

# **Introduction to Federal Government Sales and the GSA Schedule**

Watervliet Arsenal Business & Technology Partnership

September 18, 2006

Dana Rozycki

Rozycki Associates

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

# The U.S. Government Buys...

- What your commercial customers buy due to their preference for Commercial Off The Shelf (COTS) products and services.
- Over \$360 billion in products and services annually.
- Everywhere – not just Washington, DC;  
Only 20% of federal spending is done in the DC/MD/VA area.
- 3 Prongs – marketing, distribution and contracts

# Marketing Strategy

- Due to Government's size, market segmentation is key (by function, by agency, etc.)
- Market Research: many more sources than in the commercial world (GSA E-Library, GSA Advantage, fbo.gov, etc.)
- Trade shows, print, database marketing...

# Distribution Channels

- The government frequently buys through channels
- Government channels *may* be different from your commercial channels (GTSI, GMR, GovConnection, etc.)
- Specialty resellers have contracts and sales staff already in place to target federal market, but will they really learn your products?

# Contracts Strategy

- 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.
- Sole Source: difficult to justify.

# GSA Schedule Contracts

- GSA: US General Services Administration;  
[www.gsa.gov](http://www.gsa.gov)
- Schedule Contracts:
  - A government-wide master contract
  - Thousands of vendors
  - Indefinite Delivery, Indefinite Quantity (IDIQ)
  - Many different schedule groups (70, 84, etc.)
  - \$16.5 billion in Fiscal Year 2005
  - Some may be used by state and local governments

# How The GSA 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
- Funded through Industrial Funding Fee (IFF)

# Accepting A GSA Schedule Purchase Order

- Sell to the government like a commercial customer
- Government needs to review 3 competing GSA Schedules; slightly different procedure for services
- Contacting Officer makes a determination of “best value”
- GSA E-Buy and GSA Advantage

# Other GSA Schedule Opportunities

- Blanket Purchase Agreements (BPA)
- Teaming Agreements
- Establish pricing benchmarks for subcontracts to systems integrators (Lockheed, Boeing, etc.)
- State and local governments often adapt GSA pricing

# Regulatory Issues

- Price Reduction Clause
- Order Tracking and Reporting
- Trade Agreements Act
- Small Business Subcontracting Plan
- Audits

# Should I consider a GSA Schedule?

- Do my customers buy from GSA Schedules?
- Are my products/services “commercial items”?
- Do I have a firm pricing/discounting policy in place?
- Will past deep discounts affect my negotiation position?
- What are my competitors doing?

# Conclusions

- GSA Schedules are the preferred contract for many 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.

# Contact Information

Rozycki Associates

PO Box 83

Larchmont, NY 10538

914/235-3630 – voice

877/482-8962 – fax

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

For additional copies of this presentation and more links to  
Government sites, visit:

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