



**U.S. Government Sales and the  
GSA Schedule Contract**

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**Rozycki Associates  
[www.govt-contracts.com](http://www.govt-contracts.com)**

# **The US Government Buys...**

- **What your commercial customers buy**
- **Over \$200 billion in products and services**
- **IT spending:**
  - \$22 billion – civilian agencies**
  - \$18 billion – Department of Defense**
- **Everywhere – not just Washington, DC**

# **Approaching the Government: The Three Prongs**

- Marketing Strategy**
- Distribution Channels**
- Contracts**

# **Marketing Strategy**

**The government is too large to think of as a whole, so:**

- **Target Specific Agencies**
- **Target Specific Functions**
- **Target Geographic Regions (only 20% of sales are made in the DC area)**
- **Is Your Whole Product Line Appropriate?**

# Distribution Strategy

- **The government frequently buys through channels**
- **Government channels *may* be different from your commercial channels**
- **Let your marketing and channel strategy drive your contracts**

# **Contracts for Commercial Products and Services**

- **Competitive Procurements: formal RFPs and solicitations; traditional method.**
- **IDIQ (indefinite delivery, indefinite quantity) Contracts: pre-negotiated centralized contracts; EX: GSA Schedules.**
- **Under \$2,500: micropurchase threshold; very little regulation.**

# **GSA Schedule Contracts**

- **GSA: US General Services Administration; [www.gsa.gov](http://www.gsa.gov)**
- **Schedule Contracts:**
  - ◉ **A government-wide master contract**
  - ◉ **A “fishing license” – no guaranteed \$\$\$**
  - ◉ **Many different schedule groups**
  - ◉ **\$13.9 billion in Fiscal Year 2000**
  - ◉ **Not synopsisized in Commerce Business Daily (CBD)**

# **Scope of the Group 70 IT Schedule**

- **Professional IT services: \$4.965 billion**
- **Hardware: \$3.056 billion**
- **Software: \$832 million**
- **IT classroom training: \$8.970 million**
- **Other (leasing, ISPs, etc.): \$446 million**

**Over 2,550 IT companies hold Group 70  
contracts:**

[www.govt-contracts.com/currentgsa.txt](http://www.govt-contracts.com/currentgsa.txt)

# How The IT Schedule Works

- **Negotiated by GSA but used by many agencies:**

[www.govt-contracts.com/buyers.htm](http://www.govt-contracts.com/buyers.htm)

- **5 year term plus extensions**
- **Adapts your commercial price list**
- **Aggressively negotiated pricing**
- **No further negotiation once in place**
- **No maximum order limit (EX: Dell \$6 million purchase order for laptop leasing)**

# **Accepting A GSA Schedule Purchase Order**

- **Sell to the government like a commercial customer**
- **Government needs to review 2 competing GSA Schedules**
- **Contacting Officer makes a determination of “best value”**

## **Other GSA Schedule Opportunities**

- **Blanket Purchase Agreements (BPA)**
- **Teaming Agreements**
- **Establish pricing benchmarks for subcontracts to integrators**
- **State and local governments often adapt GSA pricing**

# **Are Canadian Companies at a Disadvantage?**

- **The Buy American Act clause is not in the GSA Schedule**
- **\$2,500 - \$100,000 sales otherwise restricted to small US firms**
- **Some gray areas: Department of Justice IT services sales and companies with only Canadian sales**

# Conclusions

- **GSA Schedules are the preferred contract for many IT purchases.**
- **GSA Schedules adapt your commercial products, pricing and sales practices.**
- **With effective marketing and distribution, a GSA Schedule is a powerful tool in your sales arsenal.**
- **Government sales are a stable market.**

# Additional Resources

## **Periodicals**

Government Computer News – [www.gcn.com](http://www.gcn.com)

Federal Computer Week – [www.fcw.com](http://www.fcw.com)

Wash. Technology – [www.washingtontechnology.com](http://www.washingtontechnology.com)

Government Technology – [www.govtech.net](http://www.govtech.net)

Current RFPs at FedBizOpps (FBO) – [www.fbo.gov](http://www.fbo.gov)

CBD - [cbdnet.access.gpo.gov/search1.html](http://cbdnet.access.gpo.gov/search1.html) – archived CBD  
Notices from 1996 – 2002 for research of installed base systems

GSA Advantage – [www.gsaadvantage.gov](http://www.gsaadvantage.gov)

Federal Acquisition Regulation (FAR) – [www.arnet.gov](http://www.arnet.gov)

# Glossary

**Blanket Purchase Agreement** – An agreement with a federal agency that rides on top of a GSA Schedule, it establishes the terms for repeat purchases from the same contractor without price analysis each time.

**Contracting Officer** - aka "C.O." - The equivalent of purchasing manager in a commercial account. Only contracting officers can issue purchase orders, although non-contracting officers may buy supplies with the IMPAC VISA card.

**Crystal City** – The office complex in Arlington, Virginia where GSA IT Schedules are negotiated and managed.

**FAR** – Federal Acquisition Regulations; the rules on which all US Government procurement is based, replacing commercial sales law.

**Final Proposal Revision (FPR)** – The final written negotiation agreement between GSA and a contractor, it outlines discounts, concessions, and establishes the pricing relationship between GSA and your commercial customers.

**GSA** – U.S. General Services Administration; acts as the government’s contract negotiator, landlord and telecommunications manager.

**GSA Advantage** – the government e-commerce site that GSA Schedule contractors must upload their pricing information onto; government customers can issue secure purchase orders on Advantage. Located at [www.gsaadvantage.gov](http://www.gsaadvantage.gov)

**Industrial Funding Fee (IFF)** – a 0.75% fee on sales that GSA Schedule contractors must pay to the government on a quarterly basis. GSA allows contractors to raise their price by 0.75% to compensate for the fee.

**IDIQ** – Indefinite Delivery, Indefinite Quantity; a type of federal contract in which the government does not guarantee any sales but provides a contract framework for companies to approach government agencies with pre-negotiated pricing and terms.

**Schedule Contract** – A type of master contract managed by GSA. It is negotiated with commercial companies and can be used by any government agency and many other organizations.