

U.S. Department of Veterans Affairs
Office of Acquisition and Logistics



Tampa Supplier Relationship Management Forum
Report

Submitted by:

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Introduction:

This report is a compilation of the detailed notes from six facilitated breakout sessions that occurred at the Department of Veterans Affairs (VA) Supplier Relationship Management (SRM) Forum on Wednesday, May 4, 2011 in Tampa, Florida. Eighty-two participants from approximately seventy different companies participated in six breakout sessions. The breakout sessions consisted of the following groups:

- IT Management
- Drugs and Healthcare Services
- Medical Equipment and Supplies
- IT Management
- Management/Other
- Building and Engineering

Findings and analysis from these notes are found in the *Tampa Supplier Relationship Management Forum Report*. This report is an appendix to the *Tampa Supplier Relationship Management Forum Report*, not a stand-alone or final report document.

Opening Remarks:

8:30-9:15

Vince Pontani, VA Director of Logistics Policy and Supply Chain Management, welcomes everyone to the Tampa Forum.

This is the 6th Forum and 5th SRM forum. Mr. Pontani introduces Glenn Haggstrom; Executive Director, OALC, Bob Neary; Director of Service Delivery, OALC, and Maurice Stewart; Associate Deputy Assistant Secretary, Acquisition & Logistics Programs & Policy, OALC.

Today's agenda:

The focus of these forums is to not let these forums go by the wayside. We're working on uploading more information to the Web site, as well as utilizing more social media outlets, such as podcasts, blogs, webinars, etc.

The focus here is communications, both internally at the VA and externally among our supplier groups. We appreciate your attendance and ask that you please bring up any issues you have to us today.

Mr. Stewart introduces Mr. Haggstrom:

A brief bit about Glenn Haggstrom:

He is the executive director. He has collateral duties in addition to his position as Chief Acquisition Officer. He joined the Office of Acquisitions and Logistics in 2009 and he is the chief architect behind the SRM initiative.

Mr. Haggstrom takes the stand:

Again, Welcome. I would like to extend a very special welcome to all of our Veterans and your choice to pursue an entrepreneurial career. And of course, for your service to our country.

Today, we have a full agenda. In the end, this is about you today and our pursuit to have a frank discussion on how we are doing and any areas of concern you have about how we are doing business in the acquisition field and how we can do better in providing services to those we do business with.

I hope you see a change in how we do business. We are trying to professionalize our acquisitions professionals and improve communications standards so you don't see variations among business practices throughout the country.

Have we got it right yet? No. Our company is the size of a fortune 500 country and there are going to be variations and it is never going to be 100 percent consistent but we are aiming for 80-90 percent.

We're going to share some of what we've heard thus far. I know we ask you to fill out a lot of surveys, and we want to share the results of those surveys today and the action plans we're crafting based on these surveys.

It's your day and we're here to hear you. There will be no VA representation in the breakout sessions this morning and it's all non-attribution. This is an open environment to hear your likes and dislikes and to hear from you on what we need to do to improve our business model and to take the results of those discussions and amend our plans or to create new action plans based on what we've heard today. We have a great

agenda today and there will be time to interface with us at a no-host social at the end of the day. We look forward to talking with you and moving forward. Thank you very much.

Mr. Stewart:

Briefing outline:

Mr. Stewart shares the business demographics to illustrate the magnitude of the business VA does. We have over 300,000 employees and operate the largest integrated hospital network in the world.

Mr. Stewart shares the VA's 16 greatest challenges and the VA acquisition workforce governance: "We all on the same page. "

Transforming VA Supply Chain Operations:

There is low utilization on our national contracts and we are looking to do more strategic sourcing on our contracts. We're switching over to more of a life cycle management concept. The way we get there is from discipline program management.

Again, we're operating individually across the enterprise right now and we are trying to use business processes to do better data management to come up with better strategic sourcing opportunities.

Currently, Mr. Pontani is coming up with training standards to train our workforce to put better standards in place. We are trying to put more performance standards in place to standardize the processes. So whoever you are working with, everyone will have the same answer.

Customer service is why we are here today. Action plans are being put in place and we will continue engaging with you to improve our business processes.

The bottom line is we want to provide better Veteran care.

VA Voice of the Customer Initiative:

What we've actually heard from the suppliers we've met with thus far:

We have poor communications. Customer service is poor and folks will not return calls. In regards to teamwork- suppliers are confused about management roles of COs and COTRS. There are no open lines of communication. With our robust training at VA, we are working to better define the roles and responsibilities of each.

In regards to the contracting process, contractors need to be trained better and want to be better engaged in the RFI process and request more feedback throughout the process.

Chicago- Federal Supply Schedule:

We discussed many of the same things. We worked with director of the NAC to put process improvements in place. Suppliers don't know who to contact at the NAC since the reorganization and there is poor communication in place and no single POC. Contracting officers not aware of policies and processes and delays on contract modifications continue to be a problem. Suppliers are not providing the status of the contracts.

VA Supplier Perception Survey:

Transformational objectives:

Be more accountable, collaborative and strive for excellence in the business arena.

With that, we will breakout into our breakout groups.

Mr. Haggstrom:

Take what you saw here and discuss those issues that had low survey ratings and hone in on what we can do (specifics) to improve. No neutral positions. I'd rather see good news or bad news. Help me focus on those areas where we can do better and with specific examples and recommendations. Thank you very much.

Morning general session concluded at 9:10 AM.

Information Technology Management

Facilitator: Pat Tallarico

Note Taker: Geoff Mapp

Key Themes

- Statements of work, especially for IT projects, are often not sufficiently clear for suppliers to determine whether or not to bid a project or to provide an accurate proposal. Especially in fixed price situations, suppliers must integrate the resulting risk into their proposals.
- There is a lack of communication between the Contracting Officer and the Program management staff. It results in a lack of efficiency throughout the acquisition process because RFPs do not reflect the needs to the program staff, questions during the bidding process aren't answered in a timely way, and modifications are not handled quickly during the life of the project.
- RFIs are of poor quality. They often include inappropriate "cut and paste" language from older documents, they do not adequately identify the type of contract that will likely be awarded, they do not include the correct terms and conditions, they do not adequately describe the target supplier business type (e.g., large business, small business, etc.), and it is often not clear how the information from the RFI will be used.
- There is no consistency in how VA interacts with small businesses. Don't just award contracts to Service Disabled, Veteran Owned businesses for the sake of giving contracts to SDVOB's, make sure they are the qualified choice and work with them as partners.
- There is a lack of availability of technical staff to support projects from a contract perspective. If there is a process in place, VA may be too understaffed to support and make the process work, which means nothing is necessarily improving.
- VA doesn't fully understand performance work contracts. They often try to manage them in the same way as time and materials contracts.

Recommendations

- Be more transparent throughout the acquisition process. This includes providing more information to suppliers earlier in the bid process (e.g., before RFPs are issued), providing better information about how RFI information will be used, providing good answers during the bid and proposal process, and clarifying the roles and responsibilities of the contract and program staff.
- Improve consistency across the procurement process, and be able to show where consistency has been improved with measurable results.
- Improve the quality of the RFP to be more specific about the project scope and technical requirements. This will help prevent putting vendors 'at-risk' by responding to an undefined request, and taking on more work than they can handle.
- Perform some type of check on SDVOBs to ensure they are capable of performing the required tasks per the contract prior to awarding the winning bid.
- Once the contract has been awarded, VA should inform the losing bidders of who the contract was awarded to and at what price. This should be done instead of the vendors having to research this information themselves.

- 'Industry Days' and supplier forums are beneficial to allow suppliers to provide feedback to the VA, but VA should take advantage of new technology that will allow suppliers to participate without being in the room.
- VA should integrate their training so that contracts and technical staff are trained on a similar set of topics so they understand each other's perspectives and get the same information about their roles and responsibilities. VA should also train Communications Electronics Command (CECOM) staff in the VA culture.
- VA should be more clear about evaluation criteria.
- VA needs to do a better job at communicating the specifics about the changes it is making and where they are with implementing these changes. They should also ensure that the changes reflect the full range of contract types and activities.
- VA should look to NASA as a model of how contract processing should be done with contract automation.
- Federal Communication Commission, Defense Logistics Agency and USAMRAA also have good solicitations.

Drugs & Healthcare Services

Facilitator: Leah Krynicky

Note Taker: Drew Poiter

Key Themes

- Group members want to see what sorts of corrective actions have occurred in VA based on the Supplier Relationship Management (SRM) and Federal Supply Schedule (FSS) forums.
- Suppliers believe that VA's contract vehicle is broken. They want to see process improvements.
- There are not enough Contracting Officers (COs) in VA. COs currently working with VA acquisitions are often not responsive or unaccommodating.
- The obstacles to an effective supplier/client relationship are the system, the environment, and the communications practices, procedures, and processes that are currently in place.
- A standardized acquisition process would be greatly helpful to both suppliers and the VA.
- The suppliers want VA to be business partners. There needs to be more transparency and more collaboration.
- The suppliers believe that they absorb most of the risk in working with VA. VA should share this risk.

Recommendations

- VA needs to improve its contractual documentation. These documents need to have their requirements more clearly stated and allow greater innovation in the suppliers' proposals.
- More cooperation between VA and suppliers. Better coordination and communication with COs.
- There should be an ethical standard within VA that protects supplier innovations and ideas.

Medical Equipment and Supplies

Facilitator: Paul Cooper

Note taker: Dan Palcic

Key Themes:

- Accountability – Participants were very interested to know what VA is doing to hold their employees accountable for their actions.
- Training – Participants felt that CO's may be receiving the wrong training. Though basic contract training is a must (which is what CO's currently receive), the participants think there needs to be more specialized training for the different industries.
- The anger and distrust that we saw in the previous sessions has largely dissipated. The participants agreed that more improvements still need to be made, but they have noticed many improvements in the contracting process since last October.

Recommendations:

- The participants agreed that adding some sort of performance metrics would help improve the accountability issue.
- CO's should be trained to specialize in certain industries; therefore, they will have a better understanding of the supplier's products and business they serve, and can be a better service to the Veteran.
- Reduce paperwork. Considering paper work reduction has been a focus for years, the suppliers are not seeing it at the VA. Some participants said that sometimes they are not even bidding on work because the administrative burden that comes with it is not worth it.

Information Technology Management

Facilitator: Harold Gracey

Note Taker: Jennifer Rhea

Key Themes:

- There is confusion about Requests For Information (RFI) and Requests For Quotation (RFQ). The VA interchanges the terminology and we never know what they are asking for in procurement.
- The RFI process is a black hole; there is no follow up. When you submit a response, you get nothing back from the contracting officer (CO).
- The turnaround time frame on an RFI is too short.
- RFIs get lost. The information they present has already been known to the industry. They are recycling PowerPoint presentations and not telling us anything new.
- Broad RFP requirements make it impossible for vendors to provide a solid response if they are not the incumbent.
- Kickoff meetings usually run smoothly.
- Reducing the value of a contract after it has been awarded should be avoided at all costs.
- We have trouble getting VA to process clearances in time for project kickoff.
- The VA will change COs mid project often times and fail to notify you. It is a problem to not know who you are working with.
- There was an overwhelmingly positive response from breakout participants about contract closeout with the VA.
- PM and COTR training is critical.
- We just want to know what progress the VA is making and what are they measuring their success against.
- "I heard a lot of 'I think,' 'I hope,' and 'I anticipate.' We don't want to hear this from a leader. There should be no wiggle room words- it doesn't inspire much confidence. It seems there should be more conviction in their speech.
- A 2.75 is NOT a good score on overall satisfaction of supplier relationships.
- The process improvement is what we are looking for. I think process improvement has to be in place before we see corrections made to the contract process. We need some structure, goals and dates.
- At least VA recognizes the black holes in their processes and is making a genuine effort to improve.

Recommendations:

- The VA should not change acquisition strategy between RFI to RFQ release.
- Extensions should not be granted to companies that have no business even replying to an RFI.
- We need RFI warnings to adjust our plan if it's full and open and then at the last minute it becomes SDVOSB.

- On submission for RFI/RFQ, it is typically a problem to do the submission because they have a 3 megabyte allowance in submission. You have to attach a lot of attachments to the responses because it's impossible to get it down to 3 megabytes.
- The Past Performance questionnaire is crazy within VA. They need to evaluate what they are asking. It should depend on the dollar amount of the contract. We don't mind doing it, but it should be appropriate to the bid.
- An ideal RFI would come with a draft statement of work with an acquisition strategy included. Then you can formulate a good team to decide if you want to answer the RFI. The VA doesn't realize the costs the vendors incur.
- The VA obviously knows they have a procurement problem. They need to choose a process, refine it and stick with it. It should be the same every time in order to come up with the right requirements at the onset of the process.
- All RFIs should be defined upfront for more open transparency.
- Many Firm Fixed Price (FFP) contracts should be Time and Materials (TM) instead.
- The VA needs to improve their whole attitude and amend the lack of urgency they seem to operate with. They could get rid of 50 percent of their problems if they had a sense of urgency. The speaker this morning was giving the wrong impression about the survey statistics. If you're not determined to be exceptional- then you will fail. We are not seeing anything exceptional. I don't see a passion to be better. Tell me what your goal is. They should just say we need improvement. Not "this isn't bad"
- VA needs to have their own distinction between least cost acceptable and best value. There doesn't seem to be any rhyme or reason as to why someone is chosen for one procurement and why someone is chosen for another.
- Continue the mentor protégé program. It is in the infancy stage right now, but the program is great.
- They need to do some internal forums to improve upon consistency across the board on all practices.
- We know they are going to focus on listening to the vendor community, but part of me wants to hear this "Here is how we are planning on how to do it and what do you think about our plan?" Instead of "How should we fix our processes and we may fix it."

Management, Other

Facilitator: Brian Baker

Note Taker: Megan Dunn

Key Themes:

- There are not enough adequately trained procurement professionals to comprehensively structure the procurement. This is the root cause of RFIs/RFPs that come out with unclear requirements.
- Unclear requirements can cause a lengthening in the timeline from award to project start. This cost of time and money is detrimental to the suppliers' businesses, VA, and the end users/Veterans.
- VA suppliers want more opportunity to attend industry days and solicitation conferences.
- VA is unwilling to meet with industry to discuss and consolidate requirements prior to issuing a solicitation.
- VA often makes major changes in requirements from RFI to resultant RFP with limited communication in between.
- Industry sees multiple RFIs released that seem very similar in the nature of need.
- The bid and proposal timeline on the VA end is often unclear and lengthy.
- Invoice payments are made on time.
- The VA generally only considers price when making an award; this factor alone will not result in a smoothly operating contract.
- There is a lack of transparency in proactively sharing what contracting vehicle will be selected. This knowledge would allow vendors time to review and make adjustments to their response or bid strategy as needed.

Recommendations:

- Training of VA procurement professionals is clearly needed.
- Suppliers do not receive sufficient enough notice that a solicitation will be released.
- Industry wants to know when policy changes occur so they can deploy the appropriate resources to ensure different levels of purchasing.
- Suppliers find it difficult to understand a CO's reasoning for selection of contractors; they want to know ahead of time how a proposal will be evaluated.
- Industry wants to be debriefed on each and every proposal they deliver to VA, won or lost.
- VA COs need to improve their client-vendor customer service skills.
- VA must determine a consistent definition and approach to the Conflict of Interest (OCI) clause, communicate this to industry, and apply their approach.
- Suppliers want performance metrics for COs, adequate training, and effective determination of low cost and best value proposals.
- Vendors want to be made aware of procurement strategies.
- Suppliers want to know how VA COs are compensated/awarded/recognized for their services.
- There is no standardization for COs to issue modifications and similarly, there is no standardization for industry on how to request them.

- How will the VA train the contracting workforce to consider a partnership mentality and open dialogue? In an attempt to change this culture, how will VA reward COs for the desired behavior of treating industry as partners?
- How are BPAs monitored, and how are they enforced?
- Please use the appropriate contract type per the program office.
- It would be helpful if there were a centralized source for suppliers to ask questions when a CO says something that does not seem to make sense.
- VA should hold Question & Answer (Q&A) sessions after a procurement is announced, or solicitation is released, rather than have industry submit X number of questions. Q&A should be open and not have a time limit. COs should accept email and phone outreach to respond to vendors' questions and concerns.
- There must be improved determination of upfront information to give vendors the opportunity to drive out cost and risk, and allow for a modification process that does not vilify the vendor.

Building and Engineering

Facilitator: Doug Black

Note Taker: Amy Clifford

Key Themes:

- Suppliers would like to be provided with a clear definition of the roles and responsibilities of the Contracting Officer (CO) and Contracting Officer's Technical Representative (COTR).
- Suppliers do not know how to access their performance evaluations.
- There is a clear lack of communication surrounding the Request for Proposal (RFP) process. Suppliers would like this to be more transparent, to be informed of those selected, as well as those who were not. They would like to know how they are measuring up against their competitors
- Suppliers feel that the VA fundamentally misunderstands the constraints of small businesses.

Recommendations

- Suppliers propose that VA work to better understand how small businesses operate. They can look to the Navy and Coast Guard for agencies that understand small business constraints.
- Suppliers think the submittal time is disconnected and that in fact, the whole process should be reversed. They recommend issuing submittals first, then the letter to proceed as a way to mitigate this problem.
- Suppliers realize there is a serious lack of common business courtesy throughout the department. It is often the root cause of other problems, like errant COs and delayed construction schedules. Attention and training to this issue can mitigate future problems.
- Suppliers recommend that the VA use the tools in VAR and FAR (Federal Acquisition Regulation) to promote sole sourcing.
- Suppliers urge the VA to use more Blanket Purchase Agreements (BPA), like the Navy does.
- Suppliers advocate altering the closeout process to mitigate risk to the contractor and "nickle and dime." When you reach a certain point in the closeout process, the VA should have a form, similar to a punch list that will establish the completion date and procedure. GSA has an excellent closeout process.

VA Corrective Action Session- Afternoon General Session

- Each VA contracting organization created Corrective Action Plans to address deficiencies in the five following areas:
 - Clear and Timely Communications
 - Accountability for Customer Service
 - Teamwork and Collaboration
 - Contract Process Improvements
 - Professionalism and Excellence
- Performance agreements have been put in place for the Contracting Officers and tracking mechanisms have been implemented to ensure that these agreements were followed.
- The VA has implemented customer service training practices in its Acquisition Academy.
- Lean Six Sigma type process improvements are being implemented.
- The VA is focusing on customer relationship management and supplier relationship management.
 - The suppliers should be treated as if they were customers as opposed to “the opposition”.
- The VA wants to start taking a program management lifecycle approach to its acquisition processes.

VA Acquisition Workforce Initiatives

- The VA Acquisition Academy opened in September 2008.
 - The Academy was created to train and certify VA Acquisition Team (Contracting Professionals, PMs, COTRs, interns)
 - This is a competency based program with an experiential learning model.
 - Wounded Warrior program being implemented at the Acquisition Academy.
 - The VA Academy has created a number of stringent requirements for acceptance and graduation.
 - The following schools are included in the Academy:
 - Acquisition Internship School
 - Contracting Professional School
 - Program Management School (PM Fellows Program to be started this summer)
 - VA Facilities Management School (open in 2011)
 - Supply Chain Management School (open in 2011)

Acquisition Operations

- VA Procurement Business Demographics:
 - VA's total FY 2010 procurement spend is approximately \$27.8 billion
 - \$3.5 billion was with Veteran-owned small businesses (which includes service-disabled Veteran-owned small businesses)
 - 478,043 FY 2010 contract actions

- Six heads of contracting activity
- 1,693 VA contracting professionals
- Business partners with 16,000+ suppliers
- FY2011 Initiatives:
 - We are training our initiative and program teams in how to better define what it is that they want.
 - How do you define sub-initiatives?
 - The VA just finished its National Industry Days.
 - The VA wants to begin allowing more requests for draft RFPs so that we can receive more feedback and comments back.
 - Increasing pre-award/post-award conferences to ensure transparency and increase communications.
 - The VA will be sending out another Supplier Perception Survey next week and hope to continue providing these surveys at least twice per year.
- OAL is implementing a Virtual Office of Acquisition (VOA):
 - Web-based resource that will increase ability to communicate requirements, technical docs, and other acquisition information.
 - Merger of "Greatest Challenges" and VA's Industry Innovation Competition
 - Broad Agency Announcement (BAA)
 - On-line solicitation and response features
 - Tracking of submissions
 - Clarity of requirement
- Acquisition Management
 - This is a huge initiative for the VA.
 - The Strategic Acquisition Center (SAC) is currently being formed:
 - The SAC will handle enterprise-wide, non-IT acquisitions.
 - It will be implementing national-level approaches for taking on VA acquisitions.
 - The VA is striving to be more consistent in its approaches to acquisitions.
 - This is going to transform how the VA does business.

National Acquisition Center (NAC)

- The VA wants to fix the approach of how the NAC responds to communications requests and questions from suppliers.
- Improvement Plan:
 - Short-Term:
 - Assessment of work flow change.
 - Build a prioritization schedule.
 - Create an internal tiger team for identifying areas for improvement and making those improvements.
 - Mid-Term:
 - Establish enhanced relationships with industry groups.

- Improve training processes for both VA contract employees and suppliers.
- Long-Term
 - Strategic assessment of organizational model.
 - Implement a resource assessment program.
 - This is a long-term portfolio approach to improving the NAC.
- Expected Outcomes
 - Enhanced communications,
 - Quality delivery and customer service.
 - Transparency of contracting process.
 - Realistic expectation of results.
 - Improved reporting and processing times.
- Successes:
 - So far there have been some significant successes:
 - There has been a great improvement in processing time.
 - The VA reported a reduced inventory of supplier requests.
 - The VA is working with Mich. St. to establish a Supplier Advisory Council.
 - Our goal is to invite suppliers from various industry demographics to participate in this advisory council to gain their insight and input into the VA's acquisition processes.
 - An enhanced FSS helpdesk has been established.
 - Communications with suppliers has shown great improvement.
 - The VA has established targeted weekly goals for improvement.
 - Training and education for VA workforce is beginning to show some success.

These items are driven by supplier feedback. Please let the VA know of additional items that they can continue to work on.

Closing Remarks and Roundtable Discussion

Afternoon Question and Answer Session with Office of Acquisition and Logistics Leadership

VA Leadership Present: Mr. Glenn Haggstrom, Mr. Vince Pontani, Mr. Maurice Stewart and Mr. Robert Neary

What are the executives doing to make sure the changes occur at the worker level?

Mr. Glenn Haggstrom responded:

"Given the size of the VA, this takes a long time to make a large scale move. What the VA is trying to ensure is a strategic communication plan. Right now VA is putting the mechanisms in place to make sure the word gets down to the workers in place; such as newsletters, like the OAL, both internal and external. Mr. Fred Downs and his senior leadership team have been going to meetings across the country to get the information across the board. The senior managers are working to get the information back to their people, and make sure it is the appropriate information."

Can we see the post project closeout performance evaluations? The Federal Acquisition Regulations states that we can, but we rarely get to see these.

Mr. Glenn Haggstrom responded:

"Currently the performance systems are being conducted online, as a mechanism for the contractors to get feedback on their work. These measures also make sure that everything was done in accordance to the contract, and in a timely manner. If you aren't getting your informational feedback online, you can still get it in hard copy from the COTR."

Why is the VA currently choosing to make a majority of their contracts issued in the form of a Firm Fixed Price contract?

Mr. Glenn Haggstrom responded:

"Clearly there is an effort in this administration to reduce high risk contracts. The VA is asking the Project Managers and Contracting Officers to look at FFP contracts as the main version of contracting. If the government cannot specifically define what it is they are asking contractors to do, a FFP contract is necessary due to lack of defined scope. The VA has not done a great job of being able to educate the contracting workforce on how to do FFP contracts, and do them successfully. Contractors must accept that the government may not be able to be specific in what they are looking for on all contracts. If there is not a good understanding of what the end user wants, it is difficult to articulate the requirements and contractors must work to come up with innovative ways to do business instead of the VA having to tell the contractor how to be creative and innovative ways to work. The VA needs to do some change management on helping to improve the defined versions."

Blanket purchase agreements: If one vendor wins a BPA and another company is as qualified and bids a better price, should that company be allowed to participate in that BPA?

Mr. Glenn Haggstrom responded:

"I don't think so. The VA needs to look at how they are soliciting requests and needs to make sure they are giving vendors a fair chance to bid responsibly and with an informed judgment."

When delivering service to an agency, if trying to be 'green' and submit deliverables electronically, the language in the content of licensing agreement states that the agency is to become the new owner of that licensing forever, basically taking ownership of that deliverable from the source. So what can the VA say about that policy?

Mr. Glenn Haggstrom responded:

"If what is asking to be done is more of a generic type of deliverable, then you remain the owner and the VA is just using that deliverable for the timeframe asked. If the task is something specifically asked to be created per the contract award in regards to the VA, the software used and deliverables created does become the property of the VA."

Awarding contracts to Ability 1 agencies has been forced out by Service Disabled Veteran Owned Businesses and a participant wants to know what initiatives are in the works for agencies such as Ability 1 vendors?

Mr. Glenn Haggstrom responded:

"109461 was put into law and changed the relationship between the VA and Ability 1 vendors. Anything that was sourced through Ability 1 vendors and contracted with the VA has remained on contract with the Ability 1 vendors. By law, the VA does not have a say in the number of contracts used for Ability 1 agencies. The VA must comply with the requirements of 109461, which states that SDVOB and Veteran Owned Businesses must be used in contract awards, and applies to full and open competition. Set aside authority for the schedule in the federal government is in the works, but nothing has been set in stone. First is SDVOB, then capable VOB is the pecking order in contract awarding. If no SDVOB or VOB is available, or capable to perform the work requested, then an Ability 1 agency can come up through the acquisition processes with documentation that no SDVOB or VOB can complete the work. Then through an appropriate business case, an Ability 1 agency may be petitioned for that award.

What are the executives doing to make sure changes occur at the worker level?

Mr. Glenn Haggstrom responded:

This is a question we grapple with all over the country and overseas. Given the size of VA it is very hard. At the HQ level we are putting together a strategic management plan – mechanisms we need to have in place to make sure word gets down to people who actually implement these things. We have newsletters, both internal and external and we talk to them one-on-one – trying to get a "straight story," however it is still a continuing effort.

We are about to re-launch VA procurement conferences; the first is in June. At these conferences we attempt to do some myth busting and hopefully by end of June we will have full picture of what we are doing. We realize this is a never ending effort. We are trying to get a consistent message out.

There is a disconnect between Firm Fixed Price contracts and solicitation. Is there training being done to rectify this and similar problems?

Mr. Glenn Haggstrom responded:

We have high tech system to assist the Contract Officer (CO). We realize the security clause issue is huge – it can change on a day-to-day basis. And consequently, all the supplier has to bid on is a 'snapshot in a

point in time.' We're working with the ONIT people to help you, the vender, understand what the requirements are. We are not quite there yet, but we are trying to get there.

Regarding, FFPs, there is an effort in this administration to reduce high risk contracting. We are asking our Project Managers (PM) and COs to look at FFPs as the primary method of doing business; we realize we are going through some growing pains in terms of contracting as we make this transition.

Regarding associating performance Work Statements with FFPs, we recognize that we do not have a great history of this. We are trying to educate our workforce as a way to mitigate this, however change management comes hard.

Can a company that does not win the initial award, but meets the requirements and offers a better price be added to the BPA?

Mr. Glenn Haggstrom responded:

No, you should put in agency-level protest. We will look into it too. This is an example of what should not happen.

Sole source requirements: The language in the statute (about sole sourcing) and the VAR does not matter in an information letter. What is the definitive policy on sole sourcing?

Mr. Glenn Haggstrom responded:

- It is a high risk practice that we are moving away from.
- I09460 information letter is dead.
- January 2010 – published final rule in VAR – to which all COs should adhere to (not IL).
- There is nothing that says no sole sourcing (except for ARRA).
- Sole sourcing makes it difficult for small businesses to break into VA.
- We believe competition is good because it helps new businesses show VA what their companies are capable of. Small businesses are not being shut out:
 - Looking at ARRA – 98% were small businesses.
 - Small businesses are still getting work

What hardware and software contracts are in place now?

Mr. Glenn Haggstrom responded:

- We spend \$2 billion on IT procurements each year.
- The Tech Acquisitions Center is one of premier acquisitions programs in the federal government.

What are your initiatives pertaining to Ability One businesses? We are being forced out by small businesses after the passage of Public law 109461. There is no justification on how contracts are awarded.

Mr. Glenn Haggstrom responded:

This is a hard topic. Our experience with Ability One vendors has been outstanding but when that public law was passed it changed that relationship. The law applies to full and open competition. When VA does a full and open competition has to look to Service Disabled, Veteran Owned (SDVO) businesses first. Ability One businesses on contract with the VA at the time the law was passed remain on contract.

The authority for a local CO to go out and unilaterally work with Ability One companies to satisfy the needs of VA has changed – look to SDVO and Veteran Owned businesses first. If a CO cannot find a SDVO or Veteran owned business through market research, they alert their “higher ups” that they have found an Ability One company to use. So Ability One companies are still a viable option, but a business case must be made first.

To use Ability One companies: the CO must do market research, to exclude Veteran Owned businesses, make a business case, and then get clearance from VA to use Ability One. They can’t make the decision on their own.

Performance work statement: contractor wants to give CO 3-4 PWS.

Mr. Glenn Haggstrom responded:

It is hard to change a paradigm and thought process throughout an entire department. It is hard to adjust to new business philosophy and take advice from industry as well. It is a continuing education process.