



Defense Procurement

DoD-Wide Strategic Sourcing Program

Wireless Handheld Communications Services Commodity Strategy

Robin Baldwin, Project Manager

Information Technology, E-Commerce and
Commercial Contracting Center (ITEC4)

Army Contracting Agency



Benefits generated from the sourcing process go far beyond improved pricing!

SELECTED KEY BENEFITS OF THE SOURCING EFFORT

	Before Sourcing Effort	New Enterprise BPAs
Number of Contracts	<ul style="list-style-type: none"> Multiple agreements per supplier ~350 wireless contracts DoD-wide 	<ul style="list-style-type: none"> One agreement per major supplier Verizon and Sprint complete, Cingular and T-Mobile in process
Terms, Conditions & Pricing	<ul style="list-style-type: none"> Significant variation in terms, conditions and pricing across contracts 	<ul style="list-style-type: none"> Enterprise terms, conditions and pricing on par with Commercial organizations with similar size and scope
Rate Plan Options	<ul style="list-style-type: none"> Existing agreements almost exclusively offered traditional bucket and pooling plans to users 	<ul style="list-style-type: none"> BPAs offer a new flat rate per minute assessed on actual usage which may allow users to reduce costs associated with overage charges or the purchase of unused minutes
Customer Compliance	<ul style="list-style-type: none"> Not all customers utilizing existing enterprise BPAs – many individual agreements across the enterprise 	<ul style="list-style-type: none"> Renewed focus through policy on driving exclusive use of the new enterprise agreements across Army and AF to drive savings realization
Supplier Data Reporting	<ul style="list-style-type: none"> Data requests often ad hoc and supplier response often inconsistent or inaccurate 	<ul style="list-style-type: none"> BPA incorporates stronger requirements for provision of usage and other data at specified intervals to enable better management and reporting in the future
Supplier Performance Management	<ul style="list-style-type: none"> Variability in the extent and frequency of supplier performance measurement/management 	<ul style="list-style-type: none"> BPAs have identified and incorporated a common set of key performance metrics to help ensure consistent performance across suppliers
Ordering Process	<ul style="list-style-type: none"> Customers utilizing multiple ordering processes 	<ul style="list-style-type: none"> Renewed focus through policy on driving a common ordering process incorporating web-based ordering and billing to streamline the process (details vary by supplier)



Strategy for Improvement

One Agreement Per Supplier

**WIRELESS SERVICES CONTRACTS
PRIOR TO SOURCING EFFORT**

**WIRELESS SERVICES CONTRACTS
AFTER SOURCING EFFORT**

CELLULAR SUPPLIERS	EXISTING CONTRACTS
AT&T Wireless	60
Cingular	17
Nextel	62
Sprint	12
T-Mobile	19
Verizon	62



CELLULAR SUPPLIERS	NEW BPAs
Cingular/AT&T	1
Sprint/Nextel	1
T-Mobile	1
Verizon	1



Achieve Enterprise Terms and Conditions A Strategy for Improvement

SAMPLING OF GSA ORDERS AND HIGHLIGHTS OF GAO AUDIT

GSA Orders

- Little consistency exists in terms of discounts taken and/or applied
- Little detail exists to provide an audit trail of spending
- Overage charges are expected, planned for and accounted for in the system

GAO Audit

- The audit highlights a lack of cost effective purchases of cell phone services
- Lack of leverage, purchases above published rates and payment of taxes were identified as issues



TERMS AND CONDITIONS

DoD Is:

- An Enterprise customer with \$200 million in spend; roughly \$100 million with Army and Air Force
- An Enterprise customer with 330,000 lines of service ; roughly 115,000 with Army and Air Force



DoD should pursue Enterprise terms and conditions on par with Commercial organizations with similar size and scope



CURRENT STATUS: Supplier Agreements

SUPPLIER	CURRENT STATUS
Verizon	<ul style="list-style-type: none">• BPA signed 3/17/06
Sprint/Nextel	<ul style="list-style-type: none">• BPA signed 4/5/06
Cingular/AT&T	<ul style="list-style-type: none">• Revised proposal received 3/30/06• Negotiations on-going• Estimated date to sign BPA – 5/19/06
TMobile	<ul style="list-style-type: none">• Preliminary proposal received• Revised proposal received and under evaluation• Estimated date to sign BPA – 05/30/06



CURRENT STATUS: Agreement Components

COMPONENT	DESCRIPTION
Flat Rate	<ul style="list-style-type: none">• MRCs range from \$3.85 - \$7.46• Rate per minute ranges from \$0.04 - \$0.09• All minutes count towards usage (e.g. no free N/W or M-M)
Buckets	<ul style="list-style-type: none">• Variety of bucket plans available to users• Size ranges from 200 – 6,000 minutes• Typically includes N/W and M-M• Represent 20 – 40% savings off of commercial plans
Pools	<ul style="list-style-type: none">• Variety of pooling plans available to users• Include traditional pools and linked bucket pools• Size ranges from 300 – 500,000 minutes• Typically include a per user fee to join a pool
Equipment and Accessories	<ul style="list-style-type: none">• Approved product lists for each provider• Discounts range from 20 – 60%



CURRENT STATUS: Verizon Agreement

VERIZON AGREEMENT PRICING SUMMARY

Flat Rate

- MRC – \$5.49
- Rate per minute – \$0.09

Buckets

- 450 minutes – \$32.39
- 900 minutes – \$48.59
- 1,350 minutes – \$64.79
- 2,000 minutes – \$80.99
- 4,000 minutes – \$121.49
- Share option – \$5.00/month

Blackberry

- Unlimited – \$40.49



CURRENT STATUS: Sprint Agreement

SPRINT AGREEMENT PRICING SUMMARY

Flat Rate - CDMA

- MRC – \$3.85
- Rate per minute – \$0.07

Buckets - CDMA

- 400 – \$30.79
- 600 – \$35.93
- 1,000 – \$46.19
- 1,400 – \$61.59
- 4,000 – \$115.49

Blackberry

- Unlimited – \$36.19

Flat Rate - IDEN

- MRC – \$8.40
- Rate per minute – \$0.07

Buckets - IDEN

- 400 – \$33.59
- 600 – \$39.19
- 1,000 – \$50.39
- 1,400 – \$67.19
- 4,000 – \$125.99

Blackberry

- Unlimited – \$39.48



Results to Date

Status

- **BPAs Established with 2 Major Suppliers**
 - **Sprint**
 - **Verizon**
- **Remaining National Providers in process**
 - **Cingular**
 - **T-Mobil**

Current Actions

- **Migration Effort from Legacy Contracts**
- **Determine Best Value**
 - **Negotiation Leverage to Achieve Closure for Remaining Suppliers**
- **BPA's located on ITEC4 website – Master Contracts**
<http://www.itec4.army.mil> .