

Enhancing Competition

PEO BES Panel Discussion

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Bottom Line Up Front: Better, earlier information always promotes competition

Beware – Industry’s catch phrase when deciding to no bid is often “this is wired for the incumbent”. While this is not the government intent, Industry tries to read between the lines of the acquisition strategy and RFP.

- Since Bid and Proposal dollars are precious, we will jump to conclusions based on what we perceive to be government intent.

From the Executive Office of the President – 2 Feb 12

MEMORANDUM FOR:

CHIEF ACQUISITION OFFICERS ; SENIOR PROCUREMENT EXECUTIVES; CHIEF INFORMATION OFFICERS

Signed by : Daniel I. Gordon Administrator for Federal Procurement Policy

- Increasing communication is one of the key tenets of the Office of Management and Budget's 25 Point Implementation Plan to Reform Federal IT Management
- The Federal Acquisition Regulation (FAR) authorizes a broad range of opportunities for vendor communication², but agencies often do not take full advantage of these existing flexibilities. Some agency officials may be reluctant to engage in these exchanges out of fear of protests or fear of binding the agency in an unauthorized manner; others may be unaware of effective strategies that can help the acquisition workforce and industry make the best use of their time and resources. Similarly, industry may be concerned that talking with an agency may create a conflict of interest that will preclude them from competing on future requirements, or industry may be apprehensive about engaging in meaningful conversations in the presence of other vendors.

Perceptions That Hurt Competition

Whenever the govt puts out an RFP with a very short turn time or the acquisition comes out in an unexpected way, Industry begins to second guess the government's intent.

Examples:

- The government puts out an RFP over Thanksgiving or Christmas with a 10 day turn
- RFP details a Best Value acquisition (versus LPTA) for barebones sustainment of mature applications. It calls for the offeror to write a 70 page proposal response (including a 25 page transition) when there are just 5 FTEs are in play
- The govt wants resumes for all staff
- There is no Industry Day, no draft RFP yet the work is complex and the PMO isn't taking visits from interested vendors
- The evaluation criteria put too much emphasis on transition risk or on domain knowledge or past performance likely only available to the incumbent
- The government refuses access/discussion with technical team for months before the RFP for complex aircraft related support program, even though this procurement represented the first competitive solicitation after almost two decades of OEM-only support. As a result, several highly qualified companies

Cost Tip – You can bundle systems to reduce contracting actions but a better approach is to bundle programs by like technologies – industry will bid a reduced resource profile and pass the savings to you. Even better for your budget, if you can do both!

What would help – Key Information needed early on!

- It is hard to beat an entrenched incumbent – Industry expectation for re-winning incumbent work is north of 85%

Better information improves the likelihood of bid

- Tell us the contract vehicle you plan to use – it drives teaming. Activity begins in earnest once a company knows if it will be priming or subbing
 - The AF Acquisition Executive wants more engagement with industry prior to RFP release. So please don't stop talking to industry in the months leading up to the RFP release – chances are few knew of the opportunity 8 months in advance of the RFP
 - If you don't talk to industry, the only person who understands the requirements will be the incumbent.
 - Higher proposal risk means higher prices (that is the conservative Industry approach)
 - Alternatively, if Industry fails to understand what was needed, the government may get a very low price that negatively impacts delivery
- PS:** Get well plan for bidding too low is often ECPs related to how the requirements were “understood” by the successful bidder

What would help – Key Information needed early on!

Industry knows FFP contracts come with risk and companies hate to be surprised in a bad way (i.e. scope is more complex/onerous than expected). Losing money gets people in Industry fired.

Enablers for increased competition.

- Give us the number of people performing the work today and your budget. You may be tempted to not do this thinking it is a FFP performance based contract and that industry should figure this out. But.....if you tell us the rough size we will determine if we can bid lower based on efficiencies allowing us to provide the best price. If you don't want innovations and the status quo is acceptable then tell us that too.
 - Too often SOWs have been relabeled PWSs and there is not sufficient work process and volume information to build a true bottoms basis of estimate/price and without this information, you can expect reduced competition.
 - When faced with too little information, industry may try to FOIA the old contract to get the award price and once they have it they will try to figure out how work has changed since the award. FOIAing phone directories and detailed org charts helps ascertain the number of current staff. This is a barrier to competition & consumes time and energy
 - George Nadra (GD) suggested at the last vendor interchange, that you should give us the budget and expect us to bid exactly that. Then you would compare the technical approaches to see who offered more value (this is an thought provoking premise)

Source Selections are performed by humans and humans are unique 😊

- RFPs, Evaluation Criteria, and Source Selection Team makeup/instructions tend to vary
 - This makes winning proposals an art not science (ie non-repeatable).
 - What leads to a win in one case does not lead to a win in a another
- Industry feels the government acceptance of risk may be tied to the available budget. In good fiscal times the government will tolerate less risk (i.e. it's easier for incumbent to re-win a contract) than in times of austere funding
 - Times are tough – LPTA is the latest way to drive down cost but unless the government is very careful it could slow velocity and reduce the quality of delivery. Technical eval teams don't see pricing volume and may not know that labor rates being offered could negatively impact delivery of what was “promised” in the tech solution
- Industry would benefit from more specific ENs – be frank and be prepared to do several rounds of ENs to ensure you understand the solution being proposed (because you have to live with it)