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Comment On: GSA-GSAR-2014-0020-0025

General Services Administration Acquisition Regulations: Transactional Data Reporting (GSAR
Case 203-G504) Extension of Comments

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Submitter Information

Name: Don Enichen

Address:

3040 Cornwallis Road
Research Triangle Park, NC, 27709-2194

Email: enichen@rti.org

General Comment

See attached File

Attachments

Comments on GSAR Case 2013-G504 Transactional Data

Comments on GSAR Case 2013-G504 Transactional Data Reporting

We believe the proposed transactional data reporting requirement is premature and likely an unnecessary costly requirement. It is premature because GSA has not developed an automated data collection process and is depending on a labor intensive manual online entry. It is unnecessary because most commercial products the Government buys can be price shopped on the Internet with no additional cost to the Government or the contractor community.

The offered purpose is to conduct meaningful price analysis and validate fair and reasonable pricing. The most effective way to achieve these goals is competition. Thus the focus should be on reducing barriers to entry into the Government marketplace and reducing sole sourcing.

GSA offers contractors the elimination of the Price Reduction Clause (PRC) in return for the added burden of reporting transactional data monthly. But this is no tradeoff. For years all the parties involved have known that the PRC was a failed regulatory mechanism. As stated in the proposed rule, the Blue Ribbon Commission recommended eliminating it 5 years ago, it only affected 3% of price changes, a large percentage of Schedule holders do not have commercial sales, and considerable savings to contractors would result from its elimination. The elimination of the PRC should be done regardless and is long overdue.

Additionally, GSA proposes to continue the commercial sales format which requires contractors to disclose their "most favored customer" and their discounts. Thus the tracking requirements related to the PRC do not go away and no savings will accrue to Contractors. If GSA drops the PRC it must also drop the "commercial sales" requirement that is part of the PRC mechanism.

Horizontal Pricing can be made available to Contracting Officers through GSA Advantage. That was its intended purpose when created. No new data collection is required.

Using transactional data for professional services is particularly challenging. Evaluating unit pricing to judge the best offer for services leads to the universally discredited Technically Acceptable, Lowest Price methodology. This approach gained popularity during the budget crunch of recent years, but today is viewed as the cause for so many failed Government projects that the lesson learned should be to use it very sparingly for very limited services. It created false comparisons favoring low cost low quality contractors over higher cost high quality performers. TALC focus on price discourages innovation and quality which is critical to successful professional service work.

Most Government acquisitions of professional services have rightly focused on the best solutions by quality performers with secondary consideration of price. The scopes of RFP for services are rarely the same, so comparing the price paid on a previous RFP is more likely to confuse or mislead than it is to provide greater visibility into the best price for the new service.

Consider a labor category for a person with a master's degree and 3 years of work experience, at two different prices. Is the lower price a better deal or is the person with the most relevant experience and training for the work at hand the better deal? At a minimum, transaction data may be useful for commercial commodity acquisitions but never for services, especially professional services.

There is still much to consider before implementing a new system. On the GSA Schedules, every contractor uses their labor categories as developed for their commercial work and therefore every category is unique to that contractor. There is no standardization of the categories and therefore they are not comparable. Professional services should be evaluated by the labor mix proposed and the total price. Transaction data will not add any value to the competitive selection process and runs the risk of misdirecting the decisions to the wrong factors.

GSA's admission that the non-FSS contracts have inconsistent specifics for the data collection ongoing now confirms that the proposed rule is premature and more thought needs to be given to what data can be consistently collected and whether the data could actually be used to make better acquisition decisions, or not.

Similarly, it is not beneficial to collect transactional data on cost reimbursement contracts. Every salary is unique to an individual, direct costs will not have a standardization to make useful in comparisons. Additionally, all the information a Contracting Officer needs to assess the acquisition choices at hand are already provided to them in cost reimbursement competitions.

GSA proposes requiring electronic reporting of contract sales monthly through a "user-friendly online reporting system". GSA does not have this system in place today. The SIP program is viewed by the contractor community as burdensome and challenging to work with. GSA also mentions current reporting on the non-FSS contracts such as ASSIST. The OASIS launch provides a good example. GSA required three different staff from each contractor to take three 2-hour training programs to use ASISST. The first quarter of reporting resulted in many contractor entries that were incorrect and as GSA pointed out, an excessive amount of time to make corrections. The average time spent entering a single project's data was over thirty minutes.

This proposed rule should not be implemented until such time that GSA can offer a simple automated electronic upload of the data. It should not be manually entered with the high likelihood of key stroke errors and excessive labor costs to the contractor.

We believe the economic burden to contractors for information collection requirements to be vastly underestimated. GSA believes a 6 hour one time initial setup, and then 31 minutes a month on average to be accurate. As discussed above, the OASIS showed that 6 hours of training was not sufficient to ensure accurate collection of data. The training does not include designing internal reporting to capture the data to be reported, management discussions to determine who would be best suited to conduct the reporting, and it does not accommodate the months long time contractors spend when audited by the GSA OIG.

Again, actual experience indicates that the time required to login, set up a file for an individual project, and then record line item detail for the month takes a half hour. GSA's estimate of the monthly burden needs to be multiplied by the number of projects it intends to subject to this reporting requirement.

Our actual experience in submitting the quarterly Schedule sales and IFF payments, is an average of 30 minutes per Order, and is still subject to the data entry errors of manually entry. These are simpler entries at the total amount, not the proposed line item detail.

A contractor with 80 projects would have to dedicate one employee for a full week to this reporting requirement. This staffing level is not contemplated in current support structures and would lead to

added cost to the contractor. This kind of added cost to contractors needs to be built into the pricing to the Government in order to be sustainable. The Government should reasonably expect then to pay more than the commercial market for the same item due to the added costs it creates for contractors doing business with the Government. It will create a barrier to entry into the Government market by small businesses to have to provide this labor intensive reporting that other customers do not require. The cost to the contractor community simply adds to the cost of supporting Government business, without adding additional benefits to the Government.

In summary, we believe the proposed rule does not benefit any of the parties involved. It should at a minimum be limited to commodities with manufacturer part numbers that are comparable, should not include professional services, and should not be implemented unless and until GSA can develop automated IT systems that eliminate manual data entry. GSA should proceed with the long overdue elimination of the Price Reduction Clause and the associated Commercial Sales Practice disclosure regardless of action on this proposed rule.