment A indicates,
18 they will be posted on E-Buy.

19 Okay, can the total number of BPAs be
20 increased? We've addressed that. We can, through the
21 course of the solicitation -- or excuse me, the
22 contract period we will be looking to increase the
23 numbers as -- you know, as we see the volume
24 increasing.

25 Can you submit multiple proposals to

1 multiple pools for the RFQs? Yes, it says that very
2 clearly in the RFQ. We've extended the bid time to
3 April 7th. I'm not sure -- if there are any questions
4 as we go along, you know, just raise your hand on
5 that. Chris?

6 AUDIENCE MEMBER 2: I think our perspective
7 on the question of when and the strength of the
8 commitments is important because that obviously
9 affects, at least, short-term volume at this point.
10 So do you have more of a date certain on that or you
11 know, can we take the four, five or six agencies that
12 were mentioned here today as firm starting point?

13 MS. POSKANZER: I mean I would say that we -
14 - Jack maybe you'd be able to address that.

15 MR. KELLY: One of the things -- I mean
16 there are a number of things we haven't figured out
17 yet. I haven't figured out. I know that there are
18 agencies that have BPAs in place that are going to run
19 for a certain period of time. Our presumption is that
20 when those BPAs get to an option renewal point and the
21 agency is committed to come onto the new BPAs that the
22 options won't be renewed and they'll come on. So
23 exactly what the timing is, I don't really know, but
24 when I hear an agency make a commitment it's that we
25 will -- either we are able right now, as soon as the

1 new BPAs, you know, become available to start using
2 those BPAs, or we are committed to something else.
3 But as soon as that commitment is over, we'll then
4 convert. So how all that works out from a timing
5 standpoint, I couldn't tell you. I don't know how
6 many BPAs are in place now and whose got them.

7 MR. KOSES: One of the things that Jack
8 spoke about earlier was that Dan Gordon, the
9 administrator of OFPP had asked the agencies for a
10 written commitment over the next two weeks. Some of
11 those letters, as I understand, are in draft form and
12 on their way to OFPP. Each agency is likely to word
13 their commitment in slightly different ways, but as
14 OFPP is receiving them they'll be turning them over to
15 GSA, and in turn, we will be posting them as part of
16 attachment 8. So you may see some of the early ones
17 over the next few days. It may be a couple of weeks
18 before some of the other agencies have worked all the
19 way through the process. But our intent, very
20 clearly, is you will see what the agency has said.
21 Some of them will talk about timeframes and when
22 they're looking to transition. Some will talk about
23 the importance of seeing how good the pricing is.
24 Some will talk about not starting new acquisitions,
25 but really being focused on getting that taxpayer

1 deal. Regardless of how they're wording it, we agree,
2 you need to see those letters. And as we receive them
3 from OFPP, we'll be posting them and filing them all
4 under that attachment 8.

5 MS. POSKANZER: Thank you. And then, of
6 course, there is the implementation within the
7 agencies, which will, you know, even when they have
8 committed, filtering that or implementing it
9 throughout their agency will be also an evolution in
10 process. So it may not be the first day, being
11 facetious, but many of these are large agencies that,
12 obviously, take a long time to roll out through their
13 organizations. So there's that aspect of it.

14 Okay, there were some questions about -- and
15 just be -- some people were using the word "set
16 aside." This is not a set aside. It is a preference.
17 Be mindful that, you know, we're using that
18 terminology. That is the correct terminology on a
19 schedule, mentioning -- I had mentioned how it was the
20 customer preference for having the SDVOSB, which is,
21 you know, under this Administration, the past one has
22 become of prime importance for a number of agencies
23 and that goal is difficult to attain, so that's -- oh,
24 sorry.

25 AUDIENCE MEMBER 3: I understand that you

1 have these goals that you have to meet and the
2 agencies have to meet them, but you're only awarding
3 seven BPAs. Three of them are intended to go to
4 service disabled. How is that fair to everybody else?

5 MS. POSKANZER: Well, the first -- in pool
6 one, that is the preference. It may not end up being
7 to the SDVOSB, but that is a preference.

8 AUDIENCE MEMBER 3: Well, have the goals
9 changed, because two out seven or three out of seven
10 is still a big number, okay, considering all the
11 vendors that are not service disabled.

12 MS. POSKANZER: Uh-hum. Pardon?

13 MR. WOODSIDE: I think this was, you know,
14 talking to our customers. Our customers had requested
15 that. I think, you know, SDVOSB goals are difficult
16 to meet. Obviously, with two wars going on currently,
17 you know, federal agencies need to meet that. You
18 know, we can talk to our customers about that, but you
19 know, our customer agencies, you know, had told us
20 that it was very important we send some business to
21 the SDVOSB, and that is a preference, and in pool one
22 it's just one out of three. But basically, this came
23 from the customers.

24 AUDIENCE MEMBER 3: Currently. Right now,
25 you're awarding.

1 MR. WOODSIDE: Right now. We may down the
2 road award more, as time goes on.

3 AUDIENCE MEMBER 3: I mean pool two is a
4 little ridiculous for small business anyway. So we're
5 really looking at two or three out of five.

6 AUDIENCE MEMBER 4: Just to follow up, on
7 pool two, you probably have two winners, Staples and
8 Office Depot, okay, because Max probably won't bid
9 because this price would drive down their other
10 profitable contracts. So really out of pool two you
11 have 100 percent of that vendor community almost
12 guaranteed to get an award, okay, that's how it looks.

13 Pool three -- I'm sorry, pool one I don't
14 know how many schedule holders there are. I've heard
15 a couple of numbers, 450, 500 small businesses and you
16 say we're going to get two. So what do we have, a
17 half percent representation out of that pool where the
18 large business has 100 percent representation, okay?
19 And the fact that you might add some BPAs down the
20 road that's not really helpful, okay, because what's a
21 vendor going to do? If there's a lot of agency
22 participation, that vendor that has current agency
23 business is going to drop that down to zero. Well,
24 what's he going to do? He's going to cut payroll.
25 He's going to cut this. He's going to cut that, or

1 he's going to go out of business. And then for GSA to
2 call him up after he's done all that and say, gee,
3 would you like a PEA? Well, you know, my company
4 isn't focused on the government any more. You're not
5 a reliable customer. Okay, so seven BPAs, of which
6 you pair that down to say we're going to give maybe a
7 half a point waiting to the small business community,
8 I mean it's disproportionate. There's a 100 percent
9 waiting to publicly owned companies, in essences,
10 okay, practically, okay. And I know you're not
11 guaranteeing it, but in practical stakes, okay.

12 And you know, one of the things that makes
13 that practical is those publicly owned companies are
14 really good at bidding. Competing, you know, we're
15 probably really good at competing and delivering best
16 value to the customer because we beat them everyday,
17 okay. But at producing a bid that looks good on
18 paper, they're pretty good at making it look good, but
19 maybe not following through on that, okay, driving
20 prices -- so it's just disproportionate. You know, it
21 just doesn't make sense. I'm trying to figure out.
22 Okay, I understand what GSA did in saying, well, our
23 customers, our agencies really wanted one and you guys
24 negotiated them up to seven. I think that was good
25 intent. So my question is I don't know that your

1 agency customers really know how to drive value. I
2 mean I've crunched numbers on where my volume and my
3 costs return on investment is peaked, okay, and it's
4 certainly well below the quarter billion dollars
5 divided by seven. So I don't know that your agency
6 customers are really asking for the right thing. I
7 know they're not asking for the right thing that's
8 helpful for this industry.

9 MR. WOODSIDE: Well, could you let us know -
10 - you know, you could, you know, email it to us, if we
11 increased it beyond seven how that would reduce costs?

12 I mean the idea was to reduce costs, so you know, one
13 obviously is too small, but, you know, a hundred would
14 probably be too big, right, because we want to get low
15 prices. So if you could let us know, you know, what
16 you feel the right number is and how that would help
17 us, you know, increasing it from seven to whatever
18 number, how that would reduce prices. We want to make
19 sure we can, you know, keep low prices. If you can
20 just let us know, that we could talk to our customers
21 about that.

22 AUDIENCE MEMBER 4: Okay.

23 MS. POSKANZER: Yes. I think -- oh, sorry.

24 AUDIENCE MEMBER 5: With the small
25 disadvantage business set aside, I agree with that

1 totally.

2 MS. POSKANZER: Not set aside.

3 AUDIENCE MEMBER 5: I'm sorry, preference.
4 I'm sorry, the veteran-owned. Our company has three
5 employees. One has a husband and two men have sons
6 that are now serving. You know, that's not taken into
7 consideration in a way, but I bet in this room the
8 majority of the companies here do employ either
9 veteran-owned or families of veterans today, and I
10 think that's not been taken into consideration at all,
11 that if we have to lay off people because we don't,
12 you know, win this, you know, these families are
13 affected. So it's not just veteran-owned companies
14 that have veteran participation here. And also, I
15 think you do need to expand from the two slots for
16 small businesses to approximately five, and I think
17 that could be a good cost savings.

18 MS. POSKANZER: Some of these points that
19 you bring up are points for discussion that we can
20 have another discussion with our commodity team to
21 consider.

22 AUDIENCE MEMBER 6: Just to add to this
23 question is that how did you come up to this number of
24 seven BPAs only because they're right that only three
25 companies are going to be service-disabled. There's a

1 socioeconomic goal over here. Socioeconomic goal
2 means women-owned, small business, minority business.
3 You can name it. I mean there should be at least 70
4 or 80 BPAs being awarded. Is the government trying to
5 get rid of small business or keep small business in
6 business?

7 MS. POSKANZER: No, not at all.

8 AUDIENCE MEMBER 6: I'm still confused.

9 MS. POSKANZER: Well, it was based on the
10 first generation, which had about 13 vendors and we
11 found that the pricing wasn't competitive and the
12 customers weren't using it. So this was evolution
13 that. That was where we -- you know, it wasn't hard
14 and fast, but that was what we figured in all the
15 pools that would be valuable to bring the
16 socioeconomic and have the pricing at a good point.

17 AUDIENCE MEMBER 6: Here's my question to
18 you, based on the first BPA, first generation of the
19 BPA, 320 million -- I remember the number very well.

20 MS. POSKANZER: I know.

21 AUDIENCE MEMBER 6: GSA had committed it
22 would be there, not even 30 million has been done on
23 that. Companies spend money to maintain those sites,
24 to maintain those requirements what you need. Won't
25 it be nice of you to add additional companies to the

1 second generation? Keep the first 13 companies or the
2 12 companies already there and at least give everybody
3 an opportunity to recover some money. My company is
4 there who is already on the first generation.

5 MS. POSKANZER: Uh-hum.

6 AUDIENCE MEMBER 6: And we have lost money.
7 Every hundred dollars we get it's a losing
8 proposition for us.

9 MS. POSKANZER: Well, it has to be re-
10 competed. You can't just add the guys from the last
11 time.

12 AUDIENCE MEMBER 6: I understand. But keep
13 this under consideration that --

14 MS. POSKANZER: Okay.

15 AUDIENCE MEMBER 6: -- you know, give
16 everybody a chance. I just want to say that. Thank
17 you.

18 MS. POSKANZER: Thank you. If it's related
19 to that, I mean I think we've heard, you know, what
20 you have to say, but if there's --

21 AUDIENCE MEMBER 7: It's actually related to
22 what your expectations of cost savings is.

23 MS. POSKANZER: Okay.

24 AUDIENCE MEMBER 7: Because as an industry,
25 I think we've come aboard, both small and large

1 business, to extrapolate costs out of the supply chain
2 already.

3 MS. POSKANZER: Uh-hum.

4 AUDIENCE MEMBER 7: You know, we streamlined
5 E-Commerce, delivery --

6 MS. POSKANZER: Right.

7 AUDIENCE MEMBER 7: You know, just in time
8 delivery no longer the old mind set of economy is the
9 scale where you had to purchase a thousand items, put
10 them in a warehouse, move it through.

11 MS. POSKANZER: Right.

12 AUDIENCE MEMBER 7: Now we do it at a, you
13 know, very efficient, cost effective all the way
14 through the channel, so my question is how much more
15 cost savings the government really expecting? I mean
16 how -- literally, we've taken a lot of cost out. We
17 discount. We negotiate off our commercial pricing, so
18 how much -- what's a good feeling that you're looking
19 for, other than, you know, just give me a dollar and
20 if somebody charges two dollars that's not good?

21 MS. POSKANZER: Well, I think this --
22 everybody has different -- you know, we see that. We
23 see that everybody has different BPAs and they have
24 all different prices, so this will -- whatever the
25 best price you would feel for this aggregation of

1 sales, and in the first generation, yes, we did
2 indicate, you know, a certain volume and we didn't
3 realize that. I think we're coming to the table with
4 a bit more commitment, as Jack had indicated. The
5 deputy director of OMB has issued this letter -- these
6 requirements to deputy secretaries, so I'm not sure I
7 can tell you that it's a certain percentage because,
8 you know, a certain percentage off the first
9 generation, off what you're already offering to other
10 people, other customers. But I think, you know, we
11 come to this -- at least compared to the first
12 generation, I think that's really what we're looking
13 at, and other agencies. And one of the -- you know,
14 the quote sheets or excuse me, prices to beat our
15 customers have said to us I don't want to pay more
16 than I'm already paying on my current, you know, BPA.
17 You know why would I come to you when I've already
18 got a better deal kind of thing? So maybe it just
19 would even be whatever the best is across the board
20 and we all get the same. So I don't know that we're
21 looking, you know, like you say 2 percent or 5
22 percent, you know. Was somebody next here? Okay.

23 AUDIENCE MEMBER 8: I was just wondering is
24 service -- the customer service level going to be
25 considered at all because we have customers that say,

1 you know, we have a contract with Staples or Corporate
2 Express who can't deliver as quickly as you can. Your
3 prices are very competitive to them, but because you
4 don't have a BPA we can't order from you, but your
5 service is, you know, outstanding. Is that at all
6 going to be taken into consideration with making the
7 decision?

8 MS. POSKANZER: Well, when we make the
9 award, the factors are what they are. But then at the
10 customer level, you know, certain things may be more
11 important to them than others, and you know, they may
12 be tending towards -- and with the BPA you're not
13 necessarily going to be using only one, but they may
14 be focusing on different things. Different agencies
15 may have a different focus and that customer service
16 aspect can be, you know, paramount to them when
17 they're focusing their agency's dollars towards a
18 particular vendor.

19 AUDIENCE MEMBER 9: Okay, I have a question
20 on the pricing. If you're awarded this BPA, will the
21 pricing on this BPA will it supersede any other BPA
22 you may have? For example, it states in the RFQ that
23 the GSA smart pay card is the trigger. So if any
24 customer calls up and they're utilizing their
25 government credit card, you've automatically got to

1 extend this FSSI price into them. What if I already
2 have an Army BPA or an Air Force BPA and then those
3 people call in or fax in or email the order, do I give
4 them FSSI pricing or can I still entertain my BPA
5 pricing that I have with them currently?

6 MR. KOSES: The language in the RFQ talks
7 that the point-of-sale price is what applies, unless
8 the agency has another contract instrument already in
9 place. So if there's an existing BPA that's there,
10 that applies. But over time, we're looking for the
11 agencies to start migrating into this. But no, this
12 will not supersede an existing relationship.

13 AUDIENCE MEMBER 9: Okay. That's what I
14 wanted to make sure of, but any other customer that
15 orders through whatever portal, whatever sales channel
16 the credit card's the trigger for that --

17 MS. POSKANZER: Right.

18 AUDIENCE MEMBER 9: -- FSSI pricing.

19 MS. POSKANZER: For an agency that doesn't
20 have those BPAs.

21 AUDIENCE MEMBER 10: I understand that the
22 objective, of course, is for you to drive the cost
23 down to the government, in general. But how is GSA
24 confident that they're going to get the best overall
25 price -- overall for, what, 30 to 50,000 items when

1 they're basing the award on a market basket of only a
2 couple hundred items? What do you think the vendors
3 are going to do with the remaining items on their
4 contract? I mean this is something that the
5 government keeps repeating and over, and in my book
6 making a mistake. As a vendor, I'm just being honest,
7 as a taxpayer, too, that if you're basing it on a
8 market basket price, the corporate -- the larger
9 corporations I mean they effectively can do a buy-in.
10 They can price these couple hundred items at cost,
11 near cost or below cost, knowing they're going to make
12 up for it. They might be your high volume items --

13 MS. POSKANZER: Right.

14 AUDIENCE MEMBER 10: -- in terms quantity,
15 but if you add the remaining items that government
16 customers buy, I mean how -- I don't understand how
17 you think that's going to drive your overall cost
18 down. That's my first comment.

19 MS. POSKANZER: So what would you suggest
20 then?

21 AUDIENCE MEMBER 10: Well, on the first
22 FSSI, it was based on one wholesaler's catalog and all
23 TAA and acceptable items, which were 15,000 some odd
24 items, okay. So across the board, it was looked at
25 what was your price. So if make that market basket

1 smaller, I mean it's easy to do. The power channels
2 love it when you do this because it's a no-brainer for
3 them. They can do that because they are the power
4 channel. They stock these products. They buy them
5 direct from the manufacturers. Small businesses we
6 don't have mega warehouses where we're stocking these
7 core items. So that's why we lose, and the statements
8 that we can compete and we out service the power
9 channel is absolutely correct, but when it comes to
10 how they present, they can present and give you better
11 numbers because of the sheer number.

12 AUDIENCE MEMBER 11: The power channel does
13 not mind charging any customer, including the
14 government customer, way over list price, and that's
15 demonstrated in my customers. I have specific
16 examples, black and white examples where they will
17 come in low on the items that are looked at, and on
18 those other items, they're way over list price. So
19 their average profit, and they go to Wall Street with
20 this, their average profit is pretty healthy, but on
21 their up front bid that looks very, very competitive.
22 And independents kind of have a philosophical problem
23 with charging over a list price right now because we
24 think, well, if that's list price we're not doing a
25 fair job for the customer by charging double list

1 price when they're not looking or by varying our
2 prices when they're not looking on the items that are
3 off contract.

4 We have a problem with subbing off contracts
5 when the customer ordered contract items. We have
6 problems with subbing a cheaper item than what the
7 customer ordered, but billing them for what they
8 ordered. There's a lot of ways to drive profit, and I
9 guess what we're begging the government to do is don't
10 make us do that because we would like to deal honestly
11 with you. But if you limit that to just a few number
12 of vendors and base it on price alone and not let
13 competition play a role in the award over the course
14 of time. So my view is I think the best thing for the
15 government is to award to a larger pool of vendors
16 that will get out and compete with themselves so the
17 customers can determine, you know, are we getting best
18 value, and they can select the vendor out of a larger
19 pool. And you're going to need a dozen or more
20 vendors to have that larger pool across the agencies,
21 okay. Because out of each agency you may have one
22 small business that is very competitive in a major
23 location, okay. And that vendor might be able to be
24 super competitive in major government location where
25 others might not be. So a larger pool is your answer

1 -- the final answer and how you're going to drive
2 savings is to keep ongoing competition during the
3 course of this contract and not limit it to what's on
4 a piece of paper pre-award, and then after that it's
5 whatever the vendor wants to do to maximize pricing.

6 MS. POSKANZER: So you don't feel that up
7 front the pricing would be good?

8 AUDIENCE MEMBER 11: No.

9 MS. POSKANZER: That doesn't drive the
10 competition right off the bat?

11 AUDIENCE MEMBER 11: Yeah, I don't think --
12 up front pricing doesn't guarantee the government's
13 going to get what they're asking for. I think you're
14 asking for all the right things, but you know -- and
15 the independents learned this after employees left the
16 power channel and came over to our side. The power
17 channel says the bid only matters once, and
18 unfortunately, that's the case. And if you're going
19 to limit that group to half a percent for the small
20 businesses of the GSA schedule holders, you know, do
21 you want us to do that? That's the question we have
22 to ask. Do you want us to play price games with you?

23 I would prefer not to. I would prefer to play
24 straight, but you have to give me a bid that I play
25 straight with. If you give me a bid that I have to

1 play price games, I have to decide do I want to stay
2 in this business with the government or do I want to
3 get out of it.

4 MS. POSKANZER: Right. I mean part of the
5 feeling is that also that it would drive prices of the
6 non -- you know BPA vendors prices because they would
7 see that your prices are better.

8 AUDIENCE MEMBER 11: The reverse auction
9 just encourages price games because, again, the
10 vendors look and they say, okay, I've lost. So what
11 am I going to do? I'm going to lower my price, if I
12 want to play.

13 MS. POSKANZER: Right.

14 AUDIENCE MEMBER 11: So my decision is do I
15 want to play or do I want to get out, okay. And that
16 vendor says, well, I can always play and see how it
17 goes, and if I start -- if my bank balance starts
18 going down, I'll have to make changes and I don't know
19 what those changes are going to be today, but I'll
20 figure that out in three months or I'll tell the
21 government I'm going to withdraw. It's just the
22 reverse auction for an ongoing variable size order I
23 don't think works. For maybe a one-time, large volume
24 purchase, the reverse auction might work.

25 MS. POSKANZER: Well, we're not doing

1 reverse auctions at the ordering point.

2 AUDIENCE MEMBER 11: No, but when you're
3 going to do the award point, you'll say, all right,
4 the low bid is \$8 million and you are 8 and 1/2.
5 Okay, that's going to be the reverse auction.

6 MS. POSKANZER: Right. Correct.

7 AUDIENCE MEMBER 11: Right. So what you're
8 going to get is you're going to get artificial price
9 reductions, and those artificial price reductions are
10 going to have to be made up for during the course of
11 that contract. So the question's how? Well, I'll
12 just charge over list price for everything that's not
13 on contract, and I'll do whatever I can to encourage
14 my customers to buy off contract items, whether they
15 know it or not, or I'll deliver cheaper items than
16 what they ordered and they probably won't complain
17 because it's 80 percent dysfunctional.

18 MS. POSKANZER: Well, the items that are not
19 the core should also be on contract, though, under
20 scheduling.

21 AUDIENCE MEMBER 11: But what a vendor puts
22 in the box and ships is totally different from what's
23 on contract and what's on the paperwork, okay. So a
24 vendor, if they want, can take an order for a
25 particular list of office products, which could

1 include TAA-compliant items, but what they deliver to
2 the customer may be what happened to be cheapest for
3 that vendor to put in the box and ship, regarding of
4 TAA or not.

5 MS. POSKANZER: Oh, so they're not -- so
6 you're telling me you're not going to comply with --

7 (Multiple voices.)

8 MS. POSKANZER: You're going to ship --

9 AUDIENCE MEMBER 11: No, independents don't
10 -- as a general rule, independents do not play
11 dishonest games. Our business is based on
12 relationship and honesty. But again, the big boxes
13 are great at driving profit, and they'll do whatever
14 they can to drive profit. So just a comment on the
15 reverse auction, you know, I don't think it's going to
16 achieve what the government wants.

17 MR. WOODSIDE: I know before it was
18 mentioned about, you know, we're looking at like say
19 400 items or so. Yeah, those are the 400 items the
20 government buys the most of, so we're doing that for
21 evaluation purposes. But as I mentioned, in tab 6 of
22 the price sheet, you know, all your paper items, or
23 your toner items, or your general office supply items
24 those are the three big categories, we're going to
25 take -- so if there's, you know, 300 office supply

1 items we'll take the average discount, so to say 33
2 percent. That applies to your other 3,000 items in
3 your full catalog. So we will have you full catalog
4 on contract, and we will get discounts. I mean it's
5 just impossible to, you know, put up a quote sheet for
6 like 10,000 items. So we're basing the price on the
7 core items, but the categories will carry over to your
8 full catalog. So we will get discounts and we will
9 get all your items on contract. Okay, you want to
10 clarify that.

11 AUDIENCE MEMBER 12: How are you going to
12 ensure that, relative to seeking what the numbers are?

13 Like if one company says, you know, we're going to
14 give 15 percent off our GSA prices and another one
15 says, well, we're only going to give you 5 percent off
16 GSA price, how are you going to --

17 MR. WOODSIDE: But it's an automatic
18 calculation.

19 AUDIENCE MEMBER 12: Off of the other
20 umpteen thousand items.

21 MR. WOODSIDE: So let's say there's, you
22 know, a hundred office supply items, and your average
23 discount is 33 percent. Automatically, that 33
24 percent discount applies to your 8,000 office supply
25 items in your full catalog. The calculation is

1 automatic.

2 AUDIENCE MEMBER 12: Right. But are you all
3 going to have a calculation outside of the market
4 basket?

5 MR. WOODSIDE: That's outside of the market
6 basket. That will apply to your -- that will apply to
7 the non-core items. That's outside the market basket.
8 The market basket is the 400 or so most popular
9 items, and then we use, you know, that tab 6 to
10 calculate to your non-core full catalog items. So
11 we'll have all your items on contract and have a
12 discount against all your items.

13 AUDIENCE MEMBER 12: So you are going to
14 have a separate calculation for the relativity for all
15 the other items that are non-core items?

16 MR. WOODSIDE: Yeah.

17 AUDIENCE MEMBER 12: Okay.

18 MS. WOODSIDE: And that's that tab 6 I
19 discussed in my presentation.

20 AUDIENCE MEMBER 12: Okay. I had another
21 question, too, while I have this thing.

22 MS. POSKANZER: Sorry, because I thought
23 that was explained and there was a miscommunication.

24 AUDIENCE MEMBER 13: Well, I've got another
25 question. In terms of -- to answer Bob's question

1 about competition before, with the electronic mediums
2 that we use, E-Mall, Advantage, websites, you have to
3 be foolish to think we don't know what each other is
4 pricing, okay. We know it every day. We look at it
5 every day, and we adjust accordingly. So if you're
6 thinking the government isn't getting the best price,
7 I think you're a little shortsighted with that.

8 MS. POSKANZER: You mean because people are
9 changing their prices with --

10 AUDIENCE MEMBER 13: Of course, we do.

11 MS. POSKANZER: Yeah. Yeah. Right.

12 AUDIENCE MEMBER 13: We'll put them on sale.

13 MS. POSKANZER: Right.

14 AUDIENCE MEMBER 13: We'll do what we have
15 to do.

16 MS. POSKANZER: Right.

17 AUDIENCE MEMBER 13: Because we know low
18 price wins, okay. So you're going through all these
19 gyrations to come up with the best price, when, in
20 effect, put more people on there. We all see what
21 each other is doing, and we all jockey for position
22 number one. That's a given. That's competition.

23 MS. POSKANZER: Yes.

24 AUDIENCE MEMBER 13: Okay. So all this
25 other stuff is, quite frankly, irrelevant. I don't

1 know why you have to go through all of this.

2 AUDIENCE MEMBER 14: You know, because the
3 government is supposed to be spending a certain amount
4 of money towards other sized companies, small
5 business, 8-A firms, having not even mentioned 8-A
6 firms, how are they going to be spending that money
7 towards an 8-A firm, which they're required to do
8 because our President signed.

9 MS. POSKANZER: Right.

10 AUDIENCE MEMBER 14: So how are they doing
11 that?

12 MS. POSKANZER: And they can do that through
13 other means. I mean there are --

14 AUDIENCE MEMBER 14: I'm sorry. I didn't
15 hear him.

16 MS. POSKANZER: Oh, the 8-A firm could win
17 as well in pool one. Dexter, I'm sorry. You're
18 right.

19 AUDIENCE MEMBER 15: I'm sorry. I say if
20 you look in this room there's not many small
21 businesses that showed up this time for one reason,
22 the FSSI doesn't make sense to a lot of small
23 businesses because it cuts through their bottom line.
24 Even for us, we have to do cutbacks. To give you a
25 better price, we have to cut manpower down. We rely

1 on service to give you good service. Why should we
2 even waste our time doing this?

3 AUDIENCE MEMBER 16: That's the point I
4 wanted to make earlier, too, is that this is going to
5 be devastating to other very good competitors in this
6 industry, other good GSA contract holders, other
7 individuals that have proven on other BPAs that while
8 they may not be 10 cents cheaper, overall the best
9 value to the government has been tantamount. So the
10 question is, if you continue to limit the
11 accessibility and the availability for small business
12 to do business with the government, which this does,
13 this singles out probably 300 very good, active GSA
14 contract holders in this category. And so, this is
15 going to be devastating to our independent channel.
16 It really is, especially, if you're looking at major
17 agencies like the DoD, which have included small
18 business in their previous BPAs, like the Army, the
19 Air Force, the Navy -- well, the Navy's transitioned
20 to the FSSI.

21 MS. POSKANZER: Right.

22 AUDIENCE MEMBER 16: So when you look at the
23 largest spending agency in the federal government, in
24 addition to already competing with stores on military
25 bases, this is just going to decimate the small

1 business in this industry.

2 MS. POSKANZER: Well, I would think when we
3 continue to, you know, get the spend through this or
4 we do that we would add quite a few more to handle all
5 the business that could go through this.

6 AUDIENCE MEMBER 17: Judy, over the last two
7 years, we have done a few studies, have people compare
8 our FSSI -- our pricing to the global supply EDD
9 pricing, and they could match up only about 1,500
10 apples to apples products. And out of those products,
11 global supply did have a better price on about close
12 to 60 percent. But of 40 some percent of that global
13 supply had better pricing out on FSSI. When is that
14 EDD global supply BPA going to be over and that also
15 GSA drops a lot of their customers, too, that global
16 supply website. That is total opposite of what you're
17 trying to accomplish here today with FSSI.

18 MS. POSKANZER: We are cognizant, you know,
19 and we have had those discussions with OMB and you
20 know, DoD that we know that they're national -- we
21 call global supply the national supply program, that
22 is very important to their mission. And when they
23 make these commitments, that they know their supply
24 chain. They know their requirements that they will,
25 you know, continue to foster that use of that because

1 that is another, you know, supply chain that they need
2 to have and that we have to foster. But as to the --
3 I don't know. Jeff, can you answer the EDD/DVD. I'm
4 putting you on the spot?

5 MR. KOSES: Judy's point is absolutely
6 right. Right, GSA does operate a global supply
7 program as part of the national supply system. And
8 yes, there are other office supply acquisitions that
9 are running through that channel that are currently
10 under evaluation. We've ensured that we've had
11 ongoing dialogue with the folks who run that side of
12 the house to make sure that we're not building two
13 duplicative programs, but rather to recognize the
14 needs of the requisition community, the overseas
15 needs, some of the areas where we think we'll see the
16 focus on the EDD side of the house as compared with
17 this one really geared at the civilian, the domestic
18 community, who is not looking for the requisition-base
19 solution, who's not looking for the full turn-key
20 solution.

21 I also, though, want to go back to the
22 conversation that you all have just gone over, over
23 the last several minutes, and the number of awards and
24 on the pools. Let me urge that we expect to see
25 strong competition in pool two. I've heard from small

1 businesses. I think we're going to see some real
2 small business competition in pool two. The question
3 that Bob had asked you was tell us the benefits if we
4 were to increase from seven to a higher number of
5 total awardees, and I heard several of you articulate
6 some things. Some things that I think are very valid
7 basis for us to continue those conversations with the
8 commodity council.

9 Your questions -- other things that came in
10 advance also dealt with other cost savings
11 opportunities. Let's recognize that we'll continue to
12 have the conversations with the commodity council.
13 That's part of why they're in the room today, and so
14 that we can consider -- we can think about those types
15 of points and reach a conclusion. If we decide to
16 change it, we would change that in an amendment. If
17 we decide that the initial requirements were accurate,
18 we would inform you of that, and the basis for that
19 decision.

20 MS. POSKANZER: Yes.

21 AUDIENCE MEMBER 18: My question is this.
22 The sales, if you look at active participation of the
23 small business, you don't need to go far. You look at
24 GSA, IFF, or FSSI sales, and you can look at the
25 active participation of small business. There are a

1 lot of small business whose price we're assuming that
2 the buyers know what they do when they buy, and we see
3 a lot of those small business now who sales are
4 growing.

5 MS. POSKANZER: Yes.

6 AUDIENCE MEMBER 18: And when you look at
7 the participation and the percentage of those, you say
8 you only giving five out of seven, you know, and two
9 for the large business, you know, the percentage
10 doesn't work out well. You need to at least look at
11 more, giving more small business, you know, that are
12 selling on GSA, more numbers than you are already
13 giving, you know, two, three or seven.

14 MS. POSKANZER: Well, as we said, you know,
15 we will -- we look to hear from you, you know, what
16 would be a correct number, an optimal number in your
17 mind, you know, based on your knowledge of the
18 industry.

19 AUDIENCE MEMBER 18: (Away from microphone.)

20 MS. POSKANZER: Well, like I said, we -- you
21 know, I think you're seeing much more of a commitment
22 this go around, and we will be getting some of that
23 information out to you once it's, you know, signed off
24 by the agencies. So there is that commitment that was
25 not necessarily there in the first generation.

1 AUDIENCE MEMBER 19: Or is the quarter
2 billion a hoped for number?

3 MS. POSKANZER: Well, that was based on
4 dollars that have been indicated by agencies that have
5 already committed, such as VA --

6 AUDIENCE MEMBER 19: Okay.

7 MS. POSKANZER: -- and DHS and so on.
8 Again, I would say the first year would not be -- it
9 may -- you know, the first year might start off slow
10 because some agencies, as they've said, their
11 commitment will be when their current one runs out,
12 then they will migrate, and there will be certain --
13 in that letter they should presumably indicate dates
14 because they know when their contracts or their BPAs
15 expires.

16 AUDIENCE MEMBER 19: Right. Okay.

17 MS. POSKANZER: And you will see, you know,
18 a migration. So I would presume that the first year,
19 and just even agencies that have committed it takes
20 some work to move these ships.

21 AUDIENCE MEMBER 19: Yeah. Right.

22 MS. POSKANZER: You know, figuratively.

23 AUDIENCE MEMBER 20: Changing gears a little
24 bit.

25 MS. POSKANZER: Okay.

1 AUDIENCE MEMBER 20: On the pricing, there
2 was a statement early in the bid about requiring
3 prices to be held for a year when all our federal
4 supply schedule have an economic price agreements
5 clause.

6 MS. POSKANZER: Yeah. I think we -- you
7 know, we've had some internal discussions about that.
8 Interestingly, that was what was the first FSSI in the
9 first vehicle, so I believe we need to have some
10 discussions around that. I think there was some
11 desire to show the agencies that they would stand firm
12 so it wouldn't be a moving target kind of thing with
13 the pricing, and that was part of the idea behind the
14 year. So would everybody -- I mean we may not come to
15 a total meeting of the minds on this, but you would
16 like to see what the schedule is. We might like to
17 see -- you know, the customers would like to see a
18 commitment up to -- at a certain point, whether it's
19 six months, so that's definitely is something that we
20 will talk about.

21 AUDIENCE MEMBER 20: Yeah, the problem we
22 have as dealer distributors is we have no control over
23 our costs, so the wholesalers, the manufacturers can
24 all raise our costs with 30 days notice, or less. And
25 most of us do quarterly price adjustments, so to some

1 extent we try and absorb and limit how often we do
2 mods, but a year or even six months is way out of
3 line.

4 MS. POSKANZER: Okay.

5 AUDIENCE MEMBER 20: And then one other
6 thing was the issue with the paper catalogs that you
7 wanted printed in ten days.

8 MS. POSKANZER: No, that certainly, I think,
9 as I mentioned up front and Bob -- excuse me, I'm
10 looking at Jeff and calling him Bob, and Jeff
11 mentioned. You know, definitely anything we can do to
12 save cost, save the environment, you know, some of
13 those things, you know, have been previously in
14 there -- you know, having to print up catalogs or
15 providing catalogs may not necessarily be the right
16 requirement. We could, you know, change those kinds of
17 things. There were some other things in here, and
18 that people had -- you know, people had mentioned
19 about there needs to be quarterly meetings with the
20 program manager. Do they have to be face-to-face?
21 You know, the thought is maybe -- sometimes meeting
22 face-to-face you do have -- it's better than, you
23 know, on a conference call. Maybe it could be one
24 face-to-face and the others could be conference calls,
25 things like that. The printing of the catalogs is

1 another thing that we certainly could change. Again,
2 it drives price and the environmental aspect is also -
3 -

4 AUDIENCE MEMBER 20: Thank you.

5 AUDIENCE MEMBER 21: Judy, has GSA made a
6 sale commitment or a price commitment like the other
7 federal agencies?

8 MR. KOSES: Our senior procurement executive
9 has just returned, and so we're trying to hear from
10 the acting gentleman in the role, but I don't think
11 we've heard an official position come in yet. But GSA
12 is being asked just like the other agencies.

13 MS. POSKANZER: And I know they were on the
14 Commodity Team, the CAO Council, excuse me, RCAO's
15 Office was on the Commodity Team as well. Pardon?

16 PARTICIPANT: (Away from microphone.)

17 MS. POSKANZER: Yeah, I think we haven't
18 signed on the dotted line.

19 PARTICIPANT: Okay.

20 PARTICIPANT: Okay, I have two things.

21 MS. POSKANZER: Yes.

22 PARTICIPANT: The office supply discount that
23 you have, that you said we would price out the core
24 items and then that discount would go across the
25 catalogue.

1 MS. POSKANZER: Right, the average --

2 PARTICIPANT: And go across on the average
3 office supply, and can you tell what an office supply
4 is.

5 MS. POSKANZER: All right, Bob.

6 MR. WOODSIDE: Okay, well, the definitions,
7 you know, I went over the definitions on one of the
8 attachments. Actually one of the tabs on Attachment
9 1. So we have what is a paper item, what is a toner
10 and what is a general supply item if you look at tab 3
11 in Attachment 1, it defines what that is. And then,
12 you know, so like I said, let's go to general office
13 supplies. Let's say there's 300 items on the core
14 list of the general office supplies, and let's say
15 some items on that core list you're given 5 percent
16 discounts, some get even 14 percent discounts, you
17 know, whatever.

18 And let's say the average winds up being 33
19 percent. The average of the 300 items, that would
20 carry over to your 10,000 items on your full
21 catalogue.

22 PARTICIPANT: Now the full -- but out of that
23 10,000 items, what is considered an office supply?

24 MR. WOODSIDE: Well --

25 PARTICIPANT: Are we expected to give a

1 vacuum cleaner or a CD holder as an office supply?

2 MR. WOODSIDE: It's defined in tab 3. So
3 what we consider office supplies in tab 3 is defined
4 there.

5 PARTICIPANT: Okay. And the other thing is
6 about how many suppliers you should put on this. Most
7 small businesses use one or two wholesalers and that's
8 S. P. Richards and United, and S. P. has a USA Express
9 Delivery, and United has a MEDS Program which is
10 National Trust Delivery Service. That's anywhere from
11 9 to 15 percent of our profit to ship nationally. So
12 if you were to ask me how many suppliers we should
13 have on there, we should have two per state or two per
14 major city because if I can deliver the D.C., the
15 Maryland and the Northern Virginia area, I save 15
16 percent on my delivery costs by us doing it ourselves.
17 If I'm servicing, say, California, right on the top of
18 my profit is 15 percent delivery charges, and that's
19 if it's just a basic delivery, nothing that has to be
20 UPS. If somebody orders 40 cases of paper from me, my
21 cost is going to be higher.

22 So if I can deliver to Baltimore being a
23 small business, the Baltimore, Washington or Northern
24 Virginia area, boom right off the top it's 15 percent.
25 So if you were asking me how many suppliers should be

1 on this FSSI, it should be two per either state or
2 major city and allow small business to be able to
3 maintain and service that area.

4 MR. WOODSIDE: Right. But that's what you
5 have to currently do on your current multiple list GSA
6 contract, right. You have to deliver CONUS.

7 PARTICIPANT: Correct, but we're not out in
8 California pursuing and going after buyers and
9 encouraging them to order. They're only going on GSA
10 Advantage and seeing that we have a cheaper price and
11 buying it from us. There's still a 15 percent or 12
12 percent charge on that order when we deliver it to
13 them. So we have to take that in consideration when
14 we do our pricing.

15 If you're telling me that I can submit this
16 bid and I can pick my region, I'm knocking 15 percent
17 off the price. There's your savings. So add two
18 people per either state or major city and allow us to
19 go in and actually give local service to those areas
20 and let us deliver ourselves because my cost isn't 15
21 percent of deliver. But if I do it through the
22 wholesaler, it is. If I have to use UPS, it is. So
23 now instead of getting all your orders UPS, I live in
24 Aberdeen. I can deliver with my own trucks, you know.
25 NSA, our trucks go there every day. Fort Dietrich in

1 Frederick, our trucks are there every day. So there's
2 your overall savings.

3 MR. WOODSIDE: Okay, well, yeah, so you're
4 basically saying you could deliver lower prices at
5 different locations. You know, I think --

6 MS. POSKANZER: And I think we're cognizant
7 of that. This is the scenario we have that maybe we
8 would evolve to that, and then who's delivering to
9 Montana. You're raising your hand? I mean those
10 things have been brought up, a regional awards, you
11 know, state by state. But we are cognizant that we
12 don't do it that way, and that the pricing would
13 reflect such. And you know, currently you do have to
14 deliver to, you know, so we don't expect that 15
15 percent cut necessarily because, you know, and there
16 are ways, you're right, that we could, you know,
17 squeeze it down and down and that could be one of the
18 ways. Right now our model is this, and we could
19 evolve, you know, in the third generation. But I
20 appreciate the input. Yes. Oh, wait a minute.

21 PARTICIPANT: Yeah. On the total value of
22 this BPA is about \$250 million. Most of agency have
23 projected this. What was the actual purchase from all
24 this agency last year and the year before. The
25 problem is that if we have this commitment, if we --

1 and it happened in many RSQ and we say, okay, it is
2 \$100 million or \$10 million and we go out to solicit
3 prices and at the end I believe that's what happened
4 in generation one. Only a third of this can GSA
5 publish the actual sales of last year from this agency
6 so we know what we are up against.

7 MS. POSKANZER: So you were saying can we
8 give out the sales -- pardon?

9 PARTICIPANT: (Away from microphone.)

10 MS. POSKANZER: Yeah, there was -- right.

11 PARTICIPANT: Is that the actual?

12 MR. WOODSIDE: Those are estimates from the
13 individual agencies.

14 PARTICIPANT: Why don't you get the actual?

15 MS. POSKANZER: I mean because sometimes the
16 agencies don't know what their total is. You know,
17 they know that they have the purchase cardholders here
18 and they have the requisitioners here, and that's part
19 of what this is all about. Sometimes the actual is --
20 I mean they could probably get it with some work. But
21 we took some of these -- this was based on like
22 Advantage and EMUL.

23 MR. WOODSIDE: From the agency.

24 MS. POSKANZER: Oh, from the agencies
25 themselves that they provided to us. So that's what

1 that comes from.

2 PARTICIPANT: How accurate is that? How --
3 did only these prices -- you know, what is the
4 percentage that we can look at when we're trying to
5 project this actual sales? If this last generation
6 one is going to be \$100 million -- sorry. In
7 generation one, they have an estimate and that's what
8 all those people went out, and they found out that
9 they're not. And the agencies were looking at about
10 half a billion dollar savings, and they got about, you
11 know, \$30,000 savings because the actual sale wasn't
12 there. You know, if we can get a little bit concrete
13 information, everybody have what they have last year,
14 you know. And in office supply like HHS have office
15 supply estimated savings. But they don't give us the
16 actual purchase of two or three years before, and they
17 have those. And this is the same projection that we
18 have in this BPA.

19 MS. POSKANZER: Well, this is -- I don't know
20 what was used in the previous one. But I do know,
21 like I said, you know, it was delineated by the -- it
22 was calculated based on the numbers that people at
23 SBA, sorry, Vince, looking at you -- you know, the
24 numbers that they have addressed that they would put
25 through this RFQ. And that's just some of the core

1 agencies that have, you know, committed, and that's
2 what we based it on. We try not to base it on, you
3 know, the totality of, you know, government spend
4 because that isn't necessarily even though we're
5 looking to get that commitment, you know, with the
6 work that OMB is doing, right now we base it on more a
7 bird in the hand that they gave us. The accuracy,
8 they're giving it to us, I know. We didn't go and say
9 can you guarantee or you know sign exactly what that
10 was from. But that was based on their past spend and
11 probably their budget for the future.

12 PARTICIPANT: Judy, as you know, one of the
13 major concerns that our organization and our members
14 have had have been about the growing use of pass-
15 through businesses. You're looking for more concrete
16 proposals and plans that are -- we'll say more fixed
17 and defined upfront for the pull to. Can you talk a
18 little bit more about that? What kind of due
19 diligence the agency's in a position to conduct both
20 kind of pre-award as well as going forward thereafter
21 to make sure those plans are truly implemented in the
22 ways that are anticipated.

23 MS. POSKANZER: Well, maybe we weren't --
24 I've been out of the schedule arena, you know, not
25 direct involvement but maybe naively so how much we

1 were aware of it at the contract level. I think like
2 you said, by having to prepare the detailed RFQ the
3 way they have to that you have to be doing the work in
4 order to project some of these things. I think it's
5 somewhat like the TAA compliance, you know. Sometimes
6 we need your input and your insight from what's going
7 on in the industry, and we do try to follow up on
8 things. If you have -- again, if you have suggestions
9 how we could, you know, be aware of these situations,
10 you know, we do try to, like we said, the TAA, the
11 Ability One. We do try to foster compliance as is our
12 requirement. We are a handful of people in an office
13 with like you said 500 contracts. And so it is a
14 challenge. But we do try and want to do the right
15 thing. So if there's any guidance you can give us,
16 we'd appreciate it.

17 MR. WOODSIDE: I just wanted to go back to
18 the comment the gentleman was making about the agency
19 spend and, you know, what we feel how much money do we
20 actually think is going to go through this. I mean
21 actually that's the point of why we have the volume
22 threshold tiers. Like you know, you can put different
23 weights on the base price above \$25 million, above \$50
24 million, above \$75 million, above \$100 million.

25 So you know, if you can give us a great

1 price, you know, if you get \$100 million in business,
2 I mean that's something you can consider. So that's
3 the whole reason we have that in there is you can use
4 those to state -- give us better prices, you know, for
5 better volume.

6 PARTICIPANT: Isn't it true, though, that you
7 guys are saying \$250 million, isn't it true that most
8 of that's going to come from the multiple award
9 schedule anyway? So it's really not additional
10 business. It's just shifting the business from one
11 place that we do business to another one. So how is
12 that really beneficial to us? Right now, that
13 business is out there for us to get anyway, and all
14 we're doing is lowering prices to shift it from one
15 schedule to another.

16 MS. POSKANZER: No, it's true --

17 MR. KOSES: Some of the business definitely
18 will come from the schedule. Some of the business is
19 currently not being spent through the schedule at all.
20 We have agencies who are centrally managing office
21 supplies who are looking at it and who are going to
22 actively try and drive their P-Cardholders to use this
23 as the standard instrument. So you need to look at,
24 yes, a good percentage is current schedule business.
25 But there's also a good share that's currently not

1 going through the schedule at all.

2 MS. POSKANZER: She's keeping track of who's
3 next. Okay. Thank you.

4 PARTICIPANT: Do you have any information
5 that you could share with us on the expected average
6 order size?

7 MS. POSKANZER: Well, that's an interesting
8 question. This has been back and forth. It was, you
9 know, a challenge and a discussion between what
10 industry would like and what the customer community
11 would like. I know we've had numbers from Advantage
12 on the average order. Pardon? About 320 -- \$320.

13 PARTICIPANT: Three hundred and twenty?

14 MS. POSKANZER: Well, that's -- let me put it
15 this way. Through our ordering vehicle through
16 Advantage, that's what we got from our tech people
17 when they did an analysis that it was \$325 on average
18 through Advantage. That is a big, you know, ordering
19 entity for, you know, GSA. But with that said, the
20 customer community was not comfortable with raising it
21 to that level or higher. It was sort of -- and there
22 were still some agencies who would still like to see
23 it lower, and that's why we have the additional fee,
24 is that what it's called, for -- pardon?

25 PARTICIPANT: (Away from microphone.)

1 MS. POSKANZER: Yeah, or if it's under 100.
2 The convenience, thank you very much.

3 PARTICIPANT: So would it be safe to assume
4 that you're trying to get your arms around micro
5 purchases with this initiative?

6 MS. POSKANZER: Oh, a lot of it does
7 certainly -- a lot of it is micro purchases, certainly
8 through this. Oh, sorry.

9 MR. KELLY: You guys are asking some great
10 questions, and I wish I had some of the answers. On
11 the date on what agencies do, what's really
12 interesting is that there seem to be among the
13 commodity team members there was quite a variety of
14 different approaches that agencies took to buying
15 office supplies. Some agencies -- and like, for
16 example, my agency, each office has its supply
17 cabinet. And so, you know, the administrative person
18 every once in a while places an order to fill up the
19 things that are in that supply cabinet.

20 IRS is -- what they've done is they've taken
21 a look at their own business process and they're
22 trying to eliminate supply cabinets. So they want --
23 when they talk about secure desktop delivery, they
24 want, you know, Sally's stuff coming to Sally's desk.
25 Well, Sally's not going to order a lot. And so IRS,

1 for them, in order to have that kind of business
2 model, they want a lower order quantity because that's
3 what fits them.

4 Now what troubles me about a lot of this
5 stuff is none of us -- and that includes me -- haven't
6 really thought holistically about this whole supply
7 chain issue. For example, you look at GSA Advantage or
8 DOD EMUL right now, they're set up to help people buy,
9 you know, find the cheapest cost per line item. So
10 you go to check out, you order ten line items. You
11 might have ten different orders placing from check
12 out. So any savings that you might have achieved on
13 one line item, you are blowing out on the total -- on
14 all those orders on the admin cost to process them.

15 So part of what we as a community in the
16 federal government need to do a better job of is think
17 about those kinds of costs because those are costs for
18 us, they're costs for you, and we intend to do that.
19 We're going to think about those things. We're going
20 to work with the folks that own these two portals.
21 We're going to try to help drive better behavior.

22 And a lot of the comments that I'm hearing
23 from you all are giving me insights into some of the
24 behavior we could drive, too. So I really appreciate
25 them. But you know, I told you earlier on we have not

1 got this figured out yet. We want to figure it out.
2 We want it to be better, and we're not trying to --
3 our motive is not to cause bad things for you. But we
4 realize that if we drive lower prices and that's what
5 we are committed to try to do and I wish I had a
6 better way to measure some of the non-price
7 performance things. And if you all have ways to do
8 that, I'd love to know them.

9 I'm very concerned to hear the allegation
10 that there are people out there who will ship
11 something different than what we order. I would love
12 to catch people like that because that's kind of a
13 shocking thing, quite frankly. And maybe I'm easily
14 shocked or I'm just naive. But that doesn't -- I
15 mean, I can tell you if I order something from a store
16 and I get something different than what I order, I'm
17 going to raise hell about it. But anyway I just
18 wanted to share a couple of those things with you.
19 Yes sir?

20 PARTICIPANT: (Away from microphone.)

21 MR. KELLY: But we heard that at industry.
22 We're asking for manufacturers part number. We're
23 trying to make it clearer not only on your end but to
24 our end as to what we've actually ordered.

25 PARTICIPANT: (Away from microphone.)

1 MR. KELLY: One of the things -- I'm sorry.
2 One of the things we've talked about as part of the
3 commodity team is that the commodity team is not going
4 to just, you know, be stood up for this procurement
5 and then go away. What we intend to do is maintain
6 the group together over the life of these contracts so
7 that we can hear things like that and we can react to
8 them. And you know, we are interested as a government
9 to manage this area of spending better.

10 PARTICIPANT: (Away from microphone.)

11 MR. KELLY: I sure am.

12 PARTICIPANT: If you're interested, I mean
13 part of my company -- customers really deal with some
14 of these specific things is that we have --

15 MR. KELLY: Yeah, I'd be delighted to learn
16 more about it.

17 PARTICIPANT: Before you make your award
18 while you're doing your due diligence, will you
19 require a site visit because I think that's critical.

20 On your last award, you awarded one of the vendors is
21 basically a two-person office, and a lot of the
22 service disabled are out selling their service
23 disabled for three, four or five points and they're a
24 one-person office. So if you're going to award, you
25 know, a contract, I think it's important you do a site

1 visit.

2 MS. POSKANZER: Well, most of the -- or all
3 of the vendors that will be awarded would already have
4 a schedule contract, and we've done -- to get on the
5 base contract and get confirmation from our
6 contracting people here is that they had to do some
7 financial and technical reviews.

8 PARTICIPANT: You can have a one-person
9 office, two-person office that are on the GSA
10 schedule. There's customers out there all day long.
11 There are offices like customers that are one and two-
12 person companies that on the GSA schedule right now.

13 MR. WOODSIDE: Well, I don't think there's
14 anything illegal about the number of employees, you
15 know. I mean what we're basically looking at to make
16 sure they're do either go or no go. So I would think
17 a one-person office would have a difficult time doing
18 all that. What we want to do is we want to make sure
19 they can meet the requirements. They have to be able
20 to meet the go, no-goes and all the requirements that
21 are entailed in there. And we're going to look to
22 make sure they can do that. But we don't have like,
23 you know, a set minimum number of employees they need
24 to have in the office. I mean we have customer
25 service requirements and things such as that. But you

1 know, that's the main thing. We just want to make
2 sure they're able to perform the duties in the goes
3 and no-goes.

4 PARTICIPANT: Excuse me. My comment is I'm
5 not sure if you have all of your price and parameters
6 together to evaluate the pricing method that you'll be
7 using because you got to set some kind of norm to deal
8 with and to assess whether a list price is involved or
9 a cost plus. And if you're just basing it upon what
10 each one of us present to you and then coming out with
11 a weighted average, you won't have what the product
12 actually costs in the marketplace. So you need to be
13 able to start with a cost and actual manufacturer's
14 list price. You requested a manufacturer's number.
15 So request the manufacturer's suggested list price,
16 and then use that as a part of your evaluation. But
17 if you just use someone else's suggested list, you're
18 going to have numbers floating all across the board.

19 MS. POSKANZER: No, but we're using --

20 MR. WOODSIDE: We're asking you to submit
21 your GSA schedule price in dollars and your bid price
22 in dollars because we want to look at real prices. I
23 think, you know, to say here's S.P. Richards price and
24 give us a discount off that or, you know, just
25 evaluate this based on your schedule price alone and

1 give us a discount on that, I mean we actually want to
2 look at real prices like \$1.34 or something. This way
3 we're comparing apples to apples, and everybody's in
4 the same field.

5 If you say, okay, I'm going to give you a 30
6 percent discount off my schedule price and somebody
7 else is going to give you a 33 percent off, well,
8 yeah, the guy giving 33 percent off might be giving
9 you a better deal, but his schedule prices may be
10 different. So that's why we want to look at actual
11 prices in dollars and calculate that way.

12 PARTICIPANT: There's a comment in the
13 solicitation in regards to customer service 8:00 to
14 5:00 Pacific Standard Time.

15 MS. POSKANZER: Yeah.

16 PARTICIPANT: How does that affect the East
17 Coast companies?

18 MS. POSKANZER: It's 8:00 Eastern Time to
19 5:00 p.m. for the Pacific time. So that would mean
20 that everybody has the same. So if you're -- I
21 already figured this one out. No, but if -- so the
22 West Coast people have to be up at 5:00 a.m. because
23 that's -- so it's from 5:00 a.m. Pacific Time to 8:00
24 p.m. Pacific Time, or it's 8:00 a.m. Eastern Time to
25 8:00 p.m. Pacific Time -- excuse me, Eastern Time.

1 PARTICIPANT: (Away from microphone.)

2 MS. POSKANZER: No, it's -- well, let me --
3 can somebody look quickly? I thought it was Eastern
4 in there. I know somebody had asked this. I'll try
5 not to take too much time at this moment. But I
6 thought I had -- it took me about ten minutes to
7 figure that one out on my own. Five point three point
8 four.

9 PARTICIPANT: You're trying to drive costs
10 down. So you're asking us to keep employees longer.

11 MS. POSKANZER: Well, one of it was our
12 commodity team wanting customer service. But you
13 know, like I said, any of these things. It does say
14 Eastern Time in there. Yes, okay. So everybody's on
15 the same playing field at least. Whether that's a
16 good playing field, that's another story. Okay, so
17 that is another point that you're bringing to us, you
18 know. A lot of times, you know, we have what you
19 said. We have what the commodity team and they're
20 like, well, we're the ones that want the stuff. So it
21 was a matter of having a discussion to come to a
22 better answer. We want everything. But this is the
23 point, you know.

24 PARTICIPANT: (Away from microphone.)

25 MS. POSKANZER: Okay. Yeah. Right. And this

1 is something, you know, something we can bring to the
2 commodity team. I mean I certainly have had
3 discussions and we've all had discussions when it was
4 around, as Jeff mentioned, when it was around the
5 hundred dollar ordering point. You know, sometimes we
6 are trying to change behavior, you know, and we as the
7 federal government maybe do need in certain cases to
8 drive behavior. Maybe there's some agencies that need
9 that secure desktop as IRS. But other agencies, is
10 there a way to drive behavior to save costs? I mean,
11 yeah, I may want my pen today. But do I need my pen
12 today. I'm being a little facetious, but you know,
13 can you wait until tomorrow or borrow a pen or plan
14 better, you know. We all need to plan better. You
15 know, it costs money when we don't plan well, you
16 know, and these are some behaviors that some agencies
17 that want it higher, they are going to focus their
18 employees in their agency to do that, to change
19 behavior in ways that can save money. So it's a give
20 and take, and that's certainly something we can look
21 at.

22 PARTICIPANT: (Away from microphone.)

23 MS. POSKANZER: Yeah, no, obviously, you need
24 to do that. You know, we probably need to come to
25 some decisions in the next literally couple of days to

1 gather up with the conference call. Some of the
2 things, we may just, you know, with some of our
3 teammates. Some things we can agree amongst ourselves
4 to change, and we know that you have that requirement
5 or you need to start pricing things out so you can get
6 your bid in on time. We're cognizant of that.

7 PARTICIPANT: I was going to go back to the
8 geographic location. Actually, when the gentleman was
9 bringing up the two per state.

10 MS. POSKANZER: Yeah.

11 PARTICIPANT: That would be a major advantage
12 to the government in savings. Plus, when we're going
13 back to the time, Pacific Time/Eastern Time, there you
14 go. That would be your savings right there. Or you
15 can bring it up to four companies per state giving a
16 minority a chance, a small veteran disabled business.
17 You can have the four categories. I mean if you could
18 write that way, it would be a lot easier, more
19 competitive.

20 MS. POSKANZER: So simply those are things to
21 consider. I don't know in this evolution or this
22 generation at this point whether we're able to do
23 that. And we are cognizant that you are required to
24 deliver, you know, from wherever you are all across
25 the country. So we're cognizant that that plays a

1 part.

2 PARTICIPANT: But the first FSSI, I mean,
3 when you had the questions, we brought that up before.

4 MS. POSKANZER: Yes.

5 PARTICIPANT: And nothing was ever brought
6 up. It was just basically put out there. Us as a
7 small business, when the Navy started using FSSI, our
8 business went down almost 45 percent overnight, and I
9 can speak for everybody here that's a small business.
10 It was critical. We had to cut back. I'm sure that
11 the people that bid on the FSSI gave you guys the
12 lowest price and held it for a long time. So they
13 were losing money just trying to stay on it. And then
14 you got the big bucks, Staples, Office Depot, they
15 crush us because they have warehouses.

16 MS. POSKANZER: Actually, most of the spend
17 has gone through small businesses on this, or there's
18 been some small businesses with a large amount of
19 spend through it.

20 PARTICIPANT: A question for you. I'm
21 interested in pool three and being a small minority
22 business, I'm kind of at the back of the bus since two
23 of them are going to be delivered. The only two are
24 going to be delivered to service disabled. Is teaming
25 arrangements with a service disabled company a

1 possibility for a small business in order to be
2 competitive and move to the front of the bus for pool
3 three?

4 MS. POSKANZER: How would that work?

5 PARTICIPANT: That's the only way it could
6 be done for all these small businesses in here.

7 MR. WOODSIDE: I mean I think we have a
8 preference for SDVOSB. It's not guaranteed.

9 PARTICIPANT: Right. But that means I'm at a
10 disadvantage if you already have a preference.

11 MR. WOODSIDE: Ah, right. We have a
12 preference. I mean you could definitely teaming
13 arrangements, although it's going to be -- the
14 socioeconomic test will be determined by the
15 contractor. So that would give you the preference.
16 But I think also, you know, like we mentioned, we're
17 going to talk to the Commodity Council Team about a
18 possible increase in numbers in the small business
19 area. We're going to talk about that. And also, you
20 know, like I said, it's a preference. We may not get,
21 you know, possibly all the SDVOSBs we want. So it's a
22 preference.

23 PARTICIPANT: Well, I'm sure you'll find two.
24 I mean that's going to be -- I'm sure you'll find
25 two.

1 MR. WOODSIDE: But I mean we have a lot of
2 other factors, too. We have the go, no-goes. You
3 know, we do have price. So that's not the only thing
4 we're looking at.

5 PARTICIPANT: Okay. The second part of that,
6 now there's the .75 percent for industrial funding
7 fee.

8 MR. WOODSIDE: Yes.

9 PARTICIPANT: Then there's another 1.25 for
10 your fee which now we're up to 2 percent which no
11 one's explained how you came up with the 1.25 percent.
12 Then we have a 2.5 to 3 percent for credit card
13 processing fees. So now we're up to 5 percent. If we
14 have to set up a teaming arrangement, that's another
15 .5 to 1 percent. So you're now you're at 5.5 to 6
16 percent cost before we even start to play. Okay, you
17 need to be very cognizant of that because that doesn't
18 include our overheads. And if you think small business
19 has a huge margin, you're crazy. And so you're
20 already at 5.5 to 6 percent before we even get
21 started.

22 MR. WOODSIDE: Right. Well, because the
23 credit card fee you have in your regular schedule,
24 correct?

25 PARTICIPANT: That's 2.5 to 3 percent

1 automatic.

2 MR. WOODSIDE: Right. But that's on your
3 normal MS-75 contract.

4 PARTICIPANT: Yeah. But how did you just come
5 up with the 1.25 on top of everything?

6 MR. WOODSIDE: Well, the 1.25 is the fee that
7 GSA doesn't get appropriated funds. We have to cover
8 our costs.

9 PARTICIPANT: What's the .75?

10 MR. WOODSIDE: The .75 -- well, that's the
11 industrial funding fee for the schedule.

12 PARTICIPANT: For GSA.

13 MR. WOODSIDE: Right, for GSA. But as I
14 mentioned, if the volume does go through this vehicle
15 as we fully expect it will, you know, we will be
16 looking to lower the 1.25 percent fee. So, you know,
17 if we do \$800 million in volume, this is what we put
18 in the RFQ, obviously we would, you know, look to
19 lower that fee.

20 PARTICIPANT: So do you have any targets with
21 timing or numbers that you're going to start lowering
22 it by?

23 MR. WOODSIDE: I don't think we have any hard
24 targets right now. But I mean obviously, you know,
25 senior management, I mean a level much above me, you

1 know, if we get to these hundreds of millions of
2 dollars of volume, you know, I do believe we would
3 lower the fee. But I don't know if it's set out in
4 stone right now.

5 PARTICIPANT: But you need to be real
6 cognizant on how much cost it takes to be in business
7 today.

8 MR. WOODSIDE: Yes, I understand.

9 MR. KOSES: Okay, let's hit the fee question
10 then. As Bob suggested, right now there's a 1.25
11 percent fee. That's the cost of setting up running
12 the Program Management Office, all of the systems
13 changes, all of the marketing organization in running
14 this. That's based on the current estimate.

15 We're polishing the business case, looking
16 where and how we can cut that fee as we're seeing the
17 greater agency participation. Judy went over several
18 times that we're going to see a phase-in as agencies
19 start using this vehicle. As we're getting towards a
20 year or two years into this, we're getting closer to
21 that \$200 million a year, we have room. The 1.25 is
22 going to carry us through the first year as we're
23 starting to bring agencies into that game. And over
24 the next few weeks, we'll polish that and that will be
25 a direct cost reduction in future years that we'll

1 tell you to take off the top so that we are able to
2 charge the federal agencies less.

3 MS. POSKANZER: Right, and the agencies are
4 cognizant of this also. How about if we take like one
5 more question and then break for lunch unless you want
6 to go -- do we have like lots of questions that we
7 just want to finish this? Does anybody?

8 PARTICIPANT: I just want to ask you a quick
9 question.

10 MS. POSKANZER: Okay.

11 PARTICIPANT: You know, we understand what
12 you guys are trying to do to help the government save
13 money, and we want to help our government also. But
14 our government need to help us also, you know. It need
15 to be a two-way street here. And just like the
16 gentleman was saying up here earlier, when the Navy
17 moved over to that schedule, he lost 45 percent of his
18 business and that's what's happening to lot of us.
19 Through these last couple of years, these two years of
20 this bare economy, I mean it has eaten up everything
21 just about that us small businesses have. Some of us
22 now working on bank's line of credit to stay in
23 business. And all we need is another blow like this,
24 you know, to where our business goes away. We come to
25 our government with good product, with good pricing,

1 working hard to keep our businesses going, to keep our
2 people employed. But this thing, it seems kind of
3 one-sided. I mean, even in this room, if seven people
4 in this room got those BPAs, then the rest of us are
5 shot. You know, what I'm saying, you have some
6 criterias here that we have to meet. We need to have
7 a GSA schedule.

8 MS. POSKANZER: Right.

9 PARTICIPANT: Have ability one, have good
10 past performance, have good pricing. If we qualify
11 for that, why don't we get a BPA? If we have those
12 criterias and our pricing is in a certain range, why
13 wouldn't you just award us all the BPA? We qualify
14 for it. These are the qualifications you have, and we
15 meet those qualifications, why don't we have a BPA?
16 Like the, you know, because what our GSA schedules, as
17 this thing progress, if this goes the way you're
18 planning it and as it progresses over the years, GSA
19 schedules are no good because everybody's going to buy
20 off of this BPA. So the moneys that we spend over the
21 years to get BPA -- to GSA schedules done, get that
22 pricing done, get it uploaded, paying to get these
23 certifications, jumping through all these hoops, all
24 this money that we've spent and effort that we put
25 forward is gone -- is totally wasted. And we don't

1 have -- and like I said, we come to our government to
2 say help us. We're going to help you. Help us, you
3 know, and I think that's the way it need to be. The
4 way this is going right now, it is one-sided for the
5 government. And with seven BPAs, I've never seen an
6 incident where you save money by cutting the
7 competition from a room full of people to seven
8 people. You won't get this pricing that way.

9 MS. POSKANZER: So you're not going to price
10 it well to be one of those seven, you're saying that's
11 not going to happen.

12 PARTICIPANT: So backing up to his statement,
13 you know, what you can do is give this BPA to maximum
14 companies who have the GSA schedule because of the
15 contract requirements it's reporting, companies are
16 very diligent in reporting -- small businesses like us
17 because we're very conscious of what we have to do and
18 what we have to submit. What you can do is give this
19 contract to maximum small businesses with all the
20 associate money goals, everybody gets a chance. The
21 strategy is that every small business who gets a
22 contract hires one person in addition to the current
23 employees they have. If you award this to, let's say,
24 300 small businesses, let the buyers compete from
25 where they want to buy. You have created 300 jobs

1 minimum. If you award it to large businesses, they
2 will squeeze those employees and they will not hire
3 any new people. If the President wants us to create
4 more jobs, this is one way of doing it and helping a
5 small business. GSA is asking for 2 percent? No, a 3
6 percent. We'll give you 3 percent. Give the 1
7 percent to the agency who's going to use this BPA.

8 MS. POSKANZER: So what you're really saying
9 is not to have a BPA at all -- just keep the schedule.

10 PARTICIPANT: No, have a BPA. Create a BPA,
11 get the additional pricing, get the discounted
12 pricing, take 3 percent from us.

13 MS. POSKANZER: But then have like an
14 infinite number or basically everyone that's on
15 schedule.

16 PARTICIPANT: Award it to small -- maximum
17 small businesses. Everyone can do it. And guys are
18 small business. We are here to serve you. We
19 understand the concept. The economy is bad. But this
20 way we can create jobs.

21 MS. POSKANZER: Well, before we go out, I
22 think you've been raising your hand for a long, long
23 time. Do you want to -- and then maybe we should --

24 PARTICIPANT: I just wanted to clarify one
25 thing for everybody's benefit in the room because I

1 think there's been some misunderstanding about this.
2 If people have a GSA Smart Pay Card, they
3 automatically get this pricing whether they ask for it
4 or not. That's what it states in here. That's what I
5 want to know. If somebody faxes me or they email me
6 and they want to place an order whether they know
7 about this contract or not, if I'm a FSSI contract
8 holder, I automatically extend this pricing to them
9 whether the agency has signed on or not. That's what
10 it says here. It's forcing you to extend this to
11 everybody. It says, "Contractor shall agree to accept
12 the GSA Small Pay Card as the method of payment for
13 orders under the BPA. Payment via GSA Small Pay Card
14 shall automatically trigger BPA pricing without
15 separate request regardless of the sales channel. The
16 cardholder shall not be required to ask for the
17 discount, reference the BPA or contract number and
18 also shall not be required to sign up for a loyalty
19 card program." You have to give this -- according to
20 this, you have to give this pricing to everybody in
21 the federal government.

22 MS. POSKANZER: Right, because it's a
23 strategic sourcing vehicle.

24 PARTICIPANT: They may not even know about
25 it.

1 PARTICIPANT: Exactly. You still have to
2 give it to them based on this says.

3 PARTICIPANT: And who gets the GSA pricing?

4 MR. WOODSIDE: But actually I'm not sure. In
5 5.3.5 of the RFQ which is page 13, it says, okay, it
6 says, "Point of such discount shall apply to all
7 participants covered by the BPA except when you order
8 an agency to specify that it's using another
9 acquisition vehicle."

10 PARTICIPANT: Right, like if they're using
11 the Army BPO, the Air Force BPA.

12 MR. WOODSIDE: Right.

13 PARTICIPANT: But then look on page 17 at
14 5.6.4. Yeah.

15 MS. POSKANZER: Yeah, it's true that that's -
16 - because what happens is unless you have to quote
17 something or you had to have an account or you had to
18 do something special to get this. But if the agency's
19 federal government is available, then --

20 PARTICIPANT: We have to extend it.

21 MS. POSKANZER: Our feelings are that they
22 should get that discount.

23 PARTICIPANT: Right, whether they know about
24 it or not. And that was one of the things that they
25 wanted everybody to get consistent pricing across the

1 entire federal government because I know there's some
2 misunderstanding in this room about this that, you
3 know.

4 MR. WOODSIDE: Well, if like the Army decides
5 to keep their BPA until the end of the year.

6 PARTICIPANT: Right, right.

7 MR. WOODSIDE: For Army orders, it would go
8 with their BPA.

9 PARTICIPANT: Right, exactly. But let's say
10 a little Bureau of Land Management calls me up and
11 they don't know anything about this and they say, oh,
12 I need these binders, I've got a special project going
13 on. I automatically have to give them this contract
14 pricing even though they don't know a thing about it.

15 MR. WOODSIDE: Unless they have a different
16 vehicle.

17 PARTICIPANT: Uh? No, you don't. You have
18 to give them FSSI pricing. It states here. Yes.

19 PARTICIPANT: (Away from microphone.)

20 MS. POSKANZER: Right. But that's not what
21 they're saying here.

22 MR. WOODSIDE: Your BPO is. Yeah, unless
23 it's a different vehicle, unless it's an Army BPA or
24 something like that or Air Force BPA. If you're a
25 BPA, then you would give them the BPA price.

1 MS. POSKANZER: Right, exactly.

2 PARTICIPANT: (Away from microphone.)

3 MS. POSKANZER: Yeah, exactly. That's
4 exactly what you want.

5 MR. WOODSIDE: If you're a BPA holder, you
6 would give the BPA price.

7 PARTICIPANT: Right. But if you're not, it
8 kills all BPA pricing.

9 MS. POSKANZER: Exactly.

10 MR. WOODSIDE: We're not prohibiting people
11 from using other non-BPAs. I mean other agencies may
12 still go to non-BPA holders.

13 PARTICIPANT: But the question is if it's not
14 specifying a BPA, someone is calling up to order XYZ
15 widget, you have to give them FSSI pricing.

16 MS. POSKANZER: Right.

17 PARTICIPANT: So in other words, it does away
18 with GSA pricing.

19 MS. POSKANZER: With your regular GSA
20 schedule, exactly.

21 MR. WOODSIDE: If you're a BPA winner, if you
22 win the BPA.

23 MS. POSKANZER: If you win the PBA.

24 PARTICIPANT: But if the agency hasn't agreed
25 to use the FSSI and have that support of that whole

1 agency and the sales from that whole agency, then you
2 shouldn't have to give the little gal at BLM for
3 binders that pricing.

4 MS. POSKANZER: Well, this is a strategic
5 sourcing and it becomes available to the federal
6 government. That's what the power behind this -

7 PARTICIPANT: But then the BLM people have to
8 buy into that strategic sourcing, and I tell you that
9 they don't always do that.

10 PARTICIPANT: Well, they don't have to.

11 MS. POSKANZER: Right, but they don't have to
12 because if they're with the federal government and
13 they're being on their credit card, they should be
14 availed at the pricing. Now you're saying they
15 shouldn't. You're saying they shouldn't because they
16 haven't committed?

17 PARTICIPANT: I'm saying if we're a contract
18 and management directors that --

19 MS. POSKANZER: Right. So if management
20 hasn't said so, then they shouldn't get it. There are
21 agencies that has --

22 PARTICIPANT: (Away from microphone.)

23 MS. POSKANZER: Well, strategic sourcing is
24 supposed to be the pricing for the federal government.
25 So the vendors that get the BPA are to make that

1 availed to everyone.

2 PARTICIPANT: (Away from microphone.)

3 MS. POSKANZER: Jack, did you --

4 PARTICIPANT: (Away from microphone.)

5 MS. POSKANZER: Yeah, and that's the point of
6 sale.

7 PARTICIPANT: Are you saying if I have an
8 order EDI from GSA Advantage, to me I have to discount
9 that. I use the price for a FSSI.

10 MS. POSKANZER: Jack? An EDI is not --

11 MR. KELLY: I don't know about EDI. All
12 we're saying -- we're saying first of all I anticipate
13 -- we're going to try to get as many agencies to sign
14 on this program on this program as we can. Do we
15 think we're going to get everybody? No. But we're
16 going to try to get as many as can and who find this
17 program attractive. There are still going to be folks
18 who, you know, have relationships that they're going
19 to want to keep with whoever they've got those
20 relationships with. That's fine. But for people who
21 decide to participate in this BPA and who win, the
22 rules are exactly as you said. So if you -- you know,
23 that's what you're signing up to. If you want to win,
24 then everybody who uses that Smart Pay Card, wherever
25 they are, you know. See, there's two ways to think

1 about that, and I think I have an idea of how you all
2 are thinking about it. The way we're thinking about
3 it is that gives you -- that recognizes greater volume
4 because now it's going to show up. It's not going to
5 be hidden any more. It's going to be greater volume
6 through the BPA. We've asked that we get volume
7 discounts which is we think a normal business
8 practice. So we're trying to rationalize the way
9 we're doing this. Right now, as my boss said, it's
10 the Wild West. They don't like the Wild West. They
11 would like something that makes more sense so that
12 people -- it's predictable prices around the country
13 for people participating in the program. You know, if
14 somebody gets a good price, everybody ought to get a
15 good price. It's kind of a simple concept. And so
16 that's what we're trying to do.

17 PARTICIPANT: -- when you're dropping those
18 supplies off, when you're dropping on Marine Corps --
19 away from FSSI and away from the GSA family. You all
20 have got to commit -- excuse me, but you've got to
21 commit to this also.

22 MR. KELLY: What we've learned -- I'm so glad
23 you raised that because we have had conversations
24 about this. But what we've learned is there are --
25 agencies have different business models. What global

1 supply offers is a, you know, full service -- you
2 place the order with us, you pay us, we'll manage any
3 problems you have.

4 PARTICIPANT: Well, what's different about
5 that than what we do? What's different?

6 MR. KELLY: From a vendor perspective, I
7 don't know. From a customer, from an agency
8 perspective, if I order all through the BPA, I'm
9 dealing with the vendor through the BPA directly. If
10 I order from Global Supply, I'm dealing with GSA
11 directly. GSA deals with the vendor.

12 PARTICIPANT: But they're the same products
13 and the same services being provided. I don't think
14 you even need that vehicle if you've got us. Why do
15 you need that vehicle?

16 MR. KELLY: It's a different business model
17 that works well for some agencies but not other
18 agencies.

19 PARTICIPANT: Well, we ship worldwide. So I
20 mean I can't imagine what needs --

21 MS. POSKANZER: I don't think it's so much
22 from your end, although that's definitely a part of
23 it. But Global Supply has the requisitioning which
24 that is a different means to get to you. Some
25 agencies just want to use a purchase card. They don't

1 know from requisitions. But as we know, DOD.

2 PARTICIPANT: Right.

3 MS. POSKANZER: Even though they have
4 committed using this, there are certain parts of their
5 agencies that presumably, you know, we've had some
6 little discussions. I'm not going to speak for them
7 in totality. But you know, that that is the means by
8 which, you know, requisitioning Milstrip, Fedstrip,
9 that is the way that they come to business, and that
10 is their model. So --

11 PARTICIPANT: Well, what about separate
12 portals dedicated FSSI portal or website, either one.

13 MS. POSKANZER: There is -- I'm not sure what
14 you're saying. I mean on Advantage, there is a BPA
15 portal.

16 PARTICIPANT: There's a corridor there. But
17 it throws them also back into the regular GSA
18 Advantage. It's sort of mixed. But I mean our
19 dedicated website for this just like www.GlobalSupply,
20 www.fedgov.FSSI. I mean what -- MS. POSKANZER:
21 I know we are evolving with Advantage in working with
22 them. Right now, we are not that model. That's food
23 for thought.

24 PARTICIPANT: But is that possible? Is that
25 a possibility?

1 Ms. POSKANZER: Yeah, I mean that is, you
2 know, there could potentially be that. I think we are
3 doing some changes to Advantage to hopefully be able
4 to do some of the things we have on this RFQ, you
5 know. So they are making changes, and it will
6 continue to be evolving. I know OMB has been very
7 cognizant of that and is looking at Advantage in
8 trying to evolve to where it needs to be, you know,
9 along different service lines. So you know, all those
10 things, are they tomorrow but not, but those are in
11 consideration. And this brings up, you know, the
12 possibility or thoughts about it.

13 PARTICIPANT: What are we as vendors going to
14 get in exchange for this 1.25 percent we're having to
15 pay to fund the cost because that's a lot of money
16 over \$800 million.

17 MS. POSKANZER: Well, that's what we're
18 saying is that, you know, we're not going to -- if it
19 gets to that point, we're not going to keep that.

20 PARTICIPANT: Right, or even over \$200
21 million, let's say, you know you explode it right out
22 the gate.

23 MS. POSKANZER: Well, we could even -- if it
24 exploded out the gate, we could even drop it right
25 away. I mean, first of all it is in the price and the

1 customers are cognizant of that.

2 PARTICIPANT: And how many people is your
3 office going to hire to support this effort?

4 MS. POSKANZER: I know right now I'm doing a
5 couple of jobs. I mean Bob's doing a couple of jobs.
6 Jeff's doing a couple of jobs. I mean we do need
7 some dedicated people because there is a lot of, you
8 know, there are a lot of requirements, you know. We
9 don't want to have a big overblown government, you
10 know, just to support this. But you know, this does
11 fund some of the changes to Advantage. It funds
12 system changes, the program itself. But it will, you
13 know, yeah, if it's \$800 million -- if that happens in
14 the first six months, we'd change it right away. I
15 mean it's not like, oh, we'll wait a couple years and
16 see how it is. We don't want to be seen as making all
17 this money. So.

18 PARTICIPANT: Yeah, I think the sentiment in
19 the room is there needs to be more balance in this
20 RFQ. You're talking about going to a system where you
21 have a lot of vendors, approximately 500 who are
22 selling in varying quantities to individual agencies.
23 They have that business because they service those
24 accounts where they live or where they operate well
25 better than anybody else, and they're price

1 competitive. You're moving from that environment to
2 one where you basically have a one-time or once every
3 year jump ball and you have seven people total who win
4 that. Many of them are not going to be in a position
5 to provide that same level of service nationwide as
6 that prior structure you had where you had 500 people
7 competing to do that every day from a strong local
8 base. The other thing I'd like to make reference,
9 Jack said something. Perhaps we haven't taken enough
10 of a holistic approach on this. I think the other
11 message that I've been hearing at least is that there
12 -- if the overall economic goal is to create jobs,
13 this is a job killer the way it's structured now.

14 (Applause.)

15 PARTICIPANT: I just have a procedural
16 question about the additional fee. Currently, with
17 GSA, you know, we start with our most favored. We
18 negotiate the GSA pricing and then add on the industry
19 funding fee.

20 MS. POSKANZER: Right, right.

21 PARTICIPANT: So as far as the process, we
22 will negotiate on this RFQ where we discount, give you
23 a 5 percent discount off of our current GSA then add
24 back on the 2 percent? Is that how it's going to be
25 analyzed, contracting people? Because that's how it's

1 currently done with IFF.

2 MR. KELLY: Well, I mean I would think it
3 will be the same.

4 PARTICIPANT: Yeah, it would be the same. I
5 just want to concur. Yeah, okay, so when you're
6 looking at the overall pricing, you're not factoring
7 in. We don't need to give our prices with that 2
8 percent. We'll be able to negotiate a dollar, 90
9 cents, then add on 2 cents.

10 MR. WOODSIDE: No, but you need to -- the
11 price on the bid sheet that you submit, like you
12 submit \$1.34 for the first part number, that's all
13 inclusive. So include the IFF, include the 1.25. So
14 that price you give --

15 PARTICIPANT: Oh.

16 MR. WOODSIDE: Just like with the -- you put
17 in GSA Advantage included in the IFF, right?

18 PARTICIPANT: But when we negotiate on GSA,
19 we negotiate at a different level. We negotiate most
20 favored discount then add on, and that's the final
21 price.

22 MR. WOODSIDE: Well, yeah, that's how the
23 math goes. But the awarded price is all inclusive.

24 PARTICIPANT: Well, but here for this
25 analyzing this bid, I just want to make sure how to --

1 MR. WOODSIDE: So when you submit your price
2 in the quote sheet, make sure it's all inclusive. It
3 includes everything.

4 PARTICIPANT: I think the FSSI, if this goes
5 through, the other GSA -- actually the other vendors
6 that are trying to get on GSA schedules will not do
7 it. Why get a Schedule 75 if FSSI goes into place?
8 Because it's going to deter the small business from
9 approaching the government trying to sell office
10 supplies. We're all doing it here because we're all
11 selling to you all now. What about the new guys that
12 are on the waiting list? They're not going to do it.

13 PARTICIPANT: That might have better
14 technologies, that might have better --

15 PARTICIPANT: Exactly.

16 MS. POSKANZER: I mean we're never going to
17 get 100 percent of the sales or spend through this
18 BPA. So there is other opportunity.

19 PARTICIPANT: Finding those opportunities for
20 small business --

21 PARTICIPANT: Is very difficult. It's very
22 difficult.

23 PARTICIPANT: Judy, just as a suggestion,
24 excuse me, GSA has a lot of tools in its marketing
25 toolbox. You might want to consider putting together

1 a plan of how that you could present with all of us
2 how you're going to use the CSDs, market tips. A
3 letter of endorsement from the President I think would
4 be a big step and his cabinet members, you know.
5 There's a lot of things out there that could help this
6 get a great launch through the door, but I haven't
7 heard.

8 MS. POSKANZER: No, we do have -- I mean I've
9 already started. That's one of the jobs of the
10 project manager and, you know, the project office is I
11 have started meetings with the business management
12 division of, you know, General Supplies and Services
13 and coming up with a -- we do have a standard like
14 bring to market strategy, even though this has been at
15 the market once in a different vein. They do have
16 when they bring other schedules or other different
17 things to market, there's a whole plan that we've
18 started on and it involves, excuse me, internal
19 communications, external communications. You know, I
20 do have that.

21 PARTICIPANT: Smart Pay is one I mentioned.

22 MS. POSKANZER: Pardon?

23 PARTICIPANT: Smart Pay is one I mentioned,
24 too.

25 MS. POSKANZER: Oh, okay. So you know,

1 Outreach CSD networks. I mean some of you are maybe
2 not as cognizant of the full array of outreach that
3 GSA does. Many of you are. But we do have a whole
4 campaign of communication marketing strategy that we
5 are starting to put together, you know, to get this
6 out to market. Eric?

7 PARTICIPANT: Just one last thing. I know we
8 touched on it on the pre-conference, and I know Jack
9 and I went back and forth a little bit that, you know,
10 a lot of small businesses felt like the GSA schedule
11 and I don't want to belabor the point of opportunity.
12 But we thought the GSA schedule was going to be our
13 opportunity, and we've proven that. You know, if you
14 look at the volume and you analyze where the volume is
15 within the GSA Schedule, the 60/40, 60 percent the
16 small, 40 percent the large. One of my questions
17 would be is a limiter of competition the right way to
18 go. Is there still just not any way we can enhance
19 the GSA Schedule where you offer better discounts, you
20 reward immediately a volume discount to a client. You
21 reward, you know, whatever you want to do. I mean,
22 however. So I don't know why we keep going down to
23 limit competition instead of ensuring that the
24 individuals that have invested -- not only small but
25 large -- because large business has been shut out of

1 some BPAs also. I mean it hasn't always been good for
2 them either with the Army and some other things. So
3 the question is that, you know, it just seems like
4 we're continually trying to make the solution to get a
5 better value to the government by limiting
6 opportunities with full and open competition.

7 MS. POSKANZER: I mean that has been a
8 challenge, you know. There's the MAS Blue Ribbon
9 Panel and all these kinds of groups that are coming
10 together to try to optimize what the schedule brings,
11 and that -- and we know we've heard it a lot. The
12 Schedule, oh, you know, that's not very good pricing.
13 We hear that, you know.

14 PARTICIPANT: You have to discount all these
15 other BPAs. I mean, you know --

16 MS. POSKANZER: And that's why we're trying
17 to, you know, that's why we foster this BPA so that
18 customers aren't having to look all different places
19 because we constantly get, oh, that's not the best
20 price. Oh, GSA doesn't get good pricing. So, you
21 know, this was one means to foster that good pricing.

22 PARTICIPANT: I think it's a follow up on the
23 other questions. For those seven people that are
24 going to be awarded if it's seven or eight, those
25 individual company have to give up the right to all

1 BPA, all GSA Advantage? Is that what they're saying?
2 Because you have to use the same price for everybody
3 because, you know, it doesn't matter when somebody go
4 to GSA Advantage to place an order for a pen or GSA
5 comes to me on my contract. It's seven dollars. And
6 on this contract, maybe it's \$6.90. Do I have to
7 discount that because they're using Smart Card? You
8 know, that's a horrendous --

9 MR. WOODSIDE: Well, you have to discount it.
10 But like it says in the RFQ, Section 5.3.5, except
11 when the order agency specifies another acquisition
12 vehicle. So if you have a BPA with Social Security
13 and they want to keep that and they place an order
14 with you and say we want you to go with the Social
15 Security BPA, until that expires, until they tell you
16 otherwise, keep doing that, and that's on page 13 of
17 the RFQ. If someone out of the blue just orders
18 something from you, though, and you win the BPA --
19 you're the winner, then, yes, you do have to do that.
20 But if they order something from you and they say we
21 want you to use the BPA we have with you that's in
22 effect now, then you would go with the BPA that's in
23 effect now. So you don't have to give anything up.
24 It's up to the agency to decide if they want to give
25 it up.

1 PARTICIPANT: I think the thing we're
2 struggling with is are every agency's going to be
3 participating on the BPA. So we have to keep the
4 standard GSA price out there on Advantage as well as
5 the FSSI. So let's say a participating agency
6 inadvertently orders on the standard GSA price, are we
7 going to be held accountable for not giving them the
8 BPA price.

9 MS. POSKANZER: If it's purchase card at the
10 point of sale, yeah.

11 PARTICIPANT: But how do we manage that? The
12 customer's placing the order.

13 MS. POSKANZER: Because by the bin number you
14 know it's a federal customer from their purchase card.

15 PARTICIPANT: To AJ's point earlier, it's
16 EDI. It goes automatically into our system for
17 fulfillment.

18 PARTICIPANT: (Away from microphone.)

19 PARTICIPANT: It's not like we're taking a
20 hard copy PO and saying, oh, this is IRS, we've got to
21 give them the FSSI pricing.

22 MS. POSKANZER: Yeah, with Advantage, yeah.

23 PARTICIPANT: We can't do what's being asked.

24 MS. POSKANZER: Pardon?

25 PARTICIPANT: It can be done from a telephone

1 or walk in.

2 MS. POSKANZER: Yeah.

3 PARTICIPANT: That's a pretty interesting
4 comment because --

5 MS. POSKANZER: So you get it electronically
6 like we get the purchase cards. I know, of course,
7 you can't even buy without a purchase card through
8 Advantage because -- when it first started, you could.
9 But you could use your DODAC. But it's like they
10 didn't get paid. So we get the purchase card. You're
11 just not -- I guess we just have to inform you somehow
12 that it was purchased by purchase card because you
13 just get a fax or you get electronic data interchange
14 about the --

15 PARTICIPANT: We can get credit card numbers.

16 MS. POSKANZER: Right.

17 PARTICIPANT: You can charge them. But when
18 it comes to dealing with Advantage, it comes through
19 electronically. It goes into an electronic process.
20 It's not like we're getting a hard copy and saying,
21 oh, okay, this is a GSA Smart Pay Card. So instead of
22 giving them a price of \$6.90, I've got to drop it down
23 to --

24 MS. POSKANZER: Okay.

25 PARTICIPANT: (Away from microphone.)

1 MS. POSKANZER: Okay, right.

2 PARTICIPANT: (Away from microphone.)

3 PARTICIPANT: So then when you charge them a
4 lower price and they're reconciling their statement,
5 they're going to call me up and say, hey, we've got a
6 problem here. I entered my order at, you know, \$102
7 and on my statement I was charged \$100. Why?

8 MS. POSKANZER: I guess we have to see that
9 they get a -- when they order it, whether they get a
10 notice of how much they've paid right then and there.
11 I mean I'm sure they'll be happy to get charged less.

12 PARTICIPANT: See, they're not going to get
13 charged until after you ship and bill it. So they're
14 going to get a confirmation back from GSA at the
15 amount they entered that order. So then when they get
16 charged something differently, a flag goes up whether
17 it's high or low or whatever. What they were charged
18 on their credit card has to match the transaction.

19 MS. POSKANZER: No, I realize that. Okay.

20 PARTICIPANT: Excuse me. Does this also
21 apply to the base store if you have a base store, if
22 the order thinks it's a base store. You have to use
23 this price?

24 MS. POSKANZER: Well I don't know at the base
25 stores if you're using purchase cards or sometimes

1 they have --

2 PARTICIPANT: They do.

3 MS. POSKANZER: They have their own cards.

4 PARTICIPANT: I think if you have the FSSI --
5 this BPA and there's a contract for it, you award it
6 to people, let people buy from that, you know.
7 Anybody can look around based on the relationship
8 value and decide to go to GSA or buy at their prices,
9 you know. If the only thing they're looking for is
10 price, they can go to the BPA and pull out the price.
11 But don't forget people already establish
12 relationship.

13 MS. POSKANZER: Right. That's true.

14 PARTICIPANT: Individual agencies, and this
15 is the best price including employment, including when
16 you can get and where you can take it away and all
17 kind of stuff, you know. But why bring in all the
18 order contract that is in existence including the Air
19 Force BPA, Army BPA, all the other agencies because we
20 really have this. A lot of us have between 400 to 500
21 orders a day and a minimum line item of 3. So how am
22 I going to see and 90 percent of GSA Advantage is
23 credit cards, Smart card.

24 MS. POSKANZER: Right.

25 PARTICIPANT: How am I going to differentiate

1 between these. And the lady said when you send credit
2 card, you receive the credit card. It goes to
3 Authorize.net. It's only billed at -- if you bill
4 less than it, we error out, you know. So you have
5 about 200 people to 100 people or 50 people every day,
6 you know, because you win this contract.

7 MS. POSKANZER: Okay, we'll definitely have
8 to look at that. But going back to like Jack said,
9 the higher levels of government are looking at this
10 and saying why are all these things out there. Why is
11 everybody getting a different price? We're all the
12 same government. And a lot of it is going back to
13 that saying there's all these vehicles and all these
14 prices, but we're the U.S. government.

15 MR. KELLY: And the other thing is you all
16 have told us that it's really costly to you to have to
17 deal with all these different BPAs. So I mean it's
18 like, you know, we're trying -- pardon me?

19 PARTICIPANT: (Away from microphone.)

20 MR. KELLY: What we have heard from you all
21 is that the fact that we constantly -- all of our
22 little offices around the country come out to all of
23 you every once in a while and ask you to play yet
24 again and another -- you have to do more work. You
25 got to come in. So there's a cost to you for the way

1 we've been doing business, too, that you all have
2 brought to our attention. And so we're trying to
3 think, okay, well, so what can we do to help that. You
4 guys have made some great points here. You've given
5 us a lot to think about. It's not a simple thing.
6 There are a lot of moving parts. So you know, I'm
7 glad you took the time to do this, and we're going to
8 take a lot of what you said back and we're going to
9 rethink through some of these things. But I think you
10 understand what we're trying to do. It's really
11 pretty simple. We're trying to be better buyers. Sir?

12 PARTICIPANT: But with hundreds of BPAs, if
13 we can't play, there's no game.

14 MR. KELLY: Well, I understand that. But I
15 actually was talking about a different point which is
16 that individual vendors are having to respond to
17 different BPAs from lots of different places. So
18 you're absolutely right. I mean if at the end of the
19 day whether you get to play on a single BPA or not is
20 one of the questions that we have. Again, you've all
21 given us great input and a lot to think about. And
22 we're going to think about it and try to do the best
23 we can.

24 MS. POSKANZER: Okay. With that said, I
25 think we definitely get the tone and what you're

1 trying to tell us. I know we have a lot of other
2 questions. But I think some of those are very
3 detailed, and probably you've asked the big questions
4 that need discussion. There are other questions that
5 I think we can just answer through how we usually do
6 it. We ask you like all these questions we have, we
7 need to address them that have been posed to us. So
8 we put it -- either we issue them as part of an
9 amendment. If it changes something or we just pose
10 the question and the answer through e-Buy, correct,
11 you know, because some of them don't change the
12 solicitation. They're just clarifications, or maybe
13 somebody didn't understand like the recycling this or
14 the tone of that. So, you know, we are required to do
15 that. So do we think you've asked all the questions
16 that maybe we haven't answered to you so liking. But
17 if there's just maybe a few more -- a couple questions
18 and then I don't want to cut you off, and you can
19 always pose them, you know, through email at that FSSI
20 email address. But we hear what you're saying.

21 PARTICIPANT: In this equation, what do you
22 consider 8-A funds fitting in the total equation in
23 terms of an award and also in terms of future entry
24 into this initiative.

25 PARTICIPANT: That's a -- I had the same

1 question. Is the 8-A under this socioeconomic --

2 MS. POSKANZER: Right.

3 PARTICIPANT: -- RFQ. That's the question.

4 MS. POSKANZER: And it is, correct?

5 MR. KELLY: Presently, it gives the
6 appearance that we are showing a preference to
7 SDVOSBs. But generally speaking, we are probably --
8 if we're going to allow for that subset of
9 socioeconomic status, we would certainly also
10 entertain 8As as well, too. Okay.

11 PARTICIPANT: Is that allowance being made
12 during the award period, or is that subsequent to --

13 MR. KELLY: Well, right now, having heard
14 your concerns and I guess your push back, we're going
15 to relook it and we'll be considering a further
16 discussion. But it will definitely be considered,
17 okay. We're not shutting it out. It will be under
18 discussion as a matter subsequent to this meeting.

19 PARTICIPANT: Thank you.

20 MR. KELLY: Okay.

21 PARTICIPANT: I have a question. I swear
22 this is actually a go/no-go question. On the 100
23 percent core item criteria, is there any way you'd
24 entertain 90 percent, 95? Because what happens if you
25 have 100 or you have 599 items, you don't have that

1 one item, are you now not able to play?

2 MR. KELLY: Well, I've seen that question.

3 PARTICIPANT: Yeah, or we have to scurry
4 around to get mods in and do all that kind of stuff.

5 MR. KELLY: We envision that you folks would
6 have to provide that on contract because we base --
7 that core items based on the highest volume spent.

8 PARTICIPANT: But not everybody's GSA
9 schedule is identical.

10 MR. KELLY: That's true, and that's the
11 fallacy of the marketplace. And you know, what we're
12 trying to do is that we may adjust it. But again this
13 has been agreed to after continuous discussions and
14 agreements with the various agencies. So I mean, are
15 we going to look at it? Yes. Are we going to make
16 any changes? I cannot tell you that at the moment.
17 Yeah?

18 MS. POSKANZER: I mean we're aware that
19 there, you know, in talking to those of you who know
20 Susan Chen who oversees the schedule.

21 PARTICIPANT: Yes, they're going to be
22 inundated with law.

23 MS. POSKANZER: This gets back into
24 contracting and due -- no. So we will -- I would
25 suggest --

1 PARTICIPANT: (Away from microphone.)

2 MS. POSKANZER: Yeah, you know, when you want
3 to put in a mod, suggest -- you mentioned that it's
4 for the FSSI and Susan and her team are aware that
5 they will be seeing mods in this period of time most
6 likely for this situation.

7 MR. KELLY: And let me add to that, and I
8 know you're worried about having the ability to have
9 that mod affected in time. Knowing that, the date and
10 you'll see that in the answers in the amendment that
11 the date is not -- yes, it's not set in stone. So
12 that's subject to fluctuation. So if you need time to
13 have that modified in your contract, we will take into
14 account extending the due date, okay.

15 PARTICIPANT: (Away from microphone.)

16 MR. KELLY: Yes. However, we will look at the
17 volume, and we'll make -- we're seeing a lot. I mean
18 that moves it. So it's a cause and effect, okay.
19 Yeah? It has to be, okay, we have to level the
20 playing field. But we will allow for adjustments for
21 that, okay.

22 PARTICIPANT: So I have one quick question.
23 So what we're hearing, though, you guys are going to
24 be encouraging the agencies to go to the BPA and not
25 use the GSA Schedule Advantage.

1 MR. KELLY: I don't -- well, we encourage it.
2 But there's no -- we can't mandate it. Again,
3 Attachment 8 says it's a commitment, not an
4 obligation.

5 MS. POSKANZER: You know, the agencies,
6 though, that are committing, they will be very much a
7 part of the outreach to their respective agencies
8 because some of them are going to quote unquote
9 mandate it. So they will also have their own
10 communication and marketing strategy to their own
11 internal customers. So we will put this vehicle out
12 there and, you know, the agencies that are signed up
13 as it were, they will do that. We know that there are
14 other things out there. So we've put it all out to
15 the market.

16 PARTICIPANT: So are you guys going to, you
17 know, support the GSA Schedules at all?

18 MS. POSKANZER: No.

19 PARTICIPANT: Or Advantage? Are you going --
20 or eventually will they just practically go away?

21 MS. POSKANZER: We market. We have outreach
22 campaign strategies on all our vehicles. I mean that's
23 one of the things -- we do have different channels to
24 get to market, and many people will say they disagree
25 with each other. But we have different people want

1 different things, and so we're trying to be all things
2 to all people. This is just one of them.

3 PARTICIPANT: On the core items, how will you
4 treat brand name versus because you have
5 manufacturers. You keep saying manufacturer, but
6 there's Sparkle, there's Universal, there's Office
7 Depot. How do you deal with the pricing because
8 they're different? Are you going to have a specific
9 manufacturer that everybody bid on?

10 MS. POSKANZER: No.

11 MR. WOODSIDE: Oh, yeah, well, in the core
12 list in the Attachment 1, we're asking -- we have a
13 detailed product description, and then we're asking
14 you to put the manufacturer name and the part number.

15 So, you know, whatever the description, you must
16 match the description, and we're going to do -- as I
17 mentioned, we're going to do random sampling to match
18 the description. But you meet the description. You
19 tell us who the manufacturer is and the brand name or
20 the manufacturer name, but you still need the
21 description. That's all.

22 PARTICIPANT: So if I go out and buy it, you
23 know -- and I say it's manufactured by this person,
24 GSA will buy it.

25 MR. WOODSIDE: Well, it has to meet the

1 description, though. I mean I think -- I think we
2 have pretty detailed descriptions. And you know,
3 toner we have the OEM toner cartridges. But it's --

4 PARTICIPANT: (Away from microphone.)

5 MR. WOODSIDE: Right.

6 PARTICIPANT: Unless it's a specific part
7 number that everybody deals, you know, whether
8 wholesaler with their big boxes or independent, they
9 have either United or -- catalogs that everybody --

10 MR. WOODSIDE: Well, we don't want to tell
11 you like everybody must apply the big ten. We're
12 trying to -- you know, first of all you guys are the
13 experts in the office supply industry and also we're
14 trying to drive down costs. So you know, we're giving
15 a detailed description of what we want, and then we're
16 just looking to meet that description. We don't want
17 to specify it's got to be this, it's got to be that.
18 It's got to meet the description. That's what we're
19 trying to do.

20 MR. LEW: You see, the price list provides a
21 description, and the description identifies the
22 specific specs of the item you would propose. When we
23 ask you to propose, you will propose your part number.

24 However, this is not a -- you don't have to mandate
25 that we have to buy just that there. The government

1 cannot tell you in an office supply arena what we want
2 you to propose. Like say we want you to propose spec.
3 No, we can tell you specifically under specifications
4 what we like. So that's why we only put a
5 description. But we allow you to populate the field
6 for a manufacturer's part number, okay. So there's no
7 restrictions. We provide no restrictions for that.

8 PARTICIPANT: But it has to be a --

9 MR. LEW: Well, you have to follow the
10 mandates -- the regulatory mandates regardless.

11 PARTICIPANT: Okay, I have a question
12 regarding the deliverables and part of the go/no go.
13 In here, it states that GSA Smart Cardholders in the
14 40 contiguous United States, Alaska, Hawaii, Puerto
15 Rico and international locations may use the BPA for
16 purchase of office supplies, okay. Then in deliveries
17 Pool 1, it's only required to do standard delivery
18 anywhere in the continental United States in three to
19 four business days. Pool 2, it says that you have to
20 deliver to Puerto Rico, Hawaii and international.
21 That's a requirement of Pool 2. Okay, if we're
22 quoting in Pool 1 but yet we have to extend this
23 pricing to them, or can we opt out of that not to do
24 the non-contiguous United States?

25 MS. POSKANZER: In Pool 2, you mean?

1 PARTICIPANT: No, in Pool 1 because it
2 contradicts itself. In here, it says that you have to
3 extend it to international. But then if you're
4 quoting in Pool 1, it says standard delivery anywhere
5 con. U.S.

6 MS. POSKANZER: But in Pool 2, you can add
7 instructions to that.

8 PARTICIPANT: Yeah.

9 MR. LEW: Well, I think what we were thinking
10 if someone wants to direct delivery, let's say, to
11 Germany, you know, they probably would be using the
12 Pool 2 vendors. I mean usually what happens is they
13 do consolidation points like they send it to Sharp or
14 something like that.

15 PARTICIPANT: Right.

16 MR. LEW: But you know, we could take a
17 further look at it if we need to clarify any language
18 in there. But that was the idea. We made
19 international delivery --

20 PARTICIPANT: Because usually for
21 international they'll give us a point of exit that we
22 ship to.

23 MR. LEW: Right, right. And that's why I
24 think, you know, that's what most of it would be, and
25 I think we were thinking they would use a Pool 2

1 vendor if they want direct delivery like in the Middle
2 East or something. But if we need to clarify some
3 language, we can take a look at that.

4 PARTICIPANT: Yeah, okay. Good.

5 PARTICIPANT: Back to the specifically of
6 clarifying the part numbers, why would you want a
7 vendor to supply a part number for a product that the
8 customer isn't buying? For example, if we put on our
9 list a generic pen versus that Bic pen, if the
10 government by default has been buying the Bic pen, how
11 are you saving the government money if they're going
12 to continue to buy the Bic pen but for basis of award
13 you were basing it off of XYZ pen?

14 MS. POSKANZER: Because again we didn't want
15 to delineate, you know --

16 PARTICIPANT: But by default, you are. They
17 are because customers determine what product they buy,
18 and you all already have that data. You know they're
19 buying that Sharpie pen, not the Universal brand pen.

20 So if we quote the Universal brand pen, it doesn't
21 matter in the long run because when the BPA's awarded,
22 the customer's still going to buy that Sharpie pen.

23 MS. POSKANZER: Well, it depends. It
24 depends. Some are going to more focus their --

25 PARTICIPANT: They will know. They'll key in

1 the part number from all the catalogs, and it's not
2 going to pull up the Universal.

3 MS. POSKANZER: -- the indices may require
4 just to allow the core lists. Some of them may start
5 looking at what is the item that was bid, and they're
6 not going to allow their agencies to buy the other
7 things.

8 PARTICIPANT: But on the customer end --

9 MS. POSKANZER: I'm talking customer end.
10 There's some agencies here who are going to focus on
11 those items in the core list, and they don't want just
12 because the customer wants --

13 PARTICIPANT: There's that customer behavior
14 again. Is that going to really happen?

15 MS. POSKANZER: Yeah. Some of the agencies
16 are not going to manage this as centrally as others,
17 and some are going to be very aggressive in what
18 they're allowing their customers to have access to.

19 PARTICIPANT: But on a basis for award, it's
20 going to be easier to do it on --

21 MS. POSKANZER: The part number usually ties
22 into a brand. So we don't want to --

23 MR. WOODSIDE: We don't want involved in
24 brand name --

25 MS. POSKANZER: Right, that's the concern

1 that we don't want brand name or equal.

2 MR. WOODSIDE: And different agencies award
3 different brands.

4 PARTICIPANT: But you're doing that with
5 comments? You've got HC on there.

6 MS. POSKANZER: Well, you have to have them
7 fit the machine. I mean if, you know, paper is paper
8 is paper is paper. But --

9 PARTICIPANT: (Away from microphone.)

10 MS. POSKANZER: Yeah, we've been talking to
11 them for a long time. But I mean, you know, the toner
12 cartridge for X machine won't, you know --

13 PARTICIPANT: (Away from microphone.)

14 MS. POSKANZER: Yeah.

15 PARTICIPANT: -- that's the same description.
16 Doesn't it bother the government that if I propose --

17 MS. POSKANZER: No, we're not talking
18 printers. We're talking the toners.

19 PARTICIPANT: No, I'm talking about brand
20 name.

21 MS. POSKANZER: Okay, okay.

22 PARTICIPANT: -- what you need specifically
23 and let everybody give you that, you know. Because if
24 you -- they go from \$50 to \$60, okay.

25 MS. POSKANZER: Okay, the cartridge, yeah,

1 okay. Printer cartridge, okay.

2 PARTICIPANT: (Away from microphone.)

3 MS. POSKANZER: So you're saying we should do
4 what we do with the other commodities, we should do
5 with the toners -- not allow for the OEM and just
6 allow for whatever fits that toner whatever it might
7 happen to be. Okay.

8 PARTICIPANT: (Away from microphone.)

9 MS. POSKANZER: That's true.

10 PARTICIPANT: (Away from microphone.)

11 MS. POSKANZER: Okay. Do we have any more
12 questions?

13 PARTICIPANT: Yeah, actually, they both
14 touched on something I was going to bring up.

15 MS. POSKANZER: Okay.

16 PARTICIPANT: And the question I had is I
17 wanted your description for compatible because we're a
18 toner dealer. We sell brand name. We sell recycled.
19 We sell compatible. We also have compatible non-TAA
20 compliant and compliant. The non-compliant would go
21 out to our commercial customer. The government gets
22 the TAA compliant. If we have to bid on all the toner
23 and say we don't have a compatible for an HP but we do
24 have the remanufactured, if we leave that space blank
25 so we're out of the game, or do we have to give you

1 everything?

2 MR. WOODSIDE: No. On the toner sheet, you
3 could just simply bid the OEM and nothing else, and
4 then you could bid a reman and a compatible. It's an
5 option. So if all you have is the OEM, just bid OEM.
6 It's just an additional option you have.

7 PARTICIPANT: Right. I understand. And then
8 the compatible -- oh, I forgot what I was going to
9 say.

10 MS. POSKANZER: You were the --

11 PARTICIPANT: Yeah, the compatibles. I mean
12 we sell a lot of compatibles. So we can still do the
13 compatible and the original manufacturer?

14 MR. WOODSIDE: Yeah, you can do the OEM and
15 the compatible, correct.

16 PARTICIPANT: Okay.

17 MR. WOODSIDE: And it would be worded the way
18 I mentioned it in my presentation. One thing also I
19 didn't cover in my presentation which I should have. I
20 think this slide might have gotten deleted is we're
21 also going to look at yields. So let's just say the
22 OEM has a yield of a thousand sheets and your
23 compatible is 750 sheets. Again, we're trying to
24 lower costs. We're trying to be more environmental.
25 So we're going to calculate it for a calculated price.

1 We're going to weight it based on that because
2 obviously we save a couple of pennies buying the
3 compatible, but it only does three-quarters of the
4 sheets, it's not environmental. It's not saving cost.
5 So that will be an extra calculation, too, looking at
6 yield that I didn't really cover in my presentation, I
7 think, you know. Trying to consolidate, that might
8 have got deleted. That's why. But that is another
9 good point I wanted to bring up. But you can just
10 simply bid the OEM. You can bid the OEM and
11 compatible. You can bid the OEM and reman. You know,
12 those are just additional options-- the reman and
13 non-compatible additional options you could use.

14 PARTICIPANT: Thank you.

15 PARTICIPANT: What is -- I don't need the
16 mike. Why do you have a different --

17 MS. POSKANZER: Well, the only pool that had
18 the fill or kill was Pool 2. So they had more
19 requirements.

20 MR. WOODSIDE: It's an additional
21 requirement. There were four additional requirements
22 for pool 2.

23 PARTICIPANT: (Away from microphone.)

24 MR. WOODSIDE: Yeah, I mean it's an
25 additional requirement to get back to the customer. I

1 mean we see this as an additional requirement -- that
2 whole fill or kill requirement.

3 PARTICIPANT: (Away from microphone.)

4 MR. WOODSIDE: I mean, obviously if it's
5 something you can do, we would like you to continue
6 doing it. But this is a requirement. Like fill or
7 kill is a requirement for pool 2, and we have to be
8 satisfied with their plan to do it. We're not saying
9 that pool, one of the pools we can't do it. But this
10 is like an extra requirement we're going to be looking
11 at.

12 PARTICIPANT: (Away from microphone.)

13 MR. WOODSIDE: Right. The whole
14 communication process, right, we're going to verify
15 that that's good. But if you can do it for pool 1,
16 that's great. But it's something we're going to look
17 at for pool 2 to make sure it complies.

18 MS. POSKANZER: Yeah, in the RFQ it does say
19 that. You can bid on any --

20 PARTICIPANT: (Away from microphone.)

21 MS. POSKANZER: Okay. Any other questions?
22 I mean you will still --

23 PARTICIPANT: (Away from microphone.)

24 MS. POSKANZER: We're in the wrong shoes.
25 Usually, it's good.

1 PARTICIPANT: There's one. Are we guaranteed
2 or is there any agreement that these BPA will be
3 awarded this year?

4 MS. POSKANZER: They are.

5 PARTICIPANT: Yeah, because we have -- like
6 we've been talking, we have BVD, EDD, HHS, all these
7 stuff, you know.

8 MS. POSKANZER: Right.

9 PARTICIPANT: And we all went through these
10 meetings, and I'm trying to see because we put effort
11 especially for small business.

12 MS. POSKANZER: Well, I know. I know you put
13 in effort. I know you put in effort.

14 PARTICIPANT: And I say this to say June 1st,
15 you know, at least something.

16 MS. POSKANZER: Yeah, and we know that the
17 current contracts expire August 1st. So we certainly
18 want to have something in place before that happens.
19 So that's our target date right now. All right. If
20 nothing else, like I said, I know that there were some
21 questions that we didn't discuss out. But I think we
22 discussed the major points, and we will address those
23 -- all the questions as we are required to do. And
24 you know, feel free to come have more questions. You
25 can either email them to that FSSI email address which

1 is good because then we can all see them. That's the
2 optimal, and we keep track of them there or call. So
3 you have all of our information, and I thank you. We
4 got a lot of good input. And you know, some of the
5 discussion points -- I wasn't talking into the mike.
6 If there was some discussion points that I asked you
7 that you could recommend some things, you know, please
8 feel free to do so. And if I could ask the Commodity
9 Team, the agencies to stay here so we can discuss some
10 of this, we'd appreciate it.

11 So thank you for your time. It was good
12 seeing you all. Thanks.

13 (Whereupon, at 1:01 p.m., the conference in
14 the above-entitled matter was concluded.)

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REPORTER'S CERTIFICATE

DOCKET NO.: N/A
CASE TITLE: FSSI Pre-Quotation Conference
HEARING DATE: March 18, 2010
LOCATION: Arlington, VA

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the General Services Administration.

Date: March 18, 2010

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