BUNDLING/CONSOLIDATION ANALYSIS
FOR
STRATEGIC SOURCING PROGRAM
JANITORIAL AND SANITATION (JANSAN) SUPPLIES
REQUISITION CHANNEL

Prepared: August 6, 2015 (rev. 08212015 v3)
Rev. 4 09/03/2015

Prepared by:
Greater Southwest Region (Region 7)
Southwest Supply & Acquisition Center
# Table of Contents

1. Executive Summary .................................................................................................................. 1
2. Background ............................................................................................................................... 3
   - Strategic Sourcing .................................................................................................................... 3
   - GSA Global Supply Mission ................................................................................................... 3
   - Supply Transformation Initiative ............................................................................................ 4
   - JanSan Requisition Channel .................................................................................................. 4
3. FAR Bundling Guidance ........................................................................................................... 6
   - Regulatory Requirements ........................................................................................................ 6
4. Analysis ..................................................................................................................................... 7
   - Methodology .......................................................................................................................... 7
   - Estimation Methods Used ........................................................................................................ 8
   - Janitorial and Sanitation Supplies Acquisition History .......................................................... 8
   - Market Research ..................................................................................................................... 9
5. Anticipated Benefits .................................................................................................................. 11
   - Pricing Discounts .................................................................................................................... 11
   - Proven FSSI Savings ............................................................................................................... 14
   - Improved Delivery Times ....................................................................................................... 15
   - Personnel Cost Savings ......................................................................................................... 16
   - Administrative Savings .......................................................................................................... 17
6. Disadvantages of Bundling ...................................................................................................... 20
7. Specific Impediments to Small Business Participation ............................................................ 20
   - Suitability for Small Business ............................................................................................... 20
   - Acquisition Strategy to Maximize Small Business Participation .......................................... 20
8. Acquisition Alternatives to Bundling ...................................................................................... 23
9. Contracting Alternatives ......................................................................................................... 25
10. Determination to Bundle ........................................................................................................ 25
11. Final Recommendations ......................................................................................................... 26
1. EXECUTIVE SUMMARY

General Services Administration (GSA) is embarking on a Federal Strategic Sourcing Initiative (FSSI) for Janitorial and Sanitation Supplies, hereinafter, JanSan. GSA Global Supply currently maintains contract coverage for janitorial and sanitation supplies for its customers through various contract vehicles ranging from one-time buys, Indefinite Delivery Indefinite Quantity contracts (IDIQ), Blanket Purchase Agreements (BPAs) against Federal Supply Schedules (FSS), to open market standing price quotes not to exceed $150,000. These contract vehicles ensure that a responsible and responsive contractor is available to provide a National Stock Number (NSN) when GSA receives a requisition via Fedstrip or Milstrip from its customer agencies. As part of the FSSI and Supply Transformation (ST), GSA is moving towards a direct delivery model, where the items will be shipped directly from the vendor to the end user.

With the distribution centers closed, NSNs have been removed from the stock program and moved to the direct delivery program. The NSNs that have been categorized under JanSan are currently covered by approximately 459 contracts and supplied by approximately 215 vendors. The Government anticipates this acquisition will consolidate these contracts into fourteen (14) BPAs, but reserves the right to establish more or fewer awards depending on the quotation evaluation results and a determination of how many BPAs will serve the best interest of the Government.

Extensive market research was conducted and numerous changes were made to the acquisition strategy to minimize the potential negative impact on small business. Active steps were taken to include small business in the JanSan acquisition strategy, with the majority of awards being reserved for small business. GSA examined benefits which included cost, quality, acquisition cycle, terms and conditions, and other benefits. Substantial benefits were found to justify the decision to bundle/consolidate in areas of savings, better terms and conditions, reduced cycle time, and enablement of smart shopping. Moreover, JanSan considered historical data obtained in the first year alone by the Office Supplies (OS) FSSI had proven savings of over 10%. In the first nine months of the JanSan Purchasing Channel, savings are averaging over 25%.

15 USC § 657q - Consolidation of contract requirements requires a consolidation analysis when two or more requirements for federal goods or services that have been provided under 2 or more separate contracts will be consolidated under a single or multiple award contract.

These BPAs also constitute substantial bundling under the definition of the Federal Acquisition Regulations (FAR) due to the projected dollar value of the Request for Quotes (RFQs). In accordance with 13 CFR 125.2(d)(1)(iv), when an acquisition involves both consolidation and bundling, the contracting officer must follow the provisions regarding bundling set forth in paragraphs (d)(2) through (7).

Therefore, the contracting team conducted a bundling analysis, using the substantial bundling threshold (5% savings on contracts estimated at more than $94 million). The team identified the following benefits:

- Reduced Cost: Greater discounts than those generally offered under Multiple Award Schedule (MAS) contracts due to the larger estimated volumes and the longevity of the contracts.
• Administrative Savings: Several types including distribution center savings, technology savings, etc.
• Personnel Cost Savings: Savings due to the reduction in acquisition and depot staff.
• Improved Delivery Times: Reduction in the average time of 30 day delivery to 7 days.

The acquisition team determined that these benefits justify bundling. In addition, GSA has taken numerous additional steps to ensure small businesses are given fair opportunity to participate in the JanSan Requisition Channel to include:

• Engaging industry through GSA Interact web blog site, ensuring the Small Business voice could be heard regardless of geography.
• Hosting a partnering session between AbilityOne and Small Business, to ensure small businesses understood how to qualify to be authorized resellers.
• A virtual conference was held February 19, 2014. The meeting was a combined event for OS3, MRO and JanSan with approximately 200 vendors. The purpose was to share the developed RFQ JanSan strategies with Industry and capture feedback. Questions were collected and where appropriate the final RFQ will be revised to provide clarity. All Q&As from this Industry Day are available at: https://interact.gsa.gov/blog/mro-and-jansan-requisition-channel-industry-day-qa-now-available-0
• Posting draft RFQs and Market Baskets to allow Industry an opportunity to view and comment.
• Constructing the Jan San product categories to ensure representation of the best opportunity for small business schedule contract holders to compete effectively within and across those categories.
• Reserving a majority of awards for small business. Ten (10) of the fourteen (14) awards will go to small business.
• Pursuing a Waiver of the Non-Manufacturing rule from the Small Business Administration.

The primary impetus for ST is the realization that status quo is not an acceptable option for GSA and the ST effort is an attempt to concurrently carry out the GSA Administrator’s mandate to maximize use of FSSI while building a new, more sustainable business model. The new model, which is designed to leverage industry supply chain capabilities to the maximum extent, should increase internal efficiencies and our effectiveness in supporting customer requirements, while lowering our costs and thus increasing savings to customer agencies and the taxpayer.
2. BACKGROUND

STRATEGIC SOURCING
FSSI, chartered under the purview of the Federal Government’s Chief Acquisition Officers Council (CAOC), is governed by the Category Management Leadership Council (CMLC). The Office of Federal Procurement Policy (OFPP) oversees the CMLC. Many agencies actively participate in FSSI through the Community of Practice (COP) and through Commodity Councils that provide user input to various FSSI procurement activities. At its core, the FSSI program strives to implement a commodity management approach to federal procurement. JanSan supplies are one of several commodity groups for which FSSI is seeking a more effective government-wide acquisition approach.

A strategic sourcing effort typically involves the following activities:

- Analyze spend data;
- Analyze the market;
- Develop a strategy;
- Seek and negotiate with suppliers;
- Select and award to successful suppliers;
- Implement strategy; and
- Monitor performance

Memo M-09-25, from the Office of Management and Budget (OMB), dated 07-29-09, mandated that all Federal agencies cut their procurement expenditures by 3.5 percent for both Fiscal Years 2010 and 2011 for a total reduction of 7 percent. The memo mandated the agencies to achieve savings through more effective acquisition practices. The government-wide strategic sourcing of JanSan supplies under FSSI is anticipated to assist the Administration in achieving its goal of cutting $40 billion a year from procurement spending.

GSA GLOBAL SUPPLY MISSION
GSA Global Supply (GGS) manages global supply acquisition. It is a vital component of the National Supply System and supports military, civilian, and some state/local supply requirements throughout the world. Up through FY14, large-scale support was provided through two large distribution centers, acquisition centers, call centers, and more than 30 retail stores plus forward supply points located within the Continental United States (CONUS) and abroad, including multiple sites in Europe and Asia.

Since inception, GSA Global Supply operated a national distribution system. Commodities were purchased and warehoused in large depots with extensive inventory requirements. Orders were placed through requisitions; shipments were then made directly from the depots to requisitioning offices. Due to the increased cost of maintaining a distribution system, GSA progressively reduced the size of the inventory maintained in its depot system and increasingly relied on direct vendor delivery. Through programs such as the Special Order Program, Expanded Direct Delivery (EDD), Direct Vendor Delivery (DVD), and now Strategic Partner Delivery (SPD), the

---

size, scale, and e-commerce interfaces have become increasingly complex, and the percentage of business outside the stock program increased. With the wind-down of the wars in Iraq and Afghanistan, decreased volume made the traditional depot system cost prohibitive. Through Supply Transformation, GSA decided to eliminate its depot footprint and reduce operating costs by closing the Western Distribution Center on September 30, 2014, and Eastern Distribution Center on December 31, 2014.

SUPPLY TRANSFORMATION INITIATIVE
In 2011, the Office of General Supplies and Services (GSS) began planning and implementing a Supply Transformation (ST) initiative designed to modernize the business line's wholesale and retail programs. ST focuses the wholesale program on the concept of greater reliance on SPD for commercially readily available items. ST was based on recommendations presented in a study by Deloitte Consulting, LLP titled “New Business Models and Business Case Analysis” (November 9, 2006).

The primary objective of Supply Transformation is to modernize the Office of General Supplies and Services (GSS) Office of Supply Operations’ (SO) wholesale and retail programs. This initiative aligns with the Supply Operations Modernization Decision Memorandum that was approved by the FAS Commissioner on April 9, 2007. The bundled BPAs will meet one key objective: move commercially available products toward a direct vendor delivery model. By doing this, GSS will be able to provide its worldwide customer base with faster product delivery, more competitive pricing and, stellar service under this enhanced business model. The ST effort is an attempt to concurrently carry out the OMB mandate to maximize use of FSSI while building a new, more sustainable business model.

JANSAN REQUISITION CHANNEL
A RFQ will be issued for the requisition-based ordering channel for NSNs and part numbers ordered through GSA Global Supply (GS) via FedStrip and MilStrip. It will establish several single-award BPAs with GSA Multiple Award Schedule (MAS) 51V, 73 and 75 contract holders. The FSSI JanSan Requisition Channel will support the goals of ST by: capturing the benefits of economies of scale; fostering markets for sustainable technologies and environmentally sustainable products; and, simplifying data collection.

The JanSan solution was developed to ensure small businesses’ ability to participate. Market research revealed that small janitorial and sanitation supply providers often specialize within a sub-segment as opposed to offering the full range of JanSan supplies. With this in mind, the JanSan Requisition Channel has been divided into seven (7) categories: Cleaning Compounds and Related Dispensers; Non-Motorized Cleaning Equipment and Trash Receptacles; Brooms, Brushes, Mops and Sponges; Trash Bags; Paper Products and Related Dispensers; Motorized Floor Cleaning Equipment and Accessories; and Personal Hygiene and Related Dispensers. The categories were developed with the dual objectives of (1) being broad enough to allow for adequate sales volume to drive pricing discounts, and (2) being narrow enough to ensure small businesses are not excluded.

---

3 A separate RFQ has been issued for the Purchasing Channel, which applies to orders placed by the customer via the following methods: purchase cards, e-Buy, GSA Advantage, DoD E-mail, etc.
A Global Supply Market Basket has been identified in each of the seven JanSan categories. Two single BPAs will be awarded in each Category, one for the east coast and one for the west coast. In five of the categories, the BPAs will be reserved for small businesses. Two categories will be unrestricted. The initial market basket is comprised of 546 of the most purchased, high-spend items and is spread amongst the JanSan product categories. Contractors submitting quotes must have all of the items in the applicable BPA approved for sale on their respective GSA Schedule contract prior to submission of their quotes.

Category One: Cleaning Compounds and Related Dispensers
Category One includes cleaning compounds used to sanitize and disinfect bathrooms, kitchens, office surfaces and hospitals. The category includes but is not limited to disinfectants, degreasers, glass cleaner, laundry detergents, dish detergents, bleach, aerosol fresheners, surface protection supplies and the related dispensers for these items. The Government intends to reserve this category for small business.

Category Two: Non-Motorized Cleaning Equipment and Trash Receptacles
Category Two includes non-motorized items used to perform the physical cleaning of spaces as well as trash receptacles. Examples of products represented in the Non-Motorized Cleaning Equipment and Trash Receptacles category include, but are not limited to: dustpans, mats, laundry nets and pins, irons, ironing boards, carts, indoor and outdoor trash receptacles. The Government intends to reserve this category for small business.

Category Three: Brooms, Brushes, Mops and Sponges
Category Three includes non-motorized items used to perform physical cleaning of spaces such as brooms, brushes, dusting cloths, mops, mop buckets, scouring pads, sponges and wipes. This category will be unrestricted.

Category Four: Trash Bags
Category Four includes paper and plastic trash bags and liners. The Government intends to reserve this category for small business.

Category Five: Paper Products and Related Dispensers
Category Five includes disposable paper items used for personal sanitation and cleaning up minor messes. This category includes but is not limited to toilet paper, paper towels, facial tissue and related dispensers. This category will be unrestricted.

Category Six: Motorized Floor Cleaning Equipment and Accessories
Category Six includes motorized equipment used to clean floor surfaces, both carpeted and non-carpeted and includes but is not limited to upright vacuum cleaners, wet/dry vacuum cleaners, carpet cleaners, floor buffers, floor polishers and floor burnishers. The Government intends to reserve this category for small business.

---

4 The Team reserves the right to establish more or fewer awards depending on the quotation evaluation results and a determination of the number of BPAs in the best interest of the Government.
Category Seven: Personal Hygiene and Related Dispensers
Category Seven includes, but is not limited to, soaps, toothpaste and toothbrushes, shaving cream and razors, hand sanitizer, and related dispensers. The Government intends to reserve this category for small business.

3. FAR BUNDLING GUIDANCE
“Bundling,” as defined in the FAR, is the term used to describe the act of combining two or more existing requirements into a single solicitation when one of the requirements was or could have been performed by a small business; the solicitation will be unsuitable for award to a small business; and, the work will be performed in the United States. To meet the definition of a bundled acquisition, at least one of the requirements being consolidated must have been previously performed by a small business or could have been performed by a small business.

When bundling will result in a contract or order with an estimated value of $6.0 million or more, it is defined as substantial bundling. The aggregate estimated dollar value for this acquisition is $360 million for five years, including one (1) base year and four (4) option years. The acquisition strategy team is contemplating issuing a solicitation that would meet the definition of substantial bundling. Therefore, the steps below were followed to determine if the acquisition strategy team could execute its strategy of a bundled requirement.

1. Acquisition Planning
2. Market Research
3. Benefit Analysis Determination

This bundling analysis is only applicable to the Requisition Channel of JanSan. The purchasing channel of JanSan was also a consolidated acquisition, but was not bundled. As such, a separate consolidation analysis was prepared.

REGULATORY REQUIREMENTS
In preparing the bundling analysis the contracting officers used the guidelines outlined in the FAR. The following are the applicable regulations: FAR 7.104, 7.107, 10.001, and, 19.202-1(e).

The procedural requirements for bundling are set forth in FAR Part 7. For contracts valued over $6 million dollars, dollar threshold for GSA, NASA and, DOE, the acquisition plan/strategy must be prepared in conjunction with a small business specialist. In fact, for substantial bundling, the small business specialist shall assist in creating alternative strategies to reduce the impact of bundling.

Additional requirements are set forth in FAR 7.107. The agency must perform market research to determine if the Government achieves substantial benefits by bundling. These benefits may include: cost savings or price reductions, improved efficiency, reduction in acquisition cycle times, etc. The benefits must be quantified and demonstrate savings of at least 5% for contracts.

---

5 FAR 2.101
6 FAR 7.107(e)
7 FAR 7.104 (d)(1)-(2)
valued over $94 million. While administrative or personnel cost savings are permissible, they must constitute at least 10% in savings to be the sole reason for bundling.  

In addition, once the contracting team decides to bundle, it must notify the incumbent small businesses that may be affected by bundling the procurement. This notification is required thirty (30) days before issuing the solicitation. The notification must include information on how the small business may contact their respective Small Business Administration representative. The proposed RFQ must also be submitted to the local SBA procurement center representative and the Office of Small and Disadvantaged Business Utilization thirty (30) days before it is issued. The package submitted to both offices shall include a copy of the bundling analysis, the acquisition plan/strategy, and, the documentation required for substantial bundling (see below). GSA Global Supply’s prior janitorial and sanitation contracts (One-time buys, IDIQs, BPAs, and Standing Quotes):

- Have a total value in excess of $72 million annually
- Include contracts performed by small businesses
- Include contracts performed by large businesses
- Include contracts performed by AbilityOne vendors

The total expected value of the current requirement is $360 million over the next five years. Based on this value, the contracting officer must prove a substantial benefit of at least 5% of the total value of the contract. Since this procurement meets the definition of substantial bundling, the contracting officer must also: (1) outline the specific benefits; (2) assess the specific impediments to small business participation; (3) outline an acquisition strategy to maximize small business participation either as prime vendors or subcontractors; (4) demonstrate that the benefits justify the use of bundling; and (5) identify alternatives to bundling and the rationale for not using the alternatives.

4. ANALYSIS

METHODOLOGY

The contracting officers conducted this analysis using various methods which are generally accepted and mandatory under the Federal Acquisition Regulations. The methods used included:

- Developed a list of NSNs within the JanSan universe. The list includes NSNs in the following FSC classes: 3510, 4510, 6508, 6810, 6840, 6850, 7220, 7240, 7290, 7910, 7920, 7930, 8105, 8305, 8510, 8520, 8530, and 8540. Fire items, Central Asian Sourcing items, and restrictive source items were removed from the list by the Technical Services Branch.
- Reviewed the current BPA holders of janitorial and sanitation NSNs. The bundling will not only impact current BPA holders but could potentially affect other MAS contract

---

8 FAR 7.107
9 FAR 10.001 (c)
10 FAR 19.202-1(e)(1)-(4)
11 FAR 7.107(e)
holders. MAS contract holders not awarded a JanSan BPA could experience a decrease in sales.

- Developed various acquisition strategies which included bundling.
- Identified potential benefits of bundling and projected estimates of the benefits of a bundled acquisition.
- Used key data which was derived from a variety of sources, including, databases on current contracts, the Deloitte and Mercator Group studies, and results of other FSSI projects.
- Issued a Request for Information (RFI) targeting small business schedule contract holders in the applicable FSC classes to determine the number of businesses who manufacture janitorial and sanitation products and supplies and are capable of meeting the demands of proposed BPAs.

ESTIMATION METHODS USED

The team used analogous estimating by comparing current discounts between MAS prices and BPA prices with the potential discounts under the bundled contracts. The data used for the project was gathered by the Technical Services Branch in Region 7 and Business Operations Support of GSA in Central Office.

Business Operations Support of GSA conducted a search in the following databases: FSS19, derived from URHF, CRHF and POPI and CSC which is derived from DAYTRAN, HISTDAYTRAN, and ASIADAYTRAN. The Technical Services Branch in Region 7 reviewed the data supplied by Business Operations Support and scrubbed it for fire items which have been transferred to DLA, Central Asia Sourcing products, and restrictive source products.12

JANITORIAL AND SANITATION SUPPLIES ACQUISITION HISTORY

Currently, there are an estimated 1,81313 active janitorial and sanitation items supported by GSA’s Stock Number [NSN] Program in Stock Classes 3510, 4510, 6508, 6810, 6840, 6850, 7220, 7240, 7290, 7910, 7920, 7930, 8105, 8305, 8510, 8520, 8530, and 8540. Examples of JanSan supplies are laundry detergents, dish detergents, bleach, hand soap, brooms, mops, dustpans, mop buckets, toilet paper, paper towels, vacuum cleaners, wet/dry vacuum cleaners, carpet cleaners, floor buffers, floor polishers and floor burnishers. Each janitorial and sanitation supply item is classified with a unique National Stock Number (NSN) that is managed by GSA. Acquisition Divisions within the Northeast Supply Operations Center and Southwest Supply Operations Center maintain contact coverage of the janitorial and sanitation supply NSNs. Contract vehicles range from one-time buys, Indefinite Delivery Indefinite Quantity contracts (IDIQ), Blanket Purchase Agreements (BPA) against Federal Supply Schedules (FSS), to open market standing price quotes not to exceed $150,000.

In Fiscal Year 2014, there were 459 Supply Operations janitorial and sanitation supply contracts with sales posted against them; seventy-six percent (76%) of them were with small business firms. These 459 contracts were with 215 vendors; 352 of the contracts were with small business vendors.

12 Restrictive source items are products requiring First Article Testing or other restrictive specifications.

13 Of the 1813 NSNs for Janitorial and Sanitation products, AbilityOne provides 768 for the government. These NSNs will continue to be managed by AbilityOne.
With respect to annual sales, in 2013, Global Supply received requisitions for over $78M in janitorial and sanitation supplies. In 2014, total sales declined to $72M. These figures represent a total of both contract cost price and small purchase cost price. The chart below shows breakdown of sales for contract cost price only.

<table>
<thead>
<tr>
<th>Year</th>
<th>AbilityOne(^{15})</th>
<th>Small</th>
<th>Large</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013 Sales</td>
<td>$52,548,644</td>
<td>$18,764,737</td>
<td>$58,987,864</td>
</tr>
<tr>
<td>FY 2014 Sales</td>
<td>$48,399,634</td>
<td>$16,977,903</td>
<td>$53,901,453</td>
</tr>
</tbody>
</table>

Further spend analysis exhibited the following characteristics:

- The Government issued 84% of its requisitions to large businesses
- Small business accounted for 23% of government spend through requisitions
- Spend is consolidated: 50% of government spend is through the top 5 vendors
- Currently, vendors are engaged in intense price competition
- Janitorial and sanitation supplies are often purchased under established service contracts
- An analysis of spend patterns shows a significant savings opportunity based on characteristics described above

**MARKET RESEARCH**


\(^{14}\) Total number large and total number small may not add up to total number of contracts due to duplication of vendors showing in both groups.

\(^{15}\) AbilityOne sales are also embedded in the figures for small and large, therefore, sum of all three columns will not add up to total sales for the fiscal year.
The RFI requested the Contractor complete a spreadsheet containing the potential list of NSNs. There were sections in the spreadsheet enabling the Contractor to indicate whether they were manufacturers or dealers of each NSN. In addition, there were sections asking them to state the business size and socioeconomic status of the manufacturer of the product.

The RFI requested a capabilities statement, demonstrating the Contractor’s ability to meet eleven (11) business requirements:

1. Full commercial item catalog service;
2. Wide distribution/shipping capability;
3. Utilization of Small Businesses in a meaningful way, to be verified via subcontracting requirements;
4. Continental United States (CONUS) customer orders
   a. Ability to pack, package, mark, and label for CONUS deliveries using FED-STD-123;
   b. Delivery required to end customer within four (4) calendar days
5. Ultimately bound for delivery Outside the Continental United States (OCONUS), customer orders with delivery to a stateside consolidation point
   a. Ability to pick, pack, and mark for DTS Container Consolidation Point (CCP) deliveries following MIL-STD-129;
   b. Deliver to the CCP within seven (7) calendar days after receipt of purchase order
6. Compliance with the Trade Agreement;
7. Compliance with AbilityOne Program;
8. Approved AbilityOne reseller;
9. Capability of meeting the delivery, security and points-of-service requirements;
10. Ability to comply with Electronic Data Interchange (EDI); and
11. Have a zero dollar minimum order threshold.

Twenty-one contractors responded to the RFI. Of the responses, ten contractors were deemed responsive; MAS contractors whose submissions included a complete capabilities statement and spreadsheet. All of the responsive contractors were small business distributors of the NSNs listed in the spreadsheet. One of the contractors who submitted only a spreadsheet was a small business manufacturer, who indicated they could manufacture a small percentage of the items listed on the spreadsheet. Based on the RFI responses, it is clear that there are no small business manufacturers capable of meeting the requirements of the direct vendor delivery model.

As a result of this market research, an Individual Waiver to the Non-Manufacturer Rule was submitted to SBA and granted on September 2, 2015. This waiver will allow small business distributors an opportunity to participate on small business set-asides under the JanSan Requisition Channel. If the waiver was not obtained, per the Non Manufacturer Rule, small businesses who do not manufacture janitorial and sanitation items would have been precluded from participating on set-aside portions under this acquisition.

---

16 One contractor was not a MAS contract holder. One contractor listed NIB as a manufacturer for all of the items in the market baskets. Ten contractors failed to submit the capabilities statements and/or spreadsheet.
17 Initial request for the Requisition Channel was approved 06/05/2014; with the change in categories and acquisition approach a new waiver was requested.
A second RFI was issued on September 25, 2014 and closed on October 8, 2014. This RFI was issued to determine whether an expanded market basket would inhibit small business participation. Based on the responses received to the RFI, the JanSan team is confident that small business distributors are capable of meeting the requirements of the expanded market basket categories; however, there are reservations on the breadth and depth of the non-market basket offering.

5. ANTICIPATED BENEFITS

PRICING DISCOUNTS:
By using FSSI and leveraging greater buying power, the prices of JanSan products will be reduced by using economies of scale. Additionally, contractors will be motivated to offer more competitive pricing, i.e. lower unit costs, because of the larger volume and a five (5) year BPA period of performance. Whether FSSI solutions are awarded as BPAs against Federal Supply Schedules or as stand-alone Indefinite Delivery, Indefinite Quantity (IDIQ) contracts, these bundled solutions will push prices even lower, because it will aggregate customer requirements in large volumes, therefore, driving deeper discounts.

According to a DAU training module, “Strategic Sourcing Overview,” cost per unit savings may come in the form of pricing improvements through:
• Lower unit price
• Volume rebates
• Payment term discounts

FSSI-JanSan Requisition Channel will be mutually beneficial to the janitorial and sanitation item manufacturer and supplier community. “Strategic sourcing benefits both buyers and suppliers. It benefits buyers because they can negotiate lower unit prices for high-volume purchases, thus reducing cost of goods sold and maintaining the ability to price their products competitively. It benefits suppliers because they are able to sell a significant portion of their output, which makes planning easier and gives management long-term cash flow visibility.”18 “[M]anufacturers can benefit from strategic sourcing. One benefit is that by having a stable relationship with key suppliers, the business can ensure that they have a steady supply of both bottleneck items and other necessary goods. Additionally, by negotiating with the supplier and finalizing a purchasing arrangement, the company can secure a lower price on those items because the vendor is assured of a buyer for their products.”19

Historically vendors have offered lower prices for larger purchases. Many of the vendors on schedule in the JanSan arena will post their volume discounts on GSA Advantage. If the information is not available on GSA Advantage, the customer must contact the vendor to ascertain if additional discounts are available.

---

18 Importance of Strategic Sourcing Skills by Chirant Basu, Demand Media posted on http://smallbusiness.chron.com
19 STRATEGIC SOURCING, http://www.epiqtech.com
To gain insight into the additional discounts BPAs offer from MAS contracts, the team examined contracts in the Southwest Supply Acquisition Center (a majority of the janitorial and sanitation NSNs are managed in this office); specifically the average cost savings from awarding a Blanket Purchase Agreement to a MAS contract holder. The review consisted of 77 NSNs previously covered by BPAs in the office. These specific NSNs were selected due to the high volume of annual spend. The discounts offered from the MAS contracts range from 0% to as much 59.5% off their MAS pricing. Based on this limited sample, there was an average discount of 21% from their MAS contract.

<table>
<thead>
<tr>
<th>NSN</th>
<th>Contract #</th>
<th>Supplier</th>
<th>Discount to MAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>7240-00-151-6630</td>
<td>GS-07F-BPADL</td>
<td>ALLE DESIGNS</td>
<td>55%</td>
</tr>
<tr>
<td>7240-00-151-6629</td>
<td>GS-07F-BPADL</td>
<td>ALLE DESIGNS</td>
<td>55%</td>
</tr>
<tr>
<td>7240-00-139-7521</td>
<td>GS-07F-BPADL</td>
<td>ALLE DESIGNS</td>
<td>55%</td>
</tr>
<tr>
<td>7290-01-369-7966</td>
<td>GS-07F-BFLBM</td>
<td>BBMC, INC.</td>
<td>28%</td>
</tr>
<tr>
<td>7930-00-633-9849</td>
<td>GS-07F-CAP10</td>
<td>CAPITAL SOAP PRODUCTS, LLC</td>
<td>59.50%</td>
</tr>
<tr>
<td>7930-00-269-1272</td>
<td>GS-07F-CABPA</td>
<td>CAPITAL SOAP PRODUCTS, LLC</td>
<td>0%</td>
</tr>
<tr>
<td>7930-00-929-1220</td>
<td>GS-07F-BCAPT</td>
<td>CAPITAL SOAP PRODUCTS, LLC</td>
<td>0%</td>
</tr>
<tr>
<td>7930-00-721-8592</td>
<td>GS-07F-BCAPT</td>
<td>CAPITAL SOAP PRODUCTS, LLC</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-294-1115</td>
<td>GS-07F-BCAPT</td>
<td>CAPITAL SOAP PRODUCTS, LLC</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-312-6389</td>
<td>GS-07F-BCAPT</td>
<td>CAPITAL SOAP PRODUCTS, LLC</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-294-1116</td>
<td>GS-07F-BCAPT</td>
<td>CAPITAL SOAP PRODUCTS, LLC</td>
<td>0%</td>
</tr>
<tr>
<td>8520-01-422-2216</td>
<td>GS-07F-BCCPI</td>
<td>CCP INDUSTRIES, INC.</td>
<td>12%</td>
</tr>
<tr>
<td>7930-01-356-9206</td>
<td>GS-07F-BBCPSI</td>
<td>COMPLETE PACKAGING &amp; SHIPPING</td>
<td>3%</td>
</tr>
<tr>
<td>7930-01-490-7282</td>
<td>GS-07F-AA236</td>
<td>COMPLETE PACKAGING &amp; SHIPPING</td>
<td>37.60%</td>
</tr>
<tr>
<td>7930-01-380-8495</td>
<td>GS-07F-AA236</td>
<td>COMPLETE PACKAGING &amp; SHIPPING</td>
<td>16.80%</td>
</tr>
<tr>
<td>7930-01-364-7375</td>
<td>GS-07F-ELS1C1</td>
<td>ELSCO INTERNATIONAL INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-363-2819</td>
<td>GS-07F-ELS1C1</td>
<td>ELSCO INTERNATIONAL INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-363-2818</td>
<td>GS-07F-ELS1C1</td>
<td>ELSCO INTERNATIONAL INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-364-7376</td>
<td>GS-07F-ELS1C1</td>
<td>ELSCO INTERNATIONAL INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-381-3398</td>
<td>GS-07F-ELS1C1</td>
<td>ELSCO INTERNATIONAL INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-346-5280</td>
<td>GS-07F-AA142</td>
<td>G.R.L. (GLOBAL RESOURCE LINK), L</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-471-2724</td>
<td>GS-07F-AA142</td>
<td>G.R.L. (GLOBAL RESOURCE LINK), L</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-418-1513</td>
<td>GS-07F-AA142</td>
<td>G.R.L. (GLOBAL RESOURCE LINK), L</td>
<td>0%</td>
</tr>
<tr>
<td>7920-00-893-5903</td>
<td>GS-07F-BGEER</td>
<td>GEERPRES, INC</td>
<td>0%</td>
</tr>
<tr>
<td>7920-00-682-6861</td>
<td>GS-07F-BGEER</td>
<td>GEERPRES, INC</td>
<td>0%</td>
</tr>
<tr>
<td>7920-00-781-5247</td>
<td>GS-07F-BGEER</td>
<td>GEERPRES, INC</td>
<td>0%</td>
</tr>
<tr>
<td>7920-00-682-6861</td>
<td>GS-07F-BGEER</td>
<td>GEERPRES, INC</td>
<td>0%</td>
</tr>
<tr>
<td>7920-00-781-5247</td>
<td>GS-07F-BGEER</td>
<td>GEERPRES, INC</td>
<td>0%</td>
</tr>
<tr>
<td>7920-00-550-9911</td>
<td>GS-07F-BGEER</td>
<td>GEERPRES, INC</td>
<td>0%</td>
</tr>
<tr>
<td>7920-00-682-6862</td>
<td>GS-07F-BGEER</td>
<td>GEERPRES, INC</td>
<td>0%</td>
</tr>
<tr>
<td>7920-00-634-5054</td>
<td>GS-07F-BGEER</td>
<td>GEERPRES, INC</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-183-8585</td>
<td>GS-07F-BPAHI</td>
<td>HILLYARD INDUSTRIES, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7930-00-141-5888</td>
<td>GS-07F-BPAHI</td>
<td>HILLYARD INDUSTRIES, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>NSN</td>
<td>Contract #</td>
<td>Supplier</td>
<td>Discount to MAS</td>
</tr>
<tr>
<td>-----------</td>
<td>------------</td>
<td>-----------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>7930-00-045-6912</td>
<td>GS-07F-BPAHI</td>
<td>HILLYARD INDUSTRIES, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7930-00-045-6923</td>
<td>GS-07F-BPAHI</td>
<td>HILLYARD INDUSTRIES, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7930-01-184-3905</td>
<td>GS-07F-BPAHI</td>
<td>HILLYARD INDUSTRIES, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7910-00-550-9111</td>
<td>GS-07F-BIAJW</td>
<td>ISRAEL ANDLER &amp; SONS, INC.</td>
<td>9%</td>
</tr>
<tr>
<td>8520-00-225-8563</td>
<td>GS-07F-BMKRP</td>
<td>MAKOOR PRODUCTS MFG COMPANY,</td>
<td>11.10%</td>
</tr>
<tr>
<td>8520-00-082-2146</td>
<td>GS-07F-BMKRP</td>
<td>MAKOOR PRODUCTS MFG COMPANY,</td>
<td>11.10%</td>
</tr>
<tr>
<td>8520-00-965-2109</td>
<td>GS-07F-BMKRP</td>
<td>MAKOOR PRODUCTS MFG COMPANY,</td>
<td>11.10%</td>
</tr>
<tr>
<td>8520-00-782-3509</td>
<td>GS-07F-BMKRP</td>
<td>MAKOOR PRODUCTS MFG COMPANY,</td>
<td>11.10%</td>
</tr>
<tr>
<td>8520-00-782-2183</td>
<td>GS-07F-BMKRP</td>
<td>MAKOOR PRODUCTS MFG COMPANY,</td>
<td>11.10%</td>
</tr>
<tr>
<td>7910-00-680-8297</td>
<td>GS-07F-BMFJW</td>
<td>MERCURY FLOOR MACHINES, INC.</td>
<td>29.60%</td>
</tr>
<tr>
<td>7910-00-680-8296</td>
<td>GS-07F-BMFJW</td>
<td>MERCURY FLOOR MACHINES, INC.</td>
<td>25.30%</td>
</tr>
<tr>
<td>7910-01-364-2170</td>
<td>GS-07F-BMFJW</td>
<td>MERCURY FLOOR MACHINES, INC.</td>
<td>29.40%</td>
</tr>
<tr>
<td>7910-00-628-9585</td>
<td>GS-07F-BMFJW</td>
<td>MERCURY FLOOR MACHINES, INC.</td>
<td>36.70%</td>
</tr>
<tr>
<td>7920-00-205-1711</td>
<td>GS-07F-BRAGS</td>
<td>MILL WIPING RAGS, INC.</td>
<td>6.60%</td>
</tr>
<tr>
<td>7920-00-205-3570</td>
<td>GS-07F-BPMWR</td>
<td>MILL WIPING RAGS, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7920-00-148-9666</td>
<td>GS-07F-BPMWR</td>
<td>MILL WIPING RAGS, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7910-01-423-9525</td>
<td>GS-07F-AA085</td>
<td>MMG TECHNOLOGY GROUP, INC.</td>
<td>1%</td>
</tr>
<tr>
<td>6810-00-598-7316</td>
<td>GS-07F-BMOIN</td>
<td>MORNING STAR INDUSTRIES INC.</td>
<td>12.50%</td>
</tr>
<tr>
<td>7910-00-985-6797</td>
<td>GS-07F-BPHJW</td>
<td>PULLMAN-HOLT CORPORATION</td>
<td>0%</td>
</tr>
<tr>
<td>7910-01-084-8854</td>
<td>GS-07F-BPHJW</td>
<td>PULLMAN-HOLT CORPORATION</td>
<td>19.90%</td>
</tr>
<tr>
<td>6840-00-242-4770</td>
<td>GS-07F-BRTKM</td>
<td>RITE-KEM, INC.</td>
<td>10%</td>
</tr>
<tr>
<td>6840-00-255-0472</td>
<td>GS-07F-BRTKM</td>
<td>RITE-KEM, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>6840-00-246-6438</td>
<td>GS-07F-BRTKK</td>
<td>RITE-KEM, INC.</td>
<td>29.44%</td>
</tr>
<tr>
<td>7930-01-045-3517</td>
<td>GS-07F-BRK01</td>
<td>RITE-KEM, INC.</td>
<td>37%</td>
</tr>
<tr>
<td>7930-00-459-2247</td>
<td>GS-07F-BPKEM</td>
<td>RITE-KEM, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>6850-00-926-2275</td>
<td>GS-07F-BPARI</td>
<td>RITE-KEM, INC.</td>
<td>20%</td>
</tr>
<tr>
<td>6850-00-281-1985</td>
<td>GS-07F-BPARI</td>
<td>RITE-KEM, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>8520-01-303-4039</td>
<td>GS-07F-BPRIV</td>
<td>RIVERSIDE MANUFACTURING, LLC</td>
<td>0%</td>
</tr>
<tr>
<td>8520-01-303-4038</td>
<td>GS-07F-BPRIV</td>
<td>RIVERSIDE MANUFACTURING, LLC</td>
<td>0%</td>
</tr>
<tr>
<td>8520-01-371-0048</td>
<td>GS-07F-BPRIV</td>
<td>RIVERSIDE MANUFACTURING, LLC</td>
<td>0%</td>
</tr>
<tr>
<td>8520-00-334-0023</td>
<td>GS-07F-BPRIV</td>
<td>RIVERSIDE MANUFACTURING, LLC</td>
<td>0%</td>
</tr>
<tr>
<td>7240-00-160-0440</td>
<td>GS-07F-BSKP1</td>
<td>S &amp; K PRODUCTS COMPANY</td>
<td>5%</td>
</tr>
<tr>
<td>7240-00-161-1143</td>
<td>GS-07F-BSKP1</td>
<td>S &amp; K PRODUCTS COMPANY</td>
<td>8%</td>
</tr>
<tr>
<td>7240-00-161-1147</td>
<td>GS-07F-BSKP1</td>
<td>S &amp; K PRODUCTS COMPANY</td>
<td>8%</td>
</tr>
<tr>
<td>7910-00-720-5536</td>
<td>GS-07F-BSAYC</td>
<td>S&amp;Y TRADING CORP. OF NEW JERSEY</td>
<td>19.30%</td>
</tr>
<tr>
<td>7910-00-550-9123</td>
<td>GS-07F-BSAYC</td>
<td>S&amp;Y TRADING CORP. OF NEW JERSEY</td>
<td>38.10%</td>
</tr>
<tr>
<td>7910-00-550-9125</td>
<td>GS-07F-BSAYC</td>
<td>S&amp;Y TRADING CORP. OF NEW JERSEY</td>
<td>1.40%</td>
</tr>
<tr>
<td>8520-01-370-4284</td>
<td>GS-07F-BPASM</td>
<td>SUNSHINE MAKERS, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>8520-01-370-2162</td>
<td>GS-07F-BPASM</td>
<td>SUNSHINE MAKERS, INC.</td>
<td>0%</td>
</tr>
<tr>
<td>7920-00-291-8305</td>
<td>GS-07F-AA104</td>
<td>VERNAS VENTURES LLC</td>
<td>0%</td>
</tr>
<tr>
<td>7920-00-292-4375</td>
<td>GS-07F-AA104</td>
<td>VERNAS VENTURES LLC</td>
<td>0%</td>
</tr>
</tbody>
</table>
JanSan can anticipate similar savings on MAS pricing by bundling these contracts. Because the price reductions due to volume discounts would yield an estimated savings equal to more than 5 percent of the new contract’s value, it meets the “measurably substantial benefits” test for bundling. These savings will enable agencies to successfully report on measurably substantial benefits equivalent as mandated by section 3(e)(2) of U.S. Senate Bill 1304 “To promote strategic sourcing principles within the Federal Government.”

PROVEN FSSI SAVINGS:
The first test case for the strategic sourcing model was the Office Supplies (OS2) Solution awarded in June 2010. In audit GAO-12-178, it was determined that OS2 “resulted in direct savings of $88.7 million on spending of $607.9 million through April 2013.” In addition, the report found that non-strategic sourcing vendors lowered their prices by an average of 10% to compete with the BPAs. The report outlined some key successes which are not quantifiable but notable as possible benefits of FSSI. They include: a decrease in price variability; a reduction in contract duplication; an increase in productivity of acquisition professionals by giving them time to work on mission critical items; and, an increase in vendor accountability in meeting its performance goals. In fact, since its inception, Office Supplies FSSI increased small business participation from 67% to 76% while achieving an average saving rate of 18%. This FSSI has saved the federal government over $350 million in direct and indirect costs. The JanSan Purchasing Channel, while still in its first year of operation, has an average savings rate over 25%.

Other current FSSI solutions in place are: Domestic Delivery Services Generation 2 (DDS2), Print Management (Print), Wireless, and Telecommunications Expense Management Services (TEMS). The Government tracks the annual spend and the resulting savings for these solutions. For TEMS, as of October 2012, the program had saved the Government $3.8 million, which equates to an 18% savings. For Domestic Delivery Services, as of May 2013, the Government had saved 27.9% using FSSI. As of Q3 FY 2013, the Print Management FSSI program had saved the Government 15 percent.

Based on this information, there is a consistent pattern of significant discounts from awarding Blanket Purchase Agreements from Multiple Award Schedules. Therefore, the JanSan FSSI can expect to achieve similar discounts by bundling.

---

20 Koses, J. (June 13, 2013). Effects of Strategic Sourcing Initiatives on Small Business. Retrieved from http://www.gsa.gov/portal/content/173467. The savings was calculated by using the difference between FSSI pricing and nonstrategic sourcing pricing.

21 https://strategicsourcing.gov/
IMPROVED DELIVERY TIMES:
A sampling of the delivery times for the current janitorial and sanitation supply contracts in the Southwest Supply Center demonstrated an average delivery time of 23 days. The acquisition team reviewed forty-one contracts, which cover 82 NSNs. The delivery times ranged from 5 days to 45 days. The mode was 30 days.

One of the benefits of the proposed bundling is improved delivery times. The proposed delivery time for the FSSI BPAs is 7 calendar days CONUS. Shorter delivery times will significantly increase customer satisfaction.

<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Supplier</th>
<th>Delivery Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>GS-07F-BPADL</td>
<td>ALLE DESIGNS</td>
<td>20</td>
</tr>
<tr>
<td>GS-07F-BFLBM</td>
<td>BBMC, INC.</td>
<td>28</td>
</tr>
<tr>
<td>GS-07F-AA132</td>
<td>BBMC, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-AA214</td>
<td>BEHRENS MANUFACTURING, LLC</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-QCAPS</td>
<td>CAPITAL SOAP PRODUCTS, LLC</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-CAP10</td>
<td>CAPITAL SOAP PRODUCTS, LLC</td>
<td>10</td>
</tr>
<tr>
<td>GS-07F-CABPA</td>
<td>CAPITAL SOAP PRODUCTS, LLC</td>
<td>10</td>
</tr>
<tr>
<td>GS-07F-BCAPT</td>
<td>CAPITAL SOAP PRODUCTS, LLC</td>
<td>10</td>
</tr>
<tr>
<td>GS-07F-BCCPI</td>
<td>CCP INDUSTRIES, INC.</td>
<td>5</td>
</tr>
<tr>
<td>GS-07F-BCPSI</td>
<td>COMPLETE PACKAGING &amp; SHIPPING SU</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-AA236</td>
<td>COMPLETE PACKAGING &amp; SHIPPING SU</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-V9310</td>
<td>COTSWOLD INDUSTRIES, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-ELSC1</td>
<td>ELSCO INTERNATIONAL INC</td>
<td>7</td>
</tr>
<tr>
<td>GS-07F-W0005</td>
<td>FABREX UNLIMITED, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-AA142</td>
<td>G.R.L. (GLOBAL RESOURCE LINK), L</td>
<td>7</td>
</tr>
<tr>
<td>GS-07F-BGEER</td>
<td>GEERPRES, INC</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-BPAHI</td>
<td>HILLYARD INDUSTRIES, INC.</td>
<td>45</td>
</tr>
<tr>
<td>GS-07F-QINTK</td>
<td>INTEK MARINE TECHNOLOGY, LLC</td>
<td>7</td>
</tr>
<tr>
<td>GS-07F-BIAJW</td>
<td>ISRAEL ANDLER &amp; SONS, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-AA178</td>
<td>KEL-SAN, INC.</td>
<td>21</td>
</tr>
<tr>
<td>GS-07F-V9288</td>
<td>LAST GROUP ENTERPRISES INC</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-BMKRP</td>
<td>MAKOOR PRODUCTS MFG COMPANY, INC</td>
<td>10</td>
</tr>
<tr>
<td>GS-07F-BMFJW</td>
<td>MERCURY FLOOR MACHINES, INC.</td>
<td>15</td>
</tr>
<tr>
<td>GS-07F-BRAGS</td>
<td>MILL WIPING RAGS, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-BMWR</td>
<td>MILL WIPING RAGS, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-AA085</td>
<td>MMG TECHNOLOGY GROUP, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-BMOIN</td>
<td>MORNING STAR INDUSTRIES INC</td>
<td>10</td>
</tr>
<tr>
<td>GS-07F-BPHJW</td>
<td>PULLMAN-HOLT CORPORATION</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-BRTKM</td>
<td>RITE-KEM, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-BRTKK</td>
<td>RITE-KEM, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-BRK01</td>
<td>RITE-KEM, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-BPKEI</td>
<td>RITE-KEM, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-BPARI</td>
<td>RITE-KEM, INC.</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-BPRIV</td>
<td>RIVERSIDE MANUFACTURING, LLC</td>
<td>30</td>
</tr>
</tbody>
</table>
BUNDLING/CONSOLIDATION ANALYSIS
STRATEGIC SOURCING PROGRAM
JANITORIAL AND SANITATION SUPPLIES
REQUISITION CHANNEL

<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Supplier</th>
<th>Delivery Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>GS-07F-BSKP1</td>
<td>S &amp; K PRODUCTS COMPANY</td>
<td>20</td>
</tr>
<tr>
<td>GS-07F-BSAYC</td>
<td>S&amp;Y TRADING CORP. OF NEW JERSEY</td>
<td>5</td>
</tr>
<tr>
<td>GS-07F-BPASM</td>
<td>SUNSHINE MAKERS, INC.</td>
<td>15</td>
</tr>
<tr>
<td>GS-07F-AA104</td>
<td>VERNAS VENTURES LLC</td>
<td>7</td>
</tr>
<tr>
<td>GS-07F-BPWECC</td>
<td>WECSYS LLC</td>
<td>45</td>
</tr>
<tr>
<td>GS-07F-BWSS1</td>
<td>WERTH SANITARY SUPPLY CO INC</td>
<td>30</td>
</tr>
<tr>
<td>GS-07F-BWERZ</td>
<td>WERTH SANITARY SUPPLY CO INC</td>
<td>15</td>
</tr>
</tbody>
</table>

**AVERAGE DELIVERY TIME**

23

While improved delivery times is not quantifiable and does not count towards the 5% required in order to bundle, shorter delivery times is an anticipated benefit of this bundled acquisition.

**PERSONNEL COST SAVINGS:**

In addition to savings from volume discounts, GSA has realized a reduction in personnel costs. There are currently 1813 NSNs in the JanSan universe. The inventory levels at the depots were managed by inventory manager staff at the acquisition centers in Fort Worth, TX and New York, NY. The inventory managers placed orders with the vendors for the items delivered to the depots. In addition, they forecasted demand and assisted contracting staff on contracting needs for the NSNs they managed. With Supply Transformation, the vendor will be responsible for having their own internal supply chain department to manage these items. Moving to a direct delivery model has eliminated the need for Inventory Managers to manage these NSNs.

Anticipating a reduction in staff due to supply transformation, GSA offered retirement packages to staff in Supply Operations (excluding 1102 staff), and at the two distribution centers in Burlington, NJ and French Camp, CA. Therefore, this data will include the pre-retirement staff. Prior to the retirement of the Inventory Managers, each person managed 200 NSNs.

Prior to the first and second rounds of the retirement package offerings, there were 9 inventory managers in the Fort Worth office. For FY 2013 the inventory managers were at the following grades and steps:

<table>
<thead>
<tr>
<th>No. of Employees</th>
<th>Grade &amp; Step</th>
<th>Annual Salary FY 2013</th>
<th>Fringe Benefit Factor (36.25%)&lt;sup&gt;22&lt;/sup&gt;</th>
<th>Overhead Rate (12%)&lt;sup&gt;23&lt;/sup&gt;</th>
<th>Total Cost Per Inventory Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Grade 9, Step 1</td>
<td>$50,154</td>
<td>$18,181</td>
<td>$8,200.20</td>
<td>$76,535.20</td>
</tr>
<tr>
<td>2</td>
<td>Grade 11, Step 5</td>
<td>$137,542</td>
<td>$49,859</td>
<td>$22,488.12</td>
<td>$209,889.12</td>
</tr>
<tr>
<td>1 (retired FY2013)</td>
<td>Grade 11, Step 6</td>
<td>$70,793</td>
<td>$25,662</td>
<td>$11,574.60</td>
<td>$108,029.60</td>
</tr>
<tr>
<td>1 (retired FY2013)</td>
<td>Grade 11, Step 7</td>
<td>$72,816</td>
<td>$26,396</td>
<td>$11,905.44</td>
<td>$111,117.44</td>
</tr>
</tbody>
</table>

<sup>22</sup> OMB Circular A-76, May 29, 2003, Attachment C, “Calculating Public-Private Competition Costs.” B.2.f(1). This factor represents the benefit cost factor of full time fringe benefits which include: retirement benefit cost factor (26.1%), insurance and health benefit cost factor (7%), medicare benefit cost factor (1.45%), and miscellaneous fringe benefit factor(1.3%).

<sup>23</sup> Ibid B.5.
The average cost to the Government per year per inventory manager was $143,243. The average five year cost per inventory manager was $716,215. The Government saved $469,385 ($2,346,925 over a 5 year period) from the four inventory managers who retired in FY 2013. In a decision paper written by Joseph Jeu, as Assistant Commissioner of General Supplies and Services and approved on April 9, 2007 by James A. Williams, as Commissioner Federal Acquisition Service, reduction in workforce would be done by attrition. While bundling cannot be justified solely on the reduction in personnel cost, since it is less than 5% required for substantial bundling, is important to note that the Government will achieve these additional savings by bundling.

**ADMINISTRATIVE SAVINGS:**
Innovations in supply chain management have put greater reliance on vendors. GSS is presented with the opportunity to reduce supply chain costs for many products through Supply Transformation. Federal strategic sourcing initiatives point the way to lowering these costs. In addition, new business practices are forming among GSS’ customer base, including the DoD supply chain. Through these new practices, GSS expects to: lower overhead; reduce environmental impact; continue to supply best products and services to customers and taxpayers at lowest possible cost; increase product breadth; obtain competitive pricing; and achieve best value for customers and taxpayers.

Supply Transformation will refocus the wholesale program on the concept of greater reliance on commercial vendors for readily available commercial items.

   Purpose #1: Save taxpayer dollars through acquisition and operating efficiencies
   Purpose #2: Increase customer responsiveness: broader product range, lower prices, and faster delivery

Supply Transformation will institute a business model that ensures Global Supply’s long term viability, solvency, and relevance in a changing market.

A Mercator Group decision paper outlined total estimated cost savings for the Strategic model at $105,194,759 per year. They estimated that closing the depots will decrease the annual Steady-State Operating costs from $251,881,347 to $146,686,588. A summary analysis of the savings associated with the new business model is shown in the table below.

---

24 In FY 2013, three buy-outs were offered.

As indicated above, the new ST operating model will result in an estimated cost savings of $105,194,759 per year. This $105 million in annual savings is projected for the entire GSS business line upon completion of Supply Transformation. GGS estimates that the portion of the annual savings attributable to the JanSan Requisition Channel items under ST will be $13,212,462 annually. This amount is derived from the percentage of revenue that these janitorial and sanitation commodities generate within General Supplies and Services portfolio from FY12 Supply Operations Financial Statements. Thus, the total projected savings for the bundled requirement’s base period, plus four, one-year option periods is $13,212,462 * 5 years = $66,062,310.

To achieve the savings identified, ST is changing its current business model to the Strategic Business Model as identified in the above referenced study by Mercator. Under this model, all products are reassigned to direct vendor delivery, resulting in an elimination of stocked products.

By utilizing direct vendor delivery on commercially available items, GGS will realize improved service delivery, and sharply decrease storage and shipping related costs. ST has closed the two distribution centers; however, the current acquisition centers and call centers will remain intact. As a result, the estimated expenditures to operate the GGS will decrease significantly.
The total anticipated savings for the entire Supply Transformation program is $105,194,759 per year. The percentage of annual savings attributable to JanSan items is 12.56%. This percentage is derived from Acquisition Center revenue including stock, stock direct delivery, and SOP and were extracted from the FY12 Supply Operations Financial Statements. The JanSan team recognizes that this is not an all-inclusive estimate; however, it was derived with the most applicable data available at the initial development of this bundling analysis.

**Step 1:** Determine the Supply Transformation Initiative Cost Savings specific to JanSan. 
$105,194,759 * 12.56\% = $13,212,462 (1 year estimated savings)

**Step 2:** Determine the JanSan Supply Transformation Initiative Cost Savings extrapolated to the FSSI BPAs with one (1) base year and four (4) option years (5 year total BPAs).

$13,212,462 * 5 = $66,062,310 (5 year estimated savings)

Because the administrative savings would yield an estimated savings equal to more than 10 percent of the new contract’s value, it meets the “measurably substantial benefits” test for bundling.

Additional anticipated benefits include:

- Low prices driven by scale and operational efficiency
- Significant reduction in frustrated freight. When Department of Defense (DoD) customers order JanSan items for overseas delivery, numerous marking, packaging, and labeling requirements are necessary for the items to be shipped through the Defense Transportation System. An on-going issue of products not being appropriately marked or labeled leaves them stranded or “frustrated” at an export facility, greatly delaying end-customer receipt. With an estimated 459 contracts currently supplying the items, correcting this packaging and labeling issue, and thus the frustrated freight issue, is exceedingly complex due to the variety of disparate systems and methods used by vendors to supply the items. Reducing the number of vendors in the supply base can increase compliance with packaging requirements, thus improving customer service and delivery times.
- "Frustrated freight” will also be reduced by GSA improvements in operating systems, and better contractor performance, especially related to marking and labeling of shipments.
- Electronic integration with GSA and supply chain partners for seamless, automated transactions
- The transformation shifts a substantial portion of OCONUS shipments from the GSA distribution centers. When mature, the vendor solution is expected to provide newer levels of integration with DOD processing systems.

---

This percentage is based on FY12 JanSan revenue as a percentage of GGS total revenue.
6. DISADVANTAGES OF BUNDLING

The team examined some of the potential disadvantages of bundling the contracts. The most significant disadvantages are the following:

- Pricing competition may be limited by reducing the number of vendors who can provide the depth and breadth of the items.
- Performance issues: There is a business risk in relying on a small number of vendors. The selected vendors may be incapable of performing due to system disruptions, financial issues, natural and/or other disasters. Past performance will be an important factor in the RFQ Evaluation performance to potentially avoid performance problems.
- Reducing the number of small business vendors from 185 small businesses to a potential 10 small businesses, those that do not win a BPA may have a decrease in revenue due to lost sales.

The acquisition team determined that these risks are nominal in comparison to the benefits of bundling the contracts. In order to mitigate these risks, by using BPAs against Federal Supply Schedules, the contracting team will have current schedule holders with similar products to ensure alternatives are readily available to contracting officers. These current schedule contracts will also assist with pricing competition.

7. SPECIFIC IMPEDIMENTS TO SMALL BUSINESS PARTICIPATION

SUITABILITY FOR SMALL BUSINESS

The expanded market basket is comprised of approximately 546 NSNs which will be divided into BPAs by category. The specific impediments to small business participation are: the sheer number and diversity of the products in the procurement; expected quantity demand; space necessary to maintain a significant amount of inventory; and, infrastructure to fulfill orders and ship within the timeframe allotted in the BPA.

There is a concern that small businesses lack the:

- Size (experiencing in managing the anticipated volume of the BPAs)
- Scope (manufacture or have relationships with suppliers to provide all of the products in market baskets)
- Financial (sufficient capital to carry costs and cover expenses until reimbursed by the agency)
- Technology (systems capable of interfacing with the ordering system, effective supply chain planning management, etc.)

ACQUISITION STRATEGY TO MAXIMIZE SMALL BUSINESS PARTICIPATION

It is recognized that the statutory provisions for bundling came from a Congressional concern of the impact of these types of acquisitions on small business participation in federal procurement. Given that bundling leads to the displacement small businesses or makes participation for some unlikely, the regulations provide additional requirements for bundled acquisitions that involve substantial bundling. Specifically, because the cumulative maximum potential value, including options, of the contract is greater than $6.0 million, additional documentation—a small business action plan—must be provided prior to proceeding with the solicitation. The intent of the action
plan is to mitigate the effects of the bundling upon small business and to enhance and encourage small business participation at both the prime contractor and subcontractor levels.

As referenced in the action plan, in the two unrestricted categories, large businesses will be required to submit goals which shall exceed the goals approved in their current plan under their MAS schedule.

<table>
<thead>
<tr>
<th>Category</th>
<th>Total # of BPAs</th>
<th>Unrestricted</th>
<th>Small Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaning Compounds &amp; Related Dispensers</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Non-motorized Cleaning Equipment &amp; Trash Receptacles</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Brooms, Brushes, Mops and Sponges</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Trash Bags</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Paper Products &amp; Related Dispensers</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Motorized Floor Cleaning Equipment &amp; Accessories</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Personal Hygiene &amp; Related Dispensers</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>4</td>
<td>10</td>
</tr>
</tbody>
</table>

The intent is to award two BPAs in each category, one, single BPA will cover the Eastern portion of the US and one; single BPA will cover the Western portion of the US. The Mississippi River will be the dividing line between East and West. This will allow faster shipping and give vendors an opportunity to manage shipping costs.

The JanSan strategic solution is based on the offerings available under specific Multiple Award Schedules (MAS). The janitorial and sanitation commodities coverage crosses three distinct Schedules and 42 separate SINs under the MAS umbrella. Below are the findings of the JanSan commodities and vendors under the MAS program:

Offers will be solicited from vendors with MAS contracts with targeted Special Item Numbers (SINs) under Schedules 51 V, 73, and 75. The approximate number of contractors within each schedule is as follows:

- 51 V – 1 SIN – 131 total contractors; 28 Other Than Small Business, 103 Small Business; 29 Small Business Woman Owned, 10 Veteran Owned Small Business, 17 SDVOSB, 21 Small Disadvantaged Business, 10 8(a) and 6 Hubzone

- 73 – 40 SINs – 268 total contractors: 24 Other Than Small Business, 244 Small Business; 60 Small Business Woman Owned, 22 Veteran Owned Small Business, 18 SDVOSB, 36 Small Disadvantaged Business, 9 8(a) and 5 Hubzone
BUNDLING/CONSOLIDATION ANALYSIS
STRATEGIC SOURCING PROGRAM
JANITORIAL AND SANITATION SUPPLIES
REQUISITION CHANNEL

- 75 – 1 SIN – 132 contractors: 9 Other Than Small Business, 123 Small Business; 41 Small Business Woman Owned, 5 Veteran Owned Small Business, 20 SDVOSB, 40 Small Disadvantaged Business, 12 8(a) and 8 Hubzone

From a geographic standpoint:

MAS 51 V (Hardware Superstore)
- Region 1- 4 Small Business Total ( Maine 1, Massachusetts 3)
- Region 2 - 9 Small Business Total ( New York)
- Region 3 - 16 Small Business Total ( Maryland 3, Pennsylvania 6, Virginia 7)
- Region 4 - 20 Small Business Total ( Tennessee 2, North Carolina 3, Georgia 9, Florida 5, Alabama 1)
- Region 5 - 12 Small Business Total ( Minnesota 2, Wisconsin 1, Illinois 3, Indiana 1, Michigan 2, Ohio 3)
- Region 6 - 3 Small Business Total ( Nebraska 1, Missouri 2)
- Region 7 - 18 Small Business Total ( New Mexico 1, Texas 14, Arkansas 1, Louisiana 1, Oklahoma 1)
- Region 8 - 2 Small Business Total ( Utah)
- Region 9 - 16 Small Business Total ( California 14, Arizona 2)
- Region 10 -1 Small Business Total ( Washington)
- Region 11 -2 Small Business Total (District of Columbia)

MAS 73 (Food Service, Hospitality, Cleaning Equipment and Supplies, Chemicals and Services)
- Region 1- 9 Small Business Total ( New Hampshire 2, Massachusetts 5, Rhode Island 1, Connecticut 1)
- Region 2 - 27 Small Business Total ( New York, 16, New Jersey 11)
- Region 3 - 18 Small Business Total ( Maryland 4, Pennsylvania 6, Virginia 8)
- Region 4 - 60 Small Business Total ( Kentucky 2, Tennessee 5, North Carolina 10, South Carolina 5, Georgia 10, Florida 23, Alabama 2, Mississippi 3)
- Region 6 - 12 Small Business Total ( Iowa 1, Kansas 2, Missouri 9)
- Region 7 - 28 Small Business Total ( New Mexico 1, Texas 19, Oklahoma 1, Arkansas 2, Louisiana 5)
- Region 8 - 12 Small Business Total ( Montana 2, Utah 4, Colorado 6)
- Region 9 - 35 Small Business Total ( Nevada 1, California 26, Arizona 8)
- Region 10 - 4 Small Business Total ( Washington 3, Oregon 1)
- Region 11 - none

MAS 75 (Office Products, Supplies and Services and New Products, Technology)
- Region 1 - 6 Small Business Total ( Maine 1, Massachusetts 4, Rhode Island 1)
- Region 2 - 16 Small Business Total ( New Jersey 3, New York 13)
- Region 3 - 23 Small Business Total ( Maryland 14, Pennsylvania 1, Virginia 8)
Region 4 - 18 Small Business Total (Kentucky 1, Tennessee 3, North Carolina 3, South Carolina 1, Georgia 2, Florida 6, Mississippi 2)
Region 5 - 17 Small Business Total (Minnesota 2, Wisconsin 2, Illinois 5, Michigan 4, Ohio 3, Indiana 1)
Region 6 - 4 Small Business Total (Kansas 1, Missouri 3)
Region 7 - 9 Small Business Total (New Mexico 1, Texas 5, Arkansas 2, Louisiana 1)
Region 8 - 3 Small Business Total (Montana 1, North Dakota 1, South Dakota 1)
Region 9 - 24 Small Business Total (California)
Region 10 - 2 Small Business Total (Washington)
Region 11 - 1 Small Business Total (District of Columbia)

The JanSan solution's structure was developed to ensure small businesses' ability to participate. Market research revealed that small JanSan providers often specialize within a JanSan sub-segment as opposed to offering the full range of JanSan supplies. The JanSan Purchasing Channel had four categories. Due to the volume of NSNs in the non-motorized cleaning equipment category, it was broken down into smaller increments. A separate category was also created for personal hygiene products. With this in mind, the solution was designed with seven (7) separate categories of products. The Categories were developed with the dual objectives of (1) being broad enough to allow for adequate sales volume to drive pricing discounts, and (2) being narrow enough to ensure small businesses are not excluded. An investigation of the types of products offered by small businesses holding Schedule contracts informed the development of these categories. The contracting team has developed a separate small business action plan in conjunction with the small business specialist in Region 7 to ensure this result. Plans to encourage small business participation will be done both in the pre-solicitation phase and the acquisition phase.

Furthermore, GSA took steps to ensure that items required under the BPAs do not limit small businesses' ability to participate in the solution. First, GSA is not requiring vendors to provide specific SKUs; rather, vendors are provided Item Purchase Descriptions of National Stock Numbers, which list salient characteristics of generic items and will be allowed to quote items within their catalog that meet those descriptions. This is to allow small businesses that may not have access to certain popular manufacturers to still be able to participate in the solution. Secondly, GSA excluded many specialty products that could be challenging for small businesses to provide.

8. ACQUISITION ALTERNATIVES TO BUNDLING
Alternative 1:
Maintain Status Quo: Status quo at the initial development of this acquisition would have been to keep the distribution centers open. The distribution centers have been closed due to the financial cost of shipping, maintaining inventory in the two distribution centers as well as staffing costs. The new status quo would be to keep the multitude of individual contracts and agreements that are currently in place. The JanSan universe in FY 2014 consisted of approximately 459 contracts, which included Blanket Purchase Agreements written against Multiple Award Contracts, Dummy Contracts, Standing Quote Agreements and Indefinite Delivery Contracts. While maintaining this large number of contracts would maximize small business participation, the financial benefits of bundling outweigh the costs of maintaining the status quo.
**Rationale for Not Using:** The major reason for not maintaining status quo is the inefficiency of administering hundreds of contracts. Keeping the current system would also prevent the Government from achieving certain goals, including: reducing its carbon footprint; Executive Order 13589, requiring every agency to reduce costs and use Strategic Sourcing as a method for achieving such savings; OMB memo released December 2012 mandating Strategic Sourcing. This system also does not enable the government to achieve the expected estimated, previously referenced 21% reduction in pricing for its customers.

**Alternative 2:**
*Awarding Multiple BPAs:* This alternative would involve awarding multiple BPAs for each category.

**Rationale for Not Using:** With regard to the second acquisition alternative, it was determined that awarding multiple BPAs for each category would not decrease the workload of Global Supply acquisition workforce since in accordance with FAR 8.405-3(c)(2), orders exceeding the micro-purchase threshold but not exceeding the simplified acquisition threshold, the ordering activity must provide each multiple-award BPA holder a fair opportunity to be considered for each order. In FY 14, orders between the micro-purchase threshold and the simplified acquisition threshold only accounted for 1.4% of the total orders or approximately 3600 orders but that many more requisitions in the Work in Progress (WIP) workload would further stretch our limited resources. In addition, we do not expect to get additional pricing discounts at the task order level. A single-award approach will result in strong competition in the establishment of the BPAs and allow automation of supply orders to individual suppliers.

<table>
<thead>
<tr>
<th></th>
<th>Bundling</th>
<th>Status Quo</th>
<th>Multiple Awards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Viable?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Pricing Discounts</td>
<td>Most</td>
<td>Some</td>
<td>Some</td>
</tr>
<tr>
<td>Administrative Cost Reduction</td>
<td>Most</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Increases Small Business</td>
<td>Least</td>
<td>Most</td>
<td>Some</td>
</tr>
<tr>
<td>Participation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meets applicable policy and</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>guidance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aligns to GSA and FAS priorities</td>
<td>Most</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Mitigates Risk</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
9. CONTRACTING ALTERNATIVES:

**Alternative 1: Total small business set-aside for all categories**

The estimated value for this acquisition exceeds the simplified acquisition threshold. However, there is no reasonable expectation that at least two responsible small businesses will respond to the RFQ and that the acquisition would result in competitive pricing. Therefore setting this entire acquisition aside to small business is impractical.

**Alternative 2: Full and Open Competition**

The team considered full and open competition as undesirable due to the length of time necessary to conduct the procurement and the expense and risk associated with this approach. The time and expense associated with a new competitive contract award would not be justified since there are existing vehicles that can satisfy the Government’s requirements.

**Alternative 3: GSA Schedules**

GSA Schedules 51V, 73, and 75 have the necessary scope for janitorial and sanitation products. GSA has already determined that Schedule prices for supplies are fair and reasonable. A BPA against the GSA Schedules is the best fit for JanSan’s requirements.

10. DETERMINATION TO BUNDLE

Through the market research and industry engagement, GSA reorganized the proposed categories to create more opportunities for small businesses. GSA has also obtained a waiver to the Non-Manufacturer Rule from SBA to increase the ability of small businesses to compete under set-asides.

GSA has met with SBA to discuss JanSan strategies to promote opportunities for small businesses in this arena. GSA examined benefits which included cost, quality, acquisition cycle, terms and conditions, and other benefits. Ensuring small business opportunity is a paramount concern of GSA and is well reflected in the acquisition strategy.

Based on the foregoing information in the analysis, GSA found that there is a substantial negative impact on small business through the consolidation and bundling. GSA has taken a number of steps to reduce that impact as shown above, but still a substantial impact remains.

JanSan’s acquisition team identified the following quantifiable benefits of a bundled acquisition:

- **Price Reductions:** Greater discounts than those generally offered under Multiple Award Schedule contracts due to the larger estimated volumes and longevity of the agreements. The product sample analysis projects an estimated savings of 21% as a result of BPAs issued against MAS contracts. In the initial nine months of the JanSan Purchasing Channel, resultant savings on the BPAs are over 25%. To be conservative however, the JanSan team is confident that savings of at least 10% is obtainable.

---

26 FAR 19.502-2(b)(1)-(2)

27 FAR 8.404(d)
Reduced Administrative Costs: Based on the Mercator Group study, the team estimates savings of 12.56% due to a reduction in administrative costs.\(^{28}\)

The total benefits of bundling are approximately 10% +12.56% = 22.56%. These savings were derived from estimates based on research of the current janitorial and sanitation commodity contracts, JanSan FSSI sales history, industry research, and a study conducted by the Mercator Group study.

After reviewing the available market research, the bundling/benefits analysis above, and applicable policy and guidance, the acquisition team has determined that it in the Government’s best interest to bundle. The expected benefit of this bundled acquisition is 22.56% annually, which significantly exceeds the 5% threshold required by the FAR. The proposed acquisition strategy will consist of fourteen BPA awards as previously stated. The Request for Quote (RFQ) market basket will consist of approximately 546 items, split into seven categories. To submit a quote a vendor must have 100% of the market basket items in their GSA MAS contract for that specific category. With award of the FSSI BPAs, the BPA holder's catalog of JanSan supplies for that category provided by its underlying GSA MAS contract will be included and available under the resulting BPA, with the exception of items specifically excluded from the BPA. This will provide comprehensive contractor coverage of janitorial and sanitation commodities to fulfill government wide need. Every effort will be made to mitigate the impact of the acquisition on small businesses.

11. FINAL RECOMMENDATIONS

GSA maximized its opportunity to engage with Industry in an effort to maintain transparency of the JanSan strategic solution's acquisition planning process. The intent was to establish a robust communication channel between Government and Industry (both large and small concerns) to address questions, concerns and to hear recommendations. GSA uses a web blog, GSA Interact, as a transparent, open forum for communication with Industry. Relevant information and materials are shared through GSA Interact as it served, and continues to serve, as the main touch point for communication regarding JanSan.

The acquisition team recommends the following:
- Conduct a competitive acquisition for single award BPAs.
- Hold a Pre-solicitation Conference to include businesses in the process
- Work with the Small Business Administration, maximize their participation and seek advice on how to include small businesses in the process.
- Engaging industry through GSA Interact
- Issue a second Draft RFQ to allow vendors to comment
- Post a final market basket to allow vendors sufficient time to get items on their MAS Schedules.
- Include the following evaluation factors in the solicitation:

\(^{28}\) The JanSan team recognizes that this is not an all-inclusive estimate; however, it was derived with the most applicable data available at the initial development of this analysis.
Past performance indicating the extent to which the offeror attained applicable goals for small business participation under contracts that required subcontracting plans [FAR 15.304(c)(3)(ii)].

Offerer’s proposed use of small businesses as subcontractors and their past performance in meeting subcontracting goals [FAR 15.304(c)(4)].

Preference for small business if proposals are otherwise of equal best value.

- Allow or encourage small business participation by means such as contractor teaming arrangements and subcontract arrangements.
- Set-aside many of the BPAs for small businesses, including distributors, as appropriate.

### Actions Taken To Date:

- Included the Small Business Administration in the planning process in accordance with FAR 7.104 (d)(1).
- Posted a Request For Information (RFI) on e-Buy on October 24, 2013. To maximize small business opportunity and competition, GSA released an RFI to determine if there were an adequate number of qualified small business Multiple Award Schedule contract holders who manufacture/distribute NSNs in the market basket.
- Draft RFQ was published 2/7/14 and closed 2/21/14
- Held a virtual Industry Day Meeting 02/19/2014. The meeting was a combined event for OS3, MRO and JanSan with approximately 200 vendors. The purpose was to share the developed RFQ JanSan strategies with Industry and capture feedback. Questions were collected and where appropriate the final RFQ will be revised to provide clarity.
  - For example, Vendor Shipment Module (VSM) was required in the 2014 draft RFQ but has since been made optional due to confusion with the requirement; the delivery requirements have been increased from four days to seven days; estimated quantities will be provided for each NSN; estimated spend values for each category have been provided. All Q&As from this Industry Day are available at: [https://interact.gsa.gov/blog/mro-and-jansan-requisition-channel-industry-day-qa-now-available-0](https://interact.gsa.gov/blog/mro-and-jansan-requisition-channel-industry-day-qa-now-available-0)
- Received an Individual Waiver on 09/02/2015, from SBA from the non-manufacturer rule to allow small business distributors to quote on BPAs reserved for small business on the JanSan Requisition Channel.
- Created a GSA Interact Blog
- Hosted an information session between AbilityOne and Small Business to assist the understanding the requirements for becoming an authorized reseller.
- Second RFI was issued 9/25/14 to determine if expanded market basket would impede small business participation. RFI closed 10/8/14 with responses from small business distributors that they would be capable of quoting on the expanded market basket.
- A second Draft RFQ was posted on eBuy and Interact on 08/19/2015 and closed on 09/04/2015. Q&As will be posted on Interact.

---

29 FAR 15.304(c)(3)(ii): For solicitations involving bundling that offer a significant opportunity for subcontracting, the contracting officer must include a factor to evaluate past performance indicating the extent to which the offeror attained applicable goals for small business participation under contracts that required subcontracting plans (15 U.S.C. 637(d)(4)(G)(i)).

30 FAR 15.304(c)(4): For solicitations involving bundling that offer a significant opportunity for subcontracting, the contracting officer must include proposed small business subcontracting participation in the subcontracting plan as an evaluation factor (15 U.S.C. 637(d)(4)(G)(i)).
Required signatures/approval on file.
SMALL BUSINESS PARTICIPATION PLAN
FOR
JANITORIAL AND SANITATION (JANSAN) SUPPLIES
REQUISITION CHANNEL

Prepared August 06, 2015 (rev. 08142015)
Rev. 3 09/03/2015

Prepared by:
The U.S. General Services Administration
Federal Acquisition Service
Greater Southwest Acquisition Center
Table of Contents

Acquisition Strategy to Maximize Small Business Participation ........................................3
  Pre-Solicitation Phase ........................................................................................................3
  Acquisition Phase ..............................................................................................................4
30-Day Notification .............................................................................................................5
Acquisition Strategy ..........................................................................................................5
ACQUISITION STRATEGY TO MAXIMIZE SMALL BUSINESS PARTICIPATION EITHER AS PRIME VENDORS OR SUBCONTRACTORS

It is recognized that the statutory provisions for bundling came from a Congressional concern about the impact of these types of acquisitions on small business participation in federal procurement. Given that bundling leads to the displacement of small businesses or makes their participation unlikely, the regulations provide additional requirements for the bundled acquisitions that involve substantial bundling. Specifically, because the cumulative maximum potential value, including options, of the proposed Blanket Purchase Agreements (BPAs) is greater than $6.0 million, additional documentation—a small business action plan—must be provided prior to proceeding with the solicitation. The intent of the action plan is to mitigate the effects of the bundling and/or consolidation upon small business and to enhance and encourage small business participation at both the prime contractor and subcontractor levels.¹

The acquisition will be structured, to the extent feasible, to enable small business participation. This acquisition strategy document will outline the steps that will be taken to ensure this result. Plans to encourage small business participation will be done both in the pre-solicitation phase and the acquisition phase.

Pre-solicitation Phase: Because this bundling and/or consolidation acquisition offers a significant opportunity for subcontracting, the proposed pre-award strategies are offered to mitigate the effects of bundling and/or consolidation:

- Hosting a pre-solicitation conference in advance of issuing the RFQ.
  - A virtual conference was held February 19, 2014. The meeting was a combined event for OS3, MRO and JanSan with approximately 200 vendors. The purpose was to share the developed RFQ JanSan strategies with Industry and capture feedback. Questions were collected and where appropriate the final RFQ will be revised to provide clarity.
    - For example, Vendor Shipment Module (VSM) was required in the 2014 draft RFQ but has since been made optional due to confusion with the requirement; the delivery requirements have been increased from four days to seven days; estimated quantities will be provided for each NSN; estimated spend values for each category have been provided. All Q&As from this Industry Day are available at: https://interact.gsa.gov/blog/mro-and-jansan-requisition-channel-industry-day-qa-now-available-0
- Host an interact website for comments and questions.
  - Website address is https://interact.gsa.gov/group/federal-strategic-sourcing-initiative-fssi-janitorial-sanitation

¹ FAR 7.107(e)
• Establishing set asides in the categories in which there are a significant number of small business distributors.
  o “Significant” meaning from historical data\(^2\), where the number of contracts with small business exceeded 30% and total spend\(^3\) with small business exceeded 10%
  o Five categories are completely set aside for small business.
• Encourage teaming between and among small businesses.
• Pursue a waiver to the Non-Manufacturing Rule from the Small Business Administration.
  o SBA granted an Individual Waiver to the NMR 09/02/2015. This waiver will potentially increase participation of small businesses by allowing them to participate on set-asides even if their suppliers are other than small manufacturers and by allowing our agency using the JanSan BPAs to receive small business credit for purchases of products manufactured by large businesses and sold by small businesses to count towards fulfillment of their individual small business purchasing goals.
• A second Draft RFQ was published on eBuy and Interact on 08/19/2015 and closed on 09/04/2015. Q&As will be posted on Interact.

**Acquisition Phase:** To further include small businesses in the acquisition, the acquisition team will offer a significant opportunity for subcontracting. The following strategies also provide greater incentive to prospective large contractors to increase subcontracting with small businesses:

• All large businesses will be required to submit goals which shall exceed their current plan under their MAS schedule.\(^4\)
• Encourage offerors to make subcontracting opportunities public in the Subcontracting Network (SUB-Net) or other communication media. This strategy provides more visibility for opportunities to team or subcontract.
• As part of the source selection, large business offerors will be required to submit previous subcontracting plans, eSRS Individual Subcontract Reports, and Summary Subcontract Reports to demonstrate their performance in subcontracting to small businesses.
• The prime contractors will identify subcontracting goals based on a percentage of total subcontracting dollars. They will have to identify the percentage of total subcontracting of the total contract value.
• The solicitation and contract language will address the method for monitoring small business performance. Aside from the standard subcontract plan reporting requirements, the prime contractor will be required to address performance toward its small business goals in any planned periodic program reviews.

---

\(^2\) Fiscal years 2013 and 2014  
\(^3\) Based on Cost Price  
\(^4\) FAR 15.304(c)(4)
• Regular monitoring of the prime contractor’s subcontracting performance as provided in the contract. This strategy ensures there are no surprises at the end of the period of performance.

• Regular face-to-face meetings with representatives from the prime contractor and SBTA will be established post-award. Recommend meeting attendance by not only the prime contractor’s small business representative, but also a senior member of its project management organization. This should signal the importance of meeting subcontracting goals to the large business prime contractor.

• In the early stages of the contract, meetings with the prime contractor will occur frequently (e.g., no less than monthly) to ensure that the prime contractor gets off to a good start toward meeting subcontracting goals. A checklist from the subcontracting plan will be created as a road map for the meetings, to monitor compliance. More dialogue—early on—will provide the prime contractor an opportunity to improve performance, if necessary, before final assessments are given. Progress (or lack thereof) will be reported to the contractor’s senior management. This strategy helps ensure that the prime contractor starts off on the right footing.

• A substitution letter that spells out the prime contractor’s rationale for any anticipated changes from small businesses that are identified by name in the offeror’s proposal will be required. This strategy guards against “bait and switch,” a practice that occurs when a large contractor names a small business in its proposal and then releases the business after award.

• The Contractor Performance Assessment Reporting System (CPARS) will be used to document the contractor’s performance in small business subcontracting. The CPARS offers a consistent means for tracking a contractor’s performance in meeting small business subcontracting plans and makes this information easily accessible to other contracting officers.

30-DAY NOTIFICATION
At least thirty days before releasing a solicitation, the acquisition team will notify all affected incumbent small business firms of the Government’s intent to bundle and/or consolidate this requirement. The team will also notify the firms as to how to contact the SBTA.5

ACQUISITION STRATEGY
The JanSan acquisition strategy has been developed specifically to enable small businesses to participate in the process. The JanSan universe has been separated into seven categories: Cleaning Compounds and Related Dispensers; Non-Motorized Cleaning Equipment and Trash Receptacles; Brooms, Brushes, Mops and Sponges; Trash Bags; Paper Products and Related Dispensers; Motorized Floor Cleaning Equipment and Accessories; and Personal Hygiene and Related Dispensers. A major consideration in developing these categories was to ensure small businesses would be able to participate as a prime contractor in this endeavor.

5 FAR 10.001
GSA anticipates awarding two BPAs per category. Ten of the 14 proposed BPAs will be reserved for small business. Five categories will be reserved for small and two will be unrestricted. The reserved portion represents 52.1% of the dollars in the Requisition Channel Market Basket. The number of BPAs could potentially increase if it is determined that additional BPAs are required in each category. Further, there will be subcontracting opportunities for the BPAs awarded to large business concerns.

A single-award approach will result in strong competition in the establishment of the BPAs and allow automation of supply orders to individual suppliers. The single award also ensures that a small business will receive the order each time in five of the seven categories.

The Contracting Officer will ensure compliance with all statutory and regulatory guidance. OMB’s December 2012 Memo on “Improving Strategic Sourcing” indicates that all proposed strategic sourcing agreements baseline small business use under current strategies and set goals are to meet or exceed that baseline participation under the new strategic sourcing vehicles.
JanSan Requisition Channel Small Business Participation Plan
Signature Page 1 of 1

Prepared by:

Donna Peck
JanSan Program Manager

09/03/2015
Date