



May 4, 2015

General Services Administration
1800 F Street NW
Washington D.C. 20405

Re: GSAR Case 2013-G504 (RIN 3090-AJ51) – GSAR Transactional Data Reporting

To Whom It May Concern:

I am writing on behalf of the Security Industry Association (SIA), which is comprised of more than 550 companies that develop, manufacture and integrate electronic physical security products and services. GSA contracting vehicles are of key importance to our members, including many small businesses that together represent 80% of SIA membership.

We appreciate that GSA has actively sought input from industry as the agency seeks to improve procurement policies and we share the agency's goal of providing products and services at the best value possible for government customers and the American people.

GSA has requested feedback on its proposed rule to amend the General Services Administration Acquisition Regulation (GSAR) to include clauses that would require vendors to report all transactional data for orders and prices paid by ordering activities through GSA contracting vehicles, and begin phasing out requirements under the price reduction clause (PRC).

We understand that for Federal Supply Schedules (FSS) programs the initial pilot will not include schedule 84 (law enforcement and security) and schedule 70 (IT programs), which encompass most security solutions offered by our members on the supply schedules. Under the proposal GSA would extend the new data reporting requirements to other schedules if the pilot results demonstrate that it is an "effective pricing model."

As the model for transactional data reporting is drawn from the Office Supplies 2 (OS2) vehicle, we have significant concerns whether analysis of item level pricing could be successfully applied to complex engineered systems without compromising the best value proposition. The key advantage to federal customers for using GSA contracting vehicles is that contractors are vetted to ensure they can provide quality products at reasonable prices. In pursuit of that goal of ensuring that quality products are provided at reasonable prices, the PRC system currently in place does recognize the differences between the complex systems provided by different vendors because the comparison is to commercial customers of the same vendor.

Because of those differences between the products and systems provided by different vendors, comparisons between vendors often result in an "apples to oranges" comparison. For example, currently there are a multitude of GSA FSS contractors with the same part numbers on their contracts at different prices because of differing features, warranty periods or other value-added services. By

providing a vertical price comparison the PRC system takes such differences into account, while a horizontal comparison does not.

Ultimately, if the objective of the proposal is simply to obtain lower pricing, and effectiveness is measured by the extent prices can be pushed down based on differences between offerors on individual items – there is a significant risk that high quality providers of engineered systems may find it untenable to continue supplying government customers under FSS contracts. For example, it is important to differentiate schedule 84 from other schedules in that schedule 84 solutions are usually dealing with complex integrated life safety systems and that the overall best cost of the whole functioning system is more relevant than the individual price of the hundreds of items making up a customized system.

How GSA will utilize the information collected is a key concern. In the proposal GSA states that the data will aid staff in conducting horizontal price comparisons, and that evaluation of prices paid information must be within the context of seeking to obtain best value for the taxpayer. It is intended to be “one information point” among others for consideration by the contracting officer, including total cost, performance level, delivery schedule, unique terms and conditions, etc.

Our members report inconsistent treatment under current horizontal price comparison methods, in some cases resulting in price considerations overriding others. So we are concerned whether the information would be evaluated properly in light of current practices. Further, FSS contractors frequently offer spot pricing and special discounts to federal customers perhaps due to geographic location, ease of service or volume, and under the PRC they have the ability to explain such discounts. It is unclear from the proposal how such practices would not be counterproductive to sustain under the reporting requirements, unless special provisions or exceptions are provided.

The transactional data required to be reported under the proposal also appears to include a great deal of proprietary price information. In implementing any reporting requirement, GSA should provide a secure portal for transmission and storage of the data and ensure contracting officers are trained and equipped to handle their obligations to protect the information.

Based on input from our members, we also believe the administrative savings for contractors assumed in the proposed rule are vastly overestimated. First, initiation of monthly reporting of transactional data will require a significant change in IT infrastructure and staff training, and changes in staffing needs would be necessary in most cases to meet ongoing requirements. The data elements GSA initially listed as reportable are not necessarily collected by current contractor IT systems, which vary widely based on unique needs and business models, adding to the IT infrastructure changes required. In the context of large system integrators, the burden could be extreme. A company with a GSA contract that is robust could potentially have anywhere from 150-200 GSA transactions that need to be sorted from thousands of commercial transactions in an average month. Each transaction – because it is an integrated solution, not a simple retail item sale – would contain multiple line items to be reported.

Moreover, most complex solution security providers/integrators financially measure their business on a project level basis, therefore requiring transactional data (line item) measurements in most cases would require significant and costly changes to business practices and IT infrastructure. These additional requirements could easily cost small businesses tens of thousands of dollars and larger companies could endure costs in the millions of dollars depending on the existing systems in place.

Further, replacing the PRC's tracking customer requirement with transactional data reporting will not relieve schedule contract holders from the burden of maintaining commercial sales format information, which under the proposed rule could be required by GSA at any time during the life of the contract.

Ultimately, if transactional data reporting proves to be more burdensome than the PRC in practice, this could provide an incentive for both small and larger businesses to scale back their GSA FSS offerings, reducing the overall value of the program to federal customers.

The 2009 Multiple Award Schedules (MAS) Advisory Panel, on which SIA served, recommended replacing the PRC with a better check on pricing. We support fostering greater price competition at the contract and order level. However, due to the multiple variables involved in the evaluation and purchase of complex engineered systems, we question whether the GSA proposal would in fact be an improvement over the PRC, and believe the transactional data reporting system for the FSS program as proposed, should remain limited to commercially commoditized products and services.

We continue to believe in the benefits of GSA contracting vehicles, as sustainment and growth of these programs benefit both our industry and U.S. taxpayers. SIA and our members stand ready to assist you with any information you may need as you consider feedback on the transaction data reporting proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Erickson". The signature is fluid and cursive, with the first name "Don" and last name "Erickson" clearly distinguishable.

Don Erickson
CEO
Security Industry Association