

JANITORIAL AND SANITATION SUPPLIES CONSOLIDATION ANALYSIS (MARKET RESEARCH & SPEND ANALYSIS OVERVIEW)

EXECUTIVE SUMMARY

15 USC § 657q - Consolidation of contract requirements does require a consolidation analysis when two or more requirements for federal goods or services that have been provided under two or more separate contracts will be consolidated under a single or multiple award contract. Based on our commitment to foster small business opportunities, GSA did perform the required consolidation analysis. Although GSA does not necessarily agree that a careful reading of the statute would find it applicable to the Federal Strategic Sourcing Initiative for Janitorial and Sanitation Supplies (JanSan, herein), it is devoted to ensuring small businesses have solid opportunities to participate as prime contractors or subcontractors.

While the JanSan solution does not involve contract bundling, GSA considered the bundling threshold (5% savings on contracts estimated at more than \$94 million) in conducting the consolidation analysis. In addition, GSA took numerous additional steps to ensure small business opportunities. Among these include:

- Engaging industry through GSA Interact web blog site, ensuring the small business voice could be heard regardless of geography.
- Sponsoring of one-on-one listening sessions to allow small business to share its reflections on best ways to establish the acquisition.
- Hosting a partnering session between AbilityOne and Small Business, to confirm small businesses understand how to qualify as an authorized reseller.
- Constructing the Jan San product categories to safeguard representation for small business schedule contract holders to compete effectively within and across those categories.
- Reserving the vast majority of awards for small businesses or service disabled veteran owned small businesses. At a minimum, 17 of the 21 awards will go to small businesses.
- Pursuing and obtaining a waiver to the Non-Manufacturing Rule from the Small Business Administration. This waiver allows for both increased participation of small businesses in the JanSan program and greater use by federal agencies. The Waiver allows purchasing agencies using the JanSan BPAs to receive small business credit for those purchases of products manufactured by large business and sold by small business to count towards fulfillment of their individual small business purchasing goals.

Extensive market research was conducted by GSA. Based on findings, numerous changes were made to the acquisition strategy to minimize the negative impact on small businesses. Active steps were taken to include small businesses in the JanSan acquisition strategy, with the overwhelming majority of awards, 81%, being reserved for small business. GSA examined several areas which included, but not limited to: cost, quality, acquisition cycle, terms and conditions, performance. Very substantial benefits were found to justify the decision to consolidate in areas of savings, better terms and conditions, reduced cycle time, and enablement of smart shopping. GSA has been successful in implementing similar strategies under the Office Supplies FSSI, currently running over 13% in savings.

OVERVIEW

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 two or more separate contracts will be consolidated under a single or multiple award contract. Although GSA does not necessarily agree that the statute is applicable to the Federal Strategic Sourcing Initiative for Janitorial and Sanitation Supplies (JanSan), it is deeply committed to ensuring that small businesses have strong opportunities to participate as prime contractors or subcontractors. To validate these opportunities are provided, GSA has performed the consolidation analysis. This paper documents the following key points:

- a) Extensive market research has been conducted
- b) Alternative contracting approaches involving a lesser degree of consolidation have been identified
- c) Acquisition strategy has been modified to minimize negative impacts on small businesses
- d) Active steps have been taken to include small businesses in the acquisition strategy, including setting aside 14 of the total 21 BPAs for small businesses and 3 additional BPAs for Service Disabled Veteran Owned Small Businesses. Thus, a maximum of 4 of the 21 BPAs could conceivably go to large businesses.
- e) The consolidation is necessary and justified and will result in significant savings to the Federal Government.
- f) For this reason, the Director of the Office of Small Business Utilization has concurred and the Senior Procurement Executive has concluded that the consolidation of contract requirements is necessary and justified.

The JanSan market research consisted of several steps in establishing a category profile. The category scope was defined in terms of the range of related janitorial and sanitation products. Four individual categories were established within that scope to secure broad vendor participation as few vendors provide the full range of JanSan products. A category spend analysis was conducted to develop a fact base around how much the government spends, which suppliers it spends with, who the users are, what purchase methods are being used, what frequencies are the purchases being made, etc. GSA worked with customer end-users to document requirements and key drivers of value, to identify process improvement opportunities, and to share internal best practices.

Total JanSan spend is ~\$1.2B annually, based on data captured from FY11 FPDS, GSA Advantage!, Department of Defense eMail, and GSA Global Supply spend data. This spend exhibited the following characteristics:

- Spend through GSA makes up 23%, or \$272M (Multiple Award Schedules and GSA Global Supply)

- Small Business accounts for 26% of government spend through the purchasing channel (excludes Global Supply requisition spend, \$115M), or \$278M; no socio-economic category makes up more than ~3% of the FPDS-NG spend
- Spend is consolidated: 50% of government spend is through the top 10 vendors
- Purchasing of JanSan products across the federal government is decentralized, with many purchases occurring on Government Purchase Cards
- Extensive pricing variability exists in the marketplace; GSA list prices within the JanSan commodity vary greatly, with an average of 60% variability over the lowest price
- Significant amount of purchases occur at non-competitive levels, or purchases over the median price of a given item
- Currently, vendors are engaged in intense price competition
- JanSan Supplies are often purchased under established service contracts
- Analysis of spend patterns shows a significant savings opportunity based on characteristics described above

While the total JanSan spend is ~\$1.2 billion annually, AbilityOne, TAA and Defense Commissary Agency retail spend was considered unaddressable and has been removed, leaving the current estimated value for JanSan at \$599. As spend increases, GSA will closely monitor performance and will revisit its analysis regarding number of awardees. This will be closely coordinated with the commodity team.

ENGAGEMENT WITH INDUSTRY

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

Through the visibility of the GSA Interact blog, the JanSan team was successful in conducting follow-up discussions and receiving constructive feedback from Industry. Based upon feedback, updates were made to the BPA categories, Draft RFQ, and market baskets. GSA hosted several industry-engaging events to share information on the JanSan strategic solution and how to succeed with government. The open and transparent dialog clearly demonstrated GSA's commitment to building strategic solutions to benefit the taxpayers, federal agencies and the vendor community. Key activities performed to collaborate with Industry to gather feedback on the JanSan strategic sourcing include:

- GSA Interact – Ongoing. FSSI Janitorial & Sanitation Group, with 1560 industry members, allowed information sharing with thousands of community members from government staff to industry partners. GSA Interact also fostered discussion of views on trending topics, like JanSan, to provide a collaborative audience experience

- “Listen to Industry Day” – 1/30/2013. This vendor engagement meeting had 190 registered vendors. The purpose was to engage Industry directly with the JanSan Program Team and key stakeholders of GSA and OFPP, and to share strategies of the JanSan solution. Strategies shared included: collecting/reporting data, identifying cost drivers, facilitating ease-of-use, setting aside BPAs to address socio-economic concerns, allowing JanSan service providers access to BPA pricing, and ensuring dynamic participation of vendors.
- Request for Industry White Papers – 2/4/2013. GSA planned one-on-one sessions with Industry to discuss data collection/reporting, cost drivers, ease of use for customers, service provider participation, fulfillment of government-wide statutory goals, participation of small businesses, and assurance of vendor dynamic participation. Vendors were asked to submit white papers as a prelude to the one-on-one discussions with GSA. The JanSan team received 22 white papers on behalf of this effort.
- Draft Release of Request for Quotations (RFQ) – 5/13/2013. GSA released a draft RFQ for Industry review. Industry provided over 18 comments on the GSA blog. These comments were shared among the JanSan team for further consideration and implementation into the final RFQ.
- One-on-One Interviews – 2/2013 - 3/2013. After receipt of white papers and special requests submitted by Industry, GSA conducted meetings (both face-to-face and phone) from late February through early March. The JanSan team conducted 24 interviews with Industry based on their white paper submissions.
- Information Panel on JanSan and MRO at the Coalition for Government Procurement Spring Training Conference – 4/17/2013. JanSan met with Industry at a round table discussion regarding issues such as part number standardization, compression of price variability, and set asides for small businesses.
- Request for Information (RFI) – 04/15/2013. 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 with offerings under specific JanSan NAICS codes. These findings were shared with the Small Business Administration to successfully secure a Non-Manufacturer Waiver to prevent exclusion and allow set-asides for JanSan small businesses.
- Pre-Solicitation Meeting – 5/15/2013. The Pre-Solicitation was hosted by GSA at the GSA Auditorium with 178 registered vendors. The purpose was to share the developed RFQ JanSan strategies with Industry and to capture feedback. The finalized JanSan categories, market basket, terms and conditions, and proposed technical evaluation factors were the key areas of discussion. Time was set aside for a question and answer session to address the elements of the RFQ. Recommendations collected were given further consideration and many were incorporated into the final draft of the RFQ.

- AbilityOne Small Business Partnership Session – 06/05/2013. In the pre-Solicitation meeting, some small business concerns identified the requirement for AbilityOne approval as a barrier to participation. GSA is fully committed to supporting the AbilityOne Program through the JanSan strategic solution. To facilitate understanding and participation in the AbilityOne program, GSA hosted a Partnership Session between the JanSan team, small businesses and AbilityOne. The event garnered participation from 60 small businesses and AbilityOne reports that it saw a significant increase in applications to be AbilityOne authorized resellers.
- Updated Market Basket for Industry Comment - 7/19/2013. In response to industry requests, a revised market basket was shared with Industry for further comment, in advance of the final RFQ. GSA received 27 vendor recommendations on the GSA Interact blog for further consideration. All comments were reviewed and most were incorporated into the final market basket.

SMALL BUSINESS STRATEGY

The JanSan strategic solution is based on the offerings available under specific Multiple Award Schedules (MAS). A mapping exercise of the JanSan market basket commodities was conducted with the MAS Special Item Numbers (SIN) being used under this strategic solution. The JanSan commodity coverage crosses three distinct MAS's and 43 separate SINs under the MAS umbrella. Below are the findings of the mapping exercise for JanSan commodities and vendors under the MAS program:

By MAS:

- 51 V (Hardware Superstore) - 2 SINs - 154 total contractors; 34 Other Than Small Business, 120 Small Business; 33 Small Business Woman Owned, 10 Veteran Owned Small Business, 15 SDVOSB, 25 Small Disadvantaged Business, 9 8(a) and 9 Hubzone
- 73 (Food Service, Hospitality, Cleaning Equipment + Supplies, Chemicals and Services) - 40 SINs - 337 total contractors: 28 Other Than Small Business, 309 Small Business; 72 Small Business Woman Owned, 33 Veteran Owned Small Business, 25 SDVOSB, 40 Small Disadvantaged Business, 12 8(a) and 6 Hubzone
- 75 (Office Products, Supplies + Services and New Products, Technology)- 1 SIN - 147 contractors: 8 Other Than Small Business, 139 Small Business; 49 Small Business Woman Owned, 8 Veteran Owned Small Business, 23 SDVOSB, 43 Small Disadvantaged Business, 11 8(a) and 10 Hubzone

By JanSan Category Offering:

- Categories 1 and 2 – these categories are combined due to the significant vendor overlap: 417 contractors (MAS 51 V and 73): 51 Other Than Small Business, 366 Small Business; 89 Small Business Woman Owned, 38 Veteran Owned, 32 SDVOSB, 50 Small Disadvantaged Business, 15 8(a) and 12 Hubzone
- Category 3 - 147 contractors (MAS 75): 8 Other Than Small Business, 139 Small Business; 49 Small Business Woman Owned, 8 Veteran Owned Small Business, 23 SDVOSB, 43 Small Disadvantaged Business, 11 8(a) and 10 Hubzone
- Category 4 - 236 contractors (MAS 51 V and 73): 45 Other Than Small Business, 191 Small Business; 49 Small Business Woman Owned, 15 Veteran Owned, 24 SBVOSB, 15 8(a) and 13 Hubzone

From a geographic standpoint:

MAS 51 V (Hardware Superstore)

- Region 1- 4 Small Business Total (Maine 1, Massachusetts 3)
- Region 2 – 16 Small Business Total (New York 14, New Jersey 2)
- Region 3 – 18 Small Business Total (Maryland 4, Pennsylvania 9, Virginia 3)
- Region 4 – 25 Small Business Total (Tennessee 2, North Carolina 3, South Carolina 1, Georgia 10, Florida 7, Alabama 2)
- Region 5 – 30 Small Business Total (Minnesota 4, Wisconsin 4, Illinois 6, Indiana 1, Michigan 7, Ohio 8)
- Region 6 – 6 Small Business Total (Nebraska 1, Iowa 2, Missouri 3)
- Region 7 – 24 Small Business Total (New Mexico 3, Texas 16, Arkansas 2, Louisiana 3)
- Region 8 – 4 Small Business Total (Montana 1, North Dakota 1, Utah 2)
- Region 9 – 19 Small Business Total (California 15, Arizona 4)
- Region 10 – 2 Small Business Total (Alaska 1, Washington 1)
- Region 11 – 1 Small Business Total (District of Columbia 1)

MAS 73 (Food Service, Hospitality, Cleaning Equipment + Supplies, Chemicals and Services)

- Region 1 – 19 Small Business Total (New Hampshire 2, Maine 2, Massachusetts 9, Maine 9, Rhode Island 1, Connecticut 5)
- Region 2 – 33 Small Business Total (New York, 20, New Jersey 13)
- Region 3 – 28 Small Business Total (Maryland 7, Pennsylvania 9, Virginia 12)
- Region 4 – 74 Small Business Total (Kentucky 3, Tennessee 6, North Carolina 9, South Carolina 7, Georgia 15, Florida 30, Alabama 2, Mississippi 2)
- Region 5 – 60 Small Business Total (Minnesota 9, Wisconsin 7, Illinois 20, Indiana 3, Michigan 7, Ohio 14)
- Region 6 – 16 Small Business Total (Iowa 4, Kansas 1, Missouri 11)
- Region 7 – 34 Small Business Total (New Mexico 1, Texas 25, Oklahoma 3, Arkansas 1, Louisiana 4)
- Region 8 - 17 Small Business Total (Montana 3, South Dakota 1, Utah 4, Colorado 9)
- Region 9 – 44 Small Business Total (Nevada 1, California 35, Arizona 7, Hawaii 1)
- Region 10 – 8 Small Business Total (Washington 5, Oregon 3)
- Region 11 - none

MAS 75 (Office Products, Supplies + Services and New Products, Technology)

- Region 1 – 7 Small Business Total (Maine 1, Massachusetts 5, Rhode Island 1)
- Region 2 – 16 Small Business Total (New York 16)
- Region 3 – 25 Small Business Total (Maryland 14, Pennsylvania 1, Virginia 10)
- Region 4 – 25 Small Business Total (Kentucky 2, Tennessee 2, North Carolina 5, South Carolina 2, Georgia 5, Florida 6, Alabama 1, Mississippi 2)
- Region 5 – 21 Small Business Total (Minnesota 2, Wisconsin 5, Illinois 5, Michigan 5, Ohio 4)
- Region 6 – 5 Small Business Total (Kansas 2, Missouri 3)
- Region 7 – 12 Small Business Total (New Mexico 1, Texas 8, Arkansas 2, Louisiana 1)
- Region 8 - 2 Small Business Total (Montana 1, South Dakota 1)
- Region 9 – 26 Small Business Total (California 25, Hawaii 1)
- Region 10 – 3 Small Business Total (Washington 2, Oregon 1)
- Region 11 – 1 Small Business Total (District of Columbia)

Spend is consolidated, 50% of government spend is through the top 10 vendors. In the entire universe of the JanSan spend, approximately 1800 vendors fall outside of the top ten and approximately 70% of those vendors are considered small. See Appendix 1.

The JanSan solution will solicit a total of 638 contractors between the three schedules; 154 for Schedule 51 V, 337 for Schedule 73 and 147 for Schedule 75. Of those 638 contract holders, 568 are small businesses. Industry has raised concerns on the implementation of JanSan. A frequent question pertains to the possible elimination of the MAS contract supporting the JanSan strategic solution. Many small business contractors have multiple SINs on their MAS contract to include products which are outside the scope of JanSan products. Another matter of interest is the impact of potential reduction in sales for small businesses not chosen as a BPA provider. GSA has considered this potential negative impact on small business but has determined the benefits to be gained through JanSan BPAs will outweigh this negative impact.

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. With this in mind, the solution was designed with four separate categories of products (1- Cleaning Compounds and Related Dispensers, 2- Non-Motorized Cleaning Equipment and Trash Receptacles, 3- Paper Products and Related Dispensers, 4- Motorized Cleaning Equipment and Accessories) that vendors can receive BPAs to provide. 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 output of this exercise is above.

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 generic item descriptions and will be allowed to quote items within their catalog that meets 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 removed specialty products from the market basket that could be challenging for small businesses to provide. For example, items on the Qualified Product List (QPL) or considered MIL-Spec items are excluded.

Beyond structuring the JanSan solution and developing its requirements to be small business friendly, GSA is also setting aside BPAs that can only be awarded to Small Businesses or Service-Disabled Veteran Owned Small Businesses. At least 81% of the possible 21 BPAs are set aside to ensure that the volume of JanSan sales that is currently going small businesses remains the same or increases. As approved by the JanSan Commodity Team, the finalized categories and BPA set asides will be structured as follows to allow for breadth and depth of item coverage within a given category.

CATEGORY	TOTAL # OF BPAs	VENDOR SIZE/SOCIO ECONOMIC STATUS REQUIREMENTS		
		UNRESTRICTED	SMALL BUSINESS	SOCIO ECONOMIC
Cleaning Compounds & Related Dispensers	6	1	4	1 SDVOSB
Non-Motorized Cleaning Equipment & Waste Receptacles	5	1	3	1SDVOSB
Paper Products & Related Dispensers	5	-	4	1 SDVOSB
Motorized cleaning Equipment & Accessories	5	2	3	-
TOTAL:	21	4	14	3 SDVOSB

GOVERNMENT SAVINGS STRATEGY

Maintaining status quo will not promote savings or efficiencies for government agencies or the taxpayer. There is significant de-centralized purchasing of janitorial and sanitation items across federal government. Thousands of items are currently purchased from hundreds of different vendors across all socioeconomic categories. Approximately 60% of total JanSan spend is done through government purchase cards. The majority of purchases placed are by non-acquisition professionals. Individual agencies have established their own contracts for janitorial and sanitation items with varying pricing using the MAS as the benchmark. However, under these contracts, there is a large range of available prices with a high volume of full retail prices. Analysis of customer buying patterns revealed agencies are generally not purchasing at the lowest price available. In the current model of the MAS program, the same pack of paper towels is current available from 185 vendors, listed under 23 different part numbers, and vendor catalog pricing ranges from \$26 to \$116.

We have considered other approaches to include, among others, establishing single agency contracts/BPAs, placing orders against current MAS, full and open single award contracts etc. While these alternative contract approaches require less consolidation, they would reveal significantly less cost savings than the estimated 11% savings benefit for the Government under the JanSan solution.

The first generation JanSan solution will implement tactics to drive savings for the federal government and taxpayers.

1. Reduce prices:

- Develop BPAs based on commodity categories to leverage government-wide volume to negotiate lower prices with providers
- Establish point-of-sale discounts to ensure access to low pricing
- Extend BPA pricing to service providers and they pass savings on to the customer
- Engage in dynamic pricing, which is active post-award price management that requires monitoring product list prices offered in the federal market and working with BPA holders to ensure competitive FSSI prices

2. Narrow price ranges:

- Eliminate "non competitive" prices to ensure customers are purchasing at the lower end of current price range
- "Non competitive" pricing will not be posted within the GSA Advantage![®] portal

3. Enable smart shopping:

- Standardize part numbers to improve ease of comparison shopping

Savings will be generated from negotiated lower pricing, point-of-sale discounts, and dynamic pricing management. The first generation is expected to have savings of 10% or greater. The first year savings are expected to be ~\$8M, growing each year through increased compliance.

JANSAN ESTIMATED POTENTIAL SAVINGS METHODOLOGY

To date, 10 agencies or agency components have committed to using the FSSI for JanSan. Together, this is indeed a substantial administrative savings, driven by a significant reduction in contract duplication, reduction in proposal/solicitation costs, and an increase in time for acquisition professionals to work on mission priorities. Additionally, the Government-wide JanSan BPAs will create savings by (1) leveraging government-wide volume to negotiate lower prices with suppliers and (2) establishing point-of-sale discounts to ensure access to the lower prices (Government customers will be able to walk into a brick & mortar store and get BPA pricing). Potential savings from these tactics were estimated based on pricing analysis benchmarks from a similar sourcing solution, FSSI Office Supplies Generation II (OS2). The

pricing analysis compared prices offered through the Government-wide BPAs to prices offered through other channels for procuring goods (GSA Schedule contracts, other Agency contracts, Global Supply, and open market retail). The FSSI Office Supplies Generation II (OS2) is a reasonable comparison base as both Office Supplies and JanSan are low dollar commodity items most frequently acquired through purchase cards with notable vendor overlap.

Procurement Channel	Savings Rate	Annual Spend (\$M)
GSA Schedule Contracts	9%	\$158
Other Agency Contracts	7%	\$124
Global Supply	9%	\$116
Open Market Retail	24%	\$201
Overall JanSan	14% <i>(blended rate)</i>	\$599 <i>(Total Addressable Spend)</i>

The above analysis found a blended potential savings rate of 14%. Under OS2, actual savings rates average 13%, further validating the estimated potential savings rate of the JanSan solution. In order to achieve this level of savings, the solution will require upfront agency commitments, part number standardization requirements, point-of-sale requirements, and plans to actively manage BPA prices post-award via the dynamic pricing model.

The potential savings rate (11% to 14%) is based on establishing 21 BPAs. As a secondary level of analysis, GSA also performed an assumptive analysis of savings at different numbers of awardees. To perform this analysis, GSA used MAS list pricing, analyzing average pricing for the top ~2,000 items at different numbers of awards. GSA found a direct relationship between number of awardees and savings. Limiting JanSan to 10 awards would have meant savings of around 20%, while increasing this to 30 awards would have reduced the savings to 7%. This secondary analysis further supports GSA's proposed 21 JanSan awardees as a reasonable balancing of cost savings opportunities while mitigating impact on small business. See Appendix 2.

Providing further support for the JanSan solution's estimated potential savings are a series of GAO audit reports and congressional testimony. In GAO audit 12-178, looking at GSA's study on office supply pricing, while noting certain data limitations, GAO found that strategic sourcing was generating savings. They further noted that DHS, Air Force, and Navy all reported that FSSI Office Supplies was saving them money, anywhere from 6 to 20%. Since then, GAO has issued a series of further audits on strategic sourcing, restating the potential for significant savings.

CONCLUSION

GSA has conducted extensive market research to include one-on-one meetings, interviews, and highly public posting through GSA Interact and has shared drafts of the RFQ and Market Baskets with Industry for feedback and recommendations. In addition, GSA facilitated an open dialogue and training for small businesses to become familiar with AbilityOne.

GSA started with a broader snapshot in this consolidation, then removed services, QPL items, and MILSPEC items. These modifications were made specifically with the intent of minimizing impact on small businesses.

Through the market research and industry engagement, GSA reduced the number of proposed categories and increased the number of awards to create more opportunities for small businesses. GSA also worked with SBA to obtain a waiver to the non-manufacturer rule to increase the ability of small businesses to compete.

Through this consolidation, GSA anticipates savings in the range of 10% to 15%. Other benefits include part number standardization to enable smart shopping, reductions in contract duplication, and improvements in ease of use for Federal Employees.

GSA has conducted extensive mapping exercises of the JanSan commodities. 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. We found very substantial benefits justifying the decision to consolidate in areas of savings, better terms and conditions, reduced cycle time, and enablement of smart shopping. Savings on the Office Supplies FSSI are currently running over 13%. While the JanSan solution does not involve contract bundling, GSA considered the bundling threshold (5% savings on contracts estimated at more than \$94 million) in conducting the consolidation analysis. Ensuring small business opportunity is a paramount concern of GSA and is well reflected in the acquisition strategy. Furthermore, GSA is taking the best practices shared by Industry and applying them in JanSan Purchasing channel and the upcoming Requisition channel. Based on feedback, we are treating Requisition as a separate channel to further increase opportunity for small businesses and to increase total number of BPAs established under the JanSan strategic solution.

Although GSA does not necessarily agree that a careful reading of the statute, 15 USC § 657q, would find it applicable to the Federal Strategic Sourcing Initiative for JanSan, it is strongly committed to ensuring that small business have strong opportunities to participate as prime contractors or subcontractors.

Concurrence:

Concurrence in Separate Email

Office of General Counsel

Date

Concurrence in Separate Email

Jiyoung Park
Director, Office of Small Business Utilization

Date

Approval:


~~Laura Auletta~~ Houston Taylor
Acting Senior Procurement Executive

Oct 1, 2013

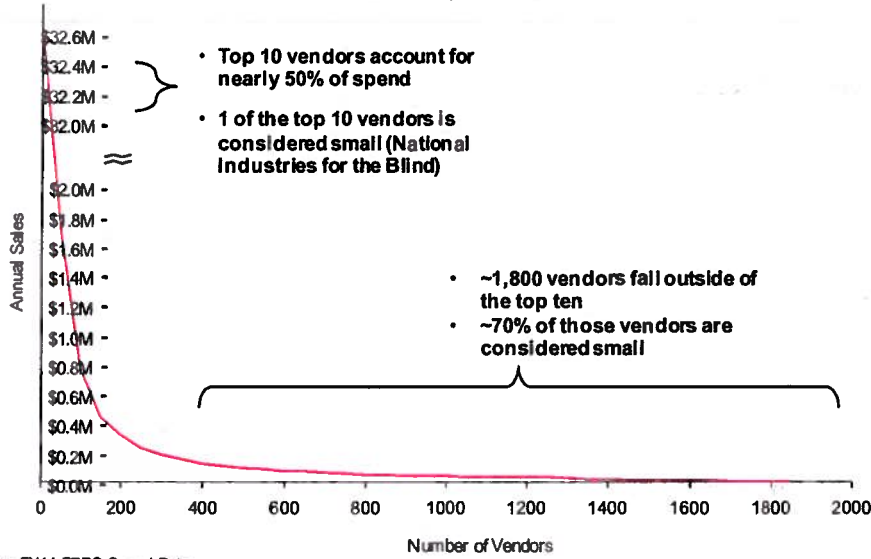
Date

Appendix 1:



JanSan Vendor spend distribution and small business participation

JanSan Vendor Spend Distribution



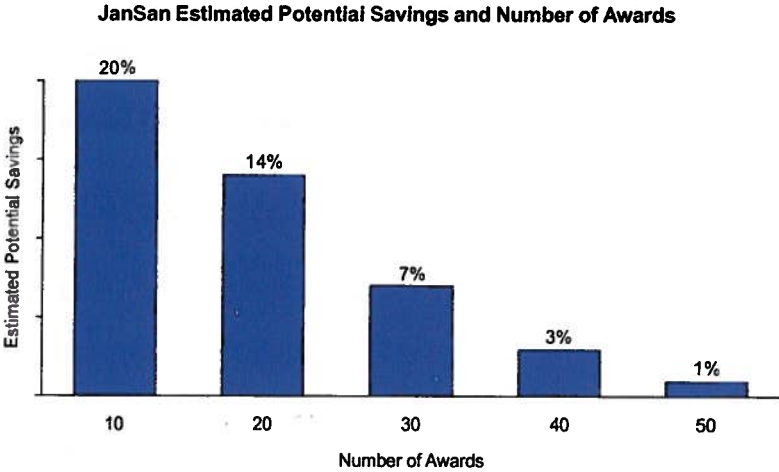
Source: FY11 FPDS Spend Data

0

Appendix 2:



As the number of JanSan awards increases the estimated potential savings decrease



Source: OS2 Pricing Analysis and Savings Benchmarks: FY11 GSA Advantage Spend Data

2