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Notes from the Administrator October 2011

As the weather gets chilly in Washington, I hope that you're getting a chance to breathe a bit, and looking, as I am, to spending time with people you love at Thanksgiving. There have been a lot of developments in our field over the last month, but I want to start with some success stories – both from an individual agency and from our collective efforts to buy smarter.

Spotlight on Success

Competition Saves SSA Millions on Translation Services Procurement

The Social Security Administration (SSA) saved taxpayers over \$48M million by continually seeking competition and requesting discounts from GSA Schedule vendors for translation services. Upon receiving a request from SSA's Office of Disability and Adjudication Review (ODAR) to procure Spanish translation, the Office of Acquisition and Grants (OAG) reviewed GSA Schedule prices and found that the best available price on GSA schedule was approximately \$.12 per word. ODAR estimated its requirement at just over 306 million words needing translation, which translated (sorry for the pun) into a total estimated price of \$36,756,720.

Rather than make one award to a GSA schedule vendor, OAG decided to award blanket purchase agreements (BPAs) to several GSA schedule vendors. OAG conducted competition for the BPAs, allowing many vendors holding schedule contracts to compete. BPAs were then awarded to three offerors that represented the best value to the government. This competition resulted in BPA prices at a discount of more than ½ off the GSA schedule prices.

OAG then added an additional competitive step to attempt to achieve even better prices by splitting its first requirement for Spanish translation into three orders, and issuing consecutive requests for quotes from the three BPA holders. The BPA holders were invited to further discount their already discounted prices to win the orders. This resulted in consecutively lower prices.

By the time OAG finished the first two rounds of competition, OAG had received an average rate of under \$.05 per word. The third and final round of the task order competition resulted in a negotiated rate of \$0.035 per word. Had OAG ordered from the two successful offers at their GSA schedule prices (\$.12 to \$.23 per word), the total price for the services acquired would have been \$61,342,710. The price SSA paid was \$13,107,484.39. Competition, and a smart acquisition approach, saved the taxpayers \$48,235,225.61, and SSA expects continued savings for future orders as well.

Strategic Sourcing Update

September was a banner month for the Federal Strategic Sourcing Initiative (FSSI).

- **Office Supplies:** The second generation office supplies BPAs (OS2) achieved nearly \$200 million in sales for FY 2011 (\$199.1 million, to be more exact), with nearly \$216 million since OS2 sales began in the fourth quarter of FY 2010. Seven agencies had FY 2011 sales over \$10 million, led by VA with \$54 million. The other sales leaders were Navy (\$24 million), DHS (\$20 million), Army (\$14.5 million), Air Force (\$13.5 million), Agriculture (\$13 million), and Justice (\$11.9 million). Kudos to them all.

On average, agencies saved 8% from their previous office supplies costs over the past fiscal year, with some agencies saving as much as 26%, and we're on track for even more savings over the next year. One of the BPA holders hit the \$25 million discount threshold this past quarter, and began giving its customers an additional discount from its already-low initial BPA prices. Another one will likely hit this discount threshold soon, and begin offering lower prices in December, with more to follow. And it's not just lower prices that make OS2 a success. Overall, since OS2 began, 76% of OS2 sales have gone to the small businesses in the program.

- **Print Management:** As I mentioned last month, the Print Management initiative has announced the award of its first generation of BPAs for printing and copying devices. Just as important as the devices themselves, the new BPAs also include fleet assessment services to help agencies identify their baseline device inventories and costs. Because behavioral choices, such as printing one-sided instead of two-sided and printing in color instead of black and white, drive nearly 90 percent of costs, GSA also announced a new "PrintWise" campaign to help agencies adopt behaviors that will reduce costs. GSA estimates that the behavioral changes alone can generate \$330 million in savings annually, if adopted government-wide, so this is truly an area where we can all do our part to help ensure that taxpayer dollars are being well spent.

Federal News Radio recently ran an excellent summary of the Print Management initiative, including more of the steps we can all take to help. That article is available here: <http://www.federalnewsradio.com/?nid=445&sid=2595660>.

Chief Acquisition Officers Council Acquisition Excellence Awards

As part of our effort to recognize acquisition professionals who contribute to outstanding improvements in acquisition throughout the federal government, the Chief Acquisition Officers Council is seeking nominations for the 2012 Acquisition Excellence Awards. The awards this year will be for federal employees engaged in team or individual activities that led to excellent

results in FY 11 in any of the following three acquisition categories: Buying Smarter, Effective Vendor Communication, and Strategic Sourcing. Additionally, this year we are partnering with the Small Business Procurement Advisory Council to add an award for small business excellence. For this award, we are seeking nominations for those federal employees engaged in collaboration between their Office of Small and Disadvantaged Business Utilization and the acquisition community that led to awards that were successful from both a small business and an acquisition perspective.

Nominations are being accepted through January 17, 2012. For questions or a copy of the nomination forms, please contact [Joanie Newhart](#) at OFPP. Please submit completed nominations for the Acquisition Excellence Awards to [John Andre](#) at the Federal Acquisition Institute. Please submit completed nominations for the Small Business Excellence Award to [Susan Truslow](#) at the Office of Federal Procurement Policy (OFPP).

Small Business Update

- **Small Business Procurement Group Quarterly Cabinet Meeting**

On October 12th, Valerie Jarrett, Senior Advisor to the President, hosted the quarterly Small Business Cabinet meeting. Among the meeting participants were the White House Office of Public Engagement & Intergovernmental Affairs, the Office of Management & Budget, the Small Business Administration, and the Department of Commerce's Minority Business Development Agency, and there was a surprise appearance from White House Chief of Staff Bill Daley. The meeting provided participants with an opportunity to share best practices and lessons learned over the last year, and once again demonstrated the Administration's commitment to developing small businesses. Valerie posted a blog about the meeting, which is available here:

<http://www.whitehouse.gov/blog/2011/10/13/steps-support-small-business>.

- **Small Disadvantaged Businesses**

On September 9th, the FAR Council published a proposed regulation that would update the FAR to incorporate changes to the coverage of small disadvantaged businesses. While the proposed changes are required by law, and do not affect the fundamental policies, practices, or programs that agencies use to achieve strong participation from these businesses, we have heard some concern regarding their implementation. To address those concerns I've posted a blog, together with Marie Johns, the Deputy Administrator for SBA, which is available here:

<http://www.whitehouse.gov/blog/2011/10/21/setting-record-straight-opportunities-small-disadvantaged-businesses>.

Acquisition Guidance Addressing Business Cases

On September 29th, OFPP issued a memorandum that outlines required elements of business case analysis as well as a process for developing, reviewing, and approving business cases to support

the establishment and renewal of government-wide acquisition contracts (GWACs) and certain multi-agency contracts, blanket purchase agreements (BPAs), and agency-specific contracts. This guidance supports the President's Campaign to Cut Waste by strengthening agency buying practices to leverage the government's buying power and to avoid duplicative contracts that are wasteful to vendors and the government. The memo, titled *Development, Review and Approval of Business Cases for Certain Interagency and Agency-Specific Acquisitions*, is available here: <http://www.whitehouse.gov/sites/default/files/omb/procurement/memo/development-review-and-approval-of-business-cases-for-certain-interagency-and-agency-specific-acquisitions-memo.pdf>.

FAR Changes

FAC 2005-54 will be published in the Federal Register tomorrow (November 2nd). This FAC includes a number of changes to the FAR, including a much-anticipated interim rule that authorizes small-business set-asides for orders, including orders under GSA FSS contracts. Additionally, the FAC contains rules addressing various issues, including personal conflicts of interest, SDB subcontractor self-certification and labor relations costs.

Outreach

- **Joint CIOC/CAOC Executive Committee Meeting**
On October 6th I had the pleasure of hosting with Steve VanRoekel, the Federal Chief Information Officer, a joint executive committee meeting of the Chief Information Officer Council and the Chief Acquisition Officer Council. These two communities work in a number of overlapping areas, and face a number of common challenges, and this session provided an excellent opportunity to begin a cooperative dialogue. Specifically, we discussed various IT acquisition reform initiatives, such as modular contracting, cloud first approaches, and IT strategic sourcing.
- **Rising Acquisition Professionals Community (RAP-C) Learning Seminar**
The Rising Acquisition Professionals Community (RAP-C), a group of federal acquisition workforce members new to the federal government and supported by the Office of Federal Procurement Policy (OFPP), held a learning seminar on Oct 13th. The seminar included training provided by the General Services Administration (GSA) covering the acquisition of supplies and services from or through Government supply sources, and a keynote address on career development by Hugh Hurwitz, Senior Procurement Executive at the Department of Education. For more information on future RAP-C events, contact [Joanie Newhart](#).
- **Effective Vendor Engagement**
On Oct 19th and 20th, OFPP conducted webinars on Effective Vendor Engagement at the Department of Homeland Security (DHS) and the National Aeronautics and Space Administration (NASA). In addition, on Oct 20th OFPP staff provided the keynote address at the Department of Commerce acquisition conference, and on October 21st OFPP staff provided the keynote address at a learning seminar for Contracting Officer's

Representatives at the Federal Bureau of Investigation (FBI). For more information on Effective Vendor Engagement, contact [Joanie Newhart](#) at OFPP.

As always, I want to close by offering my thanks for everything that you do each day to make our acquisition system the best in the world. Across the board, in all of our efforts – whether it's strategic sourcing, improving interagency contracting, developing smarter IT buying, or improving opportunities for small businesses – success comes down to you. While much progress has been made, more remains to be done – but I know that you're up to the challenge. Thank you.

A handwritten signature in blue ink that reads "Dan".

Daniel I. Gordon
Administrator for Federal Procurement Policy

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