

UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION

FSSI JANSAN & MRO PRE-SOLICITATION MEETING

Washington, D.C.

Wednesday, May 15, 2013

1 PARTICIPANTS:

2 JACK KELLEY
Office of Federal Procurement and Policy

3 JEFF KOSES
4 GSA, Federal Acquisition Service, Director of
Acquisition Operations

5 GLENDA LAMBERT
6 GSA Contracting Officer, FSSI MRO

7 DONNA PECK
8 GSA Federal Acquisition Service, FSSI JanSan
Program Manager

9 ALEXANDRA ROUSE
10 GSA Federal Acquisition Service, FSSI MRO Program
Manager

11 ANNE RUNG
12 GSA Chief Acquisition Officer

13 JOANN STANLEY
14 GSA Contracting Officer, GSSI JanSan

15

16

17 * * * * *

18

19

20

21

22

1 P R O C E E D I N G S

2 (9:30 a.m.)

3 MS. PECK: Good morning. We'd like to
4 open welcome you to the pre-solicitation meeting
5 for Janitorial and Sanitation or JanSan and
6 Maintenance Repair Operations or MRO.

7 And with that we've got some opening
8 remarks before we delve into a full agenda today,
9 so I'm going to turn it over to Mr. Koses.

10 MR. KOSES: Good morning, everyone.
11 Thank you for coming. Thank you for taking the
12 time today to join us. We see this as your
13 opportunity to give us input, to share -- to talk
14 about what makes sense, what doesn't make sense,
15 to walk you through the draft solicitation, and to
16 put that in context for you.

17 I will make some opening remarks in a
18 moment, but first we have two special speakers who
19 I think you'll be very interested to hear from.
20 First up will be Jack Kelley, policy analyst with
21 the Office of Federal Procurement Policy. Also,
22 ground champion of strategic sourcing. Jack is

1 going to give you an insider view on what's going
2 on from OMB's perspective, why have they stood up
3 the challenge to the federal government to move in
4 this direction, and what are the good practices
5 that have been emerging?

6 Jack will then turn it over to Anne
7 Rung, GSA's chief acquisition officer, and
8 champion of strategic sourcing from some
9 tremendous work she did in the state of
10 Pennsylvania.

11 After Jack and Anne have had the chance
12 to talk to you I'm going to rejoin you to talk a
13 bit more before we move into the heart of the
14 program today.

15 So, Jack, please.

16 MR. KELLEY: Good morning. I want to
17 join Jeff in thanking you all for coming this
18 morning. This is an important part of our process
19 to stand up a new set of strategic sourcing
20 vehicles.

21 My boss, Joe Jordan, who is the
22 administrator of Federal Procurement Policy, had

1 hoped to join with you today but was unable to be
2 here so he asked me to speak nicely, so I will.

3 How many of you have all been in
4 meetings with me before? There are a few.

5 Was anyone here -- gosh, what was it,
6 three years ago now when we had the industry day
7 for OS2? A few of you were here then. Good.

8 One of the things that we have been
9 doing for the last, gosh, since 2005, is trying to
10 get the federal government to engage more
11 aggressively in strategic sourcing. And what we
12 call strategic sourcing is a little bit different
13 than what the private sector calls it in that
14 we're not looking for long-term relationships with
15 a few strategic partners. We're looking to take a
16 strategic approach toward acquisition. And it's
17 not just a strategic approach toward buying
18 things; it's also a strategic approach towards
19 managing the spending that we incur through these
20 different strategic sourcing vehicles. So if you
21 haven't heard already, you understand that data is
22 very important to us. That's why. Because we

1 really need to have a deep understanding of what
2 we're buying, what we're paying for it, and in
3 some cases, how we're using it to the extent that
4 that use drives spending. So we're trying to get
5 a better handle on our costs. We're trying to
6 bring our costs down.

7 Having just gone through my second
8 furlough day I can tell you that, you know, we in
9 the federal government are living with much more
10 reduced budgets and that has exacerbated the
11 attention that we are paying to cutting costs,
12 which is a driving factor behind why strategic
13 sourcing is so important to us.

14 Jeff may talk about a little bit later
15 and some of you all may be familiar with a memo
16 that we put out last December which talked about
17 improving acquisition through strategic sourcing.
18 It set up a much higher level oversight group
19 called the Strategic Sourcing Leadership Council,
20 which in fact is meeting this afternoon, to
21 oversee the policies and the implementation
22 related to strategic sourcing. I can tell you

1 that that group, which consists of the agencies
2 that have -- the seven agencies that spend the
3 most money, like 90 percent of all federal money
4 is spent by these seven agencies, and they are the
5 people who, along with us, are driving this
6 program. So we've gotten a lot of high level
7 attention. We've gotten a lot of high-level
8 engagement from these agencies. And we think
9 we're on a very aggressive and promising path to
10 engage in strategic sourcing more effectively.

11 One of the other points I would like to
12 make is how important small business is in our
13 strategic sourcing efforts. Increasing small
14 business participation -- and I'll explain what I
15 mean by that in just a second -- has been a
16 cornerstone of what we did starting in 2005 and
17 it's a cornerstone of what we have in our December
18 5th memo. It's important to us. What we mean is
19 not necessarily spreading more money out among
20 more small business; what we mean is several
21 things. One, making sure that small businesses
22 compete effectively for the offerings that we have

1 and making sure that once whatever small
2 businesses win the competitions that they get as
3 much money as they can legitimately earn by being
4 good providers in that environment.

5 I mentioned OS2 before because that was
6 a great example of how we actively engaged small
7 business in a meeting just like this asking for
8 small business feedback on our acquisition
9 strategy and asking small business a question that
10 I hope you will be asked later, and that is what
11 can you tell us about the way we do business that
12 can help you reduce your costs of doing business
13 with us? Because that's important. We want to
14 make sure that we're not putting out requirements
15 that are hard for you to fulfill or that put you
16 at a competitive disadvantage.

17 In the case of office supplies, we heard
18 two things that really resonated. One was that we
19 had to change our delivery requirement from
20 overnight to maybe three or four days which was
21 something that small businesses could fulfill more
22 easily, and the other thing was raise the minimum

1 order quantity. We did both of those things, and
2 as a consequence of that, when we got the bids
3 back from small businesses I think -- and I might
4 have the order of precedence a little bit off but
5 it's kind of like this. Of the 15 vendors that
6 came back, the top -- in terms of low cost, the
7 top four were small businesses. Then we had one
8 of the big guys, and then like the next three were
9 small businesses, and then another big guy. So we
10 were successful in creating a model that small
11 business could come in and offer lower costs.

12 Since OS2 has been in effect, an average
13 of 76 percent of the dollars going through OS2
14 have gone to small business. I can tell you that
15 our data sources are a little bit challenging, but
16 as best we can tell, the spending through the GSA
17 schedules, we moved the bar by about 10 percent in
18 favor of small business schedule spent. So we
19 think we've done a good thing, making it easier
20 for small business to compete, lowering the bar
21 for participation, giving small business a chance
22 to be more competitive, and driving a lot of

1 spending through the small businesses that won the
2 competition.

3 What I told this group -- not you, but
4 the OS2 group several years ago -- was they need
5 to take it seriously because we learned some
6 things from OS1. OS1 was not as successful as we
7 hoped. OS2 has been pretty successful, and we're
8 optimistic that JanSan, MRO, and the other
9 strategic sourcing initiatives that we're standing
10 up under the Strategic Sourcing Leadership Council
11 will be successful, too. And we measure success
12 by can we lower the cost to you, the taxpayers,
13 and get the government's job done better.

14 So I thank GSA for the opportunity to
15 share a few words with you. I'm delighted to see
16 you all here and I'm looking forward to these
17 presentations.

18 I'd like to bring up Anne Rung, the
19 chief acquisition officer of GSA.

20 MS. RUNG: Good morning. How are you
21 guys? This really does remind me of like a high
22 school auditorium.

1 I'm Anne Rung, the chief acquisition
2 officer, and it's good to see a lot of you again.
3 I think I was here a few months ago, so.

4 Delivering 10 strategically sourced
5 solutions in two years continues to be one of the
6 top priorities of our administrator Dan
7 Tangherlini. We are working in partnership, as
8 Jack said, with the Strategic Sourcing Leadership
9 Council comprised of the big spending agencies,
10 and the advantage for all of you in this room is
11 that that council is designed to ensure upfront
12 commitment and dollars to these solutions.

13 We really don't view these as GSA
14 contracts, so these are being written and
15 developed by the other agencies, and we're merely
16 providing the acquisition support for these
17 solutions, but we do have the SSLC members as part
18 of the Commodity team helping to write these
19 solutions for you.

20 We have six new priorities at GSA
21 developed in partnership with all the employees at
22 GSA under the leadership of Dan Tangherlini. The

1 beauty of this strategic sourcing effort is that
2 we think we can hit many of those priorities
3 through this project, including delivering better
4 value and savings for the agencies, increasing
5 small business participation, and hitting
6 sustainability goals. And the real beauty of
7 JanSan and MRO is that we know we can hit all
8 three of these. They're not mutually exclusive.
9 As Jack said, we do have a significant commitment
10 to increasing small business dollars. Dan
11 Tangherlini takes that very seriously. GSA has
12 hit an A+ rating for three years in a row and we
13 know we have a commitment to helping the agencies
14 achieve that as well.

15 Despite the kind of strange setup of
16 this room, we really do want this to be a
17 dialogue. Please feel free to speak up. This is
18 your opportunity to help us really design the best
19 solution possible. Thank you very much.

20 MR. KOSES: In the room today you have a
21 lot of people from a lot of parts of GSA who are
22 working together to build a solution. You have a

1 number of people from other federal agencies who
2 are part of building a solution who are part of
3 the Commodity team established by the Strategic
4 Sourcing Leadership Council.

5 Can I ask the GSA employees and the
6 Commodity team members to please stand?

7 I want you to get the sense that this is
8 indeed a very serious -- a very significant
9 effort. A lot of resources, a lot of time, a lot
10 of money are being invested in strategic sourcing
11 because we have seen that there are very
12 significant savings to be had.

13 Do we have any press in the room? Okay,
14 no, we don't. Need to know.

15 The very purpose of a draft RFP is to
16 get feedback. I hope you've seen that we've
17 really been emphasizing a very open, a very
18 transparent process every step of the way. Some
19 of you attended a "Listen to Industry Day" a few
20 months back. At that meeting we announced that we
21 were standing up to our Interact pages, to
22 web-based pages to kind of be an open

1 communication portal. Since then, Alexandra Rouse
2 and Donna Peck, our two program managers, have
3 been blogging weekly, have been sharing what's
4 going on on the programs, have been putting out
5 thoughts, have been sharing questions, have been
6 pushing information to all of you. Through that
7 site they invited our industry to come in for a
8 one-on-one meeting by submitting a white paper as
9 your ticket in the door, and we had nearly 50
10 one-on-one meetings with some of you in the room,
11 with others in industry sharing thoughts how can
12 we use this solution to achieve a host of goals?
13 How do we ensure socioeconomic participation? How
14 do we make sure that the vehicle is easy to use?
15 How do we generate savings? How do we make sure
16 that the data capture is right?

17 We've had a very good dialogue so far.
18 We see today as the continuation of the dialogue.
19 We see the next several days as the continuation
20 of the dialogue. As you're submitting questions,
21 as you're submitting clarifications, as you tell
22 us an item that's a problem, an item has had a

1 production point moved, as you tell us a provision
2 that's unclear, keep using that Interact page.

3 That's where we're going to be responding. That's
4 how we'll be addressing the comments because by
5 addressing these things that way we maintain our
6 transparency goal all the way through the process.

7 Today, you're going to have our two
8 contracting officers, Glenda Lambert and JoAnn
9 Stanley, walk you through the RFQ -- the draft
10 RFQ. And as they walk through each section
11 they're going to pause and they're going to give
12 you time to ask questions. Let me urge you, use
13 that time. Use it wisely. There is no excuse for
14 any one of you to walk out of the room not
15 understanding exactly what you need to do to be
16 able to say that yes, I'm technically qualified or
17 no, I'm not going to be qualified and I should not
18 sink the B&P costs into this. We want you to be
19 absolutely able to answer that question to know,
20 yes, I can meet the requirements and I can advance
21 to the pricing round. We want you to do that. We
22 want you to be competitive. But if you're not

1 able to meet our technical requirements we want
2 you to know that today and not make those
3 investments.

4 As I said, they will have an open
5 question session after each topic where we want to
6 get your questions, your comments, your feedback
7 on that section. At the end of the presentation
8 we'll have a general open question dialogue as
9 well for other issues, other things you'd like to
10 bring up and talk about.

11 Jack talked a little about the office
12 supply acquisition. I want to talk a little bit
13 about that as well, as a springboard into what
14 we're doing here today and why. Under the office
15 supplies solution, we went with a savings
16 definition. What are agencies spending through
17 the Strategic Sourcing Solution? And compare that
18 with what they would have spent in the absence of
19 that solution.

20 From June of 2010 through March of 2013,
21 we have seen sales chopping \$183 million. Savings
22 of \$183 million is a very significant savings

1 amount. It's made up of two major components.
2 One, direct savings. The actual lowered prices
3 from the 15 contractors compared with previous
4 prices. Direct savings on sales of \$390 million
5 have been over \$85 million to date. Indirect
6 savings, where we have moved into a dynamic
7 marketplace where we have changed our price
8 relationship compared with wholesalers has
9 generated over \$100 million in savings in the last
10 two years. Today, if we look at our discounts
11 against the standard wholesale price lists, we are
12 12 percent more favorable than we were three years
13 ago. We have compressed price variation, the
14 difference between the low and high priced
15 provider of the same item from 250 percent to 10
16 percent. We have brought federal agencies
17 together, showing that they can all go through a
18 common-use acquisition vehicle. We have reduced
19 contract duplication and enabled agencies to focus
20 their acquisition professionals in other
21 cost-savings opportunities.

22 OMB, as Jack said, watched this process

1 very carefully, were very deeply involved, and
2 gave tremendous insight. In December 2012, they
3 issued a memo under the signature of the deputy
4 director of OMB on strategic sourcing. It had
5 several key points that I want to run through that
6 have some relevance to all of you. It established
7 a Strategic Sourcing Leadership Council that Jack
8 and Anne both spoke of. These seven highest spend
9 agencies in the government have a senior
10 representative part of this council, hand selected
11 by OMB to commit the agency, to speak for them, to
12 drive usage of the vehicle. The 24 agencies who
13 have a chief financial officer all have been
14 charged to appoint a strategic sourcing account
15 official, a senior leader in their agency to again
16 drive strategic sourcing to ensure usage, to
17 monitor it, to achieve savings.

18 GSA was specifically called out and
19 directed to establish 10 new strategic sourcing
20 solutions -- five in 2013, five in 2014. We have
21 a lot of people all across the agency right now
22 working to meet that goal. We have all five of

1 the 2013 solutions well under way and we have a
2 lot of market research, a lot of analysis going
3 into the 2014 solution set. Today in the room
4 we're discussing two of those five solutions --
5 the Janitorial Sanitation supplies, the
6 Maintenance Repair and Operational supplies.

7 There's also I think some very important
8 differences from how we thought about and how we
9 approached office supplies. Let me spend a couple
10 of minutes on those.

11 With office supplies, we were
12 concentrated and we focused on what we're calling
13 the purchasing channel. The purchasing channel
14 meaning orders typically paid for either with a
15 purchase card or a purchase order or conceivably a
16 convenience check. But there are other common
17 means of ordering across the government. There is
18 a requisition-based channel and there is a
19 store-based or fourth party logistics-based
20 channel.

21 In talking to federal agencies in the
22 Strategic Sourcing Leadership Council, the message

1 that we wanted to share with them is however
2 they're looking to go to market, however they need
3 to acquire these products or the services that
4 they need, GSA needs to be offering a solution.
5 Something that accommodates their business needs.
6 Something that gives them back the information,
7 the data that they need to understand and to
8 analyze their spend. And so in these two
9 solutions you see us taking a full commodity
10 management strategy, not just a purchasing
11 strategy, but the full commodity no matter how
12 agencies look to go to market.

13 On the surface, this strategy may sound
14 really complicated. When we put in the cover
15 letter this discussion about three different RFQs,
16 we recognize that could be puzzling. That could
17 be rather mystifying. And so today I'd like to
18 take some of the confusion out of that to try to
19 better explain what we're doing and why we've
20 structured it as we have.

21 In trying to figure out how do we
22 present this clearly, how do we let you all

1 understand what we're doing, how do we let you
2 focus, where can you be most competitive, where do
3 you have the strongest infrastructure, the
4 greatest ability to offer top-notch pricing, the
5 right support and IT behind you, we said let's
6 break this up into each channel. Let's have a
7 purchasing channel and let's be really specific.
8 Design that around the purchase cards. Let's have
9 a requisition-based channel. The
10 requisition-based channel is going to have
11 differences in requirements, such as EDI
12 requirements. It will get into how you're
13 actually going to deal with packing, shipping,
14 marking, labeling items intended for overseas
15 usage. About 30 to 40 percent of the requisition
16 channel is overseas. Finally, there's going to be
17 a store-based, a fourth-party logistics channel at
18 least within the MRO solution. We thought if we
19 issue these serially, sequentially in three
20 different RFQs, it will simplify things for you.
21 You can understand, hey, this is where I want to
22 focus, this is where I can be competitive, there

1 is where I can give you a great price. And hey,
2 this isn't my business model. I'm not going to
3 worry about this piece.

4 Within the purchase channel we further
5 broke it up into what we called in the RFQ five
6 different pools but what we're likely to call
7 going forward five different commodity groupings,
8 five different components. We're likely to change
9 the term, but regardless, what we've tried to do
10 is to put together the same types of items as part
11 of our small business strategy. If we were merely
12 interested in top price and going to a limited
13 supplier pool, we could have had one solution for
14 MRO items, basically a "winner take all" approach.
15 We thought if we do that we don't hit our small
16 business goals. We're not creating that
17 opportunity.

18 Instead, we divided it up into five
19 different categories, and we did exactly the same
20 thing in JanSan. You're eligible to compete to
21 win as many different categories as you'd like to
22 compete in. In the purchase card channel -- I'm

1 sorry, the purchasing channel, to go from
2 competing in one category to two, three, four,
3 five, the only difference in your quote will be
4 the market basket. You have to respond to each
5 item in the market basket for that category,
6 otherwise, it's the same. If you want to further
7 compete in the requisition channel, we want you to
8 compete. Go for it. If you win in both it's one
9 BPA that will cover both. If you win all three
10 it's one BPA. You know, maybe you're incredibly
11 competitive and you can win all five categories
12 and requisition and the 4PL channel. That's still
13 one BPA for MRO. That's still one BPA for JanSan.
14 Regardless of the channel, the spend counts
15 towards your aggregate discount and total sales.
16 Regardless of the channel, it's all reported, it's
17 all tracked, it's all part of your solution and
18 how you go to market.

19 In building these solutions there's
20 several different things that we're looking for.
21 We're looking to ensure that we increase the
22 percent of dollars going to small businesses. As

1 Jack spoke to, we're very focused on the dollars
2 that go to small business. We think we've
3 compiled the baseline and one of our key measures
4 of success is increasing the dollars that go to
5 small business. As we have looked at different
6 potential solutions to meet that five in 2013,
7 five in 2014, that's one of our framing questions.
8 If we can't assure ourselves that small business
9 market share will increase, that's a solution that
10 does not go forward. It gets crossed off at that
11 point. That doesn't mean that we're not going to
12 see compression in the supplier base. There will
13 definitely be fewer suppliers but the total small
14 business dollars will be the same or will
15 increase.

16 Besides the small business opportunity
17 we're looking to ensure full regulatory
18 compliance. You'll see things like Berry
19 Amendment requirements in MRO to meet the needs of
20 Department of Defense. At the first Commodity
21 team meeting when we talked about these solutions
22 we got into a good discussion of what's important,

1 and by the end of the meeting I had written down
2 "would be easy to use" six different times.
3 Cynthia, I think you'll remember that
4 conversation. And she's agreeing. Because that
5 was really the message from the Commodity team.
6 Whatever the solution looks like, it has to be
7 easy for the end-user, the purchaser, the
8 requisitioner, whoever it is that needs to buy the
9 product. It needs to be easy to acquire. If we
10 make this hard, if we make it confusing, the
11 solution does not work. There's a lot of folks
12 out there helping to ensure, to watch the
13 strategy, to make sure that the end result will be
14 easy to use.

15 We're looking to achieve what we think
16 is a potential 11 percent savings across four
17 different savings levels, reducing the prices
18 paid, narrowing price ranges. As I spoke on
19 office supplies, we had a 250 percent price range
20 between the low and the high price for the same
21 item. We've now reduced that range to 10 percent.
22 And we think we can do the same thing in MRO. We

1 can do the same in JanSan. We're looking to
2 rationalize the SKUs through part number
3 standardization. I'm sure you've noticed when it
4 came to the market-based schedule I think we put
5 in there four or five different times that we're
6 expecting you to quote with the wholesaler part
7 number or the manufacturer part number, not with
8 unique different part numbers. We need to be
9 smart shoppers. We need our ordering users to be
10 able to do a direct comparison, and we need to be
11 able to give you back that data.

12 One of the really helpful things in
13 office supplies was collecting that data, sharing
14 it back to the contractor base, many of whom then
15 were able to see this is my price and this is the
16 price of each of my competitors.

17 I see a few of you in the audience and
18 you can confirm that some of you went back to your
19 suppliers and were able to get better pricing
20 based on that data. So to be clear, we're
21 expecting that you'll come in with the wholesaler
22 or the manufacturing part number, and we are going

1 to use that data that you provide us to help
2 manage the price and to keep the pricing
3 competitive throughout the life of the vehicle.

4 We are going to continue closely
5 partnering with the Commodity team and we're
6 looking for a very close supplier relationship
7 management with our providers. Along the journey
8 we committed to you to a very transparent process,
9 to a very fair process defined by key roles of
10 engagement. Transparency, that was our first key
11 role. Everything has been shared on the indirect
12 platform. Everything will continue to be shared
13 on the indirect platform. All questions will be
14 there, all presentations will be there, weekly
15 blogs are there. It's our discussion site for
16 issues. It's where we invited you to submit white
17 papers.

18 From a fairness standpoint, we are
19 striving to make the evaluation crystal clear. My
20 call to you, don't let JoAnn leave the stage if
21 there's something you don't understand in the
22 evaluation criteria. Each factor is a Go or

1 No-Go. You need to walk out of here knowing
2 exactly what it takes to get a pass. That cannot
3 be ambiguous. You need to be, with certainty,
4 what are we looking for? What merits a pass
5 rating?

6 Anyone who does receive a pass qualifies
7 for the pricing round. And don't let Glenda leave
8 the stage until you fully understand how the
9 pricing round is structured, how that's going to
10 work. Pricing is a process. You see a fairly
11 detailed quote sheet. In the final basket we'll
12 make any necessary corrections. If there's an
13 item that's wrong in there you need to tell us
14 that now. If there's a problem, highlight it.
15 But Glenda is going to take you through the quote
16 sheet. You need to understand that we're
17 expecting you to insert a specific model number,
18 your schedule price on each item, and your BPA
19 discounted price. You need to understand that
20 those discounts then spread out from the specific
21 category to the thousands of other times that may
22 be in your catalogue. You're not giving us a

1 discount price on the 400 items in the market
2 basket; you're giving us a discount price on every
3 single item in your catalogue that falls within
4 the scope of the solution. And you'll have the
5 chance to review the spreadsheet, to see the
6 calculation, and be expected to enter yes, this is
7 the discount I'm offering to you across that
8 category.

9 You need to understand that we're
10 looking for you to offer aggregate discounts, as
11 we work hard to push agencies to use the vehicle
12 when it makes sense for them. As OMB works to
13 ensure agencies are giving this vehicle full
14 consideration, your sales will rise. As your
15 sales grow, an aggregate discount will kick in,
16 and that will continue through the life of the
17 vehicle. So once you reach a sales threshold it
18 doesn't reset the next year, it keeps going. And
19 once you reach the next threshold and kick in a
20 further discount. If you win in different
21 channels, that all counts towards the sales
22 threshold. So if you win MRO for paints and

1 sealants and you win requisition, that all goes
2 towards your aggregate threshold.

3 You need to understand that your pricing
4 has to be inclusive of GSA's fee for operating the
5 program. The fee is both the industrial funding
6 fee you're used to under your schedule contract
7 and the BPA access fee for an additional 1.25
8 percent. Total fee then is 2 percent that's built
9 into your prices. We're expecting you all have
10 got that, understand that, you've thought that
11 through in putting your pricing together.

12 You should understand that GSA may use a
13 reverse auction process to finish off the pricing
14 round. If we do, we'll tell you the current low
15 market basket price is X million dollars and that
16 you may have 6 hours, 8 hours, 12 hours to make
17 any changes. We may do multiple rounds. There
18 will not be a formal call for final proposal
19 revisions. If we move into the reverse auction
20 process we stop it when we stop seeing meaningful
21 changes. If the order of the winning firms has
22 stopped changing, if we're not getting real

1 reductions, the reverse auction will stop. If a
2 firm has moved from number 50 to number 40, that
3 would not be a reason to continue with the reverse
4 auction.

5 You should understand that fully half of
6 the awards are set aside for small business, and
7 we anticipate small business may win significantly
8 more than half of the awards, but every single
9 category specifies how many awards we anticipate
10 and how many of those are reserved for small
11 business. Between MRO and JanSan, there are 10
12 different categories. There are three awards in
13 each category, 30 awards. Fifteen of those 30 are
14 set aside for small business. We expect small
15 business to do extremely well. The other 15,
16 large business is eligible and small business is
17 eligible. If a large business competes, they need
18 to have enhanced subcontracting goals. If not,
19 maybe all 30 of those awards go to small business
20 and that's fine if that's the end result.

21 We have a number of agencies in the
22 commodity group asking us to take a further look

1 at socioeconomic status and is there a way that we
2 can assure a distribution within the small
3 business categories. That's a conversation we
4 need to still have with the Commodity team. And
5 so you may or may not see a change in the final
6 RFQ based on that document.

7 Turning more into the small business
8 considerations, I've talked about how we've
9 developed a transparent and focused process, how
10 we've tried to ensure that you have a lot of
11 opportunity to understand what's going on to
12 communicate back. We specifically designed the
13 categories, the pools, to enable small businesses
14 to compete. If we've missed the boat on that, if
15 we design them incorrectly, this is your last key
16 chance to let us know that. We invited industry
17 to one-on-one sessions. We heard them today,
18 again. We want you to use your time to ask
19 questions, to make sure that if there are savings
20 levers that we are missing, if we're adding costs
21 to you, make sure that you spell it out so that we
22 can make necessary adjustments to go from a draft

1 to a final document.

2 Finally, there are some folks who are
3 questioned and call on GSA to do an economic
4 impact analysis. What is the impact of our
5 emphasis on small business? In response, let me
6 lay out a few key points in answering that.

7 First, the Office of Management and
8 Budget has established strategic sourcing as a
9 priority and has directed GSA to stand up 10
10 solutions. The specific form of an impact
11 analysis required in the FAR, in the Federal
12 Acquisition Regulation, is actually referred to as
13 a bundling analysis. And what a bundling analysis
14 is is looking to see, one, did bundling happen?

15 So what's the definition? What's
16 bundling? Bundling is taking two or more
17 contracts currently performed by a small business
18 and putting them together in such a way that a
19 small business is no longer suitable to perform
20 the work. In other words, to take 2, 3, 5, 100
21 contracts done by small business, put them
22 together in such a way that only a large business

1 can do the work. Had we been doing that, that
2 would have been bundling.

3 In this case, we set aside 50 percent of
4 the awards. We are telling you loud and clear
5 small business can do this work. We expect small
6 business to be wildly successful under this
7 program. By definition, it's not bundling.

8 But if we go on with the bundling test,
9 what is the next key element? The next key
10 element of the bundling test is we would need to
11 show a likelihood of a 5 percent savings to
12 justify bundling along with other benefits. Well,
13 in this case our projections show that there is an
14 11 percent savings to be had through strategic
15 sourcing, so we have more than doubled the FAR
16 required savings to justify bundling. And through
17 the data analytics, by capturing, by understanding
18 our spend, we drive future savings and several
19 savings levers we haven't even touched in this
20 generation. We can show significant additional
21 benefit, so we fully meet any bundling test, even
22 though we do not have a bundled acquisition, that

1 our purchasing channel is fully designed around
2 small business.

3 The framework, the regulatory framework
4 that Jack spoke of, it views small business in
5 terms of dollars, in terms of percentage, in terms
6 of market that goes there, and we are very focused
7 on meeting exactly those goals.

8 Finally, let me emphasize for highly
9 efficient, for very competitive small businesses,
10 this is an enormous opportunity. Such businesses
11 have the opportunity to significantly increase
12 market share, to save the government over \$170
13 million in MRO, to help us save over \$90 million
14 in JanSan.

15 I think we're all really pleased to see
16 so many of you in the audience today, and
17 hopefully you're also here because you see the
18 opportunities to grow your business; that you
19 understand some of what's involved in strategic
20 sourcing; that you recognize that you'll be
21 passing us significant data; that you'll be part
22 of saving the government over a quarter of a

1 billion dollars through these solutions, but that
2 it will be good for your business because we want
3 it to be good for your business.

4 So in closing, let me urge you, use the
5 time today wisely. Make sure that you understand
6 the goals, you understand the process, and that if
7 there's a problem in the RFQ, that you've
8 highlighted that. Ask JoAnn, ask Glenda lots of
9 questions about what's in the draft RFQ. And what
10 they can't answer today they're still going to
11 hear. You have many members of the Commodity team
12 here to listen to you, to understand your
13 perspective. Tomorrow morning the Commodity team
14 will be meeting, will be talking about what
15 they've learned through today's discussion, will
16 start making decisions about changes to the draft
17 based on your input.

18 So I can't overstate how important
19 today's conversation is to us, and again, thank
20 you for coming.

21 Let me now turn it over to your program
22 manager for JanSan, Donna Peck.

1 MS. PECK: Mr. Kelley, Ms. Rung, Mr.
2 Koses, thank you very much for your support and
3 for those welcoming comments.

4 My name is Donna Peck, and I am the
5 program lead for JanSan. With me on stage I have
6 Alexandra Rouse, who is the program lead for MRO.
7 On the far left is Glenda Lambert, she's the
8 contracting officer for MRO, and next to her is
9 JoAnn Stanley, who is the contracting officer for
10 JanSan.

11 So just to get started with a few ground
12 rules for this morning's discussion, as JoAnn and
13 Glenda take you through our presentation they're
14 going to stop periodically for questions. For
15 those questions we need you to come to the center
16 aisle and get next to a microphone. You need to
17 state your name, your company, and then ask your
18 question. And we need that so that we can have
19 that for the transcriptionist. And then at the
20 end we will also have another general question and
21 answer period as we wrap things up.

22 Please make sure that your cell phones

1 are on silent. And with that, some of the things
2 that we're going to be covering today on the
3 agenda are the JanSan and MRO buying channels, the
4 categories and set asides, the market basket
5 overview, the key terms and conditions, and then
6 last but not least, the evaluation factors. So as
7 they've all said, be sure to ask lots of
8 questions. And with that I'm going to turn it
9 over to Ms. Stanley.

10 MS. STANLEY: Thank you, Donna. I'm
11 JoAnn Stanley, the contracting officer for the
12 JanSan portion of the acquisition strategy, and
13 I'm going to be sharing with you this morning some
14 of the acquisition strategies, the evaluation
15 factors, some of the things that are critically
16 important when you start to respond to the RFQ.
17 The RFQ that we're discussing this morning that's
18 in draft is the first part of the channels, the
19 government channels that Jeff mentioned earlier,
20 the three portions being the purchasing channel,
21 which again is for purchase card use, for purchase
22 orders, orders on GSA Advantage or on the DOD

1 EMALL. That is the primary source of acquisition
2 for us, although there are two other channels that
3 are important as well, and those RFQs will be
4 coming forward at a later time. Those are the
5 requisition channel, which are orders placed with
6 GSA through FEDSTRIP or MILSTRIP orders and then
7 forwarded to a vendor through the global supply
8 channel.

9 The third portion is the fourth party
10 logistics which is set up through GSA. It's a
11 store on the premises of a customer, usually a
12 military installation, and it's stocked and
13 managed by a vendor, and customers can come in,
14 walk in, make a purchase, and leave with the
15 purchased items. At this time we're only
16 directing that channel to the MRO. JanSan will
17 not participate in the 4PL solution at this time.

18 This gives you a graphic description of
19 how the purchased channel works. Government
20 customers purchase directly from vendors. They
21 cover traditional purchase methods. As I
22 mentioned, the purchase orders, task orders,

1 purchase card purchases, and most of those buys
2 are done within the continental U.S. Many others
3 are placed through an e-commerce solution, such as
4 GSA Advantage or DOD EMALL. The largest of the
5 three channels, consisting of 70 to 80 percent of
6 the addressable spend is done through this
7 channel. This presents an opportunity again for
8 increasing small business goals and small business
9 spend.

10 This gives you a description of the GSA
11 requisition channel. Again, the requisition
12 channel covers mainly DoD orders that are
13 fulfilled through GSA Global Supply service,
14 requisition orders fulfilled requires advanced
15 e-commerce capabilities and seamless integration
16 with GSA IT systems.

17 And then the third channel again is the
18 4PL that addresses the needs of customers who
19 require a full on-site store. The 4PL solution
20 addresses the requirements of GSA customers who
21 operate onsite stores, again, mostly on military
22 installations, and again, applicable to MRO only

1 at this time. The customer agencies provide the
2 space. GSA sets up a contract arrangement and the
3 vendor operates the mini store.

4 Again, the vendor owns and manages the
5 onsite inventory and insures delivery. From the
6 standpoint of FSSI, the cost savings accrue to
7 vendors from GSA working with them to standardize
8 their inventory, cost savings accrue to GSA
9 because GSA does not take title to the
10 merchandise, and to date this work has been
11 performed by large businesses given the scale
12 requirements.

13 But from this point on we're going to
14 talk about the requisition channel. I'm sorry,
15 the purchasing channel. So the RFQ that's posted
16 at this time responds to the purchasing channel
17 only.

18 Are there questions about that? No
19 questions, so we will move on to the second
20 portion of the presentation. JanSan has a total
21 of five categories proposed as you see here.
22 Those five categories being cleaning compounds and

1 related dispensers, non-motorized cleaning
2 equipment and waste collection supplies, paper
3 products and related dispensers, motorized floor
4 cleaning equipment, and motorized laundry cleaning
5 equipment. Each of those categories has a
6 description in the RFQ of what items are in each
7 of those categories. Each of the categories will
8 include set asides for small businesses. This is
9 a breakdown of the category scope, the market
10 basket categories, total number of vendor BPAs,
11 and total number of small business set aside BPAs.

12 As you can see, small business set
13 asides represent almost half of all proposed
14 JanSan BPAs. And I'll repeat what Jeff mentioned
15 earlier, that even though the BPAs have set
16 asides, small businesses are eligible to win all
17 awards if you're capable of doing that. This
18 helps the goal to increase small business
19 participation compared to what the status quo is.
20 So that's a focus for us to increase the small
21 business participation.

22 At this point your feedback on those

1 items, that section. Questions?

2 MS. PECK: There's a microphone in the
3 middle of the room.

4 MR. BIRSCH: Yes. I'm Jay Birsch with
5 Birsch Industries out of Virginia Beach, Virginia.

6 According to the chart you're only going
7 to release three total BPAs for the whole contract
8 and two will be set aside for small businesses.

9 Is that correct?

10 MS. STANLEY: There are a total of 15
11 BPAs. A total of 15 BPAs are proposed.

12 MR. BIRSCH: Okay. And so the set aside
13 will be what for small businesses?

14 MS. STANLEY: In each category, for
15 example, in category 1 there will be two BPAs set
16 aside for small business. In category 2 and 3,
17 two set aside. And in category 4 and 5, one each
18 set aside.

19 MR. BIRSCH: Okay. But just to get
20 clear, I understand there's 15 out of the total
21 but on each category the goal is three right now
22 with two set aside for small business in each

1 category?

2 MS. STANLEY: Yes.

3 MR. BIRSCH: Okay. Thank you.

4 MS. STANLEY: Mm-hmm.

5 MR. HOUSE: Bob House, Beyond Theory
6 Logistics. I guess my question is you're breaking
7 it down into these arbitrary categories -- best
8 practice and the industries that all these are
9 used together or many of them are used together.
10 You know, you can go to any manufacturer website
11 and see how they're used together. How are you
12 factoring that in in your decisions here? You
13 know, you don't use chemicals separate from the
14 products that, you know, you use them together and
15 there have been many standards that have been in
16 place to reduce HII and everything else. So my
17 question is how are you factoring in industry best
18 practices which share all these into these
19 categories that you have? Thank you.

20 MS. STANLEY: Okay. We broke the
21 categories down based on what we felt were like
22 items, core items for each of these based on

1 spend. And it's not to say that they're mutually
2 exclusive of one another. For example, you could
3 be offering cleaning compounds and motorized floor
4 cleaning equipment, and many of the vendors do
5 have those. There are some of the categories
6 where the vendors that are currently on schedule
7 do not cross the line. For example, motorized
8 laundry cleaning equipment, the vendors who have
9 that might not have floor machines.

10 MR. HOUSE: No, I guess my question to
11 clarify, it's not about us, it's about the users.
12 The users use these things as part of programs and
13 there are many consultants out there that have
14 great ideas. Daniels Associates is one just
15 throwing a name out that says if you use these
16 products in this way, you're going to get the
17 maximum efficacy of your labor, of the products,
18 et cetera. I don't really see how that's being
19 factored into these. This seems to be driven by
20 how you buy, not how you use. And I think we all
21 know that the kind of industry averages are 85
22 percent of the total cost of cleaning a facility

1 as labor, 15 percent is products. This is
2 oriented towards products. It's the labor that
3 all of us in the industry are trying to figure out
4 how to improve the labor cost. That is a 7X
5 factor versus the products. But I'm sensing this
6 is about how you buy products, not how you use the
7 products, and whether you're Procter and Gamble or
8 3M or Georgia-Pacific or Kimberly-Clark or anybody
9 else. They spent millions of dollars and many
10 years developing solutions that reduce labor, that
11 improve how a product is used, not just the
12 product cost itself. And I'm seeing a lot of
13 nodding here, and I know this is a big discussion
14 in our industry, and I'm not quite sure how that's
15 being addressed here. If you could clarify that
16 I'd appreciate it. Thank you.

17 MS. STANLEY: I'm not quite sure how to
18 address that either.

19 Walter, can you help me out here?

20 MR. ECKBRETH: Yeah, you're very astute.
21 This is buying products. This is Janitorial
22 Sanitation products, Maintenance Repair and

1 Operational products. We're not talking services.
2 We're not talking the cleaning portion. We're not
3 talking construction portion. That part is a
4 separate initiative. Those will be under the
5 Building Maintenance Operation services initiative
6 that we're working for 14. So this, yes, this is
7 directly how agencies buy products.

8 As far as the segmentation, we're also,
9 while we could have put them all together, what
10 we've seen is that really limits the potential
11 vendor pool. So as Jeff said, we're trying to
12 make sure that we have this set up so that as many
13 small businesses as possible can compete.
14 Bundling them together we saw that that's not
15 going to help there.

16 MR. HOUSE: Well, okay, with all due
17 respect, if you hand your actual usage data to a
18 manufacturer and you ask them are you -- are we
19 using the products the way you would recommend?
20 Inevitably every one of them will say heck no, or
21 more emphatically.

22 MR. ECKBRETH: This is not about -- this

1 is not about the using of the products. This is
2 buying products straight --

3 MR. HOUSE: Okay. But if you buy them
4 wrong -- I guess I'm saying if people aren't
5 buying them the best way possible, then they're
6 not going to be using them the right way possible.
7 That's, I guess, my point.

8 MR. ECKBRETH: Okay.

9 MR. BORNSTEIN: I'm Professor Sam
10 Bornstein with Kean University School of Business.

11 I have two questions. The second one
12 was just brought up.

13 The first one is you have 15 BPAs.
14 Approximately how many vendors is that
15 representing that will be shrunk from to the 15
16 BPA vendors?

17 MS. STANLEY: How many vendors --

18 MR. BORNSTEIN: How many prospective
19 vendors will be concluded that will be shrunk down
20 to the 15 BPAs?

21 MS. STANLEY: All of the contractors
22 that are currently on the multiple award schedule

1 programs that relate to these products.

2 MR. BORNSTEIN: I did a quick analysis
3 of the SINS and it looked like close to 1,300 that
4 will be shrunk down to 15.

5 MS. STANLEY: Yes.

6 MR. BORNSTEIN: Okay. I have some
7 experience in researching the office supply OS2
8 and that was from around 550 down to 15. And in
9 our Bornstein and Song research we noticed that
10 quite a bit of damage based on the displacement of
11 the small businesses and the loss of jobs. So I'm
12 very much particularly interested in this JanSan
13 on that regard as well.

14 One other point. The aspect of products
15 versus services. Will you require that the
16 individuals who do the services use these products
17 under the BPAs?

18 MS. STANLEY: Are you referring to, for
19 example, cleaning services for the public building
20 services?

21 MR. BORNSTEIN: Yeah, for an example
22 that was mentioned of the BMO, which I understand

1 is one of the five that will be implemented in
2 fiscal year 2014.

3 MS. STANLEY: That's correct.

4 MR. BORNSTEIN: I'm curious as to
5 whether those rendering services will be required
6 to buy from the vendors who supply these supplies
7 through the BPAs.

8 MS. STANLEY: Not at this time they
9 won't be required to do that.

10 MR. BORNSTEIN: Okay.

11 MS. STANLEY: These BPAs are not
12 mandatory at this time.

13 MR. BORNSTEIN: Really?

14 MS. STANLEY: We have commitment from
15 the agencies that they're going to use these BPAs
16 but they're not mandatory.

17 MR. BORNSTEIN: I understood that from
18 the December 5th memo from OMB that FSSI is
19 intended to be mandatory and the SSLC is meeting
20 to make sure that that happens on 90 percent of
21 federal contract spending. That's as I read it.
22 And I think that was the motive, the intent of Joe

1 Jordan when he emphasized the mandatory aspect and
2 that some businesses may not be able to do
3 business with the federal government because of
4 the mandatory aspect.

5 MS. STANLEY: Jack is going to address
6 that for us.

7 MR. KELLEY: These are great questions.
8 Right now, today, we're only focusing on the
9 supplies. The vehicle that's going to address
10 services is going to be considered as one of the
11 2014 initiatives. I will tell you if I had my way
12 -- and I don't always have my way -- but if I had
13 my way we would, in fact, we would make -- I would
14 make whoever ends up here being the suppliers
15 mandatory for the service providers because I
16 would want to maximize the business going through
17 it.

18 Now, you'll be comforted to know that I
19 don't always get my way, so who knows what's going
20 to really happen. One point -- the reason we have
21 engagements like this is to hear these kinds of
22 questions and to hear the concerns that you all

1 raise. This is not set in stone. This is a point
2 in time where we've brought something to the table
3 and, you know, we want to hear about it. My take,
4 and I wasn't, you know, I sat in on a lot of
5 commodity team meetings but I certainly haven't
6 been part of the inner discussions, but my take on
7 why things were organized this way was, as we said
8 before, was to maximize the opportunity for small
9 businesses that only offer at this subcategory
10 level an opportunity to participate. So it's an
11 honest attempt to try to maximize small business
12 opportunities.

13 MR. BORNSTEIN: My problem, based on my
14 research, and this goes back to the initial
15 inception of FSSI for the office supply is that
16 it's -- unfortunately, it's resulting in a
17 displacement of small businesses and substantial
18 job losses, which is causing great harm to that
19 community. In fact, on DOD EMALL, the only
20 contractors who can deal with office supply and
21 DOD EMALL -- and I'm afraid this will be with
22 JanSan as well -- are those 15 that were awarded

1 BPAs. And that means, and everybody should be
2 aware, that this is a very -- this has to be
3 approached very carefully. And I am always
4 suggesting beyond the small business impact study
5 a cost benefit analysis. I don't want to throw
6 everything at you at once, but there's \$182
7 million claims of savings. My question is what
8 are the costs of those savings -- costs meaning
9 displacement of small business, jobs lost --

10 MR. KELLEY: Yeah. I think this is not
11 the best place to have that conversation. It's a
12 very complex issue.

13 MR. BORNSTEIN: I would like to at some
14 point have that discussion because it's directly
15 impacted these people. And I'd appreciate it,
16 Jack.

17 MR. KELLEY: Happy to have those
18 discussions.

19 MR. BORNSTEIN: Thank you.

20 MR. AKINKUOTU: Thank you. My name is
21 Ajayi Akinkuotu with WECSys. I'm one of the 13
22 small businesses in the OS2.

1 My question is, you know, how did GSA
2 get the number 15? Because when you look at we
3 refer a lot to this OS2 and there are 13 small
4 businesses and there are 2 large businesses. If
5 you look at the ratio of the small business to
6 large business on the JanSan, there are about 6 to
7 1. Why is it that you just have 15 there and 8?
8 I don't think 8 is generous. You should reverse
9 these and give us 6 to 1, similar to what you are
10 referring to every time, the OS2. That's my
11 comment.

12 MS. STANLEY: Thank you. We're, again,
13 taking all of your comments into consideration,
14 and we appreciate those comments.

15 MS. FLANAGAN: Hi, I'm sorry. I have
16 one more comment. I was just slow to get up.

17 Lori Flanagan with the International
18 Sanitary Supply Association. And I just wanted to
19 associate ourselves with the earlier comments for
20 a more detailed small business impact analysis
21 because we've done an informal survey of our own
22 membership and we've seen some significant small

1 business impacts and we think that further
2 analysis could be helpful. Thanks.

3 MS. STANLEY: Thank you. We are taking
4 that into consideration.

5 MR. YUDIS: Hi. I'm Steven Yudis, Capp,
6 Inc. How are you?

7 I had a quick question regarding the
8 small business slot which incorporates two awards
9 and one of those awards, one of the two awards
10 would be the veteran-owned or minority woman-owned
11 business. My question to that is is it possible
12 that a minority- or vet-owned business could also
13 qualify for an award in the straight small
14 business category? Or is that small business
15 category for the one award just for a straight
16 small business, not a minority or anything else?

17 MS. STANLEY: No. They can be --
18 they're qualified to bid in any of the categories
19 that they can supply the products.

20 MR. YUDIS: I understand that but let me
21 give you a scenario.

22 If a minority-owned vendor is given an

1 award for let's say pool one and then there is
2 another minority or vet-owned vendor that doesn't
3 get that award but is more competitive than that
4 small business. Is it possible for them to get
5 the award over the straight small business? So in
6 other words, there would be those two slots --
7 small business and set aside. There would
8 actually be two set aside vet-owned businesses
9 occupying those pool awards. Did I say that --

10 MS. STANLEY: Yes.

11 MR. YUDIS: Is that possible?

12 MS. STANLEY: Yes.

13 MR. YUDIS: Okay. Thank you very much.

14 MS. STANLEY: Thank you for your
15 question.

16 MR. CLAY: My name is Frank Clay. My
17 company is the Clay Group. We're a
18 service-disabled veteran-owned small business.

19 So I've got a few questions to help me
20 with this. The first question is of the agencies
21 is the Department of Veteran Affairs one of the
22 seven agencies?

1 MS. STANLEY: The VA is participating,
2 yes.

3 MR. CLAY: All right. The Department of
4 Veteran Affairs has taken years to put together a
5 program under the Center for Veterans Enterprise
6 to certify all these veteran businesses who have
7 taken their monies to mainly focus on doing
8 business with the Department of Veteran Affairs.
9 I'm trying -- I would like to speak to the
10 representative from the Department of Veteran
11 Affairs who can help me reason why we have a CVE
12 putting veterans through a certification process
13 which is very costly only to find out and go
14 through the GSA schedule process only to find out
15 now that all those veterans -- service-disabled
16 veterans, veterans, what have you -- with GSA
17 schedules, if I understand what you're saying,
18 only two -- only one of them -- out of all of them
19 only one of them -- maybe three will be selected
20 in this process. Is that correct?

21 MS. STANLEY: Yes. Well, any small
22 business is eligible to participate.

1 MR. CLAY: No, my specific question --
2 so that whoever the veteran representative in your
3 committee has to understand what has been going on
4 --

5 MS. STANLEY: Okay.

6 MR. CLAY: -- and I'm speaking for all
7 the veterans who have gone through this process.
8 I'd like to know how the strategic initiative ties
9 in and helps the Department of Veteran Affairs
10 meet its small business goals that is going to put
11 all these veteran businesses out of business.

12 MS. STANLEY: Okay.

13 MR. CLAY: Okay?

14 MS. ROUSE: Mr. Clay. Mr. Clay, we're
15 happy to work with you to address this offline but
16 we want to keep the topic of conversation strictly
17 to this RFQ draft. So.

18 MR. CLAY: Well, this is what -- this is
19 very direct to this because I'm trying to
20 understand, to help you understand, to give you
21 feedback, how are you helping small businesses by
22 going to one when one of your major agencies has

1 -- who is the second -- has the second spend is
2 championing veterans who served this country -- is
3 championing a strategy that is going to reduce it
4 and we've still got people working to be certified
5 and get GSA schedules.

6 MS. ROUSE: Understood. But we want to
7 focus on the content of the RFQ because we have a
8 lot of information that we would like to share
9 with you today.

10 MR. CLAY: This is my opportunity. Let
11 me finish. Because the other part of it in the
12 No-Go qualification is now you're making it
13 AbilityOne as one of the first qualifiers. That's
14 AbilityOne certification. Because I need to just
15 walk out if you just tell me that if I'm not
16 AbilityOne then I can't participate in this
17 process. And my point is that we have spent a lot
18 of time being certified through the Center for
19 Veterans Administration to be STOB certified and
20 now you're putting a block in place that I have to
21 go through AbilityOne certification to participate
22 and sell to the Department of Veterans Affairs.

1 MR. KELLEY: I appreciate your comments
2 and your input. Let me ask you a question.

3 So is this commodity the only thing that
4 veterans sell to the government? Is it the only
5 schedule that you're on?

6 MR. CLAY: Is -- say that again?

7 MR. KELLEY: Okay. You mentioned a
8 process that VA has to certify service-disabled
9 veteran-owned small businesses.

10 MR. CLAY: Correct.

11 MR. KELLEY: Right. Okay. Is this the
12 only thing that service-disabled veteran-owned
13 small businesses sell to the government?

14 MR. CLAY: No.

15 MR. KELLEY: Okay. So whatever we do
16 here we're not, you know, foreclosing any
17 opportunities that you and your colleagues have
18 for other things that you sell to the federal
19 government; right?

20 MR. CLAY: Wait a minute, wait a minute.

21 MR. KELLEY: Help me understand that
22 because I'd like to.

1 MR. CLAY: My whole thing here is to
2 speak for the veterans and give you a flavor of
3 what's going on.

4 MR. KELLEY: No, I appreciate that.

5 MR. CLAY: And to give the feedback. I
6 know you've got to follow it, but I have my own
7 opportunity to say what I have to say.

8 MR. KELLEY: No, listen, I appreciate
9 hearing it. Let me ask you --

10 MR. CLAY: And I think I have good
11 grounds to say that. So what I'm asking the folks
12 to do is to go back and lift the AbilityOne
13 requirements.

14 MR. KELLEY: That's actually --

15 MR. CLAY: And allow veterans who have
16 been certified to at least be able to participate
17 in the process of the seven agencies of which the
18 second spend is the Department of Veterans
19 Affairs. That to me would be fair in the
20 strategic initiative.

21 MR. KELLEY: I appreciate you raising
22 the AbilityOne question. In fact, I appreciate

1 your comments all over.

2 But AbilityOne is a requirement that
3 Congress put on us along with a number of other
4 requirements. So it's not like we can just
5 arbitrarily decide to waive a statutory
6 requirement. That's what Congress said we had to
7 do.

8 MR. CLAY: It's also a public law.
9 Okay? So when we go to the statutory requirements
10 and you look at the FAR, the FAR says you need to
11 follow the FAR, except where there's a law. And
12 there's a law that says that you should support
13 the Veterans Administration. So I think that we
14 should have more inclusion and not exclusion.

15 MR. KELLEY: Thank you for pointing that
16 out. We'll go back and take a look and see if
17 that law supersedes the law that says we have to
18 use AbilityOne.

19 MR. CLAY: They both do.

20 MR. KELLEY: All we can do is sort of
21 try to sort it out and let the lawyers sort it
22 out. But thank you for raising the point.

1 MS. STANLEY: If I could ask you to hold
2 your question until the end, we need to move to
3 the next section. And I'm going to bring Glenda
4 up here to move to the next section, and then
5 we'll take your questions at the end of the
6 session. Thank you.

7 MS. LAMBERT: Good morning. My name is
8 Glenda Lambert and I am the contracting officer
9 for MRO.

10 SPEAKER: We can't hear you.

11 MS. LAMBERT: My name is Glenda Lambert
12 and I am the contracting officer for MRO.

13 We also have it broken down into five
14 categories covering hardware, tools and tool
15 cabinets, paints and finishes, portable heating
16 and cooling, and the fifth is electrical and
17 power. And we do have -- we do plan on also
18 having some socioeconomic set asides.

19 In the hardware category you would find
20 things you would find in a hardware store or a
21 home improvement store used for repair or
22 alterations, and these would be things such as

1 storage cabinets, lifts, drills, drill bits,
2 welding equipment, ladders, that type of thing.

3 The second category, tools and tool
4 cabinets, covers power tools, hand tools, and
5 storage for those types of tools. So in this area
6 you would find your wrenches, screwdrivers,
7 shears, scissors, hammers, drills, and also the
8 cabinets and then the parts for the cabinets.

9 The third category, paints and finishes,
10 would cover anything -- any chemical substance
11 that can be used as a paint or an adhesive or a
12 sealant, so that would be things like paints,
13 sealants, and paint or roller covers and roller
14 frames. So it would be the small equipment that
15 goes along for painting.

16 The fourth category of portable heating
17 and cooling, we have used the word "portable" in
18 there specifically to let you know that it's
19 things that can be easily moved around. This does
20 not include large chillers, rooftop chillers, or
21 air conditioners that are centralized. This would
22 be portable air conditioners, portable heaters,

1 humidifiers, dehumidifiers, or tower fans, that
2 kind of product.

3 And then in the electrical area we have
4 electrical and power equipment and related
5 components, power and lighting, pumps and motors,
6 batteries, battery chargers, lanterns, extension
7 cords, anything to do with power or electrical.

8 Now, the items that I've mentioned are
9 just a sample. In the RFQ there is an attachment
10 called JanSan Supplies Quote List -- Quote Sheet
11 or MRO Quote Sheet. And that will have the
12 specific number of items spelled out exactly what
13 we want in each of those pools. So please pay
14 special attention to that.

15 Now, if you are looking through those
16 categories and you find things that you have
17 questions about or that you believe shouldn't be
18 in there, we do ask that you send that to us at
19 our website, which is FSSI.MRO@GSA.gov or in the
20 case of JanSan it would be FSSI.JANSAN@GSA.gov.

21 We also plan on having a maximum of 15
22 blanket purchase agreements against this. As you

1 can see in categories 1, 2, 4, and 5, we would
2 like to have two of those set aside for
3 socioeconomic businesses, and in the third
4 category we would like to have one set aside.

5 Now, both JanSan and MRO teams are
6 working closely with the Small Business
7 Administration at this moment to get individual
8 waivers for the non-manufacturer rule. So this
9 would allow a small business to be awarded the BPA
10 or establish a BPA with a small business but they
11 would be able to get the products from large
12 businesses.

13 Are there any questions? Yes, please
14 come out to the microphones for the questions.

15 MS. WOOLLEY: Hello, Aubrey Woolley with
16 the Coalition for Government Procurement.

17 I just had a question about the total
18 number of vendor BPAs and I suppose that this also
19 relates to the JanSan. How you all decided to
20 award it looks like three in each category, you
21 know, considering task order, competition, and the
22 pricing objectives that you want to achieve over

1 time. For example, and I understand this is a
2 totally separate contract vehicle, but under
3 OASIS, for example, within each pool GSA
4 determined that they were going to award 40-plus
5 vendors in each pool. And within this contract it
6 looks like you've decided to award three. So if
7 you could just explain the justification for that
8 small number that would be greatly appreciated.

9 MS. LAMBERT: When we first started out
10 with the pools we had more pools than that, and as
11 we went through and evaluated the product that
12 should be included versus ones that couldn't be
13 included, three is the number that we came up
14 with. Now, again, this is a draft RFQ so we are
15 looking for input from industry. So if you had
16 other suggestions we would look forward to hearing
17 from you.

18 MS. WOOLLEY: Thank you very much.

19 MR. AKINKUOTU: This is Ajayi again. Is
20 it possible that on the screen up there you have
21 15 BPA for large company? Is it possible that you
22 can, as a small company, be as a large company?

1 Or do you have to have the 15 large company award?

2 MS. LAMBERT: Well, small business can
3 participate in anything that a large business can.
4 We were just trying to set aside for
5 socioeconomic. But as a small business you could
6 also participate or compete with the large
7 businesses.

8 MR. AKINKUOTU: So it's possible for you
9 to award small businesses and nine large
10 businesses in the end, but do you have to have 15
11 large businesses in this award?

12 MS. LAMBERT: Yeah, I mean, it is
13 potentially possible for the small businesses to
14 get more than the nine that we plan on setting
15 aside.

16 MR. AKINKUOTU: Okay, thank you.

17 MS. LAMBERT: Okay.

18 MR. YUDIS: Hi, Linda. Steve Yudis,
19 Capp, Inc. Again.

20 I had a quick question regarding the
21 standardization of manufacturers' part numbers on
22 the RFQ, specifically the market basket. How will

1 you go about choosing one manufacturer's part
2 number over another? So in other words, if one
3 contractor puts a Proto wrench part number 123 in
4 that slot and another manufacturer puts the same
5 wrench but it's manufactured by Klein, how will
6 you distinguish which one to go with because there
7 could be possibly up to, in my example, too, but
8 up to 10 competing manufacturers' part numbers in
9 a given slot, whether they be hand tools or
10 flashlights or whatever. So how would you
11 determine that -- which one to standardize on that
12 is?

13 MS. LAMBERT: The part number
14 standardization is something that we would want to
15 use, and it's something that we are going to be
16 working through as we go through these RFQs
17 because we need to be able to see the dollar spend
18 on the product and by the agency.

19 MR. YUDIS: I see.

20 MS. LAMBERT: Walter, did you want to --

21 MR. ECKBRETH: Yeah. So on the bid
22 sheets, we're not going to standardize on a

1 singular brand across the government. We want to
2 see the manufacturer part number so that if two of
3 the vendors have -- so that the customers looking
4 at pricing, they can look and compare Proto to
5 Proto, they can compare Stanley to Stanley. As
6 for pricing, it's a straight pricing competition.
7 We're not dictating what brands you sell when we
8 say -- if we say a 3/8-inch drive ratchet wrench,
9 it's your decision as to what you put in there
10 that meets that category, but it's a straight
11 price competition.

12 MR. YUDIS: Okay. So regardless of the
13 brand, as long as it's an equal to one another,
14 it's just going to be based on bottom-line price?

15 MR. ECKBRETH: Yes.

16 MR. YUDIS: Okay, great. Thanks a lot.

17 MR. FORMAN: Good morning. Charles
18 Forman, Independent Stationers.

19 I've got a couple of questions and some
20 of them are more tactical in nature and maybe
21 something you're going to cover a little later so
22 I apologize, but I didn't want to miss the

1 opportunity to ask them.

2 In the office supply category there was
3 a moratorium placed on Schedule 75. Is there
4 intent to put a moratorium on the corresponding
5 schedules for MRO or JanSan?

6 MS. LAMBERT: No.

7 MR. FORMAN: Okay. And you're referring
8 to this draft RFQ already. What is the timeline
9 for us being able to see that or the actual RFQ
10 hitting the streets and being due and things of
11 that nature? Has that been determined?

12 MS. LAMBERT: Which RFQ were you --

13 MR. FORMAN: JanSan, specifically.

14 MS. LAMBERT: Oh, the plan for both
15 JanSan and MRO is to get them issued by mid-June.

16 MR. FORMAN: Mid-June with a submittal
17 of a month after that or what kind of timeframe?

18 MS. LAMBERT: Mid-July, yes.

19 MR. FORMAN: Mid-July. Okay. And
20 originally from the last industry day the award
21 then would be in August?

22 MS. LAMBERT: Correct.

1 MR. FORMAN: Okay. And there's been a
2 lot of discussion about small business and
3 participation of small business. I was just
4 wondering, and I spoke to GSA and a number of us
5 in the office supply industry have spoke to GSA on
6 a number of occasions about the consideration of
7 the consortia model, you know, such as
8 dealer-owned co-ops, things of that nature as a
9 means to create greater opportunity for small
10 business to participate in larger numbers but
11 under one BPA. Is there any consideration in the
12 awards or is it just being looked at under the
13 small business category?

14 MS. LAMBERT: We're looking at it under
15 a socioeconomic category. It hasn't been -- we're
16 still looking at other socioeconomic factors or
17 categories, not just small business but that is
18 still under review.

19 Jeff, did you want to --

20 MR. KOSES: Yeah, Charles, I wanted to
21 go back to your first question. In the office
22 supply solution once the government-wide FSSI was

1 set up we decided we don't want to award competing
2 contracts or to entice more folks to get a
3 scheduled contract which we don't think is likely
4 to be used.

5 In the case of JanSan and MRO, there
6 would not be a full schedule that would be
7 individual special item numbers. Once again, once
8 we award this we're not going to then be awarding
9 conflicting or duplicate contracts, so that would
10 not be an entire schedule but there would be
11 certain special item numbers where we would not
12 make further awards.

13 MR. FORMAN: Okay, so in theory then for
14 those special item numbers within that category
15 there would be a freeze on additional contracts.
16 Did I understand that correctly?

17 MR. KELLEY: That's correct.

18 MR. FORMAN: Okay. And I guess my last
19 question then is as it pertains to the JanSan FSSI
20 BPA there was -- it's my understanding there was
21 consideration for Schedule holders to be able to
22 respond to that bid, and is that still the case?

1 MS. PECK: Schedule 75-85, the restroom
2 products, is included in JanSan.

3 MR. FORMAN: Okay, great. Thank you.

4 MS. LAMBERT: Okay. Why don't we move
5 on to --

6 MR. BORNSTEIN: Just one last question.
7 This is Professor Bornstein from Kean University
8 School of Business.

9 In the industry they mentioned Schedule
10 56. I'm wondering on these SINS there were no --
11 nothing related to Schedule 56. Will that be
12 included in any JanSan MRO?

13 MS. LAMBERT: The MRO RFQ is from
14 Schedule 56 and Schedule 51(b v), specific special
15 item numbers.

16 MR. BORNSTEIN: Okay. Okay, very good.
17 Thank you.

18 MS. LAMBERT: Okay. All right. If we
19 could move on to this next slide. This just tells
20 about our market basket was created and it was
21 designed to represent federal high dollar spend.
22 And then there will be other additional

1 representative items that could be added at a
2 later time.

3 Market basket items are categorized into
4 categories and vendors need to submit this
5 information on a quote sheet. The quote sheets
6 were created for the market basket items within
7 each category. Under number 2, we have vendors
8 submit quotes on categories. There are several
9 technical Go and No-Go factors that will be
10 evaluated, and JoAnn will speak to us about that
11 in just a moment. The vendor prices will be
12 collected on these data sheets or the quote
13 sheets, and they must be provided on that. And
14 you can fill it out for any category that you
15 choose.

16 On number 3, pathway to BPA
17 establishment, after a BPA is established with a
18 vendor there will be an average discount that will
19 come from the quote sheet which we'll look at in
20 just a moment, and that average discount will be
21 applied to all of the other catalogue products
22 that will be added to the vendors' BPA.

1 And pricing for this should be uploaded
2 into GSA Advantage and DOD EMALL.

3 Are there any questions?

4 MS. WOJCIECHOWSKI: Hi, I'm Gail
5 Wojchiechowski with Stephens Office Supply and
6 we're one of the present FSSI holders for office
7 supplies.

8 The concept of applying the average
9 market basket discount to all other categories,
10 you are making the assumption that we have the
11 same mark-up for all products and we do not
12 because wholesalers and manufacturers do not
13 provide us with list-down pricing. They do give
14 us cost pricing and we all have different markups
15 with different categories according to the
16 commodity categories. So I think that's kind of a
17 flaw in the concept that you're expecting that
18 same discount because when wholesalers and
19 manufacturers provide us with pricing, they start
20 out by looking at what you're requiring in the
21 market basket to make us competitive. FSSI for
22 office products, we were all asked to give

1 category discounts, like paper office products,
2 toner, what have you, and by category we could
3 offer flat discounts off of our existing schedule
4 prices, not applying average market basket prices
5 because it's just not feasible really.

6 MS. LAMBERT: Okay. We will take that
7 into consideration and maybe the next slide will
8 help a little bit with that also.

9 MR. KAUFFMAN: Hi, Andy Kauffman,
10 Kauffman Company.

11 If you get awarded this G BPA and you
12 see it's getting loaded up to your GSA Advantage,
13 are you going to have two schedules, two running
14 schedules for the same items?

15 MS. LAMBERT: No. Everything would be
16 going through the BPA.

17 MR. KAUFFMAN: So everything currently
18 on my MAS would be taken off and put on this BPA?

19 MS. LAMBERT: Yes. Well, yes, if it's
20 within the scope of the BPA. So there could be
21 items that would come off your contract to go to
22 the BPA, but you still may have some things on

1 your other contract that are not covered by the
2 BPA.

3 MR. CLAY: Frank Clay with the Clay
4 Group. Question concerning what was just spoken
5 to. So right now, if you go to GSA Advantage,
6 everything that's on my Schedule 73 comes up.
7 Given the award, the BPA items will somehow be
8 changed by GSA and be reflected -- or we have to
9 do that -- will be changed, and everybody can see
10 what they can currently see now minus the stuff
11 that's on the BPA which will be loaded up with
12 that price?

13 SPEAKER: How does --

14 MR. CLAY: I think they said we have to
15 do it.

16 MS. LAMBERT: You would load the prices
17 of the BPA in GSA Advantage; yes.

18 MR. CLAY: But I have -- but I have a
19 GSA scheduled number right now, and right now if I
20 have a BPA, I have a BPA number. So when people
21 are looking for prices off my GSA schedule, they
22 look at the GSA number. I'm trying to figure out

1 how we -- this is distinguished between the BPA
2 bucket items and the rest of the things that are
3 on my schedule. How is that going to be done?

4 MS. LAMBERT: They would have to be
5 entered separately. I mean, you've got your
6 contract but if you -- if there's something on
7 your contract that then is awarded under the BPA,
8 the BPA price will supersede the contract price.

9 MR. CLAY: Okay.

10 MR. FAUCETT: Bill Faucett, Flagship
11 Logistics. I concur with Frank. I'm a certified
12 service-disabled veteran-owned small business.
13 Don't try to be all things to all people, but we
14 have a very specific product line that we
15 represent and support based on what our core
16 competencies are. And if we look at that, what
17 you're telling -- what I'm taking from this is if
18 I've got a specific product under one of my
19 schedules and that SIN number is picked up on a
20 BPA, then I'm going to lose the ability to
21 continue to hold those products under that SIN
22 number on my schedule?

1 MS. LAMBERT: No. No, if you're not the
2 successful BPA holder, your contract will just
3 continue on as it is.

4 MR. FAUCETT: But I need to back up. I
5 mean, that vehicle was already in place for the
6 federal government to procure products and
7 services that I provide, as well as any other
8 schedule holder.

9 MS. LAMBERT: Correct.

10 MR. FAUCETT: That to me is nothing more
11 than a license to hunt. So I've got to go out now
12 and I've got to sell my product and services and
13 I've got to justify the value added because I can
14 tell you and guarantee you that there are a lot of
15 products that are less expensive of a like type.
16 But if you look at a floor finish, a floor finish
17 could be 3 percent solid content or it could be 50
18 percent solid content. Where is the value added?
19 I've got to use 22 coats of a 3 percent product to
20 get the same result that I can do with two coats
21 of a higher brand or a better brand product. It
22 just doesn't make sense because we don't get

1 there. We're not selling envelopes. We're not
2 selling Post-its. These products are different.
3 So I'm not sure, I mean, mops and buckets,
4 wringers, they're all the same; right? They're a
5 commodity. But there are certain products within
6 these SINS that are specialty items. Floor
7 machines, motors on a stick. I don't know that
8 there's any manufacturer today that builds a floor
9 machine in the U.S. And if they are assembling
10 them in the U.S., they have Chinese gear boxes.
11 But under the GSA -- scope of the GSA, we can't
12 put a product on our schedule that's not
13 manufactured here or doesn't have that criteria.
14 So you've only got two or three manufacturers on
15 GSA of a floor machine. But yet there are other
16 products out there that are equally as good or
17 better or supported by factor warranties, service,
18 back-up support that you're not going to get.

19 MS. LAMBERT: Okay. Now, the products
20 that will be on these BPAs are already on a
21 multiple award schedule contract. These BPAs are
22 being placed against multiple award schedule

1 contracts. So you've got the requirements for TAA
2 compliance. You've got all the regulatory
3 compliance for your schedule, it's just that this
4 will be against those schedules.

5 MR. FAUCETT: It's a hard pill to
6 swallow, I can tell you.

7 MR. ECKBRETH: Sir, can I, just so I
8 understand, on the market basket, I understand
9 what you're saying, the motors on sticks versus
10 some products that do have salient characteristic
11 differences. I guess what the request from us is
12 as you look at the market baskets that were
13 included in the draft RFQ, if you see that there
14 are items in that market basket that there are
15 really, really, really broad differences in what
16 they are, that's the kind of feedback we're
17 looking to see, if we've got the wrong items in
18 the market basket.

19 As far as if it's just -- I don't
20 remember on the JanSan if we had -- if we had down
21 to the floor finish. For some reason in my mind I
22 would think that that wouldn't be a high spend

1 item because there's a lot of other higher dollar
2 items in there, but if we have that in there and
3 there are really, really, really big differences
4 between products, let us know that so we can
5 understand if we need to adjust the items in the
6 market basket.

7 MR. FAUCETT: And that stands true with
8 a vacuum cleaner. If you look at a vacuum
9 cleaner, a 12-inch wide vacuum cleaner, there are
10 probably 35 different 12-inch vacuum cleaners that
11 you could buy.

12 MR. ECKBRETH: Right.

13 MR. FAUCETT: Versus with bags, without
14 bags, and all of those things.

15 But again, you look at quality, and if
16 you look at GSA Advantage, if you search the SIN
17 number and you look by vendor of what the sales
18 are, I can tell you there's probably one
19 manufacturer that leads the pack in high-end
20 quality vacuum cleaners. They've done so for
21 years because they have the best of the best.
22 Customers realize that. They look at that value

1 added and they're willing to pay 5-1/2 -- 550
2 bucks for it versus an \$89 Sanitaire. You have
3 not addressed that.

4 MR. ECKBRETH: If you can go through the
5 market basket and give us -- we've asked for the
6 feedback -- specific things in the market basket
7 that we need to go back and look at again.

8 MR. FAUCETT: Not a problem. Say thanks
9 for the plug, Cory.

10 SPEAKER: Thanks for the plug.

11 MS. BRADLEY: Hi, I'm Nikki Bradley with
12 American Product Distributors.

13 I just want to make sure that I
14 understand the whole correlation between the BPA
15 and existing GSA schedules. So are you saying
16 that all the items that are included in the BPA,
17 if someone has an existing GSA schedule and is not
18 awarded a BPA, those items in the BPA will then
19 need to be removed from someone's GSA schedule and
20 they can't sell those to the government?

21 MS. LAMBERT: No.

22 MS. BRADLEY: No.

1 MS. LAMBERT: No, if you have a schedule
2 contract but you are not a successful BPA holder,
3 your contract will just continue on.

4 MS. BRADLEY: Okay.

5 MS. LAMBERT: Nothing will be coming off
6 of your contract.

7 MS. BRADLEY: Okay. And also, when
8 we're talking about the BPA, we've talked about
9 the market basket items and then you also talked
10 about applying the average discount to I guess
11 what would be considered the nonmarket basket
12 items. Can you just talk a little bit more about
13 that? I know we had a question about it earlier.
14 I just want to make sure I understand that as
15 well.

16 MS. LAMBERT: It's the next slide.

17 MS. BRADLEY: Okay, great. Thank you.

18 MR. CLAY: Frank Clay with the Clay
19 Group. To follow up to that question, if we're
20 not awarded the -- one of the three or 15, then we
21 can keep our GSA schedule.

22 MS. LAMBERT: Yes.

1 MR. CLAY: That's what you just said.

2 MS. LAMBERT: Yes.

3 MR. CLAY: The question is -- the real
4 question is will the agencies be allowed to buy
5 those products from our schedule?

6 MS. LAMBERT: Yes, because as we stated
7 earlier, this is not mandatory. We hope that
8 agencies will be purchasing from the BPAs but it
9 is not mandatory. So yes, they still could buy
10 from your schedule.

11 MR. CLAY: So if I heard you said
12 clearly -- you said that --

13 MR. KOSES: Let me add to that. GSA
14 does not make the vehicle mandatory. Each agency
15 will establish their own policy. You should
16 assume that some agencies may make it mandatory,
17 some may make it a first consideration vehicle.
18 That's part of why the Strategic Sourcing
19 Leadership Council will be issuing letters of
20 intent, letters which become part of the RFQ, so
21 you can see what the major agencies are saying
22 their policy will be.

1 MR. CLAY: Yeah, I think that's fair
2 because if we have volume commitments then that
3 can drive a proper response. And just for all of
4 us who may not -- the thousand who won't have the
5 business, you know, we spend a lot of money
6 maintaining those contracts, and so we really have
7 to determine the value of those contracts as a
8 result of the strategic initiative.

9 My next question has to do with current
10 BPAs that we have in place. How is that going to
11 be handled? If we have a current BPA in place, is
12 the government going to honor those BPAs or are
13 they going to be canceled?

14 MS. LAMBERT: They should just stay in
15 place because these are new BPAs; they're not
16 superseding something you've already got in place.

17 MR. CLAY: Okay. So if I have a current
18 BPA and I have to work hard to be aggressive and
19 have all these different fees and work all that
20 out, do I have to adjust -- is GSA going to
21 require us or the contracting officer going to
22 require us to adjust our current BPAs to match the

1 price of the BPA award?

2 MS. LAMBERT: No. Your current BPA,
3 your current schedule, everything would stay in
4 place as it is. These BPAs would stand alone.

5 MR. BYLEN:: John Bylen, Jinx, Inc.
6 What is the vehicle in which people are going to
7 be purchasing off the BPA? Will it be GSA
8 Advantage?

9 MS. LAMBERT: It will be purchase cards,
10 GSA Advantage.

11 MR. BYLEN:: : How are they going to
12 see the prices? Excuse me, how are they going to
13 know these products are on the BPA, and what the
14 price is, and how will they place the order? Will
15 it be through GSA Advantage or another vehicle?

16 MS. LAMBERT: They can buy it through
17 purchase cards. They can go through GSA
18 Advantage. They can go through DOD EMALL.

19 MR. BYLEN:: : Okay. Then how does the
20 government justify telling an agency to buy
21 something that's on the BPA that, in fact, may be
22 at a higher price that somebody else on the

1 schedule may be offering it? Your assumption is
2 that you have a basket of products. The person
3 who is going to win is going to have the lowest
4 price of every item. That, in fact, is not going
5 to be the case.

6 MS. LAMBERT: Okay. I think, if I'm
7 hearing your question correctly, I think that this
8 next slide will help that.

9 MR. BYLEN:: : Okay. I'll wait.

10 MS. LAMBERT: Okay. All right. This is
11 a small example from the quote sheet that is part
12 of the RFQ. For the JanSan it is attachment 1.
13 For the MRO RFQ it's attachment 2.

14 Now, this is -- there are a lot of --
15 there's a lot of information in this quote sheet
16 that you need to pay special attention to. There
17 are a lot of tabs at the bottom. It's got one
18 that's full of instructions. Then it's got the
19 definition of all the market baskets. And again,
20 both for JanSan and MRO. It's got a validation
21 sheet where you go in and you make sure that
22 everything has been filled out correctly and you

1 validate it. It's got contact information that
2 must be filled out so that we know who we're
3 dealing with at each company. It's got category
4 description. Now, that will be broken down into
5 five because every one of the market baskets will
6 have the description of everything that's in
7 there. There are category discounts which include
8 the aggregate discounts that we'll get to in just
9 a few minutes. And then it'll have additional
10 pricing. So it is a pretty complex -- not complex
11 as in difficult but there's just a lot of
12 information in there.

13 So in our example here we have XYZ
14 Company. For the hammer their schedule price is
15 \$12.41. Their quote price for that product is
16 \$11.29. So the way this quote sheet is set up,
17 the calculation is done automatically from the
18 schedule price to the quote price and it reflects
19 a discount of 9 percent from the schedule price.
20 That is done for each and every item in each
21 market basket. Now, once those are all
22 calculated, that's where the average discount

1 comes from. It's the average discount based on
2 all of the discounts from the quote sheet. Now,
3 the average discount would then be applied to all
4 the other catalogue items that would be added to
5 the BPA that you have on contract as long as they
6 were within the scope and under the SIN.

7 Now, this, again, is an abbreviated
8 version of the sheet. There's a lot more
9 information on it. It's got the manufacturer
10 name; then the standard, wholesaler, or part
11 number; the UPC-A, if available; and country of
12 origin to again show that everything is in
13 compliance with the Trade Agreements Act.

14 Now, when those average discounts are
15 calculated that will be applied to the nonmarket
16 basket items, there is a specific page in the
17 quote sheet for that. And you will have to go
18 down and verify that you agree with those average
19 discounts.

20 Do you have any questions on that? Did
21 that answer your question at all?

22 MR. BYLEN:: : No. It raised one. But

1 go ahead.

2 (Laughter)

3 MR. FRAZIER: Eric Frazier with United
4 Laboratories.

5 So in essence what's going to happen is
6 every other product that we've got on the GSA
7 Advantage page is going to be discounted by that
8 average discount?

9 MS. LAMBERT: Yes, as long as it's in
10 the category and under the SIN.

11 MR. FRAZIER: Okay. That doesn't work
12 -- I'll explain to you -- I'll give you an example
13 because it was used when we were here last. The
14 last time we used DeWalt as an example. DeWalt
15 sells power tools and they sell drill bits. Okay,
16 the discount on the power tools, if it was 30
17 percent we'd be tickled. The discount on a drill
18 bit is a keystone. So it's almost double. So how
19 are you going to -- if you take a look at this, we
20 don't buy things at the same percentage even from
21 the same manufacturer. So when you come up and
22 say, oh, well, you have to take this discount off

1 of everything that applies here, on a per item
2 basis --

3 Let me go back to my original point. I
4 hope you caught that one. When you go from
5 manufacturer -- even inside of a manufacturer
6 you're going to have different rates of discounts.
7 But going back, by making these baskets so large
8 you have ensured that the government is not going
9 to pay the lowest price. Now, it makes it easy
10 for you to come up with a figure, but in fact,
11 what you are doing is you're putting a number of
12 items together and you're saying we're going to
13 award it to a certain company on their average
14 cost, when on specific items other vendors may be
15 dramatically cheaper. And a particular agency or
16 a particular field office may use a number of
17 products or use a product which is rather high on
18 your list in comparison to where they could have
19 gotten it from somebody else. The Bureau of Land
20 Management in the middle of Wyoming, perhaps they
21 use a certain type of hammer on fences to put up
22 fences. Okay, so that is offered at a discount

1 which is, you know, not as low as if they were
2 buying that hammer just themselves. So what
3 you've done is you're creating a marketplace.
4 You've said we don't care the way that the United
5 States does business. What we want to do is we're
6 going to tell you what a marketplace looks like.

7 GSA Advantage, I understand you want all
8 your vendors to kind of be the same when they
9 approach the government. GSA Advantage achieves
10 that. There's improvements that you could make
11 inside of it by making everybody put their
12 products up, put their PUC code in so that buyers
13 can actually see. But when you arbitrarily group
14 products together inside of a certain basket
15 you're ensuring that there will be agencies and
16 there will be offices that will be paying a higher
17 price than what they would have been doing before,
18 especially when you make it mandatory.

19 MS. LAMBERT: Okay. All right. Well,
20 we will take that into consideration.

21 MR. KELLEY: If you don't mind, let me
22 take a crack. These are -- I love these comments.

1 The market basket is intended -- it's
2 not just selected randomly. The market basket
3 represents the most commonly purchased items that
4 are purchased in the largest quantities. So when
5 we do it right, the market basket -- you know, and
6 we don't, you know, we're still learning how to do
7 this but when we do it right the market basket
8 represents, you know, 50 to 70 percent of the
9 spending for this commodity. So it's all about
10 reducing the prices that are most commonly paid.
11 It's not about reducing the price on every single
12 item sold by every single vendor in every single
13 location across the country. It's let's get a
14 hold of the largest amount of the spend and let's
15 see if we can't bring that down.

16 Jeff -- somebody made a point that --
17 Jeff made the point that each agency implements
18 policies to use these vehicles in the ways that
19 make most sense to it. So an agency could say use
20 the FSSI vehicle except if you can find a better
21 price on something else. I mean, some agencies
22 have taken that approach. And you know something?

1 That's fine. You know, at the end of the day
2 we're trying to save money. We're not trying to
3 just force people to use a vehicle just because we
4 love to do that. We're trying to save money.

5 The other thing we're trying to do is
6 get visibility into our spend. Right now, you
7 know, everybody here is doing business with the
8 federal government. We have no clue what we're
9 buying. We have no clue what we're paying.

10 That's got to stop. We've got to have visibility
11 into what we're buying, what we're paying, so we
12 can manage those things smarter. That's one of
13 the requirements of the BPAs. I am sensitive to
14 people who feel like we're putting requirements in
15 the BPAs that they don't like. Some of those
16 requirements are because we have to meet certain
17 laws. Not everybody out in the field understands
18 those compliance requirements that we have to
19 meet. We want to create vehicles that are easy.
20 If they use them, they're going to be obeying the
21 law. That's what we want to do. So we need to --
22 obviously we need to understand what the law is,

1 and maybe we think we do but if we need to
2 understand it better, help us do that. So that's
3 what we're trying to do. We're not trying to get
4 to every single item and every single vendor.
5 We're trying to get a hold of the bulk of the
6 money, see if we can't manage that better and get
7 better prices.

8 MR. BYLEN:: : Sir, I don't believe
9 you've heard anybody speak as to regulations or
10 what you're making us do. I think most of the
11 complaints that you've heard here, if not all of
12 them, are on restriction of the marketplace.

13 MR. KOSES: We had a couple of comments
14 now on the category discount. A couple of
15 suggestions that as designed at this point it's
16 not going to work. I have not heard some
17 alternative suggestions.

18 What we've seen on many contracts is you
19 get a great price on the market basket and you end
20 up grossly overpaying on everything else. Our
21 concern is, yeah, we'll get a great price on a
22 core list of items, but there are thousands of

1 other items where there are tens of millions of
2 dollars in spend. So if we have not designed the
3 market basket or the categories correctly, tell us
4 what we should change. We're also looking at
5 what's another way to ensure that we get good
6 pricing on the nonmarket basket items if indeed
7 there's a flaw in the category discount concept?

8 MR. HOUSE: Well, I guess that's a great
9 segue into my comment.

10 Bob House, Beyond Theory Logistics
11 again. Occam's Razor. The simple answer is
12 usually the right one. This is going to make
13 complexity in the bidding, the reviewing, the
14 pricing, and God knows that poor person making
15 \$30,000 a year who has to approve an invoice,
16 right, because that's what their job is. This is
17 not going to make their job easier. How do you
18 address discounts? Very simply. Because I don't
19 know if you all have looked at how these invoices
20 -- they've got discounts. Discounts, sometimes
21 they're identified, sometimes they're not. I've
22 looked at discounts. Customers have looked at

1 discounts and they're frustrated because they
2 don't even know how to audit if it's correct. So
3 how do you simply answer your question?

4 Transparent pricing.

5 I would argue that you do know about
6 this. It was posted on Interact being the only
7 posting on Interact, and it was summarily
8 dismissed as we've looked at it but we're not
9 interested. We factored it in. So I'm going to
10 bring this up again. Transparent pricing. That's
11 how you support small business because the volume
12 buying of the government should be shared by
13 everybody instead of the Graingers, the Fastenals,
14 and the MSCs of the world. If you don't do that,
15 then just hand them the whole damn book. We
16 really don't care because it's really not going to
17 make a difference.

18 (Applause)

19 MR. HOUSE: The second thing is that
20 that's how you invite innovation; right? Because
21 many of us here have innovative companies. We're
22 not competing with the big players, be it

1 manufacturing or distribution. We're trying to
2 find something that's different, innovative. We
3 listen to customers. If you want to hear that you
4 have to enable us to provide you a solution and a
5 business care for listening to that. You're not.
6 You're saying this is what you're going to do.
7 You're going to bid on these and then we're going
8 to decide on whether we think you're a low price
9 or not. But that's not what we're competing on.
10 We'll never compete with the big players. That's
11 not our business.

12 The third thing is that's how you're
13 going to get the best price possible. I would not
14 want to be that person at GSA that has to go up in
15 front of another Claire McCaskill, Senator
16 McCaskill's Senate Committee and explain why there
17 was an abject failure on compliance of a DoD
18 contract to rebate the -- well, it's refunds and
19 rebates -- that distributors were forced to
20 acknowledge, report right back to the Department
21 of Defense or GSA. They didn't do it and they
22 said we have no intention of doing it. That

1 letter -- I assume you all got a copy of it -- was
2 sent to the acting director of OMB the date before
3 you announced this group. I can't imagine that
4 she would think or anybody on that committee would
5 think that this complex pricing is going to lead
6 to volume discounts, best pricing, a simpler way
7 of doing business, lower total cost of ownership,
8 best practice. I can't imagine they're going to
9 think this is going to help achieve that goal.

10 And you heard some clapping here and a
11 lot of people nodding. Everybody wants the
12 ability to compete on a level playing field. If
13 you take the single biggest advantage of this
14 contract, which is volume buying, and you hand it
15 to the majors, then what are we left with? We're
16 left with scraps. We're left with trying to fit
17 into what everybody else thinks is our business
18 model, and we're just kind of frustrated in a
19 variety of things.

20 What are you going to do about that? It
21 was posted on Interact. Clearly, there was a --
22 nobody was really interested in answering the

1 question, and I've got to say that I'm the one
2 that posted it and you ousted me. You
3 specifically used my name, so clearly I know other
4 people that wanted to post were pissed off and
5 said I'm not going to post anything on there
6 because it's not anonymous. I don't have the
7 ability to have a free form exchange of ideas
8 because you are now going to single me out.

9 So the simple answer is transparent
10 pricing. I think you need to look at it. And
11 you're asking what do we do? That's your answer.
12 You can choose to do something about it or you can
13 choose not to do something about it. But that's
14 all -- I guess that's your responsibility.

15 (Applause)

16 MR. KOSES: I don't know that many of us
17 understood portions of that. Transparent pricing
18 is a big piece of the answer that we absolutely
19 agree with. And there are a number of things that
20 we have been designed to try and create and to
21 move towards. What you're calling transparent
22 pricing, what we're calling a dynamic pricing

1 environment. That's the exact reason that you're
2 seeing requirements like the part number
3 standardization.

4 In terms of the assumption that this is
5 being geared towards large businesses, let me
6 strongly reject that piece of the statement. I
7 think we are going to tremendous lengths to try
8 and ensure that there are ways that small
9 businesses can compete. Fortunately, we've got --

10 MR. HOUSE: I'm sorry, but to clarify my
11 point, transparent pricing as we're defining it on
12 this side of the table is that the manufacturer
13 price sans discounts and rebates and volume, that
14 those are disclosed so there's no rebates and
15 prebates and co-marketing and everything else
16 that's used to incent and favor one distributor
17 over another -- i.e., favor the bigs over those of
18 us who are fighting. So when we say transparent,
19 we're not talking the same language. We, on this
20 side, all have an idea of what transparent pricing
21 is. You all on that side don't seem to get that
22 there's a difference in the definition. Sorry.

1 MR. KOSES: I'm not -- still not sure
2 where you were going with rebates and freebates
3 and everything else. We are, I think, very
4 clearly laying out a goal that we want to be able
5 to publicize what is the item, what is the price
6 to be talking the same language.

7 In our earlier session a couple months
8 back we showed you a slide with one big box of
9 paper towels making the point that there are 185
10 different vendors, 26 different part numbers, and
11 pricing anywhere from \$32 to \$116 for the exact
12 same item, and that that is all about confusion.
13 That's all about obfuscation in the marketplace.
14 That's exactly the transparency issue that we're
15 after.

16 MR. BORNSTEIN: This is Professor Sam
17 Bornstein, Kean University again.

18 With regard to the word "mandatory," I'm
19 very much hung up on that term because it's been
20 used in the December 5, 2012 OMB memo. Mandatory
21 is the direction that the OMB and GSA is going
22 for. My concern is that someone expressed, let's

1 say an agency wants to purchase something and
2 finds a cheaper price on let's say another vehicle
3 rather than through the BPA. I have specific
4 reference to an agency. I believe it was USDA
5 where they were frequently asked questions. The
6 question was phrased, "If we find something
7 cheaper under another vehicle must we use the
8 BPA?" And the answer was, "Yes, you must."

9 I'm very much concerned. I've seen this
10 happen in the office supplies OS2 environment. As
11 a matter of fact, a Navy contract corridor
12 specifically mentions if you're purchasing office
13 supplies it's only from those 15 awarded BPAs on
14 office supplies. And this is causing great
15 torment for those Schedule 75 office supply
16 contacts who don't have BPAs. I'm concerned that
17 the same will happen to JanSan and MRO. And if
18 you can give assurances that the term mandatory
19 does not mean that it will only be restricted to
20 those 15 JanSan or 15 MROs, then I'm comforted.
21 But my concern is that this will follow the same
22 path as the office supply contract BPAs, 15 out of

1 560. Now it will be 30 out of 1,200-1,300.

2 That's my concern.

3 MS. LAMBERT: Well --

4 MR. KELLEY: We're concerned, too. So
5 the point I made earlier is each agency decides
6 what makes sense to it. So if agriculture has
7 decided that it makes life easier for its
8 procurement people to be limited to 15 vendors
9 because then it's a simpler decision for them,
10 they can make the decision quicker, they can move
11 on, then they've made that decision. Now, what I
12 can tell you, you know, we have -- although we
13 care a lot about adoption, you know, we make a
14 commitment to the vendors who win the
15 competitions, that we are going to do whatever we
16 can to give business to them. That's the basis of
17 the competition.

18 MR. BORNSTEIN: That makes sense.

19 MR. KELLEY: So we're not doing our job
20 if we're not fulfilling that obligation. And I
21 think in OS2 we've certainly done, you know, we've
22 certainly made some progress in it.

1 Can I tell you that we have 100 percent
2 of the office supply sales going through OS2? We
3 do not. We'd love to have it but we don't have
4 it. The reality is that we move as much of the
5 market as we can through the vehicles to which
6 we've made a commitment to do that and, you know,
7 the rest just, it happens.

8 MR. BORNSTEIN: And by doing so, we
9 shrink the base of small business contractors and
10 vendors and result in --

11 MR. KELLEY: Let's have this
12 conversation offline because we're not the only
13 people who buy from small businesses. It's a big
14 economy out there. Let's talk about this
15 separately. You've made your point over and over
16 and over. We've heard it over and over and over.

17 MR. BORNSTEIN: One last point.
18 Strategic Sourcing Leadership Council had met.

19 There are seven major agencies which
20 account for 90 percent of the total government
21 spending of 500 and some odd billion. And their
22 intent was to mandate strategic sourcing through

1 that vehicle.

2 MR. KELLEY: So, let me tell you the
3 exact sentence which I wrote in that says that the
4 Strategic Sourcing Leadership Council is to -- it
5 roughly says this -- it's to develop vehicles
6 which, you know, are developed in such a way that
7 they could be mandated. There's not an automatic
8 mandate. We want to -- we think we're doing the
9 right thing. Now, you all are helping us
10 understand areas where maybe we haven't thought
11 things through enough and that's critical, but we
12 think we're doing the right thing. We think we're
13 going to save the taxpayers' money. We think
14 we're going to give the agencies better choices.
15 So these kinds of meetings are important for us to
16 hear where we're on the wrong track, and I really
17 value that. But we're not trying to do bad
18 things. You know.

19 MR. BORNSTEIN: No, I understand. And I
20 also understand the need to funnel the business to
21 the BPA-awarded contractors and vendors. That I
22 understand. But what I'm suggesting is that there

1 is a middle ground which will increase competition
2 and not limit it to only a few contractors who
3 will be the so-called winners because there will
4 be many nonwinners. But there is a way and I'm
5 hoping that GSA and OMB will consider that.

6 MR. KELLEY: Well, please share. I
7 mean, I don't want to take up time here.

8 MR. BORNSTEIN: Another time.

9 MR. KELLEY: We'd love to hear those.
10 Any ideas you have about doing that --

11 MR. BORNSTEIN: I'd be happy to share
12 with you.

13 MR. KELLEY: We'd love to hear them.

14 MR. BORNSTEIN: Okay. Thank you.

15 MR. FRAZIER: Eric Frazier with the
16 United Laboratories.

17 You had asked for a suggestion regarding
18 this discount. Here's a scenario. I could see a
19 situation where a company may have the cheapest or
20 the ability to create and to manufacture and
21 develop and sell under this program the cheapest,
22 all-purpose cleaner, for example. But they're not

1 going to risk putting that on this bid if they
2 know that all of their GSA Advantage products are
3 going to be discounted by that same discount. So
4 you would have a situation where that company that
5 may have the lowest price pulls out and doesn't
6 even bid because they don't want all their other
7 GSA products to be discounted. In that situation,
8 you're only getting the lowest price from those
9 people who participated.

10 MR. KELLEY: I think, and I'd have to
11 defer to my GSA colleagues on this, but I think
12 the way the discount works is if you offer that
13 low price as your schedule price, it's already in
14 the schedule and you decide you want to lower the
15 price a little bit more to win the BPA, then it's
16 the discount from your schedule price. It's not
17 some discount from wholesale price. This is what
18 you bid before. Now, if you're going to lower
19 those prices, you know, in the market basket, then
20 we want you to lower the prices against what you
21 put on the schedule before. That's -- I think
22 that's the concept, isn't it?

1 What I can tell you is we think the
2 office supply solution, which is modeled very much
3 like this, we think it works.

4 MS. LAMBERT: Okay. Well, let's move on
5 to the slide on aggregate discounts. You'll find
6 this in your quote sheet under the Additional
7 Pricing tab.

8 Up until \$6 million for JanSan or \$12.5
9 million for MRO, the discount would be just the
10 basic discounts that you offered for the BPA.
11 Once you hit the \$6 million level for JanSan or
12 \$12.5 million for MRO, whatever discount --
13 additional aggregate discount you offer the
14 government would go into place. For instance, the
15 previous one we looked at said average discount
16 was 9 percent. If you offered -- example purposes
17 only -- a 1 percent under that first tier
18 category, then we would be doing a straight
19 arithmetic where it would be the 9 percent
20 discount plus the 1 percent aggregate discount.
21 So you would now be offering the government a 10
22 percent discount. Those would stay in place until

1 you got to the next tier, and whatever was offered
2 as an additional discount at that second tier
3 would go into place.

4 Now, on this same sheet where you find
5 the aggregate discounts, I do want to point out
6 that there are a couple other things. You can
7 also tell us if you can deliver to Alaska, Hawaii,
8 Puerto Rico, and the U.S. Territories, or if you
9 can do OCONUS or international deliveries. That's
10 a yes or a no. We know that there are a lot of
11 extenuating circumstances based on shipping
12 overseas or non-CONUS. So we just want to know
13 that yes, you have that capability.

14 Also, on the same sheet you can tell us
15 if you want to charge a convenience fee for orders
16 between \$25 and \$99 -- so under the minimum order
17 -- and how much that would be. And also, if
18 there's a delivery charge upgrade for next
19 business day shipping. So you'll see all these
20 things on the same sheet but aggregate discount is
21 the main one at the top.

22 So what questions do we have on the

1 aggregate? All right. Well, at this time I'd
2 like to hand it back to JoAnn. She has a little
3 more information to share with you all.

4 MS. STANLEY: Okay. I'm going to share
5 with you some key terms and conditions that are
6 currently in the RFQ draft. We'd like to have
7 your feedback on those as well, but I highly
8 encourage you when you get the final RFQ to read
9 it carefully and make sure that you're responding
10 appropriately.

11 Let's go over the key terms and
12 conditions. The first being the period of
13 performance. We're proposing one base year with
14 four one-year options. In terms of delivery days,
15 we're proposing three to four business days.
16 Minimum order, \$100, and delivery terms, FOB
17 destination. These apply to both JanSan and MRO.

18 Are there questions on those? Yes, sir.

19 MR. KAUFFMAN: Yeah, Andy Kauffman
20 again. Shipping something coast-to-coast in three
21 to four days is not feasible if you're using a
22 ground service. If I have to ship a hammer from

1 Massachusetts to California it's a seven-day lead
2 time. So three to four days is just not
3 realistic.

4 MS. STANLEY: Okay. So you're
5 proposing?

6 MR. KAUFFMAN: Seven to 10.

7 MS. STANLEY: Seven to 10. Okay. We'll
8 take that into consideration.

9 Okay. Other questions? Okay. All
10 right. We'll move on to the next slide which is
11 the key requirements slide. And we discussed this
12 a little bit but we are requiring the
13 manufacturer's part number or a standard
14 wholesaler part number. In addition, we want
15 Universal Product Code UPC-A where that's
16 applicable. And in terms of reporting
17 requirements we're asking for Level III data,
18 point of sale information, and program level
19 monthly reporting. So let me go over that just a
20 little bit.

21 Again, the key objective of this is to
22 reduce price points. One way that we feel that

1 that is possible is through the part number
2 standardization. The RFQ will require the
3 manufacturer's part number and UPC-A information.
4 Another key area is reporting. Data analysis is
5 important to the success of managing pricing, so
6 we will require the Level III data, the
7 point-of-sale discounts, and program level monthly
8 reporting. The level III data, we need the data
9 for every single transaction, so we want to make
10 sure that we get all of the data that's requested
11 in the RFQ for every single transaction. The
12 point-of-sale, we want to ensure that no matter
13 how the order comes to you as a vendor -- by
14 credit card, GSA Advantage, EMALL, purchase order
15 -- however that comes, we want to guarantee that
16 the agency gets the BPA price. So we need to have
17 you be able to ensure us that you can capture that
18 point of sale discount.

19 Program level month reporting. Examples
20 of this would include specific information to
21 total spend volume, purchase by customer, by
22 channel, by payment method, and purchases of

1 sustainable products. That type of blind item
2 level data.

3 Okay. Questions?

4 MR. CLAY: Yes, Frank Clay with the Clay
5 Group. My question pertains to the last slide
6 where we talked about three to four business days.
7 Since one of my primary customers is the VA
8 Medical Centers, many of the VA Medical Centers
9 don't have a lot of inventory space and they
10 really enjoy one to two day shipments for whatever
11 reason. How can we incorporate the one or two day
12 requirements and be given credit for maybe some
13 additional charges for doing that?

14 MS. STANLEY: Okay. Additional credit?

15 MR. CLAY: We can build in a higher
16 price if the VA wants us to ship in one to two
17 days. If you just say three to four it's this
18 price but one to two.

19 MS. STANLEY: In the quote sheet, if the
20 ordering agency is asking for specific expedited
21 delivery --

22 MR. CLAY: Right.

1 MS. STANLEY: -- there is a place to
2 address that in the quote sheet, that you will do
3 it but you will allow -- there will be additional
4 charges for it.

5 MR. CLAY: Okay.

6 MS. STANLEY: Yes.

7 MS. BRILL: Kelly Brill, Morning Star
8 Industries. If our current GSA MAS contract terms
9 are origin and you want destination pricing, how
10 do you suggest we work with our current contract
11 terms?

12 MS. STANLEY: We're going to ask that
13 you modify your current contract and make those
14 items that are specific to your submission of the
15 BPA be modified to be destination items.

16 MS. BRILL: Okay. Would that also allow
17 for some price increases?

18 MS. STANLEY: Yes. To accommodate the
19 shipping charges.

20 MS. BRILL: Okay, great. My second
21 question is do all the products in the market
22 basket have a UPC code?

1 MS. STANLEY: Not all products will have
2 UPC codes.

3 MS. BRILL: Okay, great. And my last
4 question is several of our products that are
5 currently on the schedule may not have the exact
6 manufacturer part number that you're looking for,
7 maybe it's coded differently, maybe there might be
8 a quantity attached, but it is the actual product
9 you're looking for. Do we need to modify the part
10 number or will there be some allowances for that?

11 MS. STANLEY: On your GSA MAS schedule
12 contract, yes, you would need to modify again
13 those products that you intend to submit as part
14 of your response to the RFQ to be the actual
15 manufacturer's part number or a standardized
16 wholesaler part number.

17 MS. BRILL: And I also have to concur
18 that three to four seems like a tight delivery
19 schedule. If 7 to 14 is too high, maybe somewhere
20 in the middle there would be middle ground. Thank
21 you.

22 MS. STANLEY: Okay. We'll take that

1 into consideration. Thank you.

2 MR. HOUSE: Bob House, Beyond Theory
3 Logistics again.

4 Nothing that you're doing here is
5 revolutionary. I mean, many of these things are
6 in existence in many contracts that are already
7 out there. Have you looked at what those results
8 are to see what clearly is going to be the result
9 of this? There's no unintended consequences here.
10 I mean, we kind of know where this is going. If
11 you look at like the WSCA contracts or U.S.
12 Communities or some of these other large contracts
13 like this you've seen a lot of frustration on the
14 side of small business that really didn't get the
15 opportunity that they thought or were hoping for
16 or were expecting. A lot of promises were made
17 but there literally wasn't much follow-through on
18 it. Many customers are not happy. I mean,
19 there's a state that has a mandatory contract, 13
20 percent compliance. When you ask the customers,
21 the agencies, the purchasing managers why aren't
22 you doing it and they are simple answers. I mean,

1 there's many of them but one of the most common
2 answers is we spent it like it's our money and we
3 don't want to spend our money this way. This is
4 just bad.

5 So I guess my question is you talk about
6 the one-on-ones and the white papers and all these
7 academic things, but have you considered that
8 research? Have you gone out and talked to the
9 customers? Have you talked to, you know, looked
10 at how these are being implemented? Because I
11 think that is really going to foretell what we all
12 know is going to happen. And, like I said, there
13 really are no unintended consequences in here.
14 You kind of know what you're getting or you're
15 choosing to not really acknowledge it. So I'll
16 kind of leave it with that. Thank you.

17 MS. STANLEY: Thank you.

18 MR. KELLEY: Let me try. So I talked
19 about OS1. OS1, you know, we made the commitment.
20 We went through all the motions we thought were
21 important to go through. And it didn't work so
22 well. We learned a lot of lessons from that. And

1 I'm talking about lessons that we learned from
2 things we do. You know, if some state does a poor
3 job in trying to do a strategic sourcing
4 initiative and their customers don't like it,
5 well, you know, too bad for them. That's what we
6 did, the first generation of OS1. So we learned
7 lessons and we applied those lessons to OS2. OS2,
8 as far as we can all tell, is working pretty well.
9 The agencies tell us that it's working better than
10 what they had before. So our customers are
11 telling us that OS2 is, you know, it's getting
12 better prices and getting them what they need.
13 Now, I'm not saying that every place in the
14 country would say that, but the people who are
15 part of our Commodity team who we asked to
16 participate give us that feedback. So we reach
17 out to federal community and we ask them what they
18 need. We have a Commodity team. Many people are
19 here from the Commodity team.

20 MR. HOUSE: Sure. With all due respect
21 that's kind of isolationist. Somebody pointed out
22 that there's a difference between buying an

1 envelope and buying chemicals that need to be used
2 in a particular way.

3 MR. KELLEY: Right.

4 MR. HOUSE: Acknowledge that there is a
5 difference. Talk to the people that have
6 acknowledged that difference. And I'm assuming
7 you're not discounting that the WSCA contract used
8 by 41 states, which is much larger than this --

9 MR. KELLEY: I'm not familiar with it.

10 MR. HOUSE: Well, I would recommend that
11 you do. I mean, these are data points. I'm not
12 sure what research you're doing if you're not
13 looking at where these things are being
14 implemented and what the positives and negatives,
15 because you're handing the contracts -- the
16 majors, the Graingers, Fastenals, MSCs, et cetera.
17 You're handing them the vast majority. We all
18 know. You're handing them the vast majority of
19 the spend and you're going to get exactly the same
20 answers, business model issues. You can choose to
21 address them and be familiar with what's going on
22 or you can choose not to. But again, that's your

1 choice. And I'm kind of concerned -- I think we
2 all are -- that you're discounting what isn't
3 being done within FSSI or your own group.

4 MR. KELLEY: I don't think we're
5 discounting anything.

6 MR. HOUSE: Well, you just said I don't
7 care if the state's not doing it right.

8 MR. KELLEY: That's why we're having
9 this meeting to listen to you. So, I mean, this
10 is good input for us.

11 I don't -- I'll leave it up to my
12 colleagues to do the research on that particular
13 contract. We want to learn the lessons that other
14 people have gone through. We've been successful
15 so far building on lessons that people who paid a
16 lot of attention to this have learned. So this is
17 a new area for us. Hopefully, there are some
18 folks out there we can learn from.

19 I want to respond to one other comment
20 you made earlier and I thought it was a great
21 comment about buying the right product. That's
22 probably going to come up more in the services'

1 piece then it's going to come up in this piece.
2 What's important in this piece is making sure that
3 the same products, the same items from the same
4 manufacturers, with the same capabilities, are
5 identified unambiguously. And then we can compare
6 prices for the same thing. That's what we're
7 trying to do.

8 MR. HOUSE: You're thinking the wrong
9 things are important. You're really not thinking
10 about the right things.

11 If I run an agency and there's
12 absolutely nothing on the market basket that I
13 buy, then the market basket determination is
14 completely useless for me.

15 MR. KELLEY: Correct. But you're
16 presuming that we're not going to -- we haven't
17 asked the agencies what they've bought, and we
18 have.

19 MR. HOUSE: Again, we've heard all this
20 before. Show us with the data. Show us what's
21 going on. You're telling us all these things.
22 We've heard it repeatedly. The data says

1 something that's completely different than what
2 you're saying, and I hope you guys are prepared to
3 show data because I think we're all -- we all know
4 what we're shipping, and we all know that if you
5 tell us something is on the market basket and it's
6 really important and we know that we're really not
7 shipping it, you're not asking us to validate it.

8 MR. KELLEY: Maybe we should.

9 MR. HOUSE: Maybe you should.

10 MR. KELLEY: We should first ask the
11 agencies who actually do the buying. So if
12 there's a way to kind of compare what they tell us
13 with what you have, why not do that? We'll go
14 back and see if we can't figure out a way to
15 address that.

16 MS. STANLEY: Okay. If that's all the
17 questions we'll move on to the technical
18 evaluation factors. These are Go/No-Go factors.
19 So these are critical as you respond to the RFQ to
20 be sure that you supply the data or the
21 documentation that we're asking for because this
22 is the area where you're response to the RFQ will

1 stop and not go to the pricing part if you haven't
2 met these. And as Jeff said, it's critically
3 important to look at these. And if you can't
4 respond, if you're not able to respond in these
5 areas, then don't -- look at these and know
6 whether or not you're capable of meeting all of
7 these Go/No-Go factors.

8 The first one is the AbilityOne
9 reseller. You must have an authorization letter
10 showing that you're an AbilityOne reseller. You
11 have to provide 100 percent of the core items in
12 each category with the manufacturer's part number
13 or the standard wholesaler part number and the
14 UPC-A if applicable. So you need to be able to
15 respond to all of the core items.

16 You need to demonstrate the ability to
17 provide 100 percent of the core items in each
18 category you quote for. You need to demonstrate
19 the ability to provide order status to GSA
20 Advantage. Provide plan of accomplishment
21 addressing the point of sale documents for all BPA
22 orders. In other words, show us in a narrative

1 how you're going to ensure the discount is applied
2 to every order. You need to provide the
3 agency-defined reports at no additional cost. You
4 need to give us a narrative of how you intend to
5 do that. Ensure standard delivery anywhere CONUS
6 within three to four business days, and we're
7 taking your comments about three to four under
8 consideration. So whatever the RFQ requires, we
9 need you to ensure that standard delivery can be
10 done in that timeframe. We need you to
11 demonstrate the ability to meet all environmental
12 preferable requirements, to provide OCONUS
13 delivery. Now, that doesn't mean that you
14 necessarily will have to ship directly overseas
15 but you have to have the correct marking,
16 labeling, and packaging to be sent to a
17 containerization point. So you need to
18 demonstrate that ability. You need to demonstrate
19 Level III transactional data at the line item
20 level. A sample report would be good at that
21 point to give us that information. You need to
22 demonstrate the ability to offer Fill or Kill

1 status of an order.

2 For the MRO only, you need to provide a
3 narrative demonstrating your knowledge of the
4 Berry Amendment, and there's a limitation on the
5 number of pages, so pay attention to those. When
6 you're doing a narrative, pay attention to the
7 limitations required in the RFQ. You need to
8 provide representation regarding unpaid delinquent
9 federal tax liabilities or felony convictions. We
10 need demonstration of compliance with TAA, a
11 one-page statement. Country of origin needs to be
12 on your quote sheet so that we can determine that
13 the TAA requirements have been met.

14 GSA will be evaluating past performance
15 and we will do that through the system for award
16 management. The Federal Awardee Performance and
17 Integrity Information System, Past Performance
18 Information Retrieval System, as well as the
19 GSA-generated CAV reports and report cards that
20 are done on your MAS schedule contract on a
21 regular basis.

22 And one additional evaluation factor for

1 large businesses only is that you must fulfill
2 additional subcontracting plan requirements, a new
3 subcontracting plan with higher goals to support
4 small business than you have on your current MAS
5 contract. And this is a little bit more
6 information on that -- provide the new
7 subcontracting plan, goals greater than existing
8 MAS contract, and submit a copy of your current
9 approved subcontracting plan.

10 Okay. Questions on the evaluation?
11 No-Go -- Go/No-Go factors?

12 MR. BORNSTEIN: One quick question.

13 MS. STANLEY: Sure.

14 MR. BORNSTEIN: This is Professor
15 Bornstein, Kean University again.

16 Just curious. This might not be a very
17 good sample but how many in the audience are
18 AbilityOne resellers?

19 Okay. Well, again, this may not be
20 representative but within the OS2 universe there
21 were only 40. And that was among the 560-some odd
22 contractors of OS2. And that's why as I remember

1 there was only 47 who applied for the BPA and 15
2 were awarded. So I think that should be
3 recognized.

4 MS. STANLEY: Okay.

5 MR. CAULFIELD: Not a question but I
6 would like to make a comment that I disagree that
7 --

8 MS. STANLEY: Sir, could -- excuse me,
9 could you state your name and your company name,
10 please?

11 MR. CAULFIELD: My name is Art
12 Caulfield. My company is FedPro, Inc.

13 MS. STANLEY: Thank you.

14 MR. CAULFIELD: And I've been working in
15 schedules for a long time. I know there's at
16 least one person in the room that will remember
17 the name Al Lambert, and at his retirement party
18 he said, "I love this program," talking about the
19 schedules program. And I thought, "What's there
20 to love about a purchasing program like the
21 schedules program?"

22 It has grown from about \$3 billion at

1 that time to almost \$40 now, and for good reason,
2 because it serves the needs of the agencies. It's
3 been done through diversification,
4 decentralization, and the meeting of needs. The
5 pursuit of co-modification and low price takes
6 away, erodes all of the benefits of the schedules
7 program. I put that in a one-page letter to Joe
8 Jordan some time ago, and I don't expect all of
9 you to change your whole orientation, but the
10 schedules program does need protecting. And
11 instead of giving greater success to four or five
12 small businesses, it is nice to give opportunity
13 to hundreds and thousands. And that's all I have
14 to say.

15 MS. STANLEY: Thank you.

16 MR. CLAY: Frank Clay, the Clay Group,
17 service- disabled veteran-owned small business.

18 First, I want to say I respect all the
19 AbilityOne distributors, and particularly those
20 who are AbilityOne and veteran-owned, but I can't
21 understand why that is the top requirement of
22 No-Go would exclude the rest of the distributors

1 who currently provide value to the government. I
2 see no reason for that. I don't think the FAR
3 states that everybody has to be AbilityOne. I
4 don't think that was the intent of the FAR. I
5 think the intent of the FAR was to take care of
6 the people who were hindered because they're blind
7 and things of that nature.

8 I also think that the Veterans
9 Administration saw the concern about veterans and
10 that they also needed help, and so they put
11 together a public law and they put together an
12 executive order that encouraged contracting to use
13 veteran-owned small business, and we have this
14 whole big thing with certification.

15 So seven years ago when Walter Reed in
16 this city was in the newspaper and I was an
17 ex-headquarter battery commander, knowing how bad
18 the restrooms were, I went to my supplier and got
19 a program together and we've been supporting the
20 Veterans Administration Hospitals. And if you go
21 into them today, those of you who are veterans,
22 you know that the restrooms are drastically

1 improved because we have already achieved much of
2 what FSSI is about. We have achieved
3 standardization. We have achieved level pricing.
4 We have achieved better service. We give one- to
5 two-day with my business model and my partners,
6 one- to two-day shipping which beats what you
7 have. So I don't understand. The only thing I
8 have to do is meet your goal of reducing price and
9 with the volume commitments then there's a model
10 for that and I'll take that to my partners and
11 we'll work on that. But I shouldn't be excluded
12 because I'm not AbilityOne. And I think that
13 whoever is on the committee that's with the
14 Department of Veterans Affairs, you guys need to
15 stand up and make that playing field a little bit
16 level because as a veteran I think that that's not
17 the way to go about it. We've done too much to
18 get to this point to be just shut off because
19 there's a preference for AbilityOne.

20 MR. ECKBRETH: So let me -- I can answer
21 your question real simply as to why there's the
22 requirement for AbilityOne. In some of these

1 segments, commodity segments, some of the products
2 that are required to be provided are AbilityOne
3 products. So any of the vendors, to be eligible
4 you've got to be an AbilityOne reseller. Real
5 simple. So if you don't want to supply the
6 AbilityOne required source items, then you can't
7 participate.

8 MR. CLAY: It's not that simple.

9 MR. ECKBRETH: As far as becoming
10 AbilityOne certified, my friends at AbilityOne
11 have been telling us that they've had people
12 coming in doing applications.

13 MR. CLAY: It's not that simple because
14 my supplier doesn't want to be AbilityOne.

15 MR. ECKBRETH: That's a decision that
16 you make, sir.

17 MR. CLAY: But my product brings value
18 to the government.

19 MR. ECKBRETH: As Jack said, there are
20 statutory requirements. There are A-list
21 AbilityOne items that the government is required
22 to procure.

1 MR. CLAY: But there's no reason why you
2 can't have AbilityOne in one of your categories
3 and still leave another stand-alone. You can meet
4 your requirements. I have no problem with
5 AbilityOne. But you can also, and I'm here to
6 give input to say the solution is leave room for
7 people who are not AbilityOne. And let me go
8 through this process and see how my value helps
9 you meet your federal strategic goal. Don't cut
10 me out. Don't limit competition.

11 MR. ECKBRETH: We can't change the
12 statute. We can't change the statute. I guess
13 your suggestion is we change the market basket so
14 that the AbilityOne are somewhere else.

15 MR. CLAY: You know, you probably know
16 more about that. I'm just saying right off the
17 bat I cannot participate because I'm not
18 AbilityOne.

19 MR. ECKBRETH: You can get AbilityOne.
20 You can go through the process and become an
21 AbilityOne vendor. There is no restriction on
22 that, sir. That's a business decision that you

1 make. You can go right to the website and --

2 MR. CLAY: The whole premise is --

3 MR. ECKBRETH: -- they'll walk you
4 through it.

5 MR. CLAY: -- it's very restricting.

6 Why does everybody -- I mean, the intent of the
7 FAR is not -- when the FAR -- everybody has had
8 the FAR for years. That means everybody should be
9 AbilityOne. Every spend, every federal supply --
10 every Strategic Sourcing Initiative -- everybody
11 would be AbilityOne. And I don't think that's the
12 intent.

13 Now, if you want to read the FAR, the
14 FAR says that you follow all these things in line
15 unless there is a public law that needs to be
16 recognized. And there is a public law. And so
17 because there is a public law and executive orders
18 that should be given some weight and help move
19 into the qualification valid since you have
20 Department of Veterans Affairs on your committee
21 that we have equal -- not equal or parity in the
22 qualifications just to see the value so that we

1 can help you meet your goals. We think that we
2 can do that with our business model. AbilityOne
3 has a business model. At the end of the day you
4 wouldn't have AbilityOne unless it was going to
5 drive costs and improve efficiencies. But to your
6 point, you're asking for solutions. Well, you
7 have one. Okay, but we can't enter into the game
8 with this restriction. It's too restrictive.

9 MS. BRADLEY: Hi, this is Nikki Bradley
10 again from American Product Distributors.

11 I had a question about the format of the
12 RFQ and responses. If there are ways that we can
13 provide additional savings and value for you
14 outside of the prices of the items in the market
15 basket, the discounts including the aggregate
16 volume discounts, will there be some type of
17 format where we can include information about
18 those other value-adds that we can provide savings
19 for you?

20 MR. KOSES: Give us some suggestions now
21 at the draft stage on what we might want to change
22 on the RFQ so that you can do that.

1 MS. BRADLEY: Well, I think what I've
2 seen in other RFQ and RFP processes is just the
3 ability to have some type of free format where you
4 can put a narrative, you know, something brief
5 that just explains what your competitive
6 advantages are, that can provide cost savings
7 outside of the structure of the RFP.

8 MS. STANLEY: And would you be able to
9 give us evaluation factors for those additional
10 concepts?

11 MS. BRADLEY: Yeah, I think so. I think
12 the suppliers have to be specific as far as what
13 the savings are and how you achieve them and then
14 you just calculate that into what the overall
15 savings are of that bid. That's what I've seen in
16 other RFPs.

17 MS. STANLEY: We'll take that under
18 consideration. Thank you.

19 MR. ONCKEN: Hi. My name is Frank
20 Oncken with Cavalier, Inc.

21 I have a question you may or may not
22 have the answer to. It may come off as more of a

1 suggestion, but my question is -- and this is kind
2 of in a totally different direction but I think
3 it's relevant -- somewhat points to the statements
4 made by the passionate gentleman earlier. Have
5 there been any attempts within GSA to sort of
6 connect the dots internally regarding recently
7 there's a report released by GSA and the GSA Green
8 Building Committee the endorsed LEED and LEED
9 facilities for all of its buildings. And within
10 LEED there are green cleaning requirements or
11 green cleaning criteria, some of which are
12 dilution control, which a lot of people in this
13 room know a lot about, but in your market basket
14 there is -- I mean, there's nothing -- everything
15 that is asked for is a ready-to-use product for
16 the most part. And so my question is FSSI in the
17 true mode of trying to produce significant savings
18 for the government, are you looking into things
19 like that? Are you trying to team up internally
20 to follow LEED requirements and, you know,
21 implement things like dilution control which saves
22 hundreds and hundreds of percent versus

1 ready-to-use products? I mean, I've got a product
2 that I brought right here and I'm not going to
3 pull it out because I don't want to slander any
4 products but it's a ready-to-use product. The
5 cheapest I could find it, it's a ready-to-use
6 multi-purpose cleaner, 32-ounce trigger spray.
7 The cheapest I could find it on GSA right now is
8 in the \$2 range but there are ultra concentrated
9 products and super concentrated products where you
10 can get 128 bottles out of one 32-ounce bottle.
11 And so my question is are you attempting to
12 connect those dots internally?

13 MS. STANLEY: Jeff, can you address that
14 one, please?

15 MR. KOSES: Sure. Short answer is yes.
16 We have several folks on the Commodity team from
17 the environmental community, from the public
18 building service all looking for that. It's also
19 though a chance to address the market basket a bit
20 more. The market basket was based on the high
21 spend items as captured through the GSA SmartPay
22 credit card, as captured through our DOD EMALL, as

1 captured through GSA Advantage, then shared with
2 the federal agencies to add or subtract as
3 recommended. This is also though an ideal time
4 for industry to weigh in. Tell us what we're
5 missing from the market basket or what's there
6 that we should not have there.

7 MR. ONCKEN: Right. So, you know,
8 that's kind of where it really is becoming a
9 suggestion more than a question. You know, GSA
10 has basically endorsed LEED as a building standard
11 and a way to achieve sustainability and if you
12 apply that to FSSI and the product requirements
13 within LEED, you know, you really can achieve some
14 real savings.

15 MR. KOSES: And let me ask you to give
16 us something more specific through Interact, and
17 to all of you who have been making suggestions
18 today, where we can make it actual and specific
19 through Interact, we do want to see that. We want
20 to share that with the Commodity team to help us
21 make some final decisions.

22 MR. ONCKEN: Okay, thank you.

1 MS. STANLEY: Thank you.

2 MR. AKINKUOTU: Ajayi with WECsys again.

3 There's a lot of throwback about AbilityOne,
4 either with the vendors, with the agencies, and I
5 think if there's any opportunity this is it.

6 There's a lot of AbilityOne rep here. I think
7 they should come in and tell us why the advantage
8 and the process each vendor goes through to be
9 AbilityOne certified.

10 MS. STANLEY: Okay, thank you.

11 MR. YUDIS: Steve Yudis, Capp, Inc.

12 Again. On the JanSan draft on page 32, there's a
13 statement that reads "quotes that receive a No-Go
14 rating will move to the second technical review."

15 So I want to confirm, number one, this is a
16 multi-part question. Number one, will there be --
17 is there actually a second technical review as
18 stated?

19 MS. LAMBERT: The answer is yes. The
20 first -- somebody will look at it for the
21 technical. Somebody on the evaluation board. If
22 it receives a No-Go from them, another person will

1 look at it because we want to make sure that, you
2 know, just the decision isn't made by one person.

3 MR. YUDIS: Okay, great. Now, here's
4 the other part of the question, and I speak for a
5 number of contractors regarding this. And it's
6 specifically dealing with past performance.

7 Does this mean that if a contractor gets
8 a No-Go on past performance, for whatever reason,
9 whether it's through FAPIIS or SAM or PPIRS, what
10 have you, would that be considered for a second
11 review? And the reason I ask you that is because
12 on any GSA solicitation for any schedule for the
13 most part, when a contracting officer comes to
14 past performance, if there's any hitches or
15 glitches in there, he or she will issue a
16 clarification, you know, unless it's a terrible
17 black mark regarding past performance. And he or
18 she as a CO does and should question any types of
19 problems with past performance, contract defaults,
20 what have you. And if that's the case, I want you
21 to strongly consider adding to that Go/No-Go
22 section for past performance that if a second

1 technical review is considered for that, that you
2 will come back to the contractor and ask for
3 written clarification about the situation. That's
4 a very important thing because normally -- and I
5 know for a fact that in a couple instances with
6 GSA, Kansas City and Crystal City have found
7 contractors with -- I'm not going to say sub past
8 performance but, you know, small inefficiencies
9 along the way. And they've questioned it through
10 clarification, as they should, and they've
11 accepted many of the clarifications positively and
12 have awarded scheduled contracts based upon those
13 clarifications.

14 So the ruling body, GSA, has actually
15 set precedence. However, with this year, JoAnn,
16 it looks like it's a dead-end street, so I would
17 really like you to consider, number one, extending
18 the second technical review as well as a
19 clarification for this. And I wanted to get your
20 thoughts on this.

21 MS. STANLEY: We'll certainly take that
22 under consideration.

1 MR. YUDIS: Okay. Thank you.

2 MS. STANLEY: Okay. If that's all the
3 questions on the technical factors we'll move to
4 the next slide which concerns On Ramping and Off
5 Ramping. On Ramping, there will be additional
6 BPAs or there is the potential of additional BPAs
7 for similar requirements if they're needed. And
8 from an off-ramping standpoint, the government
9 reserves the right to cancel a BPA. And the
10 government reserves the right not to exercise
11 option periods.

12 Questions about that? Okay. If there
13 are no more specific questions I will turn the
14 mike over to Alex for conclusion.

15 MS. ROUSE: Hi, everyone. I'm Alexandra
16 Rouse. I'm the program lead for MRO, and I wanted
17 to thank you very much for coming out today and
18 having a very good dialogue with us. We
19 definitely have captured a lot of additional items
20 that we're going to take a further look at, so
21 thank you very much for your candor. We do really
22 appreciate it.

1 And just to kind of recap, we went over
2 the procuring channels for JanSan and MRO. We
3 talked about our acquisition strategies and the
4 evaluation factors that we're considering right
5 now. And we covered the quote sheet that we're
6 going to be sending out. We are going to revisit
7 that as well. We do ask that you take a look very
8 carefully at the items within the market basket
9 and the terms and conditions that we're proposing
10 in the draft.

11 I'd like to highlight again that this is
12 a draft and we really do appreciate any more
13 feedback that you might have. We're taking
14 comments through 5 p.m. on Friday, and we also
15 encourage you to look at our Interact pages and to
16 continue the dialogue through our e-mail boxes at
17 FSSI.MRO@GSA.gov and the similar one for JanSan.

18 So with that being said, we have a
19 couple of minutes left so I'd like to open the
20 floor to folks who haven't had an opportunity yet
21 to ask any additional questions as it relates to
22 this RFQ draft.

1 All right. Did you have any closing?

2 All right. Well -- oh, hi, Aubrey.

3 MS. WOOLLEY: Aubrey Woolley again with
4 the Coalition for Government Procurement.

5 Just one question. Given all of the
6 feedback that you've received and all the issues
7 that have come up in this industry day, first,
8 when are you planning on posting the slides from
9 --

10 MS. ROUSE: We'll have this slide deck
11 posted within the week. We probably will be a
12 little bit later with posting comments that we've
13 received against this draft so far because we want
14 to do a compilation of all the information and
15 feedback that we get back but then we'll be
16 posting it on our Interact pages as well.

17 MS. WOOLLEY: Okay. Just on the draft
18 RFQ, given that it was just released last Thursday
19 night, are you all considering at all extending
20 the draft RFQ period? Because I think a lot of
21 clarifications were made today that folks that are
22 providing comment would like to consider in

1 providing the written comments to the draft RFQ.

2 MS. ROUSE: Okay.

3 MS. WOOLLEY: Given that today, you
4 know, it's Wednesday at noon. The current
5 deadline is COB on Friday. Would you at all
6 consider an extension of that deadline?

7 MS. ROUSE: We would consider that, and
8 any notification of that kind we will post on the
9 Interact page.

10 MS. WOOLLEY: Okay. Thank you.

11 MS. ROUSE: You're welcome. Okay.

12 MS. WOJCIECHOWSKI: Hi, Gail with
13 Stephens Office Supply again.

14 A question. In both of these draft RFQs
15 you have that no price increases will be
16 entertained for the first year of the BPA.
17 Honestly, I think that's an unreasonable request
18 because what you're doing is you are basically,
19 all the suppliers, the vendors in this room are
20 bearing the risk because the suppliers and the
21 manufacturers and the wholesalers will not commit
22 to us for one year -- for prices being held for

1 one year.

2 MS. ROUSE: Do you have a period of
3 recommendation for price increases? I mean, can
4 you give us something that we can entertain?

5 MS. WOJCIECHOWSKI: Well, in the
6 existing FSSI for supplies, I mean, they went --
7 we went almost two years at one point with no
8 price increases on market basket items only.

9 MS. ROUSE: Mm-hmm.

10 MS. WOJCIECHOWSKI: I think, you know,
11 maybe the market basket would be a little bit more
12 reasonable, that there would be no increases on
13 market basket items, but the whole schedule, there
14 are so many unknown factors in the course of a
15 year, I mean, price of steel, fuel, what have you,
16 that would impact us. You basically could put the
17 vendors out of business because the manufacturers
18 and the suppliers, they're not going to hold their
19 pricing. So we're the ones bearing all the risk.

20 MS. ROUSE: So what kind of time period
21 are you recommending that we should consider?

22 MS. WOJCIECHOWSKI: Well, right now, I

1 mean, under regular MAS schedules we can apply for
2 price increases quarterly with the limitation of
3 10 percent unless market conditions prevail. And
4 I know part of the reason is to prevent a buy-in,
5 and I can appreciate that even as a vendor. But I
6 think it also has to be reasonable based on what
7 manufacturers and wholesalers are doing as well.
8 So if we could provide whatever required
9 information that you would require to justify a
10 price increase, be it at the manufacturer level or
11 wholesaler level, I really think we need to have
12 that entertained.

13 MS. ROUSE: Thank you for your comment.
14 We'll add that to our list.

15 All right. Well, with no further
16 comment I'll just close out this meeting for
17 today. Again, we really appreciate your honest
18 feedback, and thank you for taking your time and
19 sharing your morning with us. Thank you.

20 (Whereupon, at 12:17 p.m., the
21 PROCEEDINGS were adjourned.)

22 * * * * *

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

CERTIFICATE OF NOTARY PUBLIC

DISTRICT OF COLUMBIA

I, Christine Allen, notary public in and for the District of Columbia, do hereby certify that the forgoing PROCEEDING was duly recorded and thereafter reduced to print under my direction; that the witnesses were sworn to tell the truth under penalty of perjury; that said transcript is a true record of the testimony given by witnesses; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this proceeding was called; and, furthermore, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

(Signature and Seal on File)

Notary Public, in and for the District of Columbia

My Commission Expires: January 14, 2017