

IN THE U.S. GENERAL SERVICES ADMINISTRATION

IN THE MATTER OF:)
)
FSSI INDUSTRY DAY)
)

Auditorium
1800 F Street, N.W.
Washington, D.C.

Wednesday,
January 13, 2010

The parties met, pursuant to the notice, at
9:03 a.m.

BEFORE: JUDY POSKANZER, Director, National
Administrative and Office Supplies Acquisition Center
Federal Acquisition Service

APPEARANCES:

- CAROLYN ALSTON, Washington Management Group,
representing Coalition for Government Procurement
- DAVID HAUGH, United Stationers
- DAVID HARRIS, SP Richards
- CHRIS BATES, NOPA
- HOWARD PARKER, Small Business Administration
- BARBARA PILKINTON, Vip Office Furniture and Supply
- JUANITA STRICKLAND, Malone Contract Office
Solutions
- HUNTER RASBACH, Unistar-Sparco Computers, Inc.
- ERIC BEALE, Ability One
- PAUL LEVITT, Chesapeake Office Supply of Virginia,
Inc.
- BILL MURRAY, Office Depot
- AJAYI AKINKUOTU, WECSys, LLC
- JIM KERWIN, IMPAC Computer Supplies
- JIM COPE, Cornerstone Office Systems, Inc.
- BONNIE WHITTAKER, Adams Marketing Associates, Inc.
- BOB EMBRY, Office Depot
- VINCE MARTINELLI, Staples
- JOE BRADFORD, Shelby Distributions

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P R O C E E D I N G S

(9:03 a.m.)

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3 MS. POSKANZER: As I said, we have a very
4 busy day. My name is Judy Poskanzer. I'm the
5 Director of the Acquisition Center in New York as well
6 as Project Manager for the FSSI office supplies BPA
7 for the recompetete. I want to thank you all for
8 attending our day here. I'll go over a little bit of
9 the agenda, the Commodity Team, what this is all
10 about, but I want to thank you for being here. First
11 of all I'd like to thank some of the GSA people for
12 helping me with the logistics, I want to thank the
13 marketing group in New York, Sandy Sabers and Laurie
14 Witherspoon, and I want to thank Reese Lessinger in
15 Washington for helping us set up here.

16 We're here, the Commodity Team and some of
17 our members are over here, and I'm hoping that if
18 there were any other Commodity Team members, if they
19 would sort of come down to the front here, we have
20 some here, because we're here to listen to you. The
21 Commodity Team that is comprised of, the Office
22 Supplies Commodity Team for the FSSI, is comprised of
23 GSA as well as a variety of other agencies, DHS, OMB,
24 NSF, IRS, Navy, I'm going to forget some of them, but
25 there are about 14 agencies that are involved in the

1 Commodity Team. And we're here to listen to you
2 today, to what you have to say, to formulate what
3 we're going to be going forth with for the recompete
4 on this procurement.

5 So it's listening day for us and it's very
6 important to us to hear what you have to say. Our
7 agenda will be as is indicated on the invitation,
8 there are four keynote speakers, and I believe all of
9 you are here, so I'll let you know the order. We're
10 going to have Carolyn Alston speaking on behalf of the
11 Coalition for Government Procurement, she's with the
12 Washington Management Group. We will have David Haugh
13 from United Stationers. Then we'll have David Harris
14 from SP Richards and then Chris Bates from NOPA, and
15 they will be speaking for about 20 minutes.

16 And, you know, it's kind of a free flow day
17 in the sense that we'll see how things go, if the
18 Commodity Team has questions during the course of the
19 speaking, so we kind of slated the rest of the
20 speakers for about ten minutes, but we'll see how as,
21 you know, we have a certain agenda, we don't want to
22 be here until 7:00, I'm sure you don't want to be here
23 until 7:00, I don't want to be here until 7:00. So,
24 like I said, we're here to listen to you, the goal of
25 the Commodity Team.

1 I would also like to introduce some of the
2 key players from the GSA team, myself who I've
3 introduced, as well as, and many of you will know some
4 of the New York Group because, you know, we handle the
5 Schedule 75, which this is derived off of, so many of
6 you know some of the key players on our team already.

7 Bob Woodside will be leading this effort with me, who
8 is not here today and he's been brought on, many of
9 you know Bob from he's in the services side of our
10 acquisition center but he was in the product side and
11 handled 75 for many years, he's on the team.

12 We have Jeff Lau who is also a contracting
13 officer on Schedule 75. Ed Lew, who is not quite here
14 yet, will be the lead contracting officer for this
15 effort. We have Hassan Harris who is from our office
16 in New York, as well as Prince Chaudry who is doing
17 some data analysis for us. And we have some key team
18 members from the Washington office many of you know,
19 we have Jeff Koses who is the program director for
20 acquisition operations, and Walter Eckbreth who seems
21 to work on I believe all the teams, fortunate for him,
22 and he works for Jeff and he's an important part of
23 our team. So with that said, we'll, you know, go
24 through our schedule with many of you and we'll, you
25 know, let you know, call you up one at a time when

1 you've been given the time slots.

2 We will take some breaks, we'll take a lunch
3 from 12 to 1 or we'll try to keep it close to those
4 times. And we'll see, you know, how long we take.
5 But again, you know, I want to repeat that we're here
6 to hear what you have to say to us because we've had
7 all these questions. If some of you have information
8 that you want to relay to us or some of you that might
9 be speaking and, you know, had put together
10 presentations, if you're interested or we would love
11 to see them, you can send them to us after this and we
12 can keep them and relay them to our Commodity Team so
13 we can use that for reference material. So with that,
14 any questions at the outset? Okay, I guess -- yes,
15 sir?

16 MALE SPEAKER: Can I get your contact
17 number? You said you were from the New York office,
18 correct?

19 MS. POSKANZER: Yes I am. I think it was in
20 any invitation that you got regarding this event, my
21 name and phone number were there but, okay, I will --
22 yes -- spell it, Judy, J-U-D-Y, Poskanzer, that's P-O-
23 S-K-A-N-Z-E-R. I'm at (212) 264-0305, and email is
24 always first name dot last name at GSA.gov pretty much
25 for all of us.

1 MALE SPEAKER: Thank you.

2 MS. POSKANZER: Okay. With that said,
3 Carolyn?

4 MS. ALSTON: Good morning everybody. I
5 guess I'm first up, that's the privilege of being an A
6 name. So I'm happy to be here today to speak on
7 behalf of Larry Allen who's president of the Coalition
8 for Government Procurement. For any of you who don't
9 know, the Coalition is a nonprofit association of
10 firms that sell commercial products and services to
11 the Federal government. The Coalition has more than
12 350 members now, and they're all sizes -- small,
13 medium, and large businesses.

14 And they do a lot of business in the GSA
15 world, about 70 percent of Schedule sales are
16 represented by Coalition members, and probably about
17 50 percent of sales of commercial items in the
18 government are from members of the Association. So we
19 have a lot of experience with the GSA's Schedules
20 program and with the items that we are going to
21 discussing today. And today we are here of course to
22 talk about comments on the second generation of the
23 Strategic Sourcing Initiative. Our comments from the
24 Coalition's standpoint are going to be in the nature
25 of an overview, and we hope that it will add some

1 context to the more detailed comments that you'll here
2 from members of the Association later during the day.

3 GSA has generated two sets of questions for
4 industry, and some of those questions are very
5 detailed about specific commercial buying practices,
6 and we think that the answers to those questions are
7 going to vary by company and probably the detailed
8 responses are best left to those companies. Okay, GSA
9 has a very clear objective on this particular
10 initiative, and that is to get the best price while
11 driving socioeconomic and environmental requirements.

12 I think that it may pay just to spend a couple of
13 moments with some of the history to put into context
14 the current initiative.

15 The government has a long history of trying
16 to drive low prices on products and services in the
17 office equipment area. Office equipment, office
18 products and office supplies have probably been the
19 focus of government procurement since GSA became a
20 centralized acquisition agency on behalf of the
21 government. I think the good news is that it has been
22 a history of continuous improvement. We've gone from
23 reliance on Federal specifications to use of
24 commercial products, from exclusive dependence on
25 government, the big box warehouses that could have

1 been expensive to operate to significant reliance on
2 commercial distribution networks.

3 GSA used to have single award definite
4 quantity procurements for some of the commodities that
5 we're talking about now, and the result was that it
6 drove a terrific price but it did not provide the
7 choice that agencies now demand. GSA moved on to
8 single award schedules that did have commercial
9 products but didn't offer the choices again that
10 government customers demand. The Agency has now
11 evolved to using multiple award schedule that provides
12 both commercial products, commercial distribution
13 networks, and offers the choice that I think most of
14 the government customers are looking for.

15 And we have arrived at this moment where GSA
16 and other government agencies are learning to use the
17 multiple award schedule to further leverage both the
18 prices and the terms. And examples of it, of that use
19 of the multiple award schedule, includes both the
20 first Strategic Sourcing Initiative as well as BPAs
21 that GSA's own global supply service uses, and a
22 myriad of BPAs that agencies are using themselves.

23 Overall, I think our members are happy to
24 see GSA continuing to use the multiple awards schedule
25 program as a platform for the Strategic Sourcing

1 Initiatives. We think the multiple awards schedule
2 continues to offer a lot of benefits to government and
3 to industry. First of all, it is a commercial
4 procurement vehicle, and I think importantly it
5 provides easy access government wide. You have the
6 products, you have the services, and you have the
7 possibility of solutions being built off the schedule.

8 One reason that we think it is particularly
9 good for a strategic sourcing initiative is because it
10 does provide the two levels of discounts, one being
11 the negotiated standard discounts for agencies and
12 then the possibility of having lower discounts at the
13 task order level. We think this is important because
14 we have found, and I think you'll find that this is a
15 theme throughout our comments, that the more well
16 defined a requirement is the better prices and terms
17 you can get, so the multiple awards schedule
18 initiative allows both a standard discount and it
19 allows agencies to further leverage their requirements
20 at the task order stage.

21 Another benefit is the use of E-tools, GSA
22 Advantage and e-Buy both allow agencies to streamline
23 the order process. And finally I think that the
24 schedules also have the built in socioeconomic
25 compliance, so whether it's Ability One or a small

1 business or environmentally friendly initiatives,
2 those can all be and are built into the multiple
3 awards schedule. The feedback from our members falls
4 into three different categories.

5 First, and maybe most important, is that the
6 members believe that the government should expand its
7 objectives and its focus beyond an examination of the
8 lowest price. The best opportunity to lower cost to
9 both the government and to industry is by making the
10 government a more valued partner and sophisticated
11 user rather than by continuously trying to squeeze
12 prices lower and lower, particularly in a commodity
13 area where you have high volume low cost items.

14 We believe that the government should
15 improve how individual agencies order officer supplies
16 and how they use the contract vehicles that are
17 available to them. Secondly, we'd suggest that GSA
18 examine its contract terms to reduce the cost and risk
19 on the contractor, because of course additional cost
20 and risk are also going to drive your prices up. And
21 finally, again we believe that the government should
22 commit to volume for the next generation of the
23 Strategic Sourcing Initiative if they wish to lower
24 the prices.

25 On the issue of making the government a more

1 valued partner, the government can obtain office
2 supplies from any number of sources, some are GSA and
3 some aren't. Even within GSA there are the
4 traditional global supply sources, there is the
5 standard MAS and now the strategic BPA. There is some
6 concern among the members that there is not a
7 disciplined approach for creation of new vehicles and
8 the use of the supply sources by some agencies. Some
9 agencies continue to build their own vehicles without
10 additional information or without additional volume
11 commitments.

12 There is some perception that the vehicles
13 compete with each other. Suppliers are continuing to
14 respond to agency solicitation and adding to their own
15 bid and proposal expenses because nobody really wants
16 to miss out on that one opportunity that's going to
17 turn out to be the big one that's going to take off in
18 terms of sales. We would urge that GSA put some
19 clarity around the circumstances when these varying
20 sources should be used, and then to market each one of
21 them appropriately.

22 We believe that in GSA's own programs they
23 should avoid unnecessary conflicts with its existing
24 multiple awards schedules. Those schedule contracts
25 have already undergone rigorous examination and

1 negotiation prior to award. One way of doing that is
2 to make sure there's a real difference between the
3 BPAs that you are negotiating and these multiple
4 awards schedule contracts that you already have, and
5 one of those differences is to provide some incentive
6 for contractors to offer you better prices and to
7 offer you better terms, and of course again it comes
8 down to commitment.

9 Once a company has a BPA it should be easy
10 to use and not add to the supplier's or the
11 government's expense in ordering. We suggest that GSA
12 examine ways to further streamline the order process.

13 For example under a BPA an agency can buy from any
14 contractor, any BPA holder, up to \$3,000, but still we
15 see that some agencies will use more expensive
16 processes, like e-Buy or additional competition, to
17 buy those small items. And we would urge that GSA
18 actually encourage their agencies not to add expenses
19 to the order process.

20 And with respect to the agencies, we believe
21 that there are numerous opportunities for agencies to
22 improve the ways that they buy against the GSA BPA.
23 Improving the buying process can pose many challenges
24 in agencies because these items are not generally
25 centrally managed, there are many small orders and

1 they are from all types of employees, they can be
2 anybody from a credit card holder to a depot manager.

3 And our members report that agencies miss
4 opportunities to lower their costs by communicating
5 intelligence about their anticipated spend, by
6 consolidating requirements, and by not taking
7 advantage of some commercial opportunities that the
8 individual contractors might offer with respect to
9 buying.

10 We think that there are some key factors
11 that drive prices downward, and one is having well
12 defined requirements. Commercially, the customers
13 that get the best deals are those that can best define
14 their requirements, by communicating information such
15 as how much they're buying, how they're going to use
16 it, which particular products they're going to use it,
17 where they're going to use it.

18 And using that information, commercial
19 customers can strike a good deal with the contractors,
20 and they use different strategies for doing that. I
21 mean it could be anything from negotiating based on a
22 market basket -- those high volume items that are
23 going to be of critical importance to the contractor
24 rather than negotiating prices on every single item --
25 or they could take advantage of volumes that may be

1 appropriate based on order size.

2 Generally the type of information that we're
3 talking about is not known up front on an MAS, and
4 consequently the very best price may not be offered,
5 and even at the BPA stage that type of information may
6 not be communicated to the contractor. Of course
7 there are other factors that drive pricing. We think
8 generally a combination of market penetration,
9 inventory levels, and sales goals will converge at any
10 particular time to determine the price that a
11 contractor is going to offer. Okay, and in this
12 market, in a highly competitive market, you'll find
13 that the prices will to individual customers will
14 change over time.

15 Just as an aside, on the multiple awards
16 schedules and in the Strategic Source BPA I know that
17 pricing has been a particular issue for the
18 government, and there are sometimes when a customer,
19 either commercial or government, can get a
20 particularly low price and that leads to a perception
21 that the MAS or the BPA price is not good. But
22 because a customer could get a very deep discount on
23 day 1 or day 25 of a year does not mean that that
24 customer is the contractor's very best customer
25 overall.

1 I think there is a value to a price being
2 held over a period of time, and there is a value to
3 being able to demand certain terms, and that when
4 you're looking at whether a customer, either
5 commercial or government, is better than negotiated
6 under the MAS or under a BPA, you need to look at the
7 total package and not a price on a particular day for
8 a particular quantity.

9 As you've probably guessed our members feel
10 that the key, beyond having well defined requirements,
11 to lowering the price is a guarantee of commitment.
12 Now GSA has asked, what does commitment look like?
13 And I think there is pretty uniform agreement that
14 commitment, the best type of commitment is to a sales
15 volume so that a contractor will know exactly what to
16 expect and how to allocate their cost. Commitment can
17 look like and commitment can occur in other manners.

18 For example it might be a commitment to
19 participation or guaranteed use. The reason that that
20 generally is not seen as valuable a factor as sales
21 volume is because it's difficult to prevent leakage
22 from the contract. You can direct agencies to use,
23 but generally you cannot marshal your users to that
24 extent to require that they use a particular source.
25 A factor that drives prices up are unique terms and

1 conditions in the contract provisions, and whether in
2 the multiple awards schedule solicitation or in the
3 BPA.

4 Anything that requires a contractor to
5 duplicate its processes is going to add costs, and
6 those costs are generally reflected in the prices. I
7 think everybody in this room recognizes that the
8 government has unique requirements that are not going
9 to go away. However we do think that the government
10 should recognize that when it does have those
11 requirements, that is going to impact the cost.

12 Now some of the major factors that are
13 influencing cost in the agreements are TAA compliance,
14 and TAA impacts the cost in a number of different
15 ways. First of all companies cannot offer their
16 entire commercial line because of the requirement to
17 offer a product from a nondesignated country. Some of
18 the products that are being excluded might be the more
19 low cost products. But in addition to that,
20 contractors may offer discounts based on their entire
21 product line. If you reduce part of their product
22 line you can't expect that the price arrangements are
23 going to be as favorable.

24 And finally, the thing that we don't often
25 talk about is that compliance cost, you know, you have

1 to set up processes to make sure that you are going to
2 comply. And as I said, I don't think that the TAA is
3 going to go away, but there may be ways of at least
4 mitigating some of those costs. Some of them are
5 small, I mean for example I think that it's very
6 difficult for contractors sometimes to just even
7 determine whether they are going to comply, and
8 something as simple as a business friendly process
9 within the agencies to help resolve some of these
10 issues would certainly take some of the anxiety out of
11 the contracting process if not a whole lot of the
12 cost.

13 Additionally I think that we see often that
14 GSA has an interpretation of the TAA that is more
15 stringent than some of the other agencies. For
16 example in deciding at what level to apply the TAA. I
17 know that GSA has struggled with this, but I would
18 urge that they look at ways to make sure that at least
19 GSA is treated the same as other agencies in applying
20 the TAA.

21 Information requirements are another factor
22 that drive up price, and I think that probably most of
23 the contractors can provide information to commercial
24 customers on sales but it may be a different set of
25 data requirements, and I think that it would be

1 helpful if GSA would as they get past this meeting to
2 talk specifically to some of the contractors about the
3 types of information that they do provide and to try
4 to the extent possible to be consistent with the
5 information requirements that are set up for other
6 types of customers.

7 Generally I think that it would be valuable
8 for GSA as they go through this process to take a
9 stringent look at the requirements that they have,
10 that you're building in your BPAs, to make sure that
11 as much as possible they reflect commercial practices.

12 And I think the good thing about the multiple awards
13 schedule is that it is flexible enough to accommodate
14 those changes.

15 So in summary, I think our members are very
16 encouraged by the MAS process, we think that it is a
17 very good tool for strategic sourcing, we think it's
18 flexible enough so that the government can use this
19 opportunity in structuring the BPA to leverage
20 pricing. And we are encouraged that there are
21 opportunities for each one of the contractors to offer
22 value propositions consistent with their commercial
23 practices.

24 As I've noted throughout the presentation we
25 do think that there are some opportunities for

1 potentially improvement, number one in terms of the
2 government considering of volume commitment when it
3 goes out on the BPA, but we also think that there are
4 opportunities for being consistent with commercial
5 practice and improving the order process, and very
6 importantly, looking at the way agencies buy in order
7 to lower the cost to government for the acquisition of
8 these products. Do you want to take questions now or
9 just move on?

10 MS. POSKANZER: Any questions for Carolyn?

11 (No response.)

12 MS. POSKANZER: Okay, thank you. I also did
13 want to introduce, not an official member of our team
14 but as the branch chief who oversees Schedule 75, many
15 of you know Susan Chin who is here with us, kind of
16 subject matter expert to working with our team on
17 this. Next up is David Haugh of United Stationers.

18 MR. HAUGH: Good morning. My name is David
19 Haugh and I'm the head of the public sector management
20 group for United Stationers. For those of you who may
21 not know, United Stationers is a very large wholesaler
22 of office supplies, office furniture, computer
23 consumables, JanSan and MRO products. Today as
24 providing feedback to GSA, I realize that it's
25 probably in the best interest to look at this from the

1 perspective of my past role, which has been a leading
2 consultant in the area of strategic sourcing.

3 I've worked with Fortune 500 companies,
4 including the Blue Cross Blue Shield plans, and large
5 financial services companies like JP Morgan Chase, and
6 what I've found is those companies have achieved tens
7 of millions of dollars of savings and improved service
8 and quality by bringing the industry together and
9 having a conversation about how we can drive lower
10 cost and really get at the supply chain. So I applaud
11 GSA for opening up this discussion.

12 Today what I want to do is really touch on
13 four different topics. One is talk about the best
14 values, two is give a little bit of guidance on the
15 reversal of sales that GSA has indicated, three is
16 talk about GSA's role as a transformational entity,
17 and then four just give kind of some wrap up comments.

18 And, Judy, I promise to do this in ten minutes tops.

19 So best value factors, kind of specifically what
20 drives best value and how we can as an industry help
21 think through this to drive cost, and I bucket these
22 into three different tiers, and each tier has four
23 samples of how to do this, and I've done it in order
24 of priority, so tier 1 would be the most impactful
25 areas for GSA to influence, and then tier 2 less so

1 and tier 3 less than that.

2 So a couple of the samples in tier 1 would
3 be, clearly size of opportunity will drive best value.

4 So to the extent that GSA can leverage multiple
5 different agencies, it is in the best interests of
6 everyone. The next one is commitment time frame. We
7 certainly would like to see a longer period of time
8 committed to the resellers, that allows them to become
9 more efficient in the way that they are able to
10 service the end customer.

11 The third one, and the Coalition and I think
12 my other colleagues will probably continue to
13 emphasize this, is a commitment to the resellers. And
14 that's a commitment not only of volume but also of
15 mix. Those two things would be significant, and if
16 you think of how the best in class Fortune 500
17 companies do this, they'll actually make a commitment
18 up front to those who are part of the bid process to
19 ensure that they're aware that this is the opportunity
20 that you'll be able to achieve at the end of the
21 process.

22 And the fourth and final one in tier 1 is
23 integrity of the process. And what I mean by that is,
24 as long as everybody who's involved in the process
25 realizes that at the end of the day decisions will be

1 driven by the criteria that's fair and up front to
2 everybody involved and there's no influence from
3 incumbents or anyone else, then I think that helps
4 everybody get really focused on getting to the right,
5 best value.

6 So jumping to tier 2 now there's really four
7 areas that I have kind of identified. One is to the
8 extent that GSA can work with the end consumer to
9 share some of the price risk decrease I think that
10 would be valuable. The second one is minimum order
11 quantity. The third one is optimize the unit of
12 measure, that's what I also call really going after
13 the sweet spot for certain products.

14 So to the extent that GSA can get the end
15 consumers to align with what the industry believes to
16 be the right unit of measure or buying level I think
17 that would help significantly. The next one is, you
18 know, the reality of it is there's, you know, supply
19 and demand economics, and to the extent that there's
20 more restrictions and regulations there will be less
21 of an opportunity to drive price down. So the reality
22 is, I think there's only to a certain extent you can
23 control that, but it certainly affects the best value.

24 So now going to the tier 3, kind of the four
25 samples I have identified there are, you know, things

1 like commit and follow through on award time lines.
2 You know, I realize the complexities of undertaking a
3 strategic sourcing effort, especially one of this
4 size, but if there is a consistent follow-through I
5 think the bidders will buy in on, I know that this
6 activity will take place under this certain time frame
7 and I know at the end of that time frame I'll be
8 awarded potentially the bid. That helps everybody get
9 focused on this.

10 Another one is a single catalogue and
11 product offering. To the extent we can avoid
12 complications to the reseller community I think that
13 makes it a little bit more seamless. The next one is
14 ensuring kind of accurate requirements in the
15 solicitation. You know, at the end of the day I think
16 modifications are a part of life, but to the extent
17 that some of that can be avoided up front creates a
18 level playing field where everybody understands and is
19 bidding on an apples to apples kind of requirements.

20 You know, and then the last one is further
21 commitment, I mean specifically to resellers who may
22 have socioeconomic status, you know, knowing up front
23 that there is an opportunity for them and the
24 opportunity is this size and at the end of this
25 they'll be able to achieve this amount, I think helps

1 them get their organization and their partners aligned
2 to really be supporting this effort. So that was the
3 first thing, I really wanted to just share some of
4 those best factor tiers that I think should be thought
5 of, and you know, I realize the constraints GSA has,
6 but to the extent that the industry sharing this helps
7 GSA go back to the end consumer agencies, I think they
8 should be aware that it's in their best interests to
9 align and try to make some of these commitments to
10 drive best price to them and best value.

11 You know, I was thinking through this as I
12 was coming here from Chicago, and I think the right
13 way to do it is to put up on an X and Y axis what the
14 most impactful best value factors are and then ones
15 that maybe GSA easily controls, and then sort of kind
16 of lay that out. So, you know, Judy, I'll commit to
17 kind of thinking through that and maybe sharing a
18 presentation with you afterwards.

19 So the next topic I want to just briefly
20 talk about was the reversal of the office supply sales
21 through GSA. And I think it was the DVD industry day
22 potentially that, there were four factors that were
23 identified as the reversing of the sales. The first
24 one was no longer designated as a mandatory source,
25 the second one was the emergence of large retail

1 supply chains, the third one was an introduction of
2 government credit cards, and the fourth one was
3 mandate created to implement a strategic sourcing
4 process.

5 And as I think of all four of those, I'm not
6 actually going to go into them, but as I think of all
7 four of those, there's no reason why GSA can't really
8 address and present to the end consumer a compelling
9 offering that really should not only stop that
10 reversal but probably get you a significant uptick of
11 sales. And I can kind of go into the details of how
12 to do that at a later point.

13 You know, the next area that I was going to
14 talk about was GSA's transformational role. And I
15 can't think of a different entity that has more
16 opportunity to bring together, you know, leverage,
17 than GSA. And it's not just, you know, bringing
18 together the agencies, which would make a lot of sense
19 -- not only, you know, HHS, but DVD and the rest --
20 but also bringing together different category level
21 opportunities.

22 So you've certainly got Schedule 75 with
23 office products, but there's no reason why you
24 shouldn't be looking at certainly furniture, you
25 shouldn't be looking at IT hardware consumables, you

1 shouldn't be looking at MRO, you shouldn't be looking
2 at JanSan, and a bunch of others potentially, which
3 the end consumers are all looking for and may be able
4 to get through a single reseller, and leverage that
5 opportunity as well.

6 I also in talking with some of our reseller
7 customers who have found significant opportunity at
8 the state and local levels, you know, I think GSA has
9 a significant opportunity to influence and obtain
10 market share from the state and local level agencies.

11 I think they're looking for a leader to take them
12 through a fair process that has integrity and at the
13 end of the day will not be protested.

14 You know, really I think there is kind of
15 the recommendation that I'd like to leave is that, you
16 know, three things, one is to the extent GSA can go
17 back to the end consumer agencies and say, you know,
18 we've got an opportunity, the industry has come forth,
19 they've committed themselves to making this work, to
20 driving to a best value, but in order to do that we
21 need to partner and commit to these best value factors
22 -- I think that, so the first thing is committing to
23 those different kinds of tiers. The second thing is
24 leveraging, you know, leveraging not only the
25 agencies, leveraging the categories, leveraging

1 outside of just the Federal government opportunities.

2 And the third thing and final thing I'd say
3 is, clearly I think by the attendance in the room, the
4 industry is interested and willing to partner with GSA
5 to make this work and make it a successful program. I
6 think, you know, one consideration is maybe putting an
7 industry panel together which may allow a little bit
8 easier dialogue and be able to influence and provide
9 constructive feedback to share the success, because it
10 can be a win-win. So I think that's it, really at the
11 end of the day I think the commitment's there, I think
12 GSA is probably the perfect entity to be the leader
13 for your end customers, and with the commitment of the
14 industry I just can't see why it shouldn't be
15 successful. So those are the comments. Thank you for
16 the time.

17 MS. POSKANZER: Thank you very much. Next
18 up is David Harris, SP Richards.

19 MR. HARRIS: Okay, good morning. I'm David
20 Harris, I'm with SP Richards. And I think to shake
21 things up a little bit I'm going to ask everybody to
22 stand up. No jumping jacks. But you know, we're
23 going to hear lots of people talk today, and I think
24 it's helpful sometimes just to sort of get the blood
25 running again. While you're standing, by the way, I

1 want to go back to the original Federal Strategic
2 Sourcing Initiative from three years ago, and I want
3 to paraphrase from probably the very first page. And
4 the very first page said the anticipation is that GSA
5 would save 30 percent.

6 Just by a show of hands on the office
7 products industry, is there 30 percent savings there?

8 Okay, because I think we can all agree that looking
9 for 30 percent savings is not attainable, certainly
10 not sustainable, but you know, if you want to sit down
11 -- I was going to ask you to, you know, start clapping
12 but, you know, thought that maybe that was a little
13 presumptuous. Thank you, George.

14 I thought it might be a good idea to start
15 with what I would view as a good operational what is
16 strategic sourcing? You know, what do you want to
17 achieve by strategic sourcing? Obviously you want to
18 optimize performance, minimize price, increase
19 achievement of socioeconomic acquisition goals,
20 evaluate total life cycle management costs, improve
21 vendor access to business opportunities, and otherwise
22 increase the value of each dollar spent. So that was
23 just kind of the beginning.

24 I also thought it would be a good idea to
25 look at what some of the challenges are that GSA faces

1 in putting together a program like this. I think we
2 can all agree that today Federal customers are
3 decentralized, the proliferation of the credit card
4 makes it easy for an end user with a government credit
5 card \$3,000 limit they can pretty much have their
6 choice as to where they buy their office supplies.

7 Many agencies have established their own
8 procurement policies and practices, that can be
9 difficult. And based on a wide assortment it is
10 challenging to determine what is being purchased. My
11 colleagues from the Coalition indicated that there's
12 maverick spending going on out there, people are going
13 into retail stores or buying office supplies for their
14 relatives, their personal needs, so that all kind of
15 adds into it. Inaccurate and incomplete spending
16 data, I think that makes it very difficult as well.

17 It appears at the outset that price
18 reduction is job number one, and I believe that it
19 should be focused on total cost production, and price,
20 although a component of that, it's just a component of
21 it. It's not sustainable, and value and best value is
22 the only sustainable goal. So what are the expected
23 outcomes? I think I already heard this this morning
24 too, but decision should always not be based on best
25 price, it should include delivery time, product

1 quality, volume discounts, location of suppliers.

2 I think we can all agree that order size
3 drives our costs, and when a customer buys a bottle of
4 liquid paper that's not good for GSA, it's not good
5 for the customer, and it's certainly not good for the
6 dealer community. Goals should include complete
7 customer satisfaction, continuous improvement of
8 internal service levels and product quality, process
9 excellence, and significant total cost reduction. And
10 I use that word very carefully, total cost reduction,
11 it has nothing to do with price it has to do with
12 reducing the cost of buying those products.

13 I had a slide here that talked about, you
14 know, what was the outcome of number one, but you
15 know, kind of going into what the Federal mandate was
16 as it relates to strategic sourcing. At the time it
17 was maximizing value for taxpayers while minimizing
18 the price, free procurement officials from mundane
19 purchasing activities and let them concentrate on the
20 big picture. Let's face it, we need office supplies
21 to run our offices but it's not really a big picture
22 item. There was a lot of transactional buying, so
23 high volume low dollar transactions such as OP consume
24 so much time in a purchasing organization it's not
25 productive, and the idea was to establish annual

1 strategic sourcing goals.

2 So in terms of a top priority checklist, the
3 idea was to reduce price and exceed industry benchmark
4 for savings, and that's difficult because of so many
5 procurement rules. Reduce number of purchases from
6 fragmented supplier base, customers should choose
7 supplier based on entire order to increase order size
8 and reduce cost to the supplier. And achieve
9 socioeconomic goals. Achieving all of those, you end
10 up with: improve vendor performance, reduce source
11 cycle times, reduce fax/phone orders, drive the e-
12 commerce, and easy to implement agency wide.

13 So why office supplies? Well, the products
14 are standard, there's nothing magical about office
15 supplies except for that we all need them. Deliveries
16 next day, so it's very predictable. Methods of
17 ordering are already established. National
18 distribution capabilities with wholesaler support to
19 ensure participation from small businesses.
20 Socioeconomic goals achievement opportunities, and
21 reporting programs to assist OMD mandates, it's spend
22 analysis, data recording, and strategic source
23 reporting.

24 Okay, so that's kind of where we came from.
25 I want to talk a little bit about SP Richards, I've

1 got a little bit of a commercial for our company. We
2 are headquartered in Atlanta, we're one of North
3 America's leading business product wholesalers. We
4 distribute over 30,000 business products to a network
5 of over 7,000 resellers in the United States and
6 Canada from a network of 44 distribution centers.
7 Those product categories include general office
8 supplies, office furniture, computer supplies, school
9 supplies, presentation products, business equipment,
10 janitorial products, warehouse and safety items,
11 breakroom supplies, and of course Ability One
12 products.

13 At the end of the day with our assortment
14 those are 18,400 items that are compliant with the
15 Schedule that you can sell to your customers for next
16 day delivery. All of those are items that the
17 government buys and those are all items that can be
18 sourced through SP Richards. As a wholesaler we do
19 support the Ability One program in 19 of our
20 distribution centers, giving virtually every Federal
21 agency access to these important products on a next-
22 day delivery basis.

23 And it's not just about providing good
24 selection of products, it's helping in manage
25 compliance with the Trade Agreements Act, with the

1 Executive Order 13423, as well as the Ability One
2 program. We have some improvements in our catalog for
3 2010, items that are determined to be essentially the
4 same are highlighted, and the appropriate Ability One
5 product that the page number is shown at the front of
6 the book. Items that are not TAA compliant have a
7 little symbol that indicates those items, and we'll
8 continue to make those improvements as time goes on.
9 Are there any questions?

10 (No response.)

11 MR. HARRIS: Thank you.

12 MS. POSKANZER: I was trying to get a member
13 of our team from California, that's why I was calling
14 here, so give me one second, and Chris Bates will be
15 up next.

16 (Discussion was held off the record.)

17 MR. BATES: Well good morning. I'm the
18 fourth speaker, and a lot of what probably needs to be
19 said has already been said. I will I think highlight
20 some specific responses to the 14 questions that GSA
21 raised and I think hoped that we would cover here
22 today. Those have been touched on and maybe
23 summarized at the 25,000-foot level, I'll try and
24 bring that down a little bit.

25 And I represent independent dealers

1 throughout the country, we have more than 800 members,
2 many of them are doing business directly with the
3 government through either themselves directly as prime
4 contractors or through teaming arrangements that I
5 know GSA has a lot of familiarity with. We also
6 include the national wholesalers who are here and
7 manufacturers and service providers, technology
8 vendors in our membership as well, we're really all
9 part of an independent channel team.

10 You've asked a number of I think real
11 important questions, and I'm just going to go
12 sequentially through them if that suits your needs.
13 You know, the first one really is, what does a
14 commitment look like? And we've talked here already
15 about some clarity about what the volumes are
16 obviously, but one of the frustrations that I think
17 dealers and small businesses have had in particular,
18 and this was alluded to earlier, is there's been a
19 proliferation of purchasing vehicles out there, and
20 it's not clear probably to the agencies which ones
21 they should be buying off in order to follow the
22 guidance -- in some cases there's very strong
23 guidance, in some cases there really isn't.

24 I think there's a general perception that
25 the agency-specific BPAs have competed to varying

1 degrees with the FSSI BPA. And it's important to us,
2 not only at the front end in terms of the bid process
3 and how timely that is and how expensive that is to do
4 it properly, but it's also important in terms of the
5 risk of having volume eroded and particularly on
6 contracts where small businesses have been
7 particularly well represented, and I think successful
8 vendors to GSA and government agencies across the
9 board.

10 We've also seen, and this has been somewhat
11 of a more recent phenomenon, cherry picking of the
12 Strategic Sourcing Initiative BPA. I won't name names
13 here, but there are some agencies who have just
14 arbitrarily decided that they're going to pick a
15 handful or less than a handful of vendors from that
16 sourcing list, think it's permitted within the rules,
17 but the impact has been it's really excluded the
18 opportunity for small businesses who have been awarded
19 under this contract to compete fairly for that
20 business. So that's a matter of concern, a policy
21 concern that maybe can be explored more deeply.

22 There is, and we talked about this both in
23 terms of the process of the RFP development and the
24 time line and the discipline there, but there's a huge
25 amount of uncertainty. And if large companies who've,

1 you know, been represented up here previously see a
2 lot of risk and uncertainty, you can imagine what a
3 small business person feels when they, you know, they
4 go through the process of bidding, they're not really
5 sure when it's going to awarded and how it's going to
6 be awarded, et cetera.

7 And I think it really comes down to, how
8 committed is GSA and the Federal government overall to
9 the socioeconomic goals and to buying from small
10 business generally? I think that's a question mark.
11 We have a new Administration, we hope it's strong, we
12 hope it will get stronger, and we think with vehicles
13 like this there's really an opportunity to make that
14 happen. In terms of commitment, you know, at the RFP
15 level it's really important that we have a balanced
16 RFP, that it's small business friendly or at least
17 neutral.

18 And we've touched on some of the issues like
19 order size minimums, but it's really the process
20 overall about the bid and making sure that the
21 starting point is based on an apples to apples
22 comparison. We've seen at the state level, and I
23 think in some Federal contracts at least, basically
24 using the national wholesalers catalog and the list
25 prices there as a basis for the starting point for

1 discounts.

2 I think there's a need for clarity about
3 what are we really bidding on. When you get into the
4 private label area we need to make sure that there's a
5 comparison of private label to private label and then
6 OEM brand to OEM brand. That way government knows
7 what they're getting, what's being bid on. There was
8 an allusion earlier too about units of measure. You
9 know, I think it's vital that, you know, each is an
10 each and a box is a box. So again, it's having a
11 level playing field so that small businesses can put
12 their best foot forward.

13 We believe that the multiple award process
14 is really critical, and you know, this can include the
15 dealer teams as well as individual dealers as well as
16 larger companies, between the key is that there is
17 choice for the government, and I think it's again best
18 value, which includes choice as a major component.
19 Once the contract has been awarded we think that there
20 should be an evaluation of the authorized vendors
21 based on their actual performance, and you should
22 presumably look at past performance where that is
23 available as you're going through the evaluation
24 process.

25 You know, the idea of choice too I think

1 needs to be focused to allow agencies to have the
2 choice that they need from a list of qualified
3 vendors, and I think we feel that that's the best way
4 to deliver total best value not just in concept at the
5 high level, at the national level, but really to take
6 it down to the end user, because they're the ones at
7 the end of the day who know their needs best. So
8 there needs to be maybe a tighter partnership between
9 a national contract and then how it's actually
10 implemented in the field.

11 We think, and we've recommended this to the
12 White House as well, that there really should be a
13 freeze on new contracting vehicles. It really doesn't
14 make sense to continue to proliferate -- I mean here I
15 know we're talking about a second generation of what
16 has been a reasonably successful strategic sourcing
17 BPA. But I think the view is that if we all have to
18 learn a new process there's not enough
19 standardization, and small business in particular
20 benefits when there is a standard approach and we know
21 what to expect, a lot less time is wasted in putting a
22 bid together and then implementing.

23 You talked about best value, and I'm not
24 sure that I have a lot more to add to what's been said
25 already, but one area perhaps that wasn't touched on

1 was a recognition that even within the Federal
2 agencies and down to the end use level, that best
3 value and the weighting of the various components of
4 that are going to vary significantly, and it may be a
5 result of a history of good service or bad service for
6 a particular location or department, or it may be
7 really related to, you know, prices as the highest
8 priority. It really varies tremendously, and I think
9 ideally if you look at achieving best value you look
10 at the totality of this and you understand that one
11 size really does not fit all.

12 And you know, there are other things
13 obviously, the order process is something that is
14 important, can be time consuming, and I think that's a
15 continuous improvement item that we all look at. I
16 will say the independent dealer community is very
17 capable in that area, constantly getting more and more
18 capable, they have very strong support from the
19 technology vendors in the industry on the reporting
20 side et cetera. So I think this is something where
21 the independent dealer communities supported by the
22 wholesalers and the technology vendors really have
23 stepped up to the challenge of supporting an online
24 ordering platform whatever that is, and again
25 standardization there is very helpful.

1 In terms of standard volume thresholds that
2 can result in price reductions, I mean essentially
3 we're looking at this at the individual BPA level.
4 Dealers are focused on what their cost to serve is and
5 they make decisions obviously based on whether or not
6 they think this can be a profitable opportunity for
7 them. This is again not one size fits all, where they
8 have an opportunity to get a higher volume they are
9 more likely to be able to offer the best price.

10 One kind of maybe perhaps difference from
11 the independent dealers and the larger companies, the
12 national companies in the industry, is that by and
13 large we don't operate retail stores, and for the
14 purposes of these kinds of RFPs, I think our very
15 strong feeling is that that's probably the least
16 efficient method of product acquisition for a Federal
17 customer and that there really should be a concerted
18 effort to continue to drive online ordering.

19 Phone/fax is better than walking down the
20 street and going into a store, but that really, you
21 know, neither of those three is really as productive,
22 and the best way to take cost out is really the online
23 ordering mechanism. So discipline in that area I
24 think it important and will be even more important,
25 and drives costs, so it therefore presumably drives

1 the price that can be offered.

2 Another question you had was I think level 3
3 data in defined formats. I'm not an expert on this at
4 all, but my sense is from interacting with our members
5 that this is an area that those who are doing Federal
6 government business have good control over and it's
7 really a nonissue in terms of their compliance at
8 least with your needs there. The reporting I would
9 say, similar to that, I think we're in a strong
10 position and getting stronger in the reporting area.

11 The teaming arrangements, I know that's an
12 area that they put a lot of time and energy into, but
13 the individual dealers as well I think have much more
14 robust systems in place today than they did even two
15 or three or four years ago. And we'll give you
16 responses in a little bit more detail to some of these
17 questions, just because there's too much detail for
18 appropriateness here.

19 Performance measures in place, again I think
20 the priority of every customer is a little different,
21 but just some samples, I think having complete orders,
22 that is, make it correct the first time around on
23 time, right items, right invoicing, right packaging,
24 whatever is required there. And I know this is one of
25 the areas where the independent dealer working with

1 their wholesaler partners really shine.

2 Order fill rate, critical. I mean if you're
3 placing orders but, you know, only 90 percent are
4 getting through, that seems high but really the
5 industry standard is probably closer to 97, 8, 9
6 percent. And some dealers do almost perfect records I
7 think in some cases. On time delivery, again we
8 mentioned that. And then the whole area of customer
9 service responsiveness, when something goes wrong as
10 it inevitably does some time, you need to have a
11 trusted partner who's going to respond to you. And
12 again this is an area where the independent dealer
13 community shines because this is how they not only win
14 business but keep business.

15 Again on the question of nationwide
16 coverage, as I said we have 8,000 members in all 50
17 states. I know that the various teaming arrangements
18 have, you know, dozens to up to almost 100 dealers who
19 are part of their networks and they have good
20 geographic coverage. There are also a fair number of
21 very capable dealers that have a strong Federal
22 government business focus who supply with the help of
23 the wholesalers, they supply nationally to every
24 location that is under the auspices of a particular
25 BPA whether it's agency or this larger Strategic

1 Sourcing Initiative.

2 You also asked a question about the pros and
3 cons of bidding on a broader basket of goods, whole
4 catalog approach. And we think that that really does
5 offer some advantages. It helps increase the overall
6 volume that's covered under the contract, it allows
7 for, you know, to get away from a very small, you
8 know, targeted high volume item type of approach,
9 which tends to bring down the price on those items but
10 in many cases we feel that it's a lost leader kind of
11 situation, that people are really trying to win an
12 award by bidding low on a small number of items and
13 then over time they feel that they're going to make it
14 up with the other products that are outside of that
15 contract or that core list.

16 And so again I think to be fair, apples to
17 apples bidding, be confident that everybody's bidding
18 on the same items in the same units of measure, and
19 that there is a broad based approach. Because after
20 all, your customers, the end customer, our customers
21 are going to want to buy as broadly as they can, and
22 the broader the contract coverage the better, I think.

23 Question of separating delivery charges, I think
24 there are a variety of opinions in the dealer
25 community about that, and it depends I think on the

1 nature of the business.

2 Where it's desktop delivery, you know, I
3 think the practice has tended to be definitely a
4 bundled price and I think that has worked pretty well
5 as long as you have minimum order sizes that are not
6 outlandishly low. But I think there are some other
7 ideas and perhaps some logistics opportunities out
8 there, some of those have been alluded to today, and I
9 think it's important that GSA at least look into that
10 and have an ongoing discussion with the independent
11 dealer community as well as the wholesalers and the
12 larger national companies on that because there may be
13 some additional cost saving opportunities there that,
14 as someone living inside the beltway, I don't have
15 full access to that information.

16 Question about, are we buying the right
17 sizes and quantities of items? I think there may be
18 some opportunities to save on some items there, but I
19 think generally we think the broader group of product
20 categories is going to be the best way to get the
21 total value that you're looking for, to have the
22 discipline about buying items that are under contract
23 and therefore have prices that are understood and
24 guaranteed. So I think that's the best way to go
25 there. And I think it also will give the flexibility

1 that agencies will find this more attractive because
2 there are more opportunities to buy the things that
3 they need broadly defined.

4 And in terms of, you know, there was a
5 question I think also about availability of new
6 products and particularly in areas that relate to
7 sustainability, and I've checked pretty broadly with
8 our wholesalers in the industry and also with a number
9 of dealers, and it's pretty clear that new products
10 are being introduced as they're available. You're
11 mostly looking at quarterly updates, even if there's a
12 printed catalog that comes out once a year, the
13 electronic data files and the availability of product
14 to be ordered and delivered is basically working on a
15 90-day cycle, and in some cases even less if there's a
16 particular opportunity. But that is the schedule that
17 roughly the industry seems to work on.

18 And then I think a final question was, what
19 else can we do to get the lowest total pricing
20 including optimal number of vendors et cetera? And
21 again as I said before, I think having multiple award
22 winners on large BPAs such as this one is critical.
23 Talking with a lot of dealers I think optimum is maybe
24 12 to 15, kind of that range, perhaps larger depending
25 on what the total volume assumptions are and how

1 broadly defined this is going to be.

2 We are concerned, and this is kind of a
3 separate policy issue, but I think it relates to who
4 bids on the contracts. There are a significant number
5 of what we'll call passthrough dealers throughout the
6 country, some bidding on state and some bidding on
7 Federal contracts, and I think it's important that you
8 know who you're doing business with. And there is not
9 a lot of what we'll call genuine subcontracting in the
10 office products industry.

11 There are commercial resellers who deliver
12 product and take financial responsibility for it, and
13 for the customer service. And some of those functions
14 are back office functions may be outsourced in some
15 cases, or the delivery in the case of a dealer that
16 does not maintain a lot of its own stock. But
17 basically the members of NOPA by bylaw have to be
18 we'll call it legitimate full service dealers who are
19 independent and in charge of their own destiny, and
20 these are the partners that you want to have in the
21 industry in our opinion.

22 Contract term length, that was an area where
23 I think there's some mixed views ranging from, you
24 know, maybe three years to five years as a base
25 contract period. I think the majority of opinion is

1 on the five year, and that's because for a lot of
2 small businesses their core business is serving the
3 customer, it's not in writing proposals and dealing
4 with complex RFP processes. So there's a learning
5 curve that's significant, and again with the diversity
6 of purchasing vehicles that are out there you have to
7 learn a lot of different approaches.

8 At the front end of these contracts you
9 probably have six months to a year to really make sure
10 everybody is pulling together as a team, and then you
11 need to have, to get the full benefits as the Federal
12 government out of this, you need to have multiple
13 years that go beyond that. You know, with regard to
14 extensions, if they're allowed obviously vendor
15 performance is important, and it's obviously have they
16 been successful in marketing themselves to end
17 customers but it's also a matter of how have they
18 performed operationally and in a customer service
19 sense.

20 Are the end users satisfied, have the order
21 fill rates been good? And again I think our industry,
22 the independent channel, has an exemplary record in
23 that area. And so that should be the basis for any
24 extension or investments to the contract as it goes
25 forward. And I think that pretty much covers what I'd

1 like to talk about today. I appreciate your time and
2 attention and your solicitation of input from the
3 independent dealer community. They're a vibrant part
4 of this industry, and we look forward to doing even
5 more business with you in the future. So thank you
6 very much.

7 MS. POSKANZER: Maybe we'll take a short
8 break.

9 (Whereupon, a brief recess was taken.)

10 MS. POSKANZER: All right, we have a little
11 addition to our agenda, but some vendors have broke
12 out. So we have Mr. Howard Parker of SBA will be on
13 speaking next. I would also ask you, at least for the
14 speakers, if you could be sure to speak up, because
15 some of the people said that if you kind of talk too
16 softly it's very hard to hear. So make sure -- it
17 seems the mic is pretty micked up -- make sure you
18 speak loudly.

19 The other thing from, you know, my
20 perspective being here, not just leading this but
21 obviously listening to what's been said, the one
22 question that we did pose that hasn't somewhat been
23 addressed that I would ask those of you that might be
24 speaking next throughout the course of the day, is the
25 point of sale issue. And we have brought that up and

1 some of our keynotes have not addressed that, but if
2 any of you, we would like to see that included if you
3 have some comments or commentary on the point of sale
4 question that we put before you when we sent out the
5 questions. Okay, with that, Mr. Parker, thank you.

6 MR. PARKER: Good morning. My name is
7 Howard Parker and I am Procurement Center
8 representative for the Small Business Administration,
9 and one of my functions is to review some of these
10 government requirements to make sure that small
11 businesses are being treated fairly, that we are
12 dealing with a level playing ground in terms of some
13 of these requirements. I'm sure GSA is doing a great
14 job in this requirement to make sure that small
15 business participation is included, however sometimes
16 there are certain things in these requirements which
17 restrict or limit the capabilities of some of these
18 small businesses.

19 And basically what I wanted to do is to give
20 my point of contact information. I haven't read the
21 solicitation yet and I haven't gone through it, but
22 hopefully I'll get an opportunity to do that. But I
23 have two email addresses, one is howard dot parker at
24 gsa.gov, and the other email address is howard.parker@
25 sba.gov. So for those of you, when you get to the

1 point of going over that solicitation if you have any
2 concerns, please contact me and I will try to work
3 with the appropriate people within the General
4 Services Administration to make sure some of these
5 requirements that's in the solicitation, we'll be able
6 to help some of the small businesses who may have
7 problems with some of the requirements or the
8 evaluation criteria or what needs to be done in terms
9 of fulfilling some of the requirements of the
10 solicitation.

11 I'm not sure if this is the same
12 requirement, I went to an industry meeting back in the
13 summer for a requirement that came out of New York for
14 products to go to different government agencies, and
15 that particular requirement had some information in
16 it, they sent it back to GAO to provide some
17 additional information because small businesses had
18 complained about that initial requirement. At one
19 time a lot of these requirements for these office
20 products were being delivered by small businesses, GSA
21 changed the requirements and then there were a lot of
22 restrictions and information in there which limited
23 the degree at which small businesses could
24 participate, I got a lot of complaints from a lot of
25 small businesses about the unfairness of that

1 particular requirement.

2 I'm not sure if this is the same
3 requirement, I'll have to check and see. There were
4 some contracting officers over in Crystal City where I
5 work that were also responsible for that requirement,
6 and I don't see any of those folks here, so I have to
7 make sure that I'm talking apples to apples about the
8 same requirement and make sure I've got the right
9 folks, but I knew that previous requirement also had
10 come out of New York also. So again just as a
11 cautionary measure, for small businesses when you get
12 these big requirements and a lot of money involved, we
13 just want to make sure that Office Depot and the
14 Staples of America don't get all the business.

15 So, again we have a new Administration
16 intact and we would like to again make sure small
17 businesses get a piece of the action on these large
18 requirements. So you guys have a good day, and you
19 have my point of contact information. Also let me
20 give you my phone number at work, it's (703) 605-1801,
21 and I'm located in Crystal City, Virginia. I have my
22 GSA website is because I review GSA actions,
23 subcontracting plans in Crystal City for FSS and some
24 other agencies. So thanks again.

25 MS. POSKANZER: Thank you. That was a

1 different requirement, Mr. Parker.

2 MR. PARKER: Okay.

3 MS. POSKANZER: And the solicitation is not
4 out yet, we're here to gather information to do that.

5 So there is no solicitation out yet. So just to
6 clarify, you're not missing anything. With that said,
7 we'll start with our industry partners, and we look
8 forward to having you. And most of you have been
9 given a time slot. You know, there's a little
10 movement here, but we're still going to try to go in
11 the same order as we started out with. And first up
12 is Barbara Pilkinton of VIP Office Furniture. Thank
13 you.

14 MS. PILKINTON: Hello. My name is Barbara
15 Pilkinton, and if you can't hear me please raise your
16 hand, but I'm from south Georgia so we tend to have
17 strong lungs and loud mouths. I'm going to kind of
18 take a different tact on what's been said today.
19 First, I thank GSA, I think this is a great thing that
20 you're willing to listen to the industry as opposed to
21 putting out a bunch of or additional red tape and
22 expecting everybody to understand and follow it, so
23 you are to be applauded for that and I really
24 appreciate the opportunity.

25 I just have two or three things that I

1 wanted to mention on the list of comments and
2 questions that had been provided for this. And one of
3 the first things is about the savings not having been
4 realized, and I wasn't a math major, but there's not a
5 lot of savings out there, the margins are very very
6 tight. And I think when in our industry, in our
7 business, when you look at how money can be saved, my
8 take on it is that we need to be looking at more
9 efficient processes and things like better ways for --
10 in other words I think less cumbersome regulations and
11 guidelines from the government while trying to meet
12 the regulations that you require.

13 I'm not saying that very well, but I just, I
14 know that we've been in business for 35 years and
15 there's just, the margins are only so much and we
16 can't -- I mean we can talk about price reductions all
17 day long but there's just so much that can be taken
18 away and the manufacturers are only going to give so
19 much on volume because they've still got cost
20 incurred, so there's just not a lot of money out there
21 to be saved on those venues, I think.

22 When we talk about best value and --
23 something that a customer actually said to me this
24 week was, talking about best value and his take on
25 best value is, how about the additional time it takes

1 for me to get what I need, because first of all I'm
2 required -- and this may not apply to FSSI -- but
3 first of all I'm required to buy from the SSSC store
4 on post. Their prices are much higher than yours, and
5 while I can appreciate the need for that, they also
6 have products that are made in China. So why am I
7 forced to go to SSSC and pay higher prices and I'm
8 allowed to buy things from China that you can sell me
9 cheaper and you can't sell me something less expensive
10 that comes from China?

11 So, you know, those are things, and he said
12 and then based on what kind of vehicle they've given
13 me to work with maybe I've bought something from a
14 large business because that's the only place I could
15 get it and now they've sent me the wrong item and I
16 cannot get anybody on the phone to handle this, so
17 I've got a \$100 item sitting here that is of no use to
18 me and eventually I'm going to give up and keep this
19 \$100 item. So I think there's places where there
20 could be tremendous savings that customers, the end
21 users, are complaining to us about because they can't
22 get the response they need from their suppliers.

23 And in our business we've tried very
24 diligently to address those issues, like having
25 dedicated government customer service people, having

1 people available by phone and not going to automated
2 processes so that if a government buyer calls our
3 office they can talk to an individual as opposed to
4 having however many times they've got to punch a
5 button to get to someone or eventually leave a
6 message.

7 And so, let's see, and you had mentioned
8 that you wanted to address the point of sale, and we
9 do have, obviously we can accept orders through
10 online, through fax, and let's see, walk-in, we have a
11 store. And we've, you know, as a small business we
12 had to address this when we got into government
13 contracting business. So -- let's see, I'm sorry.
14 You're wanting to -- yeah, okay, your question was
15 about getting the FSSI special pricing no matter what.
16 Well, for those of us that work with the government
17 contract business, I think that we try -- the
18 government has to be a part of your process, we've
19 already given you the best prices that we can.

20 So if you're a government buyer, that's the
21 only key that we need to know, is that you're a
22 government buyer and you qualify for that pricing so
23 you don't have to come in and say I'm, and give your
24 history of what agency you're with and what you do to
25 be able to qualify for that pricing. So I'm speaking

1 for my company as a small business, and those are
2 resources that have been required and we've tried to
3 address that.

4 And two other things that I wanted to
5 address, one was the minimum order quantity. For me
6 and for any government buyer it's going to cost you as
7 much in time and processing to do an order for \$25 as
8 it is to go ahead and do an order that meets minimum
9 requirements. Because for you to stop what you're
10 doing and place an order because you missed this one
11 item whenever you placed a larger order, well you
12 know, you're incurring additional costs and then
13 you're creating that same burden for the dealer.

14 So these are all processes that could
15 probably be worked out or in some cases some
16 government contracts have a minimum quantity, and
17 while I know there are some buyers who complain about
18 that, I mean it really does benefit both sides, it's
19 not just a one-sided situation there that only
20 benefits me as a dealer. And the other thing is, one
21 thing that I would like to suggest that as I think
22 probably the government being the size that they are,
23 as a small business one of our greatest unknowns in
24 working with shipping orders wherever the buyer might
25 be is the freight issue.

1 And that's not something that we can sit
2 here today and guarantee three months or six months
3 out based on fuel prices and what kind of
4 transportation costs will be incurred. So, you know,
5 I don't have the answer today, but that obviously is
6 the greatest unknown that we have to factor into any
7 pricing that is done for the government. Those are
8 really about the main key points that I had for you
9 today, and thank you for the opportunity.

10 MS. POSKANZER: Thank you. Next up is
11 Juanita Strickland from Malone Contract Office
12 Solutions. Juanita?

13 MS. STRICKLAND: As she said, I'm Juanita
14 Strickland and I own a small business in Columbus,
15 Georgia. I've also worked as an independent
16 consultant to a lot of other independent dealers over
17 the past several years throughout the country. And I
18 just have three little points. I'll address the point
19 of sale because you ask. I know from my experience
20 not just in my company but in other small businesses
21 that I've worked with, if you've promised the
22 government a price, you give them that price.

23 It doesn't matter if they walk in your
24 store, it doesn't matter if they fax or if they phone,
25 it's all part of the customer service that we have

1 built our businesses on. We don't do the tricks and
2 switch and bait and switch and all of that sort of
3 thing, because if we did, as a small business you
4 won't survive. You know, we don't have the million
5 dollars of marketing to tell you we're inexpensive, we
6 have to actually -- you know, and I'm not saying
7 anything against the competitors, but the point is we
8 don't do that.

9 In our business, and I would say in every
10 single independent business that I've ever met, they
11 don't do that. If we promise a price, that's the
12 price we give, it doesn't matter if you walk in the
13 store, it doesn't matter if you -- you know, it's just
14 the way it is, as long as you're identified as a
15 government customer you get that price. The second
16 point I'm going to just kind of mention, because Chris
17 Bates brought it up with NOPA, is the passthrough
18 issue.

19 I think if you're going to give business to
20 small business it needs to be with small business. I
21 have also heard the argument that if they are working
22 with Staples or Depot and mentoring or whatever that
23 they're performing the same role as the wholesalers so
24 therefore they should be treated the same. But to me
25 the one differentiating factor that we need to take

1 into consideration is, the wholesaler is not our
2 billion-dollar competitor.

3 You know, in the state of Georgia at one
4 point they tried to tell us to do business with the
5 state, the small business part was going to Office
6 Depot. So they wanted me to partner with my billion-
7 dollar competitor in order to get government business.

8 Well anybody can tell you that's not logical. So I
9 think it's very important that the small business part
10 doesn't mean they don't get their part, but the small
11 business part needs to land in small businesses that
12 are independent small businesses. You know, we do our
13 buying power with buying groups and so forth to keep
14 us price competitive, so you know, let's keep the
15 small business part with small businesses.

16 And the only other thing I had to suggest
17 was, and this may or may not even be feasible, but our
18 largest expense outside of the cost of the product is
19 the shipping. Because of the government regulations,
20 if I want to sell to Fort Benning and my government
21 customer is in Columbus, Georgia, I need to be a
22 nationwide company the way the regulations are set up
23 now. Well I can grow and adapt to that, but shipping
24 is your biggest cost associated.

25 So if the government had a way, now I have

1 one commercial customer, that I bill the freight
2 charge to them because they have a very inexpensive
3 freight rate with UPS, so therefore it takes the
4 shipping cost out of the cost of the product and they
5 can control it and they can negotiate a better freight
6 rate than I can. Well, could maybe the government not
7 -- maybe even through the Postal Service or UPS -- do
8 something where you take the freight cost out of the
9 cost of the product? That might be one potential way
10 to save money for the Federal government.

11 I don't know if that's feasible or not, but
12 when I read through your procurement that was the only
13 thing that came up as a possibility to help save
14 money, because as other people have said, you can't
15 save 30 percent when there's not 30 percent profit. I
16 mean, you just can't do it, you know? You can't sell
17 cost. And the independents do pay close to the same
18 through our buying groups as what the big guys do, I
19 mean that's all kind of been predetermined. But you
20 know, you can't save 30 percent if nobody's making a
21 30 percent profit. Anyway, that's my two cents.

22 MS. POSKANZER: Thank you very much,
23 Juanita. Okay, we're moving along. Next on is Hunter
24 Rasbach from Unistar-Sparco.

25 MR. RASBACH: Good morning, everyone. As

1 she said, I'm Hunter Rasbach with Unistar-Sparco
2 Computers, not to be affiliated with the SP Richards
3 Sparco back there, although we do get quite a few
4 phone calls asking about that. The first question
5 that I would like to respond to I guess is regarding
6 the servicing of a government-wide customer, and I
7 know Mr. Bates touched on that a little bit.

8 We believe that vendors should be able to
9 provide nationwide coverage as well as, you know,
10 international coverage as well, I'm sure there's
11 customers out there that would be buying from this BPA
12 that are outside of the continental United States, and
13 I think that's important that vendors should be able
14 to provide delivery to those customers as well. The
15 second point I would like to touch on is about the
16 socioeconomic requirements that's a driving objective
17 of this BPA.

18 We're wondering if small business
19 certifications would play a role in the selection
20 process. I know there are certain, you know, women
21 owned and service disabled veterans and 8(a)s, so
22 we're wondering if you would consider setting aside
23 maybe two spots for an 8(a), two spots for a hubzone,
24 two spots for women owned, and so forth, just to, you
25 know, I guess fair things up.

1 The third is the environmental requirements
2 was another driving objective of the BPA, and with
3 that said we were wondering if any preference or, you
4 know, anything would be considered for a company that
5 is not only selling green products but is actually
6 making strides to go green, such as, you know,
7 renewable energy sources to power the company or
8 things like that. So that's something to consider.

9 And then finally, on cutting costs for this
10 in general and bringing the unit price down, the
11 thought of possibly purchasing, and I'm not sure
12 what's currently offered on the contract -- I know
13 there are remanufactured products out there such as
14 toners, and the government seems to prefer OEM
15 products as opposed to remanufacture products -- but
16 we think that remanufactured products such as toners
17 carry warranties just like OEM products do, and I'm
18 sorry to get technical with everything but I think it
19 could really save the government money by purchasing
20 products from, you know, reliable sources that produce
21 quality products as opposed to the HPs or the, you
22 know, the original manufacturer.

23 So the only other thing I have is not really
24 on this list of questions, but it is something that
25 could, we think should, be given consideration. We

1 think that regular meetings, not weekly or monthly,
2 but you know, throughout the course of the period of
3 performance, meetings between the vendors and the
4 government customers would ensure the vendor is making
5 all possible strides to adequately meet the needs of
6 the customers. And then it would also allow the
7 customers to offer feedback to the vendors as well
8 where things could be adjusted to ensure satisfaction
9 at both ends so there's not any type of hostility or
10 disagreements anywhere, anything like that. So that's
11 all I have. Thank you.

12 MS. POSKANZER: Thank you very much. I'm
13 going to ask to slide one person in here because she
14 has to leave early, but we're a little ahead of
15 schedule so I'd like to have her come up, Vanessa
16 Navarro of Future Solutions.

17 MS. NAVARRO: Good morning. I took a look
18 at the three pages of questionnaires and they're very
19 good. I'm not going to go through the three pages
20 though, I kind of made up my own response and it
21 should take real quick. As a small business that's
22 been contracting with the Federal government for the
23 past 13 years, it is my opinion to achieve the best
24 value and lowest cost to the Federal government
25 through the FSSI contract is to make it mandatory.

1 When you make it mandatory and not optional,
2 it drives that volume through the BPA holders. We're
3 responsible for giving you those discounts and the
4 reports to back that up. You're not going to see a
5 lot of BPA savings if everybody's like, well I like my
6 other vendor over here because I've been working with
7 them for five years, I don't want to use this BPA.
8 Without having some measure of mandatory to drive
9 those sales through, I just don't see how you're going
10 to really really truly achieve the savings like the
11 Army has.

12 The Army can quantify it, it's mandatory
13 through EMALL. So if there is something similar set
14 up through the FSSI, I think it could work. Now, the
15 other thing too is that aside from our requirements I
16 as a small business have contractually guaranteed to
17 the Federal government my most favored customer
18 pricing through my CSP. Now I can pretty much
19 guarantee that the largest company under Schedule has
20 not provided their most favored customer pricing to
21 the government.

22 Therefore that leaves GSA without the level
23 of guaranteed pricing that the rest of us on Schedule
24 honor. So for the government to achieve the most cost
25 savings, it would be my opinion and to your advantage

1 to award this BPA to only those vendors that have
2 guaranteed their most favored customer pricing to you,
3 because we have our commitment to you, they don't.
4 Their commitment is to their stockholders.

5 Juanita Strickland had mentioned shipping is
6 a major cost. You all know it is. Currently one of
7 the contracts under the FSSI Schedule is with FedEx
8 and UPS, is that correct? Nine to fifteen percent of
9 our cost to you is shipping. If we were to eliminate
10 that percentage off of our cost to you, and if you
11 leverage this FSSI contract for shipping, you can
12 really achieve some savings that way.

13 And I'm pretty sure the Postal Service is
14 hurting for some business right now and I'm pretty
15 confident that they could probably establish a better
16 shipping mechanism that would be more cost effective
17 for everybody involved. So those are my three
18 opinions for the day, and hopefully that helps you in
19 some way. But thank you for the opportunity. As a
20 small business, I appreciate you listening, and thank
21 you.

22 MS. POSKANZER: Thank you very much,
23 Vanessa. Okay, now we're going to Eric Beale of
24 Ability One.

25 MR. BEALE: Hello, everyone. As mentioned,

1 my name is Eric Beale. I work for the Federal
2 government agency that administers the Ability One
3 program. I see many familiar faces out here, folks
4 that are already authorized Ability One distributors
5 that I work with, so if I haven't had a chance to say
6 hello to you, hello. The Ability One program is a
7 Federal procurement program that generates jobs for
8 Americans who are blind or otherwise severely disabled
9 and in most cases would not be able to have gainful
10 employment if it were not for our program.

11 Currently we employ about 45,000 Americans
12 who are blind or otherwise severely disabled at over
13 600 nonprofit agencies across the country as well as
14 Guam and Puerto Rico. This is where the folks are
15 employed, and what they do is manufacture products
16 and/or provide services required by Federal customers.

17 The Ability One program is a mandatory source for
18 Federal customers per the Javitts-Wagner-O'Day Act and
19 FAR 8.7.

20 So if we have a product set aside on our
21 procurement list and that product meets the need of
22 the Federal customer, they are required to buy our
23 product rather than a commercial equivalent. And so
24 because many Federal customers obviously are buying
25 through commercial distributors like yourself, it's

1 important that we work with you so you're able to get
2 those required Ability One products in the hands of
3 those customers.

4 Obviously BPAs such as the FSSI BPA are
5 requiring and should require distributors who are
6 awarded contracts or BPAs to be Ability One
7 authorized. We make many of the core office products,
8 as many of you know again that are our distributors in
9 this room. Writing instruments are our biggest
10 product line in the office products, we also do
11 standard number 1 paper clips, binder clips, a lot of
12 file folders, steno pads, repositionable notepads.
13 And so many of the core office products are set aside
14 on our procurement list.

15 So without the Ability One items on a BPA,
16 the BPA really would not be that effective when it
17 comes to office products. If you'd like, if you're
18 not currently an Ability One distributor and you'd
19 like information on how to become an Ability One
20 distributor, I will give you a URL that you can go to
21 and take a look at our criteria for authorization, and
22 also you can download our application. We have also
23 reviewed the United Stationers and SP Richards
24 catalogs to determine the overlap between our product
25 lines, what we call essentially the same products, or

1 ETS.

2 So the URL is Ability One, with the "one"
3 spelled out, dot gov, forward slash, new distributor.

4 And I do work with our distributors, and so you will
5 be working with me directly towards authorization.

6 And let's see, I think that's really all I have. I'm
7 assuming we're not taking any questions at this venue.

8 Does anybody have any questions?

9 (No response.)

10 MR. BEALE: Okay, great. Well again, it's
11 great to see you guys, thank you very much.

12 MS. POSKANZER: Thank you, Eric. Next up is
13 Paul Levin from Chesapeake Office Supply. Is Paul
14 here? No. Okay, I guess then we'll move on. Our
15 next speaker, I hope their prepared for moving up on
16 the list, we have Mr. Ajayi Akinkuotu of WECSys. I
17 hope I said that close.

18 MR. AKINKUOTU: Thank you. My name is Ajayi
19 Akinkuotu from WECSys. I am from Minneapolis, and we
20 are a small business. What strike me in many of these
21 BPA is the fact that there are so many overlapped. We
22 have GSA Advantage that supposed to be a vehicle for
23 most procurement, but every month you see BPA out
24 there that require everybody to do something else.
25 One of the things that we need to look at is the

1 buying habit of everybody, because when I look at the
2 BPA I see that they are a carbon copy of what is in
3 GSA Advantage, Air Force Advantage, or all the
4 Advantages.

5 I look at the saving, whether it is 1
6 percent, 10 percent, 20 percent, or 30 percent, have
7 to be categorized into small purchases, medium
8 purchases, and large purchase. You can save 100
9 percent of \$25 is \$25. If you save 1 percent of \$1
10 million, it's a lot of money. But most of the
11 procurement BPA out there cannot lump everything
12 together. They will say no minimum, and I receive
13 from my company a lot of \$1, \$3 supply that people are
14 asking me to ship across the country because there's
15 no minimum. It's not saving the government, it's not
16 saving the vendors.

17 If we keep doing -- this is from Jessie
18 Ventura, sorry. He said, if we keep doing what we're
19 doing, we'll keep getting what we're getting. I think
20 the government have to look at how they put this
21 procurement. It's nice that, you know, we are here to
22 give our opinion, and hopefully the government is
23 listening. I think they have to understand and be
24 flexible. First of all, there's no reason why a
25 procurement cannot have people who want to sell only

1 one product or 500 product.

2 The DVD that was sent out, they have you
3 have to maintain and be able to provide 75 percent.
4 So it kind of knock off everybody, and probably that's
5 why that's still in limbo. You know, if the
6 government want to save money, let them provide the
7 solicitation that allow for small, and the GSA
8 Schedule out there that's FOB destination FOB origin,
9 you know. People talk about freight, yes, but this is
10 a large contract, this is a special buyer, okay?

11 Put a contract out there, if I want to put
12 my price there as FOB, give us the option, be flexible
13 enough so that the buyers, you know, have an option.
14 Because they know how to do -- you can say, you know,
15 if you're buying a ream of paper it's going to cost
16 you 2 cent or \$3, you know, you can have that
17 limitation, but at least provide an option for the
18 vendor so that they can express themselves.

19 Also, if you look at the most you can save
20 on a large order, probably 75 percent of your saving
21 will come out from there, of the actual dollar value,
22 okay? And the mid-size purchase, which is about \$25
23 to \$50, you probably save 20 percent of the total.
24 The other one which create the problem for procurement
25 are the \$1 to \$25, and that is where we as a vendor

1 loses a lot.

2 The other area that I want to focus on is
3 the language of contract. If you provide, there are
4 so many solicitation out there that sent out core
5 product, that takes a small company probably three
6 months to find out what NSN is. We have existing
7 manufacturers, you have existing wholesalers, and you
8 have existing vendors. And most of these are maximum
9 200 item. What is wrong with somebody calling people
10 to say, if we're buying Ability One product or you're
11 buying NSN, give us UPC code, which is a general code,
12 and please put the picture there.

13 So that, because a penny is a penny, but
14 there are so many penny that, you know, if I bid
15 something and somebody do something else, then that
16 create problem for the contractor to evaluate my
17 contract. I would like to have or see GSA have their
18 own VIN, because presently if this is a big contract,
19 FSSI, then anybody that goes in here, any agency that
20 goes in here, have to call on at least 15 if they're
21 going to award to 15 people, why don't you use the
22 technology out there that have a VIN where all the
23 vendors that you award this to can send the
24 information to.

25 Rather than, you know, six people calling

1 WECSys for invoice, they can log into your VIN, which
2 is the same thing as our VIN, you know, everybody have
3 their technology, but if there is a central technology
4 where all the customers that are buying from these
5 contract can go to and look at their contract, make
6 sure that it's shipped, and I believe EMALL has
7 something like that now, you can tell EMALL that your
8 product has shipped and also you can at least send an
9 information there about tracking and all those things.

10 And it will be nice if we don't, you know,
11 this is also another area that I would love to see,
12 rather than me dealing with 500 vendors, if there's a
13 central VIN the vendor can go in the audit, buyer can
14 go in there, recommend, look at the product we ship,
15 and approve it, and that automatically go to WAWF or
16 wherever Fedpay, and if you cut checks probably three
17 or four times a month so that we don't individually
18 send invoices, credit card, and all of this to each
19 and every buyer, that will help.

20 With regard to WECSys, we have an easy way
21 of buying, you know. You can buy on GSA, we have
22 seven schedules and multiple BPA. You can buy on GSA,
23 you can buy on DOD EMALL, you can log into our system,
24 you can call in orders, you can fax in an order. And
25 we have a system whereby you can scan your order, if

1 you have a product out there and you don't know what
2 it is, we send you a scanner, you scan it and it gives
3 you and you log it into your system.

4 We provide a seamless EDI, complete EDI,
5 when somebody buys something they get confirmation,
6 when it ship they get confirmation, when we send them
7 in for it they get confirmation, they get all those
8 things. We can dump that in the central VIN or we
9 presently are doing that individually to our
10 customers. We have three system, we have the
11 customer, we have our technology, and we have a
12 supplier. Our technology is a fulfillment system
13 which most or many small company has.

14 What differentiate us from many people is
15 that we have over a million item out there because of
16 our schedule, and we have the traditional wholesaler
17 like United Stationer, SP Richards. We also have
18 Ability One and Unicall. Then we have two buying
19 group, like TriMega and Unicall. This allow us to
20 provide a cost effective prices for those people who
21 want to buy light quantity. And thank you for your
22 time.

23 MS. POSKANZER: Thank you very much. All
24 right, we are fairly ahead, so if Jim Kerwin is here,
25 IMPAC Computer Supplies?

1 MR. KERWIN: I feel like The Price is Right
2 with "come on down!" Hey, how boring is office
3 supplies, huh? I mean I sell it, I make my living off
4 of it, but oh man. I didn't get the question sheet,
5 maybe it benefits me because I was under the
6 impression of what was good about the FSSI what was
7 bad in my experience with it. So I went along with
8 that and then I did add some of the questions. And I
9 have a theory that if I see something wrong, if I'm
10 going to complain about it, have an answer for it,
11 don't just complain about it.

12 One thing about FSSI, which runs right with
13 GSA, it's the same model, business model, it's just a
14 higher volume, we were mainly military, and FSSI
15 brought in a lot of different agencies I never dealt
16 with before and it was refreshing, you know, to meet
17 people from DOJ or Social Security or IRS, things that
18 were not there previously. And you know, we take
19 names and numbers and we get the orders out and a lot
20 of times we forget who these people are, you know?
21 And sometimes I like to talk to them, I get a thrill
22 out of it, you know?

23 Like these office supplies gets boring and I
24 like to give the person a minute, you know, I like
25 talk to the person that's from the Grand Canyon park

1 or someone on the USS Enterprise or some guy at the
2 Border Patrol, I find it interesting and I try to put
3 something into it that makes it interesting, you know?
4 And they like to hear about where I'm at, I live in
5 Jersey City, I tell everyone the Statue of Liberty's
6 not in New York, it's in Jersey City. And I know
7 Susan doesn't agree with me, but it is, I read the
8 water meter when I was 18 and it's in Jersey City.
9 And I actually just went to it for the first time a
10 couple weeks ago with my son, so that's bad.

11 One good thing about FSSI and GSA ordering
12 is it's credit card most of it, and it keeps us small
13 businesses going. You know, if we had to do all this
14 on purchase order I don't think we'd all be sitting
15 here. And everyone here deserves credit for having a
16 GSA contract, it's not easy. We're all here to see
17 what can we get, you know, we're worried about what
18 we're not going to get but look what you've got now,
19 you know, we're lucky.

20 People ask me, how'd you get that GSA
21 contract? And of course I answer in broad terms
22 because I'm not telling them, I just say, oh you go on
23 GSA.gov and follow the prompts, you know? But you
24 know, we sit here, there has to be 100 companies here
25 at least, and we know from the way of past history 12

1 of us are walking out, probably in June or July is my
2 guess because, you know, we know the way things go,
3 and a lot of us aren't going to get it. And you know,
4 we've got to look at, what are you going to do if you
5 don't get it, you know? You have to continue it the
6 way you did.

7 Because I've put myself up thinking I'm
8 going to get something, and I don't, and it bums me
9 and I let it get to me. But then I've learned that,
10 you know, I didn't get the Army BPA five years ago but
11 I'm still here right now. And you know, I have to be
12 prepared for that. Level 3 reporting was required on
13 a lot of these BPAs, and at first it was like, what in
14 the world is that? I have to spend more money now.

15 And I have to say it's benefitted, you know,
16 when someone asks for something I have more
17 information to give them. They get receipts from the
18 banks with details on them and it actually helps us.
19 A lot of these things that we find, oh man how am I
20 going to do this? But it helps us. And they get the
21 facts and I've actually benefitted from that. You
22 know, we're all going to send in proposals saying, we
23 have 35 warehouses, we deliver within two days and 98
24 percent fulfill rate, because we all know where we're
25 getting the stuff from, you know?

1 We're all in the same boat, we're all buying
2 from SP and United and we're all presenting ourselves,
3 you know, in the same way. And we're all selling
4 Smead 12040, and I don't care what anyone says about
5 all these terms but they're looking at the price.
6 When I'm selling the same thing as all you guys are
7 selling, it's the price. And I don't -- like, stop
8 snowing about this quality thing, we all know it's the
9 price, if it's a straight outright item, you know?
10 That's what they're looking at, and if they like you.
11 If you're the lowest and they liked you and they had a
12 good experience with you, they're going to come back.

13 Good thing I've seen the GSA do is the PO
14 portal. When my fax machine ran out of paper I missed
15 orders, it was a real pain to get them, and that PO
16 portal really works. I like it when I'm on the road,
17 I can be at any computer anywhere and get that order.
18 Or if someone calls and said, I didn't get this order,
19 and I look it up and it's not in the system, I go on
20 that, I put in the NGAK number and I find it and
21 reprint it, and I can go from there, I don't have to
22 go jumping around or asking anybody if there it is.

23 And EMALL, you can't go on EMALL and print
24 it, but you don't have the credit card, and they've
25 got it -- they're lax in that, they make it harder for

1 me. And it comes down to when you need that order is
2 when someone's looking for it or there's a problem
3 with it. And face it, there's problems, you know, not
4 everything goes perfect. And it saves paper too
5 because we've got to be green and we have to say that
6 buzzword, but you know, I don't print everything
7 anymore, and I do it internally.

8 Now as far as the shipping, I didn't want to
9 come up here and complain about shipping. We all know
10 a quartet board is a real pain, it costs like \$100 to
11 ship and we know those pens, for they're \$1 they'll
12 cost \$5 to ship. I had an idea just as I was sitting
13 there. Whenever I ship to Hawaii they have a FedEx
14 number. How about make them go compete and give the
15 best price? We're all going to ship from the
16 Baltimore warehouse to D.C., we're all going to use
17 Tukwila to go to Seattle, we're all going to use
18 Irvine for Dallas.

19 I mean standardize it. Standardize SP and
20 United to hold to the same ways that they do with all
21 of us and make UPS compete and put it that way, and
22 make the government, let them pay it. I mean they
23 drive our prices down with our products, how about the
24 shipping? I mean standardize it. And you know what,
25 if you can't compete on a quartet board, don't. I've

1 learned that lesson the hard way, you know? I want to
2 be the lowest price and then I'm eating freight,
3 eating freight, and then the next time I put that
4 price high. It's like, no more of that, I don't put
5 it on sale anymore.

6 Be aware of what you're selling, you know?
7 Be aware, be educated of these products. It's a
8 constant thing, there's a lot of them. It's not easy,
9 you know? When I first came in office supplies like
10 12 years ago I was very overwhelmed, I was a toner and
11 tape guy, that's why my company's called IMPAC
12 Computer Supplies because I liked toners and tapes
13 because it wasn't, I didn't get what I thought I was
14 getting, it's straight out what it is and, you know,
15 there's no more opinion of a toner, here it is, you
16 got what you wanted.

17 I'm going to say something that probably a
18 lot of people don't want to hear about how many BPAs
19 should we award? We're all here to save the
20 government money. You know what, when you limit it to
21 12 companies you're going against what actual
22 competition is. If you give it out to more, the way
23 business works is that you're going to get a better
24 price by more people competing. And I know people are
25 sitting here -- you know, I was in FSSI but I'm a

1 paper FSSI, okay?

2 So I got my name in the door but I sold
3 paper just like the other 12. And believe me, I
4 didn't really gain much, but I think there's enough
5 for everyone. Why limit it to 12? I mean honestly,
6 when you're in the portal of the 12 you're going to
7 look at what you're pricing it based on the other 11.
8 When you're on GSA and the big broad area, you've got
9 to be honest, you've got to give the best price. And
10 there's more benefit to have more people competing.

11 And isn't that what America's supposed to
12 be? And I'm not like reading this, I mean really, if
13 we had more people doing this, there's enough for
14 everybody and it keeps us all honest. Well e-Buy has
15 worked. If you want to get, you know, you have extra
16 time, which I don't, you can go on e-Buy and you can
17 do some bids and you can work on larger quantities,
18 which when you have a larger quantity you can go get a
19 better price.

20 And that's one advantage of having this --
21 when you do like GSA and you get volume in August and
22 September and you tell one of you vendors, hey it's
23 going to get busy and they're like, yeah, yeah. And
24 then you pound them with orders they're like, oh, and
25 they love you, and then they wonder where you went in

1 October. It benefits that you can back up that, hey
2 something's coming down the road, and you're not
3 blowing smoke up your vendor just to get a better
4 price.

5 Minimum order, if we're to learn how to give
6 the government prices, if we're to learn how to
7 conduct ourselves, how about teaching the buyers to be
8 responsible with their buying? The \$50 order, and I
9 agree with what the man before me said, you give them
10 a no minimum, you're going to get \$5 orders, you give
11 a \$25 minimum you're going to get the \$25.01 order.
12 And the person that orders \$50 today is ordering \$50
13 tomorrow. It's time to get a little responsible and
14 organize and move that up. \$200 or \$250 is not high
15 for an office manager who has these credit cards to
16 organize themselves and put it together in one order.

17 And what kills me is when someone from EMALL
18 calls me about the one item in their order and they've
19 split that order with ten companies. How much of a
20 waste of time is that? To save themselves \$3 they
21 spent four hours on an order and then they're calling
22 me about someone else's order. You know, that's a
23 waste of time, you know? And I say it, why don't you
24 just order from one -- I'd rather have to reconcile
25 one bill rather than ten.

1 And that's another way to really -- maybe
2 put a guideline out, you know, to think of what do you
3 need for a month or what do you need for two weeks,
4 rather than just, oh I need this stand, let me order
5 it, \$50, it isn't my money, you know? One thing that
6 really irks me is the difference between United and
7 SP's unit of measure. Come on, get with it, you know?
8 That stuff really bugs me. Box, each, come on, stop
9 trying to cheat each other out. Because when someone
10 gets 12 dozen instead of 12 and I've got to do the
11 return, that bugs me, because of course I've got to
12 pay for the return, these people don't think they're
13 responsible for shipping anything back, you know?

14 One thing I've really learned over the last
15 ten years is you get out what you put into it. The
16 more work you put into your catalog is the more
17 business you're going to get. The more aware of new
18 items you are, and aware of discontinued items and
19 pictures and putting things on sale, we all know the
20 tricks, so the more, you know. When I didn't get a
21 BPA, I had to go to the alternate and work it.

22 And someone mentioned the Postal Service.
23 When the Postal Service reaches the 1980s and has
24 tracking, we can all benefit from that. For right
25 now, there's no way to really tell someone that

1 something's delivered. And you know, the Postal
2 Service wants our business, well get on track, you
3 know? I'd be more than happy for the Post Office to
4 get a tracking system, take that contract for
5 shipping, get business for themselves to be happy that
6 they have business and we're all happy that we don't
7 have to deal with freight.

8 Freight kills, minimum order, postal system.

9 Compatible toners, I agree with what the young man
10 said about that. You know, I sell compatible toners,
11 I don't think I had one come back this year. So if
12 we're all about saving money, come on, get off the HP
13 kick and really try to save money. I use them, I use
14 them in my own office and I tell everyone to use them.
15 You know, you want to save money, start looking at
16 where you're buying. And a lot of these HP toners are
17 made in Taiwan or China and the compatibles are made
18 here in the United States or by JWOD. And how about
19 JWOD starting to sell more of those instead of just
20 the four that they have?

21 Point of sale, I interpret it as how you
22 take your orders. How do you like to take your
23 orders? You still have the people call you and insist
24 on giving you the order over the phone, and you've got
25 to take it because you want their business. That's

1 where errors come in, because if I ever make an error
2 with how to spell someone's name or their street
3 address or something like that, it's when I get my
4 humanness in it. I benefit more when it's printed
5 because it's straight out right there, no doubt, it's
6 in writing, you know? I like them the way they are, I
7 like seeing it like that, written, email to me, so
8 that I can sometimes take a vacation and get my orders
9 from a laptop.

10 One thing I noticed that really is sore on
11 the eyes is, how about spacing out the credit card
12 numbers in groups of four like it used to be? When
13 they're all together I've got to sit there with a
14 ruler and separate them. And I only say all this
15 because I'm hands on, I do all this, so it's not like
16 I'm just -- you know, I know that I have to, it's a
17 little easier when those dashes are in there and I
18 don't think that's much to ask for. They used to be
19 in there and now they're not.

20 I had one question about, I ship an order
21 over to Japan. That's fine, I love any business I can
22 get. When it gets there and it's broken, how do I get
23 it back? Am I supposed to pick it up from Japan?
24 Then definitely when they get something broken they
25 don't feel responsible. So that's why I don't take

1 orders from Hawaii and Alaska, because I had someone
2 had a case of paper up in Alaska and I was like -- or
3 it was a shredder or something -- how am I getting
4 this back?

5 And I basically had to say, just throw it
6 out because it costs me more to get it back. So I
7 welcome any new business but I would like to know
8 what's the strategy on that, are they responsible to
9 get it back to Tracy or to New Cumberland? Because I
10 fell on that issue and then basically I just knocked
11 off anything out of the 48 states because of that.
12 Mandatory, I heard that talked about, if you're doing
13 this, make it mandatory. Why run on a treadmill if
14 we're not going to enforce it? You know, I believe in
15 rules, if we have to adhere by them I think the people
16 buying should also.

17 I just, you know, pretty much covered
18 everything I could think of and added in as people
19 have come along. I didn't come to Washington, D.C. to
20 just play happy, I want to learn something. You know,
21 I've got work going on at home. Every one of us is
22 wondering what's happening at the office right now,
23 you know, when are we going to get out of here, when
24 can I get home and get hands on in my office?

25 Because if we're here you're an owner most

1 likely or someone involved and, you know, that's the
2 way we are, we worry. And you know, my main point
3 being, I think that if the government wants to save
4 money, give out more of these BPAs. Really truly, I
5 don't even see the need for them, because GSA
6 Advantage was doing fine all along. But if you're
7 going to give them out, if you really want to save
8 money, I think that you'd benefit by giving it to more
9 people. Thanks.

10 MS. POSKANZER: Thank you. I also want to
11 be sure that, some of the important, and some of it
12 was addressed with I believe the Level 3 data, but an
13 important question that we're proposing, and if
14 anybody wants to speak on it again, is the reporting
15 information, like what data. We would like to see
16 data back from you regarding, you know, your spending,
17 because we need to show government OMB that we're, you
18 know, saving money.

19 And I know you said that margins are tight
20 and so on, but if in any way you can address that
21 coming up afterwards, or even if some of you that have
22 spoken already, if you could make comment on what kind
23 of reporting data, what information that is reasonable
24 for us to expect from you. You know, is it just Level
25 3 data? Is that -- you know, as some of you said, or

1 even Joe said that, it's good for you to have that
2 Level 3 data, some of you never maintained it, but it
3 becomes important not only for, you know, the
4 companies you might have to report to or for us, but
5 it becomes important to you because now you have more
6 data that you can analyze your customers.

7 But is there more information you could
8 provide to us, is it costly to provide more
9 information to us, and how could you prove, you know,
10 savings? Would you be able to analyze that savings
11 for us or is that very costly obviously putting the
12 ball in your court? Or what information you could
13 provide for us to show that savings are being found
14 from any contract vehicles?

15 So those are some key things that I'd like
16 you to think about as -- I think for now though that
17 we might all go to lunch. I know that security wise
18 it's hard to get out of this building and come back
19 in. There is a cafeteria downstairs, hopefully it's
20 large enough that it can handle most of us. So it's
21 now quarter of 12, so why don't we go until 1:00. If
22 you are choosing to go outside we will try to make
23 sure we're at the -- I know we have to escort you in -
24 - so we'll make sure someone is at the security gate,
25 security door again to get you back in here. But

1 there is a cafeteria, go out this, to the right, head
2 for downstairs, you guys know better than I do. And
3 when you come back and we start up again, if you can
4 think of those points.

5 (Whereupon, at 11:45 a.m., the hearing in
6 the above-entitled matter was recessed, to reconvene
7 at 1:00 p.m. the same day, Wednesday, January 13,
8 2010.)

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A F T E R N O O N S E S S I O N

(1:12 p.m.)

MS. POSKANZER: Start up again, thank you for your time. I just did want to say that we were hoping or would like to at the end, the Commodity Team if they have questions for have a Q&A session with you as the vendors here. So if you'd stay after the speakers and as our Commodity Team has questions to pose to you that you would participate in that. Next on is Gail Wojchiewski from Stevens Office. Is Gail back? Okay, thank you, have I said that pretty decently?

MS. WOJCHIEHOWSKI: Hi, my name is Gail Wojchiewski from Stevens Office Supply. First of all I just want to take the moment and tell GSA that we really appreciate on the last round of pre-FSSI them listening to our concerns prior to the solicitation, because it really did make a difference to the vendors who were actually awarded the BPA. At the present, Stevens is an FSSI holder and has several other BPAs for points of comparison.

And as far as we're concerned the existing FSSI is successful in terms of savings, but it is not successful in terms of the dollars. And until this BPA is made mandatory or the use of EMALL or Advantage

1 is made mandatory for these contracts I don't think
2 you're ever going to realize the volume and the
3 savings you're looking for. The mandatory use of
4 EMALL and GSA will also ensure consistent pricing and
5 discounting. I know that's a concern for a lot of
6 walk-in and the phone-in and the fax-in business.
7 That would eliminate that problem.

8 Another factor affecting success is contract
9 saturation. There's so many contract vehicles out
10 there for end users and customers to pick from it
11 becomes a matter of which vehicle are they going to
12 use. I would like to suggest that under the new
13 solicitation you require all vendors to submit
14 catalogs and pricing using manufacturer part numbers
15 instead of their own part numbers, and upon contract
16 award also require all BPA holders to post their
17 catalog offering using manufacturer part numbers only.

18 What happens now is if a customer does a
19 query on either of the systems, GSA or Advantage, if
20 they query by manufacturer part number all the players
21 pretty much come up because we're all referencing
22 manufacturer part number. However is an end user does
23 a lookup or a query according to a manufacturer's
24 catalog number, such as a big box store, only that
25 store will come up because it's a unique catalog item,

1 and at that point in time there is no basis for
2 comparison.

3 So what happens is they have a captive
4 audience at that point, and because of the marketing
5 power that the big box stores have over all of us
6 independents, if they have their unique catalog number
7 and they have infinitely more catalogs out there,
8 collectively more than all the small companies do,
9 that by default they're instantly going to get a
10 bigger piece of the pie because of that catalog number
11 being unique. The requirement, it would allow
12 customers to see fair and total comparisons at that
13 point too for the BPA.

14 The suggestion is, why not make the FSSI a
15 full catalog offering, instead of eliminating
16 categories and items, as long as they're TAA compliant
17 and ETS-free? I think one of the other issues with
18 customers is if they are out there and they have a
19 list already made up in advance and they go out to
20 look for it and they can't buy everything on their
21 list, that's a frustration point for customers as
22 well, so then they stray away from that BPA or that
23 contract.

24 The first round of FSSI criteria from our
25 point of view, we felt it was dead on and we all had

1 to list our prices for a large number of items, then
2 list our proposed BPA prices as a blanket percent off.

3 That concept prevents buy-ins and using loss leaders
4 to win contracts. I mean large corporations can do
5 that, but small companies cannot do that. And bottom
6 line is, we're not shipping mass quantities to one
7 customer, we're shipping onesie twosies to people all
8 over the United States. So it might look like an
9 economy of scale to contracting officers, but it
10 certainly is not when it comes to the vendors.

11 Questions for GSA that I personally have is,
12 what will GSA do to monitor BPA holders who are mass
13 violators of TAA compliance? I know this is a
14 frustration point for me personally and probably
15 several other people in this room, is we see
16 competitors every day out there who constantly have
17 hundreds if not thousands of items under BPAs and on
18 GSA Advantage in general that should not be out there.

19 And it makes you wonder sometimes for those of us who
20 play by the rules, you know, what are we gaining by
21 playing by the rules when again customers can buy
22 whatever they want from that person and then we're
23 told they have to be self monitoring. You know, it's
24 like who's guarding the hen house in that regard?

25 I think every vendor, you know, here,

1 ourselves included, is certainly you're going to have
2 a violation here and there because we're not perfect,
3 but we all pretty much do the best we can. But I
4 think I personally would like to see if there is some
5 kind of method to ensure compliance out there. The
6 portal for GSA Advantage, we receive our orders
7 electronically through cXML, so we are not able to
8 take advantage of the functions in the PO portal, and
9 when calling the help desk or anybody who was in
10 charge of that system we were pretty much told in so
11 many words, you know, that's your problem.

12 If you elect to receive your orders
13 electronically, i.e. be efficient, then you don't get
14 to use that system, which makes no sense because we
15 can't get any reports or anything. So because we're
16 efficient doing EDI orders, which eliminates a lot of
17 problems on the back end for fulfilling orders
18 correctly and processing the data without error, means
19 we can't give any reporting options or look up any
20 orders that we might need to get a copy of that we
21 didn't receive for whatever reason. So that would be
22 really helpful if somebody could maybe say, hey, you
23 know, open that functionality up for everyone
24 regardless of the way they receive their orders.

25 My final thing is communicating the

1 existence of this purchasing vehicle to card holders
2 and end users constantly and consistently will be the
3 key to marketing success for this BPA. I think a few
4 other vendors already made comment individually or up
5 here that they felt that a lot of the card holders and
6 users had no idea it even existed. I think it's just
7 a communication factor. Thank you.

8 MS. POSKANZER: I think our mics have all
9 died except for this one, so we're going to try to get
10 these for the Q&A, but I usually can speak loud enough
11 at least for the short term. Our next speaker is Jim
12 Cope of Cornerstone Office Products. Thank you.

13 MR. COPE: Good afternoon. And thank you,
14 Judy and Commodity Team, for lending us your ears
15 today. I have a prepared comment, but I wanted to get
16 off base on that with some things that you and the GSA
17 team specifically asked for, and one of those is the
18 reporting capability. I know that Cornerstone is
19 fully capable of very very detailed reporting going
20 well beyond what the government is asking for even
21 today, and that's not a problem for us, but it could
22 be depending on how many different ways the government
23 asks for that reporting, how often they change it, is
24 each new procurement requirement going to require me
25 to report a different way?

1 Okay, so if I have one consistent way that I
2 need to report data to the government, that takes cost
3 out of my back end. If I have to constantly develop
4 new reports and new formats, that's money added to the
5 back end. The other issue I wanted to talk about, and
6 I heard a number of vendors speaking of make the BPA
7 mandatory as a positive thing. That's a double edged
8 sword. Yes, it will drive volume, and the thing that
9 I don't like about mandatory procurement vehicles is
10 that procurement vehicles that don't work and they're
11 mandatory, it's not good for the government and it's
12 not good for the industry.

13 And the other thing is, a procurement
14 vehicle that works in one area of the country may not
15 work in another area of the country, because it's too
16 diverse. A military base in a remote region is going
17 to have different requirements than an agency in D.C.
18 or another large city. Cornerstone was just recently
19 excluded from a procurement vehicle. We participate
20 under FSSI through the IS Group. I was recently
21 excluded from a FSSI BPA that was not bid, it was just
22 there was a test program put out and then it was made
23 mandatory.

24 My performance is higher than the vendors
25 that are on that bid, of which one's a big box and

1 then one is a big box that's been questioned the other
2 company is a passthrough, and it's been also
3 questioned the third company on that BPA is a
4 passthrough also. But my prices are lower and my
5 performance is higher, but I am excluded from that
6 mandatory FSSI BPA because the agency arbitrarily
7 limited that to three vendors and they did not
8 announce that ahead of time and it was just done very
9 very quickly.

10 So personally I'm against mandatory BPAs.
11 If a procurement is done well, it's beneficial for the
12 government user and it's beneficial for the dealers,
13 and it doesn't have to be mandatory because the
14 government wants to use it. So if you make this
15 procurement what it can be, you don't have to make it
16 mandatory. Okay, so question 14 was my favorite
17 question, and that backs up the other two points that
18 I make, and the question is, what else do we have to
19 do to get lowest total pricing including optimal
20 number of vendors and number of years on the contract?

21 And the answer to that, there's one answer,
22 you have to find the sweet spot. You find the sweet
23 spot, you solve that. Okay, and what the sweet spot
24 is, is it's the intersection, if we graphed a vendor's
25 efficiency in fulfilling orders to the government,

1 okay, what we would find at certain dollar levels the
2 cost for that vendor to fulfill that business would be
3 relatively high. And I'm going to use an example
4 that's one particular agency using micropurchases and
5 desktop delivery.

6 Okay, so for this particular agency, if we
7 ran that sales volume at \$10 million in spend for that
8 agency, and then if we took that and applied and say
9 we had 12 vendors that are competing for that \$12
10 million, that the cost to fulfill those orders would
11 be 9 percent of sales if the 12 vendors got an even
12 amount of business. Each vendor in that case would
13 get approximately \$1,200 of business, okay?

14 So that obviously would not be enough to get
15 efficiencies. The cost to fulfill that contract can
16 be brought down in the 3 and 4 percent range rather
17 quickly, however. If we looked at that on the graph,
18 the graph would come out like this with a steeper
19 reduction, then the graph flattens out. Approximately
20 \$1.5 to \$2.5 million using this particular agency's
21 models is where the vendor would take most of the cost
22 out of servicing that agency, okay?

23 So now I want to use that point to answer
24 your question of how many vendors do we need. Because
25 in the past you've said, okay we need three vendors to

1 deal with a \$54 million DHS contract because that's
2 most efficient for the government. And I would argue
3 that is not most efficient for the government, you've
4 actually created a system that does not allow the
5 government to achieve the sweet spot because the other
6 part of that equation is the more vendors the
7 government has on the contract the more ongoing price
8 competition that exists.

9 And that's the key, okay, because these are
10 not fixed price fixed quantity contracts, these are
11 not contracts for something that does not change,
12 these are contracts for a fluid commodity. Office
13 supplies get discontinued, new ones come on the
14 market. Toner cartridges expire and new models coming
15 out. So if the government's putting out a bid for
16 three years, five years with multiple extension years,
17 you have no idea what you're going to be buying five
18 years down the road.

19 Okay, so it's a very fluid environment, and
20 to maintain cost effectiveness in the government's
21 purchase price you have to have ongoing competition in
22 that contract so that the competitors, it was
23 mentioned a couple times here earlier, the competitors
24 on that contract provide the price guarantee, the
25 government's continually getting a fair price for the

1 products ordered.

2 And going back to the price model, a typical
3 government agency doing \$10 to \$20 million in annual
4 spend, 12 vendors would get more than enough to hit
5 the efficiencies of cost of delivery and fulfilling
6 that contract. So I would say that 12 vendors should
7 be a minimum number of vendors that should be allowed
8 to service one particular agency. So in an FSSI BPA
9 you might want to bump the awards up, because I won't
10 be as effective in the Midwest as somebody next to the
11 military base out there in the Midwest, they would be
12 able to outperform me or anybody else on that
13 contract.

14 So the key point is getting the balance
15 between vendor volume and quantity of vendors to
16 assure the government's continuing to get fair prices
17 and acceptable performance under the contract. And I
18 have three points, you know, how would the government
19 achieve that balance? And the first step would be to
20 award an appropriate size group of vendors to ensure
21 the ongoing price competition, and I would suggest a
22 minimum of 12, more would be better.

23 That protects against price creep, that's a
24 term we have all come to know too well in this
25 industry, but gradually increasing item prices over

1 time solely to build profit for the vendor. It
2 maximizes vendor performance to the government
3 customer. If the government customer is not happy
4 with the performance of one vendor they have a
5 selection of other vendors they can go to. It creates
6 ongoing healthy competition as opposed to limited
7 sourcing contracts.

8 And again I'll repeat, limited sourcing
9 contracts are not necessary for vendors to achieve the
10 right economies of scale. So the best way to ensure
11 that best price is an environment that allows internal
12 competition. The second way, offer contract
13 extensions to high performing vendors. This gives the
14 vendors a stability and the commitment from the
15 government.

16 Right now, if I perform better than my
17 competitors I'm actually penalized by the government
18 system. When FSSI comes up to rebid I have no
19 advantage over the good performance I did on the last
20 procurement, I'm starting from scratch again. So if
21 the government modified that to reward high
22 performance, something I call performance based
23 extensions, it would allow the high performers to stay
24 on without rebidding.

25 For instance, an example would be if the

1 government awarded 12 BPAs, let's say for a three-year
2 time frame with two or three extensions. At the end
3 of the first extension the government could weigh the
4 performance of each of the vendors, the bottom third
5 they could not renew the contract. They could rebid
6 four spots. Now those four vendors that were not
7 renewed would be allowed to rebid, and maybe they
8 could sharpen their pencil and do a better job for the
9 government, but other vendors who maybe didn't
10 participate in that first award would also have a
11 chance to come in to participate.

12 And then at the next renewal again, take the
13 bottom third, not renew those contracts, and replace
14 them with higher performing vendors. That's what the
15 industry does with employees. When we need to sharpen
16 internal performance, we don't let everybody go and
17 start over, we keep the best and we let the lower
18 performers go and we replace them with a new group in
19 hopes that the new group can rise up and become the
20 best.

21 The third step would be to structure the
22 contract so it will lower the vendor's cost to
23 perform. Time frame is a big issue there. Contracts
24 should be a minimum of three years with three
25 extensions. And again, because these contracts are a

1 license to sell products, they're not fixed
2 quantities, vendors have a disincentive to proactively
3 market the contract.

4 Okay, so you want more volume in your FSSI,
5 there's a lot that I could do as a vendor to market
6 the FSSI contract, but if my sales team is out in an
7 agency right now I'm not sure I want to do that
8 because I have no advantage, I know it's coming up for
9 renewal this summer and it's a lot of work to get an
10 agency on board, and if I convert a new agency over or
11 new credit card holders over to the FSSI contract and
12 I'm not on the next go-around I've just put in six
13 months of work for nothing on that.

14 So to give vendors motivation to want to
15 sell the product, I think it would also drive volume
16 back into the FSSI contracts. That directly affects
17 my overhead. When I have to turn a contract on I have
18 to ramp up my team for it, I may have to hire some
19 positions. If I have to turn that contract off I may
20 have to let go some positions, neither one of those
21 are free, okay, they add to my cost basis. So if I'm
22 doing a good job for the government and if I'm one of
23 the high performers, why should I have to go through
24 that? You know, you're asking me for best price, give
25 me consistency, okay? If I'm going to perform high I

1 can do that, but I need consistency from the
2 government to do that.

3 So in conclusion, these contracts are a
4 fluid environment. You need enough vendors to drive
5 competition for ongoing fair pricing, as well as you
6 need enough sales for the vendors so those vendors can
7 achieve what I call the most effective level of
8 efficiency. That's different from maximum efficiency,
9 because maximum efficiency for the vendor will not be
10 best value for the government. So most effective
11 level of efficiency for the vendors, and that will
12 provide the highest efficiency for the government.
13 Thank you.

14 MS. POSKANZER: All right, the next speaker
15 is Bill Murray from Office Depot.

16 MR. MURRAY: Good afternoon. I guess when I
17 got the word that we were going to talk about FSSI and
18 we had the list of questions, one of the things I want
19 to know about and what I think is important is what
20 has changed since the last go-around three years ago?

21 Have the Administration given a further commitment to
22 utilize strategic sourcing? Because it all comes down
23 to the agencies committing to this new vehicle. And
24 so if there is not commitment from the agencies this
25 will not work.

1 And one of the things to think about is this
2 vehicle needs to be better than what an individual
3 agency can do itself, flat out. So why are agencies
4 putting something out on their own? Because they
5 think they can do it better. They have the data,
6 spend patterns, and certain, you know, details that
7 they're accustomed to that they want their vendors to
8 support. So if the FSSI is going to work it needs to
9 incorporate all that from all these agencies, whether
10 it's 12 or 14, somehow it needs to show a better
11 savings advantage than they could do it on their own.

12 Okay, so that's very important and I don't see it
13 working unless that happens.

14 Another thing that was kind of listed in the
15 questions was, you know, how can we drive better
16 pricing, what are some of the commercial practices,
17 and just conceptually thinking about it, the very
18 largest commercial customers have a few vendors, one,
19 two, maybe three. But what's key about that is they
20 know their spend data, they know they're going to do
21 \$10 million, \$20 million, \$50 million, and they know
22 what products they're going to purchase. And so they
23 can develop a core list that's very accurate, and they
24 can price the back end and put a mechanism so we don't
25 have that price creep or, you know, vendor charges low

1 here and makes it up on the end.

2 Because again this is for the taxpayer and
3 they need to show saving. So I think that's
4 important, but that's the difference. In the Federal
5 arena, you know, there's some things that have to be
6 delivered. Socioeconomic factors, Ability One, TAA,
7 and those type of things limit the amount of savings
8 that can be done compared to a commercial customer.
9 And what I'm saying right now is, I agree that, you
10 know, the government needs to act as best it can as a
11 commercial customer but it has some limitations, and
12 how best to get that, and so just laying it out there,
13 those, you know, limiting the number of vendors and
14 getting the guaranteed volume is kind of critical if
15 you were going to achieve large scale savings.

16 But I think, you know, there's been some
17 speakers here today that brought some very good points
18 on how to achieve savings even if you had 10 or 15
19 vendors, that's still workable. And we talked about
20 transportation, I think average order size value is
21 very important. If there could be I guess a way to
22 negotiate a different tier discounts, I think that's
23 important, I think the Federal government buyers
24 should be held accountable to ordering more than \$25
25 or \$50. I mean corporations, they're looking at \$200,

1 \$250, or \$300 for their end users, and the government
2 should do the same, and so I think that's kind of
3 important. My colleague -- Judy, is it okay if Bob
4 comes up and talks?

5 MS. POSKANZER: Yes.

6 MR. MURRAY: Okay, I'm not going to be long.
7 Bob will talk more about the reporting end, because I
8 think GSA can show value to an agency by wrapping in
9 different reporting that they can't really do on their
10 own or it's just going to take them too much time to
11 kind of figure it out. Let GSA from the procurement
12 end figure out that need for them, that mission need,
13 and wrap that reporting data, whether it's the new
14 environmental guidelines that are coming out, GSA can
15 handle that, you know, volume reports, socioeconomic,
16 Ability One, let them wrap all that in and become the
17 expert on that and let the agency do something else.
18 And that adds value to it besides just price that
19 should be factored in from the FSSI point of view.

20 Another thing is, you know, we all had to do
21 bids these past couple weeks. You know, if we have
22 FSSI, you know, we're going to limit that amount of
23 bids that come out from the Federal perspective, and
24 there are real costs associated with that and, you
25 know, it's very challenging to review all the

1 documents and rules and everything, but if there's
2 just one FSSI then, you know, agencies can kind of
3 pick up and utilize that vehicle, and there's some
4 cost savings I think from both sides.

5 And lastly, I want to just mention how
6 strange it is, this office products environment. As a
7 taxpayer, just looking at this, you know, just on its
8 own, why does the Army pay a different price for a
9 toner than Homeland Security? Same vendor, same item,
10 you know, why is that different? You know, it should
11 be one price, so I do believe that going to a vehicle
12 where each agency is paying the same price for the
13 same item, you know, is I guess more responsible to
14 the taxpayer or more explainable to the taxpayer.

15 So those are just some general comments.
16 You know, I agree that GSA has a unique situation to
17 determine how many vendors are in that sweet spot, so
18 to speak, it's not going to be two or three, it may be
19 ten. But I think when you start getting into a lot
20 more than that, you're kind of eliminating the
21 strategic source savings that you would have gotten.

22 Because the way we figure out pricing is
23 based on volume, you know, is this vehicle going to
24 really do \$300 million? If so, we're going to price
25 it accordingly. If we're going to get \$50 million

1 then we're going to price it accordingly. And as far
2 as limits on terms, that's critical too because the
3 thought is once you put out this vehicle, in two years
4 time or three years time you're going to have an
5 accurate spend data from all the agencies
6 participating, and that's when you would kind of
7 renegotiate terms that are more favorable. Okay, so
8 Bob Embry from Office Depot is going to talk about
9 kind of reporting and how that kind of ties in.

10 MR. EMBRY: Thank you, I'm Bob Embry with
11 Office Depot, national account manager. Just kind of
12 building on what my colleague said, what we found
13 agencies want from their reporting, from a reporting
14 cost savings standpoint, really comes in the form of
15 the business reviews, quarterly business reviews that
16 we offer. In these business reviews we're able to
17 match agency objectives with vendor performance, and
18 we're able to do that through report cards that really
19 measure our performance delivery percentages.

20 We can do telephone surveys, by email, or
21 by, you know, obviously just use our resources to see
22 how we're doing. We can do sales by particular
23 location, we can offer the customer detailed skew
24 usage, product category usage, and what this does for
25 the agency is it shows them, gives them a very good

1 grasp on what they're buying and helps them control
2 the buying behavior of their end users. Some best
3 value metrics that you can consider when dealing with
4 the agency is a tiered approval for cost control.

5 And we have a lot of agencies that are on
6 this system where end users are placing orders on the
7 Internet and they can only put the order on hold, they
8 can't actually release the order, it goes to another
9 individual for approval. And this is a great cost
10 control measure. And also best value item
11 identification where, you know, their best price item
12 is marked so they make the best selection. Those are
13 just some ideas that we use with our bigger agency
14 accounts to control costs and show savings. Thank you
15 very much.

16 MS. POSKANZER: Okay, thank you, gentlemen.

17 Next on is Bonnie Whittaker from Adams Marketing.

18 MS. WHITTAKER: Hello, I'm Bonnie Whittaker
19 from Adams Marketing. We're a small woman-owned
20 business, and we've partnered with GSA now for a
21 little over 25 years. This partnership began I guess
22 in about '84 when we came into business, and it's been
23 a wonderful partnership. Adams Marketing, as well as
24 all the small businesses in this room, have the same
25 goal for FSSI as GSA does.

1 We want to have a mechanism for our
2 government customers, who are the most important
3 people, that we don't talk about a lot but they're the
4 ones, the reason we're here, and also our taxpayers
5 that are paying, you know, for these procurements that
6 we keep repeating and kind of competing to death
7 sometimes. But the word I want to make that
8 everybody's mentioned that I think is so important is
9 the word commitment.

10 And that is what Adams Marketing and all the
11 small businesses here have made to these agencies
12 through GSA for FSSI, and unfortunately I feel that we
13 didn't get the same commitment back, and that has been
14 the main problem. We are trying to do what we can to
15 drive down low pricing also. When FSSI, the awards
16 were made, I feel like that kind of was the end of it,
17 there wasn't a lot of promoting, there wasn't a lot of
18 marketing done. It seems to me, and it appears from
19 articles I've read and from other BPAs I've seen that
20 unfortunately I feel that GSA went on to other
21 projects at that time.

22 There are letters that have gone out from
23 GSA advising their customers to use -- like all the
24 supply web sites, you know, I've got copies of those
25 letters. They of course got involved with the

1 memorandum of agreement with the Marine Corps for the
2 bases, for their base supply stores, with our friends
3 Office Depot and a couple others, and they pretty much
4 led a lot of the Marine Corps telling them not to use
5 the GSA Advantage, to go to this web site to use for
6 ordering purposes.

7 Now this might be great for those programs,
8 and I think it's wonderful that they promoted those
9 and backed them, but what happened to FSSI and where
10 was that commitment and where was that marketing for
11 that program? And it's true we all have spent a lot
12 of money to this, we hired additional personnel, we've
13 also gone out to look for new warehouse space to be
14 ready for this \$300 million BPA, and I think from what
15 I understand over the last three years it's generated
16 about \$20 million for the 12 companies that have been
17 involved.

18 But I mean we just need that commitment, and
19 I think if they can do that, if the marketing can be
20 done, we went out to all the 12 agencies that we had
21 the department head's name, we contacted them
22 directly, we tried to be proactive and, you know,
23 seeing what we could do to get them on board and get
24 them in our system. A lot of us set up even
25 individual web sites for some of these people. But I

1 feel like if GSA can convince the Marine Corps to sign
2 an agreement with them, that I've got articles here
3 that says the Marine Corps base business is soaring,
4 if that can be done, why can't FSSI be a little more
5 productive than it's been and more successful?

6 So that's the whole thing, I just think we
7 need the commitment from GSA, and I think they can
8 sign, why can't you sign an agreement with these
9 agencies that have been on this panel, that they made
10 a commitment up front but there was nothing in
11 writing, why can't they also make a commitment to us?

12 I know I'm jumping around from different things, but
13 small business is supposed to be the backbone of
14 America, and I know the White House put out the letter
15 for the Strategic Sourcing Initiative, and I think GSA
16 did a wonderful job in doing that procurement, but it
17 seemed to have dropped at that time.

18 I don't see how we can any of us give any
19 better pricing than we have. One of the things I put
20 down here, what happens when we have done a
21 solicitation on an offer this large, we have gone to
22 manufacturers, we've gone to the warehouse
23 distributors, we've made big commitments to these
24 people, you give me this pricing we're going to
25 guarantee you this business from the Federal

1 government. So we've gone out on a limb, so now when
2 we go back to them next time, you know, they're going
3 to say, you never produced this, so we're sorry,
4 you're not going to get that cost.

5 The next FSSI might not get the same
6 discount structure and the same pricing that you got
7 last time. So that's just, you know, in the real
8 world, you make promises and if you can't live up to
9 them you suffer in the end. I had other comments but
10 -- I'm getting a little flustered here. But I think
11 what can really happen is, and there needs to be more
12 oversight also as people have said with these.

13 But if we redo this again and do make that
14 honest commitment to each other, and keep in mind that
15 the government customers are really who we're
16 servicing here, and small business has proven over the
17 last 25 years that I know that they definitely can do
18 this for GSA. We are an extension of GSA, you know,
19 for the government customers. So if that could get
20 done, I think and we could really get some good
21 marketing going maybe at the next expo, those kind of
22 things really really help. Thank you.

23 MS. POSKANZER: Thank you, Bonnie. Next up
24 is Vince Martinelli from Staples.

25 MR. MARTINELLI: Hi, I'm Vince Martinelli,

1 I'm a strategic account manager with Staples, and
2 we're a large business in case anyone didn't know.
3 But that's not really the point I'm up here to make.
4 I think first of all it's been great to listen to
5 everyone today because there's been some outstanding
6 information communicated today, but there's a
7 continuing theme throughout this, if you look at the
8 comments. And, Bonnie, you stole my thunder, but
9 that's okay, you can steal it any time you want.

10 I'm going to start with reporting because
11 that's what we were asked to maybe key in on this
12 afternoon a little bit. And you know, reporting is
13 important for anyone to understand what their business
14 is all about. So we can, as many companies can, we
15 can give you any kind of reports you want. However,
16 it makes sense for GSA to communicate or to have a
17 dialogue with the vendors so that you can really
18 define what you really need to make this procurement
19 successful and so you can measure it and go back to
20 your superiors and say, hey look, we made these
21 changes, here are the reports from all these vendors,
22 and we have saved money, we are buying Ability One, we
23 are buying green, we are, who else knows what other
24 compliance thing they've got.

25 But I mean we can give you whatever you

1 need, provided we can all get together and decide that
2 everybody can do it. I mean it's not just Staples or
3 whoever, but I mean any vendor involved should be able
4 to give you the reporting that you want in a timely
5 fashion. I'll give you a quick example. I used to,
6 we had a test BPA for years with the Air Force, and we
7 used to do a quarterly business review where we did
8 show them savings and reporting on green purchases,
9 Ability One purchases, and total savings.

10 And they liked that so much that when they
11 put out that last BPA, part of that reporting that
12 they wanted from everybody, a lot of that was
13 incorporated in that, although it's requested in a
14 particular format that -- I don't have the Air Force
15 so I don't know, but it was kind of a weird thing that
16 they need to throw it into their database. See that's
17 the other thing, GSA if they're going to want this
18 reporting they need to put it in a format where all of
19 us can more easily put it in a format, send it to
20 them, to one area at GSA that's going to collect all
21 this stuff, and then they can manipulate it the way
22 they need it. And call me silly, but I think Excel is
23 a great format for anybody to send a report in.

24 All right, moving right along. All right,
25 the BPA, I think Bonnie brought up the main topic I

1 had here before, why I don't think this BPA has been
2 successful the way it should be, and that is no one
3 knew about it. Okay, you go out there, and I've been
4 out there, and I've been out there for years peddling
5 this thing, and you know, it's pretty discouraging
6 when you go into these agencies and you say, hey we've
7 got this great opportunity for you and they don't know
8 a thing about it. I mean it's like you're talking
9 Greek to them.

10 Now I may be over exaggerating, but you know
11 what, when you're out there doing this five days a
12 week, whether you're on the phone or whatever you're
13 doing, after a while it gets a little frustrating
14 considering it took you six weeks to put the
15 procurement together with a team of about five people,
16 and then I took down to GSA in Crystal City three
17 boxes of things so they could analyze the last FSSI
18 procurement, which I'm sure all of you did. I'm not
19 being critical of GSA, I'm just saying, that's why
20 we're here, we need to kind of make a change and try
21 to get things better this time around.

22 One of the ways I think we do that too, once
23 whoever gets this award, whether it's 20 vendors, 50,
24 I don't know what the number is, but the bottom line
25 is GSA needs to take the lead and get the word out to

1 the agencies that this is a great opportunity for you.

2 And they can do that internally, they can give the
3 vendors' contact information, although I know it could
4 be a G-2 thing, but really, you know, we can contact
5 the credit card holders if we get some information.

6 And I think you need to do it both ways,
7 especially when you implement it and get it running
8 right out of the gate, GSA does what they can to
9 implement it and then we do what we can to get the
10 word out, and between all of that, after about six
11 months hopefully the word is out and there's going to
12 be customers ordering. And speaking of ordering, and
13 everybody wants to make sure the price is right, and
14 I'm not talking about the show.

15 The way you do that is the way a number of
16 people here have suggested, you make it, I don't know
17 if mandatory is the right word, but you strongly
18 encourage the users to order electronically. You use
19 GSA Advantage, we already got that vehicle, and most
20 of us have our own web sites, or they can create, or
21 we've already created an FSSI web site. So between
22 those two, you know, we can get the data from our web
23 site to make sure we do the reporting, GSA can collect
24 from Advantage to do that reporting on the FSSI, and
25 bingo, you've got a double bubble there that gets your

1 reports and find out what you're doing as far as
2 saving money.

3 All right, yeah, that's one of the things I
4 really wanted to emphasize again, encourage them to
5 use electronic ordering. Now the other thing as far
6 as awarding and how many vendors, one of the military
7 services awarded like 32 different companies a BPA,
8 but they did it in socioeconomic groups, they defined
9 that in the solicitation, they said, hey we're going
10 to award at least one or more companies in this group,
11 woman owned, veteran owned, service disabled, blah
12 blah blah, whatever the rest of them are.

13 And when they did award the BPA that's
14 exactly how they did it, and they were able to get all
15 that done and have no protests and it was very
16 effective. Now they got, you know, 32 may be the
17 wrong number, but anyway they've got it and it's
18 moving along rather well. And finally I just would
19 like to say or echo again what someone else said, and
20 I think that our main consideration, GSA -- and we
21 know that -- but GSA and ours working together, and I
22 think putting a committee together of vendors, whether
23 we do it after the award or before the award or
24 whatever, is really a good idea, to meet maybe every
25 quarter and really go over things.

1 But I think the end users out there want two
2 things. They want decent pricing, competitive
3 pricing, and they want to get their stuff on time,
4 service. So we can do that for the end user, we just
5 need GSA to put out a simplified solicitation so it
6 doesn't take everybody 18 weeks to put it together,
7 and then we can move on from there. And I'm not
8 trying to be sarcastic but usually I am. So anyway,
9 thanks very much, and as a large business I'd just
10 like to say, it's good to see all of you.

11 MS. POSKANZER: Thank you, Vince. We have
12 two more speakers, then we have Q&A. Next up is Joe
13 Bradford of Shelby Distributors.

14 MR. BRADFORD: My name is Joe Bradford for
15 Shelby Distribution. I've been with the company only
16 seven months. Prior to that, let me give you a little
17 bit of my background. I was in the military in the
18 Army, I'm one of the few soldiers that served in
19 Vietnam and Desert Storm.

20 (Applause.)

21 MR. BRADFORD: Thank you. My president of
22 the company, is Julian Grubbs, is a service disabled
23 company, and you know, he was in it for 25 years. And
24 when I left the military I went and got my MBA and I
25 worked in Metzcal, and I worked at Metzcal about 12

1 years. Then Julian, who I've known for a long time,
2 kept asking me, come and join my company, see what
3 I've got, I need help. So I went over there and I did
4 that, I looked at what he had, and I decided to join
5 the company.

6 At that time he was doing about \$10,000 a
7 quarter. Well the fourth quarter when I joined, we
8 sold \$700,000. And that was done by planning,
9 pursuing, thinking outside the box, cutting costs. I
10 heard about transportation, I hear it's going to cost
11 from 12 to 20, 18 percent. Well we were offered that,
12 and we cut it to 8 percent. So there's ways to cut
13 costs, but you have to think outside the box.

14 When we went from \$10,000 a quarter to
15 \$700,000, we planned it, we hired the people, we have
16 now expanded. We now are very very aggressive, and we
17 are making a profit. As for reports, we have Air
18 Force BPA, okay, each customer is different. If GSA
19 wanted a different type of report, we can do it, I'm
20 the one that's doing it. And Julian asked me, well
21 how do you learn to do all this stuff? I went through
22 training, I know how to do things, okay?

23 A lot of people I hear, saying they've been
24 in the business 20, 35 years, you might need to think
25 outside the box, hire people with new ideas, things

1 that can help you, help our company. You know, as I
2 said, before I was an automotive and major
3 manufacturing company, we never questioned our
4 customer. We would never question GSA, you tell us
5 what you want and we will abide. Now, to make it
6 better for us so we can do planning, one of the
7 things, for ordering procedure.

8 When I was in Army we used to use the
9 Microsoft microfiche that the GSA used to give us.
10 Okay, I don't know if you all remember that, but now
11 we've got a GSA Advantage page which is good. If the
12 GSA Advantage or the FSSI, when the buyer selects the
13 vendor that can link to our web page, that will save
14 costs. You know, instead of going to a PO portal, if
15 it can link directly to our web page.

16 We offer customers discounts if they use our
17 web page. I get phone calls from Social Security,
18 IRS, and they ask me, this price you have on the GSA,
19 is that right? They say it's lower than the FSSI
20 pricing. That's right. So you have to think outside
21 the box. We at Shelby Distribution, you know, we are
22 very very aggressive. We look at all opportunities to
23 cut costs, and there are opportunities out there,
24 okay?

25 We have not lost money, we are making a

1 profit. We may not make or set our goal as high as
2 everybody, but we are making a good profit. I can
3 tell you because my boss bought a brand new truck.
4 Now, you have a question here about our standard
5 catalog. It would be very problematic for us if you,
6 you know, you have items in there that are not in our
7 catalog. So we would have to go out and source it.
8 But you know, again a lot of people might go to China,
9 we don't. We are TAA compliant. We are pushing
10 Ability One.

11 Credit cards, there's a 3 percent charge
12 that we have for credit card charges. We have no
13 problems with EFTs, I mean we prefer them. So in
14 other words if they order, we can process and cut
15 costs by 3 percent. When I was in the manufacturing
16 business we dealt with EAUs. You know, one of our
17 customers that we have now, we bought paper from us
18 and he made a commitment to buy X number of pallets
19 every two weeks. So we could cut costs by buying a
20 large volume of paper, if we can get that from our
21 customers that would work better for us.

22 Because what we do, we don't look at one
23 customer or one contract, we look at the overall
24 picture by combining all contracts, GSA items, DOD
25 EMALL, and put them together to get our costs and go

1 for cost savings. We make ourselves available to all
2 customers 24 hours a day, either by cell phone, email,
3 we respond immediately. As a matter of fact we had a
4 phone call during lunch that they wanted to air ship
5 something to Iraq. Of course us being ex-military we
6 support everything having to do with the military.

7 So we make ourselves available. Now with
8 GSA, we would like after-hours you know, where we
9 could send our question or voice mail so we get a
10 response. We do get response, you know, when we call,
11 but at night if there's a question, for instance we're
12 in mountain time zone. So down there we -- let me
13 make sure I get this time right, I get confused
14 sometimes -- when it's 9:00 here it's 7:00 there. So
15 we bring people in early so that we can be available
16 for you in the east coast. But at 5:00 our time,
17 nobody's available.

18 And luckily, you know, last night we were
19 hoping, we had some questions and might get lost, but
20 we made it on time, and we were trying to get a hold
21 of somebody last night and we couldn't. All these
22 other questions that are on here, I heard like
23 delivery options, we can deliver next-day. We're very
24 flexible for non-UPS items. And when we deal with our
25 commercial customers, you know, I've heard it a lot,

1 we try to be very competitive with our regular
2 customers. We don't give them a GSA pricing, but when
3 they ask us for a RFQ, they ask us for our catalog,
4 they don't ask for individual items. So in most cases
5 we provide everything in our catalog to our commercial
6 customers. Well that's all I've got, anybody got any
7 questions or anything?

8 (No response.)

9 MR. BRADFORD: Okay, thank you very much.

10 MS. POSKANZER: Okay, thank you very much.

11 And our last speaker, unless anybody else wants to
12 come up, is Steve Jewett from Office Advantage. And
13 then we'll go on to Q&A.

14 MR. JEWETT: I brought some props with me
15 too. These came from downstairs. I'm Steve from
16 Office Advantage out in beautiful sunny, warm San
17 Diego. I want you to know, I just got a weather
18 report, it was 60 degrees. Yeah, it is cold today,
19 it's normally 70 this time of year. A couple of
20 things, first off we are a fairly new GSA contractor,
21 went through the process with Susan's team recently,
22 we've been with the IS Group for about five years
23 before that. GSA does a great job of supporting small
24 businesses. I do want to say thank you and I do
25 really appreciate the support that you've given us.

1 So thank you, we do appreciate it.

2 Savings and innovation, there's a couple of
3 ways of saving that have already been done that people
4 have talked about. The first is where we provide
5 savings to you. The other way is by providing other
6 types of savings. And what we have here is toner
7 cartridges are downstairs, these are all brand new
8 toner cartridges that are being thrown away or being
9 recycled.

10 Tine Thompson, who's on the line from the
11 Navy, knows about this program. We have saved
12 approximately 10 percent of what we've sold to the
13 government by returning back cartridges like this
14 through a toner exchange program. So basically
15 there's other things that can be done by small
16 businesses that provide a savings to the Federal
17 government besides simply providing the price, things
18 like this right here. There's an article that was
19 written by somebody in the Navy that documented a
20 \$44,000 savings on one command within the Navy.

21 Another one is a product that we developed
22 specifically for the Navy, called Deckmates, that has
23 saved an approximate valuation for maintenance of \$1
24 million a year. So the types of things that small
25 businesses do are able to be innovative and think

1 outside the box. Reporting, most small businesses can
2 provide equal reporting to what is done on a world
3 class level. The reporting that we can provide is in
4 detail via Excel spreadsheet through quarterly
5 business reviews, and we can do any type of reporting
6 in any way that you decide that you need it.

7 Again, we would like you to be consistent as
8 far as how that reporting is done, so that we're not
9 trying to reinvent the wheel with every agency that we
10 work with. Does all that make sense? Then the FSSI
11 team needs to provide ongoing guidance to Federal
12 government procurement specialists at every level
13 indicating the FSSI contract is a preferred purchasing
14 vehicle for the Federal government. It's very
15 important that that guidance is provided on a
16 consistent basis and that it is noted in terms of how
17 they do things.

18 We also believe the FSSI would achieve its
19 socioeconomic goals by creating an RFP structure that
20 provides a counterweight to the megachannels' pricing
21 advantage by taking into consideration business size,
22 minority status, and so on. And last off I just want
23 to talk about regionalization. One thought that I've
24 had is to have a regional specialization.

25 Office Advantage is located in San Diego.

1 If we have the opportunity to focus in the southern
2 California region or in the Southwest region, we'll be
3 able to provide better service, in-person service,
4 that's required, as opposed to having the focus of the
5 company be with every agency of the Federal government
6 in every location. It assists in terms of shipping,
7 delivery, customer service, sales, and most of all
8 support for the people that are out there in the
9 agencies doing the order. And then last but not
10 least, go Chargers. Thank you very much.

11 MS. POSKANZER: That's okay, my husband's a
12 Chargers fan too, I don't know where it came from.
13 Okay, we've got one mic working. Thank you, Steve.
14 All right, now we have time for our Commodity Team, or
15 I guess if there are questions from industry here for
16 other colleagues, to step up and ask any questions
17 based on what you didn't hear or what wasn't answered
18 or redefining things that were discussed this morning.
19 Does anybody from our team?

20 FEMALE SPEAKER: I just wanted to reiterate
21 the monitoring on the TAA compliance.

22 MS. POSKANZER: Yeah.

23 FEMALE SPEAKER: For what Juanita said and
24 the lady from Stevens Office Supply, I wanted to
25 second, third, fourth, fifth that. Our company has

1 written letters to GSA, and the letters that we've
2 gotten back basically have said that they don't
3 monitor, that we have to monitor ourselves. And I
4 find that totally unacceptable. It's not our job to
5 monitor what other vendors are doing, and if we have
6 to be in compliance, so does everybody else, and I
7 think if a company's not in compliance they should not
8 be able to participate in any of the BPAs, period.

9 MS. POSKANZER: We'll take that into a note.
10 Susan, do you want to address? Susan Chin is the
11 branch chief who oversees the Schedule 75 where many
12 of the issues arise on this topic.

13 MS. CHIN: We appreciate all of your
14 concerns regarding the TAA compliance, it's a daily
15 effort on our part to get all of those non-TAA
16 compliant items off of GSA Advantage. And we've once
17 offered what I thought a real practical solution,
18 which is for our office to directly go into GSA
19 Advantage and just grab those non-TAA compliant
20 products and that would be the end of it. But it
21 didn't go that route, so but perhaps we can revisit
22 that idea again.

23 But in the meantime, it is an ongoing
24 challenge for us, we acknowledge it, and we take full
25 responsibility for knowing that those items are out

1 there, it's not a 100 percent process, but that is not
2 to say that that is acceptable. We all have to, you
3 know, be responsible in trying to make it as compliant
4 as possible, but you know, we do acknowledge that. I
5 know, Gail, you've brought that to our attention many
6 times, and you know, we're very frustrated with the
7 situation as well.

8 FEMALE SPEAKER: It's not so much the
9 products, it's that it's the same companies over and
10 over and over again. It seems to be the same X amount
11 of companies that are in noncompliance.

12 MALE SPEAKER: And if I could add to that,
13 you know, as an independent, we try to go to market,
14 as I know many independents do here, honestly. You
15 know, we really want to give the government the best
16 value, we really want to perform to high standards,
17 but sometimes our competitors cheat. And I won't say
18 that they're all big box companies, but I'll let you
19 fill in blanks there, but some companies are very
20 experienced at changing part numbers and unit measures
21 and product descriptions or selling items that they
22 shouldn't be selling for the sole reason of generating
23 profit. And so if I'm kind of reading between the
24 lines a little bit, it's companies that cheat should
25 be debarred, you know, and if you can catch them on

1 something black-and-white like TAA, throw them out.

2 FEMALE SPEAKER: It's blatant, I mean it's
3 blatant.

4 MALE SPEAKER: So it's making, you know,
5 companies play honestly when other companies decide
6 that they don't want to play straight, they want to
7 play all kind of price games, win the contract and
8 then go back and deliver products that are inferior or
9 at a higher price. And that's what we find
10 frustrating as an industry because we don't have our
11 names on stadiums, we can't afford the millions of
12 dollars in marketing, we can do one thing and we can
13 do it very well, and that's provide good value to the
14 users. So I'm sorry for interrupting you.

15 FEMALE SPEAKER: That's okay.

16 MS. CHIN: I'm not certain that this is
17 going to be of any comfort to any of you, but as far
18 as non-TAA compliant items are concerned, the IG's
19 office has a continuous operation in, you know,
20 looking into those contractors. So it may not seem
21 like anything's being done, but something is being
22 done about it, and the longer those items remain on
23 contract, they will be penalized, you know, at one
24 point. So it's not like anyone's getting away scot
25 free with that. Jim?

1 MR. KERWIN: We have United and SP here
2 right now, they give us these quarterly reports every
3 quarter, and they list the countries. How about if
4 they supply you with these 10,000 items in pocket for
5 anyone to even load them. She's talking about blatant
6 TN200s from China, we're not talking about a sneaky
7 way, there's always going to be a sneaky way, but
8 there's companies that's just straight out, just put
9 it when you asked for instead of CN, and they're here
10 now. How about they communicate and they give you
11 these 14,000 items you just bought?

12 MS. CHIN: Well I do know that SP Richards
13 and United Stationers?

14 MR. KERWIN: That's the --

15 MS. CHIN: Right, I mean they've had
16 dialogues with myself, and we've agreed that, you
17 know, with all of the quarterly updates that come out,
18 those items should be listed, you know, with the TAA
19 compliance cards.

20 FEMALE SPEAKER: What's happening is the
21 vendors that are being blatantly untruthful are just
22 going to down their lists and putting U.S. for
23 everything, they're disregarding everything that
24 United, SP Richards, and the manufacturers are saying
25 and they're putting -- let me give you an example. A

1 Fellow shredder, everybody in this room knows that
2 Fellow shredders are made in China, there is no
3 secret. And yet you can go on Advantage and find
4 certain Fellow shredders that say they're made in the
5 U.S.A. They're not a U.S. product. That's blatant
6 disregard of their contract. I don't understand why
7 GSA is not just sitting down and going this is blatant
8 disregard of their contract, you're out, done.

9 MR. JEWETT: Susan, just a suggestion is to
10 take that list from SP and/or United, do a random
11 sampling, notify people that there is going to be ten
12 items sampled, and if there's some TAA compliant item
13 issue, that their contract will be pulled or pulled
14 from the web site until they repair it the first time,
15 and then the second time they get burned. Fairly
16 simple, because all you've got to do is say, hey, it's
17 going to be ten items from that list.

18 MS. CHIN: We've done that, we've done that.

19 FEMALE SPEAKER: And I just want to
20 reiterate, GSA, I've worked very closely with Michelle
21 Williams, I know she's very great and when you get
22 that notice you get the information, there might be
23 one you've missed, you know. So I have to say
24 actually that I believe since I've had the contract
25 for six years I have seen a marked change with GSA

1 administrating, you know, applying, doing the best
2 they can to make people compliant. That being said,
3 we all know that data's as good as data in and data
4 out. The wholesalers, you know, deal with that on a
5 quarterly basis as in they deal with it amongst
6 themselves, they give different reporting. But I
7 think for the majority, you know, the majority of
8 vendors under Schedule 75 are very good. You have to
9 do that if that's what you're going to do.

10 MS. POSKANZER: I understand this is an
11 issue, and it is an issue that we are trying to
12 address, and there are challenges with it, and we're
13 not disregarding it and blowing it off.

14 FEMALE SPEAKER: But these are people that
15 have existing FSSI BPAs.

16 MS. POSKANZER: Okay.

17 FEMALE SPEAKER: That are blatantly
18 disregarding their contract, they have existing
19 contracts and BPAs with GSA, and nothing's being done
20 about it.

21 MS. POSKANZER: Okay, well we may not have
22 terminated them, but there is ongoing reviews of these
23 things. If I can say, and I'm not trying to stop the
24 conversation on this, I realize that this is -- this
25 is a real issue for us, you know, I'm not throwing it

1 to the side, I'm not denying it, I'm not saying, you
2 know, I'm not blowing you off here, but I would like
3 to, you know, also go back to the other reasons that
4 we're here.

5 And we will take, you know, what you've said
6 and we will work on this. And it is an ongoing
7 challenge and it is something we do, Susan's people do
8 every day and that we will, you know, do further on
9 this. But I would ask you if we could go on to our,
10 you know, questions that we might have for you
11 regarding, you know, the FSSI project and I will ask
12 if we can, you know, go on with that. Jack or Karen -
13 - did you have a question?

14 FEMALE SPEAKER: I apologize if you feel
15 that this question is similar, but I must ask it
16 because it's been too long and I still don't have a
17 ruling on it, and I believe that all of the right
18 players are in the room. I need to know specifically
19 on the Schedule 75 and for FSSI, are the vendors
20 allowed to offer open market items as part of their
21 offering?

22 MS. POSKANZER: On the Schedule? What do
23 you --?

24 FEMALE SPEAKER: On the GSA web site or the
25 contractor's independent ordering system are they

1 allowed to offer open market items commingle with the
2 items that are on Schedule?

3 MS. CHIN: If a customer insists on
4 purchasing an item that's not on the contract -- I
5 mean we strongly suggest that whatever the customers
6 are purchasing they should be purchasing it under a
7 Schedule contract. However, if they insist on an item
8 or items that are not covered under the contract, they
9 can buy it, but the contract holder must indicate that
10 on the invoice, that it's an open market item.

11 FEMALE SPEAKER: Well, I strongly disagree.
12 I feel that the contractor had to compete to be
13 awarded the contract, and that's the only business
14 they're entitled to. But when they present those open
15 market items on the same venue, then it gives the
16 appearance that they've won not only the Schedule or
17 the FSSI business but the open market business as
18 well, and I think that those items should not be
19 allowed to be procured.

20 MS. POSKANZER: Well you wouldn't find open
21 market items on Advantage.

22 FEMALE SPEAKER: Excuse me, we are unable to
23 hear the answer. What answer were you giving?

24 MS. POSKANZER: Okay, the open market items
25 would not show up on Advantage.

1 FEMALE SPEAKER: They're showing up on
2 vendors' web sites.

3 MS. POSKANZER: Because they can link to --

4 MS. CHIN: Punch out.

5 MS. POSKANZER: You can punch it out to
6 their --

7 FEMALE SPEAKER: We'll have an answer
8 online, but it is a very serious concern, because in
9 my opinion they haven't earned the business of
10 offering the Schedule items and the open market items.
11 Our customers should be encouraged to all businesses
12 to consider purchasing the open market items. But I
13 think that the GSA needs to research it and make a
14 ruling on it for those vendors who are offering open
15 market items, as far as they're offering it needs to
16 be a level playing field. I feel the frustration in
17 the world, you know, I would hate to be on the other
18 side. Things are not done equally and I have to
19 support the small businesses and the large businesses.
20 Government has to do due diligence to make it easier
21 to compete equally. Thank you.

22 MS. POSKANZER: Thank you. Do we have any -
23 - Jack, did you want to come up and speak?

24 (Discussion was held off the record.)

25 MALE SPEAKER: Can I go ahead and ask a

1 couple of question?

2 MS. POSKANZER: Sure.

3 MALE SPEAKER: The first one is, we've
4 shared a lot of information with you today as a group,
5 do you feel that you've captured the information that
6 you were looking for from this audience or do you have
7 suggestions about how you would like us to follow up
8 on this meeting with you, and what's your time frame
9 to be most productive from your standpoint?

10 MS. POSKANZER: Well, you know, the Team I'd
11 like to -- I'll try to speak loudly, which I believe I
12 can, and we'll try to work on the technology. We
13 appreciate, I think we are getting a lot of answers
14 from all of you. Obviously they're all different
15 answers, you know, different people, different vendors
16 have different perspectives. You know, we had much
17 discussion from our Commodity Team and the customer
18 brings a different perspective, and now it's incumbent
19 upon us, we will be meeting in the near future to, you
20 know, take what you have said, and maybe there will be
21 more questions after we start to get together and try
22 to formulate, you know, our strategy.

23 And we may come back out to some of you to,
24 you know, tap you and, you know, some of the things
25 that have come up we may ask you for more input or

1 feedback. If any of you did have PowerPoints that you
2 had put together for this, you can well send them to
3 me, I believe my name and address or the email that
4 was on the invitation, the FSSI. You know, because of
5 the time frames we didn't ask for the hard copy
6 presentations or allow it to be shown, but you know,
7 certainly if you send them to us we can use that as
8 information when we meet in a couple of weeks to start
9 to really formulate our strategy.

10 We will be putting out a procurement, you
11 know, in the next month or so, we may well have a
12 presolicitation conference to help further formulate
13 that. So, and I would ask my colleagues if -- you
14 know, that's why I came up here and posed some other
15 questions that we weren't sure we were getting the
16 information about, the data, the reporting, the point
17 of sale, those are important points that we've had
18 discussions around throughout our meetings, we meet
19 every couple of weeks. So I think, you know, it was
20 very enlightening, and we have Jack Kelly here from
21 OMB who I know is chomping at the bit to ask
22 questions. Thank you, Jack for going up there.

23 MR. KELLY: I can't talk loud. Listen,
24 first of all, to respond to the gentleman's comment
25 here wondering whether you have given us the

1 information we were looking for, I feel like I've been
2 drinking from a fire hose. I mean you guys have given
3 us terrific input, and this is something that will
4 very much help inform the conversations we've been
5 having. Who else is on the Commodity Team that's here
6 today? Any of you guys want to come up here with me
7 or you just want to sit back there and hunker down?

8 Well I'll tell you what, feel free any time
9 during this period of time if you want to ask
10 questions of the group, there's some questions that
11 you want to get a clearer sense of, please, you know,
12 use this opportunity. One of the things that -- I
13 guess I have so much I want to say to you. First
14 thing is we're having very very lively discussions now
15 about what we think we could learn from the past and
16 what things ought to guide the future, and certainly
17 your comments have been extraordinarily helpful in
18 doing that.

19 One of the things that in terms of my part
20 of the process is, I guess I'm sort of, I question a
21 lot of things because I'm curious. So I want to share
22 with you just a couple of ideas that are being tossed
23 around. I mean these are just things that are being
24 discussed, I can't tell you they represent any new
25 direction or any direction at all, but they're sort of

1 some perceptions that I and some of my colleagues have
2 and I'd like to get your reaction to it.

3 The first comment is, you know, you say that
4 among yourselves, you really, there's, you know,
5 office supplies is a very low margin business, the
6 idea that we're going to come in and save, you know,
7 huge percents off what we're spending now just isn't
8 realistic. I've seen some analysis that suggests
9 otherwise, but it's not because you're not pricing
10 very carefully, it seems to be because maybe the
11 different BPAs that you operate under have different
12 requirements that drive different pricing solutions.

13 One of the things that we've seen are
14 differences -- in the same item, same SKU --
15 differences between vendors operating under different
16 BPAs of over 100 percent. The second thing is between
17 the same vendor, same vendor different agreement,
18 differences of 9 to 28 percent, same vendor. Now one
19 of the things that, because I'm kind of the new kid on
20 the block, one of the things that I'm learning is that
21 the prices that we're talking about are basically FOB
22 destination prices, they're fully loaded, they've got
23 everything in it.

24 So if your customer has written a certain
25 set of requirements into their BPA and that set of

1 requirements, you know, requires more of you as a
2 vendor than say a different agreement, that's going to
3 be reflected in the bottom line cost. But from an
4 outsider perspective we've got agencies paying
5 different prices. So one of the operating principles
6 that we're thinking about -- because one of the things
7 we're trying to do is be more specific, be more
8 explicit about the kind of future we're trying to
9 create.

10 So one kind of aspect of that future that
11 seems attractive is that if we think just about the
12 unit price, forget the bottom line invoice price, but
13 just the unit price and we saw, you know, it seems to
14 me to be the only right way to go is that same unit
15 price ought to be offered to anybody buying off that
16 agreement. If it's the same order quantity, if it's
17 the same, you know, same thing. You guys made
18 excellent, you know, comments about not being sure
19 it's the same thing, well let's assume we can be sure
20 it's the same thing.

21 But why would we expect -- as an agency, why
22 would I expect to have to pay a different unit price
23 from the same vendor just because one person, you
24 know, walked in off the street or one person ordered
25 on the Internet. Little side bar there, it could be

1 that some of those processes, the payment process, the
2 ordering process, there may be other processes, that
3 build variability into your cost. So which of those
4 things, how can we take that unit price variability
5 out and deal with variable prices maybe, you know, at
6 the invoice level? They're alive, I love it when that
7 happens. Yes?

8 FEMALE SPEAKER: I'd suggest get rid of
9 BPAs, get rid of another layer of procurement. I mean
10 we already have an avenue to present a great price and
11 a discount structure per task order to the government,
12 it's called a GSA Schedule. I really don't understand
13 why we continue to put layer upon layer and limit and
14 limit people's ability to offer the best price to the
15 government. You know, you can do that with a
16 Schedule, you can do it with a very strong discount
17 negotiation, not just a unit negotiation but actually
18 a volume, a task order negotiation, under the GSA
19 Schedule.

20 MR. KELLY: Here's what happens, so right
21 now, and you guys in the agencies tell me if I've just
22 misunderstood this. So I'm an agency, and I come to
23 you with a BPA office schedule. And let's say that
24 I'm feeling, you know, bold and I decide to actually
25 put up minimum word quantity on the BPA, well that's

1 clearly going to get your attention. So now I've got
2 a BPA with you, somebody else walks in, a different
3 deal, they do a BPA with you, because the deal's
4 different they get different prices. So I've looked
5 across the entire government. So what's important to
6 me is that the government gets the best deal.

7 FEMALE SPEAKER: And I think you're creating
8 the environment you're talking about by creating the
9 BPA system, and all of that layer upon layer of
10 contracting, that really doesn't need to be there. I
11 believe the mass program, the schedule program for
12 commercial, you know, government buying, it is a good
13 program. I don't understand why you don't enhance the
14 mass schedule system more so that you're getting those
15 discounts through that system, more government
16 contracting, more administrative, more of that stuff.

17 MR. KELLY: Well, so here's the dilemma I'm
18 having. I mean first of all I think the schedules
19 offer lots of advantages in terms of, you know, people
20 can get on them easy and they understand the rules --
21 well, relatively. One of the things that I don't
22 think the schedules has embedded that all of our BPAs
23 pretty much do is that reporting requirement, so that
24 might be something that if we were thinking about, you
25 know, we might need to tweak the schedules a little

1 bit to do that.

2 But what I don't understand, I still don't
3 understand how you end up with getting good
4 competition -- I mean GAO and Congress have been all
5 over GSA because of the schedules and the schedules
6 not in fact producing the lowest prices. I mean
7 there's years of that. So there must be something we
8 can do a little differently to end up with the lowest
9 prices.

10 MR. COPE: To answer your earlier question,
11 why does one item have a 100 percent margin and the
12 same vendor has that same item for maybe 20 or 18
13 percent or 10 percent margin, to go back to when
14 people were talking about there's just not that much
15 margin in the business, that's true. They're speaking
16 of a different perspective than you were. They're
17 speaking on the overall business, on the overall
18 volume that we do, we're in a tight margin business.

19 Now, we approach the market with variable
20 margin pricing, which we learned from the publicly
21 owned companies. The grocery stores do that. Milk is
22 priced below cost, okay, they make a lot of profit on
23 Captain Crunch. We do the same thing in our industry.

24 It's a bit frustrating with these BPAs. But what
25 you're seeing on that one item that has 100 percent

1 margin in it, that was probably not an item that this
2 team evaluated when they were awarding that particular
3 contract vehicle.

4 When that item was at a lot lower margin
5 that item might have been the market basket item that
6 the government was looking at. So that's why that
7 particular item could be on multiple procurement
8 vehicles at very wildly different prices. That's part
9 of the theme that I heard a lot through this message.

10 I don't think that's a secret anymore, maybe five
11 years ago that pricing was a secret.

12 But that pricing can be approached at in an
13 honest way where the government's asking us to price
14 this, we'll price this as low as we can, we've got to
15 make a profit on the overall pricing. That concept
16 can be approached in a dishonest way where the
17 vendor's going to play games, let me price it low to
18 begin with and I'll take advantage of price creep and
19 everything else I can to get my margin back into it.

20 The frustration is, be consistent with us, I
21 think that's almost the same thing you want. You want
22 consistent prices, we'd love to give you that. If it
23 was reasonable for us to do a cost plus, that would be
24 great, that would eliminate it all. Okay, what's the
25 fair margin that we need to fulfill that contract and

1 do cost plus? Okay, that might not work here because
2 you'd have to question what is cost? And that's
3 another can of worms.

4 But to answer that specific question, I
5 believe that would be the answer, and that's why I
6 firmly believe that the government needs a reasonably
7 large pool of ongoing competition, because I believe
8 in a live world of fluid prices fluid products that
9 that's the best way to maintain best value for the
10 government. Because we as individuals, we go out and
11 point that out to end users and say, I can bring you
12 the lower price.

13 FEMALE SPEAKER: You've got some BPAs saying
14 that they want to be given discounts off of your
15 contract current schedule pricing. So whoever gives
16 the best discount off of the schedule, you know, wins
17 the award. You could only give 2 percent off of yours
18 and still be a lower cost. So there are games being
19 played in every BPA.

20 MR. KELLY: Right, and I mean that's one of
21 the concerns I have is like we have too many moving
22 parts.

23 FEMALE SPEAKER: Right.

24 MR. KELLY: And what I really want to know
25 is, what's your price? Or I don't mind a discount if

1 it's a discount from the same number. This gentleman?

2 MALE SPEAKER: You know, we had some
3 discussion earlier too about this issue of
4 standardization. If there was essentially a model RFP
5 with comparable terms and conditions, or maybe two or
6 three different ones but not ten or twelve or fifteen,
7 then that might allow for a convergence at least of
8 pricing and narrowing of variances of pricing. And
9 again, if you go to the full catalog approach or
10 something approximating that versus a much smaller
11 core market basket approach, then you also improve
12 your chances I think of getting that uniformity.

13 MR. KELLY: Thank you. The gentleman -- or
14 this gentleman behind you first. He beat you, but
15 you're next.

16 MALE SPEAKER: The problem seems to be
17 created by GSA with the BPAs. We have our contracts
18 on GSA United and then GSA tells us, using economies
19 of scales you can sell me that product a lot cheaper
20 because I'm going to guarantee you're going to have
21 \$100 million in sales versus you may have \$10 million
22 in sales over here. So every time we get someone
23 making that promise to us then we want to lower our
24 prices even lower. So if I've got three BPAs and you
25 offer me \$100 million in sales and this one tried

1 offering me \$200 million in sales, I'm going to try to
2 give this one a better price. And then the bottom
3 line is as we've discussed today, none of them work
4 out because none of them are achieving the amount of
5 sales necessary.

6 MR. KELLY: Right. Yes, sir?

7 MR. AKINKUOTU: Yeah, I think if you look at
8 paper for instance, if you buy a ream of paper, the
9 cost is different than buying ten ream in a case, or
10 buying 800 in a scheme, depend on the language of the
11 solicitations. And I believe we talked a lot here
12 about commitment, you know, we are here today because
13 we heard the word 800 million, 200 million. If you
14 have a solicitation that commits to exacting volume,
15 then your discount will be different, you know? And
16 that's why you see multiple things out there, you
17 know, you have to find a way that people buy, what
18 they buy, you know, and schedule a solicitation to
19 that requirement.

20 MR. KELLY: One of the things that you guys
21 certainly talked about today and something that I've
22 been critical of for a while now is that, you know, we
23 in the government throw that commitment word out all
24 the time, but it doesn't seem for the most part to
25 mean much. But let me give you my sense as to why

1 that turns out to be the case. Agencies are widely
2 decentralized, and even though the people who
3 represent those agencies come to the table and they
4 say, yeah we really want to work with you, agencies
5 are all over the place in terms of their ability to
6 change behavior across these highly decentralized
7 agencies, it's just hard.

8 One of the things that GSA has tried to do,
9 and frankly I just don't think it's worked, is, you
10 know, they've tried to use their schedules to help
11 discipline behavior. You mentioned the TAA issue.
12 Well, I'm not so sure -- I don't know the answer to a
13 lot of these questions, but one of the things that
14 strikes me is that maybe what we ought to be spending
15 more time doing is using the data that we -- we need
16 to get the data.

17 And then we can use that data to go back to
18 agencies and say, agencies, you know, you guys are out
19 of line here. You know, you're not buying TAA
20 compliant products, you are not buying environmentally
21 compliant products, you're not buying Ability One,
22 when you should, so you have to change your behavior,
23 as opposed to have GSA be the policeman. The reason I
24 say that is because what I think we may end up doing
25 inadvertently is we may be creating vehicles that

1 people say, well geez if I use that I can't do some of
2 these things I want to do.

3 So I mean I just look at what seems to be
4 the facts. The fact is agencies are all out there
5 with their own stuff doing their own thing, and I
6 think they're doing their own thing because it's them,
7 they want to do their own thing. So how can you, you
8 know, what can we -- I knew I'd get him out of his
9 chair. How can we help make sure that agencies do the
10 right thing? But I think we have to focus on
11 agencies.

12 MR. SHEA: I'm lining up behind you, Jim.

13 MR. KELLY: All right. Yes, ma'am?

14 FEMALE SPEAKER: I think one of the key
15 factors here is educating the government purchase card
16 holders. First and foremost, the card holders are not
17 secure people, they do not have any purchasing
18 background, for them procurement is an ancillary duty,
19 it's something they got dumped on them. They already
20 have a job, they already have a position, they have a
21 duty, and then somebody in the office gave them a
22 credit card and guess what, you've got to order office
23 supplies. They're going, damn, I don't have time to
24 do that.

25 So you know what they want to do? They want

1 to be able to go out and purchase officially from one
2 vendor. When they go out on FSSI, they can't buy the
3 paper towels for their office, they can't buy hand
4 sanitizer, they can't buy the journey set, they can't
5 buy the file cabinet that they need, they can't do
6 this, they can't do that. They're limited to a
7 certain number of items, which means they're going to
8 have to go to several vendors to do several different
9 contracts.

10 And that's very frustrating for them because
11 they don't want to spend four hours, which sometimes
12 it takes going out to all these web sites and doing
13 that. They would rather do this additional duty in an
14 hour or less, it's just not an efficient system right
15 now. So I think that's where you see a lot of
16 disparity among contracts and vehicles and what
17 different agencies are doing. Some agencies are very
18 knowledgeable. I would say 90 percent of them don't
19 have a clue what FSSI is, and they're not getting the
20 training from up above, they're not getting the
21 directions. So these people are going out and hit-
22 and-miss buying from wherever or whoever.

23 MR. KELLY: I think you've hit it. I mean
24 one of the things we know, and Dave would know this
25 better than me, is that the vast majority of -- way of

1 certain other transactions but even the dollars are
2 bought through the purchase card, and they seem to
3 come under the micropurchase structure.

4 MR. SHEA: Well, one point I want to make
5 clear to everybody, I know some of you are
6 sophisticated enough to understand this and some of
7 you are not. When you have your average purchase card
8 holder, you're right, there are 270,000 purchase cards
9 in the government. Most of them, not all, most of
10 them are in the hands of people who are not
11 procurement professionals. They're clericalists,
12 they're veterinarian, they're firefighters, they're
13 scientists, okay? And they're main job is, guess
14 what, science, fighting fires, taking care of animals,
15 detecting disease, whatever it is.

16 So you're absolutely right, you make an
17 excellent point. One of the notes I'm taking away
18 from this session, and I thank you all for being here,
19 is we need to improve our training. And I'm
20 responsible for the GSA card training that we do, and
21 you can bet we're going to add something on FSSI on
22 this if we don't have it in there already. I think if
23 we do have mention on it, it's probably all too brief.

24 But that point being made, when you talk
25 about open market items for example, open market items

1 by definition are not on schedule, okay? Now, every
2 agency, or I should say most agencies, have their own
3 procurement authority. Their card holders have their
4 ability to buy from whatever source they want, all
5 right, unless that particular commodity for some
6 reason is restricted.

7 You're a very young looking group. I'm old
8 enough to remember mandatory schedules where you had
9 to go buy something from GSA whether you wanted it or
10 not. And in a lot of cases there were problems with
11 quality, GSA almost "went out of business", you know,
12 20 years ago because of this, and the whole model has
13 changed. So when you look at TAA, okay, and buying
14 products in China, remember any card holder can go to
15 any vendor, and if it's a micropurchase TAA doesn't
16 apply, all right? So they can buy stuff that's made
17 in China.

18 And I will tell you, I was at USDA, I was in
19 charge of the purchase card program for the
20 departmental level, we were trying to do strategic
21 sourcing in our own way back then, this was years ago
22 so my experience is a little dated, but I'm still a
23 purchase card holder. How many purchase card holders
24 are in the room? Probably not many, mainly industry.

25 One other one? Maybe we need to include some in some

1 of this stuff that we're doing.

2 But when this TAA thing hit, all right, it
3 knocked the wind out of my sales on strategic sourcing
4 because guess what, people couldn't buy binder clips,
5 they couldn't buy calculators, they couldn't buy
6 rulers. And they said, what do I need this for, you
7 know? And eventually we found binder clips made in
8 Mexico or something like that. But you know, when
9 you're on the front lines with your purchase card, you
10 do it as a collateral duty, and you're out there
11 trying to buy supplies for your unit to get the job
12 done and deliver to the taxpayer or the nation or
13 whatever it is, you ain't got time for this stuff.

14 So you're right, you know, it's got to be
15 simplified, we do have to improve the training. But I
16 wanted to point out, these people have procurement
17 authority, they can go to buy wherever they want to
18 buy to. I also want to give you something to think
19 about because some of you said make it mandatory. Be
20 careful what you wish for, because I'll tell you what,
21 I wonder what the heck we do to enforce that.

22 On your point, if somebody goes and buys
23 from a non, you know, so called rogue buying, and in
24 the government we're talking Fortune 100 companies
25 glued together, you know, you're going to take their

1 card away? Then what? Are you going to fire them?
2 What are we going to do to people that -- and Jack has
3 some ideas on this, but I think, you know, you go back
4 -- are you familiar with the movie Field of Dreams?
5 What was the theme of that? If we build this right,
6 they're going to come and buy off of it, and I've seen
7 that work.

8 MR. KELLY: Thanks, Dave. Yes?

9 MALE SPEAKER: You know, we've been having a
10 GSA contract for about four years, and we advertised
11 on GSA Advantage, and not a whole lot of business. So
12 we looked for the BPAs because we found that, you
13 know, we heard through different sources that BPAs
14 would work better. So we did that, we wound up
15 getting on a BPA and our sales increased tremendously.
16 For us it's good, you know, we were able to do more
17 business with GSA where we weren't able to do it. If
18 we're on GSA Advantage just, you know, trying to sell
19 our products at the very same price, we couldn't sell
20 it because we're competing against everyone else and
21 someone else always got a better price on GSA
22 Advantage.

23 But when you apply for the BPA, the BPA says
24 give us a discount off of your GSA price, right? And
25 then it also says, not everyone's going to have this

1 BPA, so there's going to be, you know, a group of
2 people who will be on that BPA, and then we won't make
3 it mandatory that the people buy from the BPA, but
4 we'll word it in this language, you're strongly
5 encouraged to do that. See, the Army put out a BPA
6 just, it's everyone knows about it, and they extended
7 it from the 13th to the 19th because they had to
8 change the language.

9 At first the language says it's mandatory,
10 but then they said, okay, now it's strongly
11 encouraged. So now whatever language they used but it
12 wasn't so strong of a language, for some of the
13 reasons I guess you were talking about. So I guess
14 what are you going to do if they don't buy? So now
15 you've got a group of people who are on that BPA, a
16 small business like us with six employees in the
17 office, you're not doing much on GSA Advantage alone,
18 you can dock your prices as much as you want.

19 But now if you go take the very same prices
20 that you dropped off your GSA price, you're on to this
21 BPA and that agency is excited because now they can
22 report to their overseers that, look how much money we
23 saved with these vendors from the GSA price. So in
24 their perspective it's good because they can show by
25 reporting because now we are required to report to

1 them.

2 So now we have to give them reporting
3 whereas if they bought it on GSA Advantage they don't
4 have that reporting from us, we just have to report
5 our sales, you know, the IFS sales and it's just one
6 number we give to them at the end of the -- but they
7 don't know what agencies bought it -- but now we can,
8 you know, report sales. So I think that it does work.

9 You know, there's a lot of debate on whether we
10 should or shouldn't do the BPAs, but you wouldn't be
11 doing it if it didn't work out, you've been doing it
12 for a while, and so it's been working for us.

13 MR. KELLY: Let me ask a question for you
14 all. How many of you all have the majority of your
15 business come in through GSA Advantage? Okay, those
16 of you whose business comes in some other way, what is
17 the main way it comes in?

18 VOICES: EMALL.

19 MR. KELLY: EMALL, DOD EMALL? How many
20 through DOD EMALL?

21 FEMALE SPEAKER: But we have BPAs.

22 FEMALE SPEAKER: Independent vendor
23 platforms is what our agency uses, and we're very
24 pleased with it because we can specify what we need,
25 and for many years we've needed data. We've needed

1 data to demonstrate how we've changed their
2 environmental footprint.

3 MR. KELLY: Which agency is that?

4 FEMALE SPEAKER: I'm with the US EPA. What
5 we found on the DOD EMALL some years ago in all
6 fairness to DOD EMALL was that the reports did not
7 give us specifically what we needed. So the gentleman
8 who just spoke raised very good points, I think that
9 BPAs do work, I think that we all need to be very
10 cautious of the word mandatory. EPA had a lot of
11 success when we used the language that our BPA was our
12 mandatory first auction, which meant if it was a good
13 business reason why the BPA was not the best way to do
14 it we were excused. So mandatory first option puts
15 the customers in the right direction of at least
16 considering using the BPAs that we's use the allotted
17 administrative time, that's what you use, but it
18 excuses them if it's not a good business decision to
19 use it. Thank you.

20 MR. KELLY: Yes, ma'am?

21 FEMALE SPEAKER: A fair amount of our
22 business also comes in via fax and email, and the
23 reason I think that's the case is because it gives the
24 advantage toward the EMALL gives you any type of
25 volume that's out there, it's a flat rate whether

1 you're buying one of an item or 20 of an item. We've
2 been in business for 25 years and customers know how
3 we operate, so quite often I'll get email requests or
4 fax requests for quotes because they know that even
5 though we have a GSA contract I'm going to discount
6 for them off that contract.

7 People on their emails, they'll say, I want
8 four boxes of these folders. Well I can go to them
9 and say, you know, if you order five boxes I can bump
10 you up to full cart pricing and I can save you an
11 additional \$30. So that's why they commit, that's the
12 economy of scales, that's the type of customer service
13 things that you can also do that you're not able to do
14 on the Advantage system or on the EMALL system.

15 MR. KELLY: Is that something -- I mean
16 clearly that interaction has value both for you and
17 the customer.

18 FEMALE SPEAKER: Absolutely.

19 MR. KELLY: But is that the kind of thing
20 that would be amenable for a catalog sort of thing?
21 In other words the catalog would be like, you know,
22 this is your, you know, onesie twosie price, this is
23 your, you know, five to ten price, and if you start
24 getting up to your point, this is, you know, if you do
25 a minimum order quantity of five boxes that's a whole

1 other pricing point. The reason I ask that is, I'm
2 wondering is, I mean if there's a way we could
3 structure our catalogs so they were more useful in
4 helping people make those kinds of choices.

5 FEMALE SPEAKER: Yeah, I think that would be
6 feasible to give -- because that's economies of scale
7 on that. If there are orders in full cart quantities
8 or like a lot of things that people want to order
9 onesie and twosie pens, but you know what if you order
10 a dozen they're less expensive. So there's things
11 like that that you can make better purchase decisions
12 that's going to allow you to get additional
13 discounting.

14 And another thing, most of the small
15 businesses here, they deal directly with the
16 wholesalers, the SP Richards and the United
17 Stationers. Well whenever there's an opportunity,
18 there's a large enough volume, we can go directly to
19 manufacturers if we're able to meet their minimum
20 orders, and those instances we get reduced freight
21 rates or many times we get free freight, we're able to
22 pass those savings on to the customer.

23 So but I mean otherwise we have a lot of
24 overhead, and all of the small businesses are in the
25 same boat, on small order, for example \$50, you're

1 basically taking a loss. By the time you pay your IFF
2 funding fee, by the time you pay your credit card,
3 which can be 2 to 3 percent, and by the time you pay
4 freight, you're taking it on the chops.

5 FEMALE SPEAKER: You have to price at the
6 lowest common unit.

7 FEMALE SPEAKER: Yeah, exactly.

8 FEMALE SPEAKER: I mean, you know, we have
9 to price at the lowest common unit.

10 FEMALE SPEAKER: Because you're going to get
11 a lot of those small orders, and like I said, you
12 know, small orders, you're not making any money, I can
13 tell you.

14 MR. KELLY: The gentleman over there.

15 MALE SPEAKER: My comment is related to in
16 information technology. I think one of the key
17 factors that could be considered would be to really
18 overhaul GSA Advantage to capture all of the data that
19 you're requesting that the vendors here supply you
20 with. Because the data file and the quarter that's on
21 GSA Advantage could be expanded to accommodate a lot
22 of sort of information that you're going to need to
23 develop a report back to the various agencies to
24 justify whether they're spending or not spending.

25 And you can also run your reports as far as

1 whether it's TAA compliance or noncompliance or if
2 there's recycled content or whatever. But with GSA
3 you have the information there, I don't know if you
4 have the relationship with GSA Advantage to expand
5 that database to retrieve what you need. And you can
6 also capture the purchase orders from each one of the
7 agencies and report based upon usage, and that's real
8 time, those things come across GSA Advantage, you can
9 extract all of that data from that purchase order that
10 will give you everything you need for a report,
11 because that's just the basis of everything that we're
12 going to be sending back to you.

13 MR. KELLY: Yeah, sure.

14 MR. SHEA: I'd like to ask a question on
15 that point, sir. And actually the entire room, how
16 many of you accept government purchase cards? You all
17 do, right? Anybody not accept government purchase
18 cards? How many of you are providing Level 3 data
19 today? And what I mean Level 3, line item description
20 of what's bought. Okay, how many are not providing
21 Level 3? Okay, in terms of the management reporting
22 that's been discussed at a pretty high level here, is
23 it easier -- and I'm looking for a consensus -- is it
24 easier to provide that data with the transaction
25 information Level 3 through the charge card process or

1 is it easier to provide it separately outside of that?

2 Like for example if Advantage were modified
3 -- and I'm making that up, I'm not saying that GSA's
4 going to do that. But it seems to me there needs to
5 be some uniform format or standard against which
6 you're providing data, because quite frankly it would
7 be easier for the industry I think, and if you think
8 of some government entity receiving all these
9 different reports from all these different merchants
10 potentially in different formats, it gets to be a huge
11 amount of data to try and digest. So I'm looking for
12 some feedback here. Yes?

13 FEMALE SPEAKER: If office supplies are your
14 focus in general -- if office supplies are your focus,
15 and, regardless of whether or not they're BPAs, you
16 make EMALL and/or GSA Advantage a mandatory part --

17 MR. SHEA: Like the portal, the ordering
18 point? Okay, for the sake of discussion.

19 FEMALE SPEAKER: Right, just like in all of
20 these up there, that way you all can capture whatever
21 data you want and you have data integrity. Right now,
22 back to the numbers, anybody could make their data say
23 whatever they want, I mean truth be known. Whereas if
24 you already have that purchasing data within those two
25 systems, they're both government systems, you can

1 generate all the reports you want, test for
2 compliance, test for pricing that should be, and
3 capture total spending data versus relying on
4 companies reporting that information back, because
5 there's a lot of people and companies that --

6 MR. SHEA: Well, that information though
7 originates from the companies though, doesn't it, when
8 it's set up and evaluated to begin with, right?

9 FEMALE SPEAKER: Well but what I'm saying
10 is, you know, you have a lot of spending data out
11 there that is not being captured nor is it necessarily
12 being reported back to the government.

13 MR. SHEA: Okay, I understand.

14 FEMALE SPEAKER: Whereas if it were
15 mandatory purchasing portals that were in place,
16 versus purchasing vehicles so to speak, you could
17 capture all that data and generate those reports. And
18 you would have them all yourself without having to
19 rely on vendors to generate spend data, if you will.
20 Because the walk-in business, the phone-in business,
21 the fax business can or cannot, you know,
22 inadvertently be left out of the reporting process.

23 MR. SHEA: Okay, let me ask, anybody else
24 want to comment on that one?

25 FEMALE SPEAKER: We're not getting Level 3

1 data, you know, Level 3 information data on EMALL or
2 from different vehicles.

3 MR. SHEA: And you know -- okay.

4 FEMALE SPEAKER: And so if we could get it
5 from the vendors I think there would be more
6 consistency if we have the Level 3 reporting from the
7 vendors.

8 MR. SHEA: You'd rather get the Level 3 from
9 the vendor -- I mean either way the data's coming from
10 the vendor but there are lots of ins and outs to the
11 various approaches. Yes? He was first and then we'll
12 come to you.

13 MALE SPEAKER: Then I'll pass the mic. If
14 you get vendor generated reports that are outside of
15 Level 3 or outside of GSA Advantage, you're giving the
16 vendor an opportunity to cheat with that report.

17 MR. SHEA: And we'd also have a huge problem
18 with inconsistent data, you know, data quality, all
19 that stuff.

20 MALE SPEAKER: Well, you could define the
21 format. But that vendor wants to make himself look
22 better, it's easier for him to cheat when he's not
23 having to process payments for that as far as quantity
24 or items or price or anything like that.

25 MR. SHEA: I thought all our vendors were

1 honest.

2 MALE SPEAKER: You can Google overcharges,
3 and if you put in, you know, a company or two's name
4 in there you'll get over 6,800 results.

5 MR. SHEA: So you think Level 3 would be, in
6 the provisional Level 3 data, from the vendor, that
7 would be the best approach, is that what you're
8 saying?

9 MALE SPEAKER: I'm saying I think that would
10 give you a higher level of accuracy. Now, you would
11 have a gap there, and you're only capturing data with
12 Level 3 if it's paid through the credit cards.

13 MR. SHEA: Right.

14 MALE SPEAKER: Okay, so yeah you would miss
15 a chunk of data that was paid through EFT, but you
16 know, that's probably okay, it still would give you
17 what you need through that result.

18 MR. SHEA: Is -- and you want to make a
19 comment, I'm sorry. Microphone?

20 FEMALE SPEAKER: Well, isn't the Level 3 and
21 Level 2 based on what the agency negotiates on their
22 own behalf? I mean not all agencies have negotiated
23 up to the Level 3 with the credit card? Has that
24 happened yet? Or are they all now with the smart --
25 the new credit card?

1 MR. SHEA: I can't speak to what an agency
2 might put in a specific BPA or a contract.

3 FEMALE SPEAKER: No, no, I mean when they
4 negotiate with the smart card with the credit card?

5 MR. SHEA: Okay, I can tell you that. The
6 way the GSA Smartpay 2 contract is written, our
7 issuing banks, JP Morgan, US Bank, and Citi, are to
8 pass Level 3 data when they receive it. Okay, so it
9 really depends on the merchant, if you're Level 3
10 capable and you're putting that data through your
11 processor. Now if your processor's not passing Level
12 3 that's another issue. But if you're getting Level 3
13 into the networks, into Visa and MasterCard, it should
14 come through to us.

15 And the government's preference is for Level
16 3 data, for obvious reasons, because we want to
17 understand what people are buying, okay -- there's a
18 lot of data we can get out of that, and one of the
19 really powerful things about the charge card data --
20 and of course I have a bias because I'm the charge
21 card program manager, right, and I admit that -- but
22 there's a number of tools out there to assess that
23 data, to try and understand it, digest it, and do
24 something with it, that exists.

25 Whereas if something was created outside of

1 that, you made an interesting point about errors or
2 misrepresentations by vendors, but there's analytics
3 that have developed over the years on charge card data
4 that could readily be used to help with this kind of
5 thing. But if you provide Level 3, the way our
6 contracts are structured, you know, and the brands or
7 the networks, Visa and MasterCard, receive it, provide
8 it to our banks, then they're to pass it to us is the
9 way. And Level 2 really isn't of interest to us in
10 most cases because that's tax data and we're supposed
11 to be tax exempt, right? So do we have another? Just
12 really quick, I want to give the microphone back to
13 Jack here, otherwise he's going to hit me with it.

14 MR. AKINKUOTU: I think Level 3 also have to
15 big a cost, because there's about half a point
16 depending on who is processing your credit card. So
17 those information are CXML out, depend on what -- the
18 information is always there -- it depend on what you
19 want to do with it, so if you use Level 3 processing
20 they will give it to you and you can dump it back to
21 the government if they want it, or use it for your own
22 accounting system.

23 MR. SHEA: Some Level 3 processors will give
24 you a break -- excuse me, some card processors will
25 give you a break on Level 3 data, and I think if you

1 look on Visa's web site you'll see they give a break
2 for Level 3, and that's not an endorsement.

3 FEMALE SPEAKER: I just want to make a
4 comment please.

5 MR. SHEA: Sure. If you will hold on just a
6 second, I just want to do some reflective listening.
7 So I thought what I've heard through the day is,
8 online ordering is the most efficient for all of you
9 in terms of cost, lowering cost, accuracy, is that
10 correct?

11 VOICES: Correct.

12 MR. SHEA: And payment by charge card, I
13 thought I heard one exception, is a desired method of
14 payment. Is that the easiest method of payment for
15 you all?

16 VOICES: Yes.

17 FEMALE SPEAKER: And then you keep the
18 money.

19 MR. SHEA: Okay, so cash flow. And I'm
20 hearing from some small businesses here, right?

21 MALE SPEAKER: It's been paid for.

22 MR. SHEA: Okay. And the other side of that
23 value proposition I just want to point out to you
24 because I don't know that you know it, but the latest
25 statistics we have are for government fiscal year

1 2008, you know, you talk about that 3 percent, some of
2 that comes back to your government customer, do you
3 realize that, in the form of rebates. The government
4 got \$187 million in rebates in fiscal year '08.

5 FEMALE SPEAKER: Those are savings.

6 MR. SHEA: So, well no, I'm just saying,
7 when we talk about best value, folks, it's not the
8 purchase price, that's not best value. It's, could
9 you get it when you needed it, was it the item that
10 you needed, you know, how did the refunds and, you
11 know, how did the payment work, and all these other
12 aspects play into it. It's not necessarily totally
13 bottom -- well it's not, it's not just bottom line
14 price. You had a comment?

15 FEMALE SPEAKER: I would just like to share
16 that the contract lessors for generation of mod in
17 FSSI for office supplies stated that customers would
18 use GSA Advantage or DOD EMALL. That language was
19 later modified. I think that we need to be very
20 cautious not to lock ourselves into those two
21 platforms and give each agency or department the
22 option of taking advantage of the vendor's independent
23 platform if they feel that's a more value added
24 platform for them.

25 MR. SHEA: Well clearly one of the big

1 issues in the room is, you know, and we heard from the
2 two sides today, it's trying to strike the right
3 balance, or the sweet spot as some people called it.
4 And there's a number of sweet spots I think. One is
5 between choice and concentrating spend to leverage
6 price, all right, where's the right point there? And
7 that's a really difficult thing to define. But that's
8 what we're talking about.

9 And you're talking about flexibility, I mean
10 given all the different things the government buys for
11 all the different missions it's performing in all
12 these different places around the world, can you limit
13 it to two entry points or do you have to provide that
14 flexibility to go to other places when agency mission
15 warrants, you know, when the buyer needs to do that?
16 Very interesting, thank you.

17 FEMALE SPEAKER: Thank you.

18 MR. KELLY: I can see this lady down here,
19 she's just, \$187 million back and thinking, mama's got
20 some new shoes.

21 FEMALE SPEAKER: I would just like to
22 suggest that one of the issues that we hear about the
23 small business, and again it's how difficult it is to
24 chase down the buying opportunities within, let's say,
25 GSA and schedules. Companies, small businesses have

1 the limited resources and time, and they work for a
2 very long time, spend a lot of money to finally get a
3 GSA award, to get a multiple award schedule. Then
4 they try to chase down the agencies and who has the
5 card, you know, who holds the cards.

6 And then the individual BPAs are coming out
7 from all of, you know, all these new vehicles, and
8 then they have to switch, you know, move their limited
9 resources to responding to the new vehicles where they
10 think they're going to get more work, and then that
11 vehicle doesn't deliver that amount of work, and so
12 now they're taking their resources and moving over to
13 the next EED or the FSSI.

14 And I think it's very difficult at the same
15 time they're coming to the government and saying, well
16 who below the 3,000, where are all these credit card
17 holders and how do I find them? Then chasing down
18 credit card holders, they're coming to GSA and saying,
19 can you help me market my company? How do I find
20 people who are looking for my product?

21 And I think the more we try to, you know,
22 invent new ideas to save money and economies of scale,
23 each time the small business community is trying to be
24 players in each of our vehicles, we're losing more and
25 more of them because they're having such a difficult

1 time running to keep up with all of our new ideas and
2 trying to figure out where they can best utilize their
3 time and money to try to really figure out where their
4 best option is to do business with the government and
5 deliver their products.

6 MR. KELLY: I think it's clear that we
7 haven't figured a lot of these things out too, that's
8 why it's important to have dialogues like this so you
9 can help us. One of the things that -- I think I feel
10 the hook coming -- but one of the things I've noticed
11 is that different agencies, and even different parts
12 of agencies, have different buying objectives. Some
13 agencies absolutely want to use a part or even maybe a
14 large part of their office supply spend to meet their
15 small business or socioeconomic goals, that's what
16 they want to do.

17 So it seems to me that we need to give them
18 the choices and the path to help them do that. Other
19 people, you know, they're meeting their small business
20 goal someplace else, what they really want in office
21 supplies is the lowest price, so we've got to give
22 them a chance to get that too. But I don't think one
23 size fits all, I think we need to give people choices
24 that kind of mirror the choices they're looking for,
25 and then within those choices give them the best

1 choice within those choices.

2 Listen, I just want to thank you all for
3 showing up today and giving all these great ideas. I
4 urge you please to answer the questions that have
5 been, you know, there are some written questions that
6 we're looking for feedback. Anything that you have
7 said today that you want to make sure we really
8 understand, feel free to write that down and send it
9 to us as well. Your input is critical. One of our
10 goals is not just to get the best deal for the
11 government, it's to be the best partner with you guys
12 in getting that deal. So thank you for coming.

13 MR. SHEA: I just want to give a little food
14 for thought on your comment about reaching the
15 purchase card holders. I think one of the challenges
16 we have is we have, every year we probably have
17 hundreds if not thousands of vendors who ask for card
18 holder name, address, phone number. And when you take
19 into account the fact that the majority of these
20 people are not full time procurement professionals,
21 they're scientists, firefighters, or whatever they
22 are, I think the last thing we want to do is have them
23 deluged with cold calls or whatever from companies
24 trying to sell them stuff, because quite frankly
25 that's going to turn them off from being a card holder

1 and defeat your ultimate purpose.

2 I'm not saying I have the answer, but I
3 think that's something we have to reflect on, is how
4 do we reach people and make them aware of what's out
5 there. And I think that plays into the issue of, how
6 many different vehicles do we have and how well do we
7 educate people about what's out there and how they use
8 them kind of thing, as opposed to individual
9 businesses be they large or be they small, trying to
10 reach 270,000 card holders.

11 Because I'll tell you, as a card holder,
12 I'll get calls from businesses, I'm like, I'm sorry, I
13 don't have the time to talk to you, thank you very
14 much. I get literature direct mailed to me, I throw
15 it out because I've got other things to do, you know?
16 So we need to talk about channels of communication
17 and stuff like that. So I hope you'll share your
18 thoughts on that on whatever written comments you may
19 choose to provide. So thank you.

20 FEMALE SPEAKER: I have a question for you.
21 That's okay. I don't need a mic. When do you
22 anticipate this second generation FSSI coming out for
23 bid, and are we going to get feedback from this
24 valuable group and GSA on this meeting and what you
25 all's findings are from this?

1 MS. POSKANZER: Well, you know, we have some
2 timelines. Okay, our timeline, we would like to issue
3 this by the beginning of March. If you think you, you
4 know, would want to see, you know, have a
5 presolicitation conference, that's something that
6 would be considered, absolutely. If there's more
7 feedback you want to provide us in writing, we would
8 gladly take this into account. Just what came up, you
9 know, even here.

10 You know, there are so many things, you
11 know, vendors provide certain information, customers
12 provide information, and it's a matter of, as Jim
13 said, the sweet spot bringing it all together as came
14 up today. You know, some people say, oh only do DOD
15 EMALL and Advantage, others, you know, what is your
16 thoughts about keeping it open to all, you know, all
17 forms of fax, you know, not electronic?

18 FEMALE SPEAKER: On your panel is there
19 small business representation with the FSSI panel? Do
20 you know that?

21 MS. POSKANZER: Right now, I mean our panel
22 is really the Commodity Team, it's the Federal
23 agencies. So we haven't had involvement from the
24 vendor community as part of our working team.

25 MALE SPEAKER: As this the office supply

1 position team is at 26 Federal Plaza, could you
2 consider having that meeting in New York?

3 MS. POSKANZER: Well we could consider it.
4 We came here because we felt that there were more of
5 you in the Washington area, so we thought it would be
6 beneficial.

7 MALE SPEAKER: New York's a nice place
8 though.

9 MS. POSKANZER: We like New York too. But
10 you know, certainly that's a consideration as well, to
11 have it in New York.

12 MR. AKINKUOTU: Next time Minnesota.

13 MS. POSKANZER: We're going to wait for the
14 summer for that. Did you have a comment?

15 MR. LEW: Yeah. Hi, folks, my name is Ed
16 Lew, I am the official contracting officer that will
17 be releasing the RFQ solicitation for the BPA. And
18 I've heard your concerns today, and I understand your
19 concerns, and I also identify with your suggestions
20 and what you believe should be the best way to
21 effectively put out a successful BPA. My career has
22 been -- I mean I'm a new member to the MAS team here,
23 the Commodity Team. In the past I have done
24 procurements. I never used a purchase card, it is my
25 first experience listening to this.

1 And I know with purchase cards folks do buy
2 onesies and twosies, as Mr. Shea has expressed, most
3 of the folks will just go out and buy what they need
4 immediately. Even though I have used e-Buy, I have
5 also used GSA Advantage, I personally have felt that
6 GSA Advantage is not truly a competitive -- this is my
7 experience though, I don't know about everybody here.

8 I'm just going to say, I have also, and I believe the
9 competitive process does work, as most of you have
10 expressed.

11 That's the perfect environment for the
12 government to realize cost savings. I also believe
13 that we should employ ideas and innovative solutions
14 to reduce your costs that you folks experience based
15 on the business environment that you're with, and
16 hopefully you can pass along those savings to us.
17 Having said that, I hope the RFP that I do put out
18 does encourage that.

19 So when it does come out, I encourage you
20 folks to also provide me comments of the RFP when it
21 does come out and tell me, and I'm welcome to
22 suggestions, to express what you feel works and what
23 does not. Because it is an open forum, an open
24 dialogue, and in order for the government to be
25 successful we need your help, okay?

1 MS. POSKANZER: And that's why we're here,
2 and balancing it with, you know, the needs of the
3 customers that you and we and our team, you know, all
4 serve. Were there any other questions from the
5 Commodity Team? Jeff, did you want to? Jeff Koses,
6 our program director in Washington, heads the whole
7 MAS program.

8 MR. KOSES: And let me also thank all of you
9 for the active participation, for the ideas.
10 Sometimes when we hear something we may overreact in a
11 direction, and for that reason I just had a couple of
12 quick clarifying questions to ensure that we
13 understood what you said but retain it in the
14 appropriate context. One of the things I heard over
15 and over was that there is significant cost difference
16 between the different ordering channels, that it's
17 much more effective for you all if we are ordering
18 online. Does that translate that we should look for a
19 different pricing structure and we should ask you for
20 one price for online and for a higher price for walk-
21 in, phone, fax, or other ordering systems? And I'm
22 looking for a quick consensus of the room of a yes no
23 on that type of question. Do we want one price or do
24 we want multiple prices?

25 MALE SPEAKER: First of all, as I say, one

1 price just because you're going to add complexity to
2 the transactions and to our database systems for a
3 type of transaction that really doesn't exist very
4 often. So it would be better for my company just to
5 eat the employment cost that the other transactions
6 would take because the volume of the transactions
7 would slip so low for me to maintain a separate
8 pricing structure would rather cost more.

9 MR. JEWETT: In addition, there's people
10 that place orders on DOD EMALL where we have to do
11 additional work beforehand in order to build carts for
12 them and other things like that. So oftentimes an
13 order even though it comes in online there's still
14 process work that's done for that order. So it's a
15 complex business.

16 MR. KOSES: Similar vein now but the same
17 basic thought, do we want to break apart the price if
18 there's different payment methods or are there areas
19 where we would want to break apart the price and have
20 something as a separate line item? I heard
21 transportation fairly clearly. Is there anything else
22 where we would want a separate line item based on
23 differences in ordering practices?

24 MALE SPEAKER: Credit card purchases I'll
25 round it up and say we pay 3 percent for credit card

1 purchases. I love EFTs, they work, I don't pay
2 anything for those when the government pays me, and
3 that's the issue. I have \$6,000 from a particular
4 agency that's probably five years old and I'm still
5 fighting that. So my payroll cost is a lot higher on
6 the EFT, so I'm happy to pay the 3 percent, it saves
7 me payroll positions, I don't have to chase that down.

8 MR. KOSES: Okay, I think I'm hearing the
9 room tell me that we want one price regardless of the
10 ordering channel and regardless of the payment
11 mechanism, is that correct? Is there disagreement?

12 FEMALE SPEAKER: Yes. Now I'm not going to
13 speak for the big guys, but I understand that really
14 they're one of the few left in the retail environment
15 or point of sale kind of environment, so maybe a
16 different price for them. However for somebody that
17 does offer a -- and retail environment could be
18 written in the RFP that if they offer that service as
19 part of a response to the RFP then they could be able
20 to bid on that. But if you don't offer it then it's
21 kind of a moot thing.

22 MR. KOSES: Okay, then just a couple of
23 other comments and some highlights from the day, some
24 things that I thought were particularly important.
25 There was a question about whether or not SBA is

1 involved or how we're considering small business. I
2 can tell you that we're having active conversations
3 with SBA that from the beginning of this acquisition
4 we have repeatedly asked ourselves, how do we ensure
5 that we have created opportunity through this vehicle
6 for small business?

7 There have been probably more conversations
8 about that than just about any other aspect. So while
9 we don't have an SBA member on the Commodity Council,
10 we have had many conversations with SBA and about the
11 role of small business, and you're going to see that
12 whatever we end up with, small business is something
13 that we consider essential. Somewhat off topic for
14 the immediate day but a clear source of concern from
15 many of you was how we're dealing with Trade
16 Agreements Act, that there seems to be a perception
17 that we have some chronic violators of TAA.

18 And that's something that we do have to have
19 some further conversations with, it's not today's
20 topic, but it is something that I know Judy and Susan
21 do pay a lot of attention to and we will have further
22 dialogue so see are there additional steps we should
23 be taking. And so with that let me turn it back to
24 Judy and say thanks to all of you.

25 (Applause.)

1 MS. POSKANZER: All right -- oh, Dan?

2 MALE SPEAKER: Judy and Jeff, I just wanted
3 to add that with these discussions about TAA, I would
4 also like for there to be a priority on discussions of
5 Ability One ETS. All the comments that were made
6 about TAA, you could substitute Ability One ETS in the
7 same arguments.

8 MS. POSKANZER: And that we do, you know, we
9 do put that same emphasis on, and again it can be as
10 challenging as you know, but we do, you know, address
11 that or we do try to address that. Dave?

12 MR. SHEA: Sorry, I just wanted one more
13 question, and it follows up on Jeff's question. If
14 you do offer one price regardless of the method of
15 ordering, okay, in the terms that there were a number
16 of questions and there are written questions about
17 point of sale discounts, one of the concerns,
18 particularly on the Hill, about the purchase card
19 program is that we in the government die the death of
20 a thousand cuts, and by that I mean we get quick buys
21 for what we need for relatively inexpensive items but
22 the individual prices for those things may be getting
23 so high.

24 And so if you have a good price online, if
25 someone's going to Advantage and, you know, they're

1 going through government ordering portal, right, and
2 let's suppose you have a brick and mortar store and
3 they walk in there to buy that same item, same
4 quantity, okay? Are your systems either today or are
5 they capable of recognizing that card as a government
6 card, because they have unique VIN numbers, okay,
7 unique VINs, and giving that same price to that person
8 regardless of the order process, can you do that
9 today?

10 FEMALE SPEAKER: Small business can. If you
11 walk into a retail environment, it's usually a locally
12 kind of retail environment, they can offer the same.

13 MR. SHEA: Because a scientist or a clerical
14 or a firefighter is not going to recite BPA numbers at
15 you.

16 FEMALE SPEAKER: No, but they can
17 acknowledge the credit card and maybe they, you know,
18 match the number with the agency that has decided to
19 use it.

20 MR. SHEA: So this is possible is what I'm
21 hearing?

22 MALE SPEAKER: Yeah, it's already done.

23 FEMALE SPEAKER: Yes.

24 MR. SHEA: How many are already doing it,
25 just regardless of the ordering vehicle you're giving

1 that exact same price to everybody, government
2 employees I should say, government card holders? Some
3 of you are already doing it, but for those who aren't,
4 you could do it is what I'm hearing, right?

5 MALE SPEAKER: Check.

6 MR. SHEA: Okay, thank you.

7 FEMALE SPEAKER: I know there are separate
8 web sites for some of the BPAs that GSA has
9 established. Why couldn't FSSI go to
10 www.fssi.GSA.gov?

11 MS. POSKANZER: Well, there is a FSSI isle
12 on --

13 FEMALE SPEAKER: But they switch back and
14 forth from that corner to the main --

15 MS. POSKANZER: Yes, it is a separate --
16 right now it is a separate isle that you have to be
17 registered, not just do a search, to go into the FSSI.
18 You know, and then of course different agencies then
19 have their own BPAs, there's Air Force Advantage and
20 there's VA Advantage and there's a variety of
21 different things. But what you're asking is why are
22 they separate, and is that the point?

23 FEMALE SPEAKER: Right.

24 MS. POSKANZER: Okay. And we are talking
25 about -- a lot of these issues that have come up with

1 Advantage we have been in discussion with the CI's
2 office who runs Advantage and addressing these certain
3 things that, you know, if anybody comes in and buys
4 that item that is also on a BPA that they should get
5 the BPA price, so these are discussions we're having.

6 David again?

7 MR. SHEA: You were asking why they're
8 separate or why they're different?

9 FEMALE SPEAKER: Yeah.

10 MR. SHEA: Why they do things different?
11 Okay, the reason -- I think schedules are some of the
12 most misunderstood things in the world, probably not
13 by people in this room but by a lot of other people.
14 Because -- you talked about commitment in this meeting
15 -- and it's a lot easier to price if you know how much
16 the customer has to spend, right? The challenge that
17 GSA has to balance when it does schedules is there's
18 generally no firm commitments from any customers to
19 buy things, right? Judy, am I telling stories?

20 MS. POSKANZER: No.

21 MR. SHEA: So, you know, we put these
22 agreements in place, and you know what, and some
23 people in here said anybody can beat GSA's schedule
24 price, yeah usually you can, and if you're a
25 knowledgeable buyer you understand what the schedule

1 represents. If you have a firm requirement, you know,
2 and even GSA tells this in the instructions of how to
3 use the schedules, if you have a firm requirement of a
4 quantity, a decent quantity, okay, contact the vendor
5 directly. GSA policy actually says, call the vendor,
6 fax them, you know, whatever it is. Use e-Buy --

7 MS. POSKANZER: e-Buy, yes.

8 MR. SHEA: I was heading there, Judy.

9 MS. POSKANZER: Yeah, thank you.

10 MR. SHEA: So, you know, those tools are
11 there today, you know, I think part of the issue is
12 are they being used well enough, are they understood
13 well enough, do they fit an environment where for
14 example you've got 276,000 card holders who are not
15 procurement professionals by and large, you know, does
16 that process operate? But what happens is that agency
17 has a sense of what they're going to spend, and they
18 think they can cause the merchants or the vendors to
19 sharpen their pencils to give them lower prices, and
20 that's why they end up with doing their own BPAs.

21 In some cases, to be honest with you, it may
22 be turf issues, it may just be control or ownership
23 issues or reporting or data issues that they might get
24 that they might not get elsewhere. But, you know, GSA
25 is committed to servicing these agencies, and I think

1 we're hearing another thing, is that you'd like fewer
2 of these vehicles that (a) you had to spend precious
3 B&B costs to get into, and then you have all this
4 diversity in terms of ordering where FSSI as it's just
5 made kind of gets lost in the mix, right?

6 FEMALE SPEAKER: Why do you think that, that
7 it gets lost?

8 MR. SHEA: How did FSSI get lost? I think
9 that's a tough question, but I guess I would respond
10 with a question, I would say, do we think
11 collectively, industry and government, that we
12 informed our customers about it and was there enough
13 information out there? I will tell you as a purchase
14 card holder myself, when I had to buy things for my
15 office I would go onto Advantage, I would look for the
16 items, I would check the prices, and I would also look
17 for the lowest price on Advantage, and then I would
18 order it.

19 And I would be doing like \$200 or \$300 worth
20 of office supplies, nothing exciting, pens, paper, you
21 know, stuff like that. I wouldn't necessarily look
22 for something that was FSSI, I would just look for
23 what was the best price, because I seldom had problems
24 with any of the merchants on GSA Advantage, they were
25 all reputable, they all delivered, and if I had a

1 problem they all wanted to help.

2 MS. POSKANZER: No, and we recognize that
3 there were challenges in marketing that first vehicle,
4 that commitments we had made to the vendors was not
5 carried out as well as it needed to be, and that's
6 certainly a big aspect as we go forth with this one,
7 and we want to be able to market a good product.

8 MALE SPEAKER: Also wanted to just chime in
9 on what he was saying is that, you know, when purchase
10 holders go out and buy something they're looking for
11 best value, you know, and that's what they're always
12 encouraged to do. And you know, lowest price is not
13 always it, you know, because we know that they can get
14 a cheaper price anywhere, even on GSA Advantage. But
15 you know, the astute buyers will come to us and say,
16 look, you know, you guys got a little higher, we like
17 doing business with you, can you drop your price a
18 little bit so that we can do it, you know?

19 So, well, we want to try to compete, we drop
20 our price a little bit so that we can, you know, do
21 business with them, it still benefits GSA, and we
22 still report the sale, you know, and that deal was
23 made, so the best thing for the customer is still
24 value, you know? Note the customer came to us and
25 said we want to buy it from you because we like the

1 way you do business, but we need you to drop your
2 price a little bit, and then that makes time for
3 another day.

4 MS. POSKANZER: Sure.

5 MR. LAU: Hi, I'm Jeff Lau of GSA, and I
6 just wanted to make some of my observations from the
7 day. You know, there's a lot of opportunities to
8 save, including, you know, maybe looking at what the
9 minimum order is, maybe a large minimum order will
10 help the vendors. Also trying to get the government
11 buyers to consolidate their purchases, just tied to
12 the minimum order. Looking into shipping and freight
13 alternatives, should we lump it up together, should we
14 have a separate ordering through electronic means as
15 well as using credit card as the main ways of payment.

16 And also some needs that we need to address
17 post-award. As Judy just mentioned, marketing. We
18 definitely do need to market these vehicles to
19 agencies and also, you know, although not necessarily
20 make it mandatory, obtaining some kind of inventory of
21 participating agencies. And I think we've got a lot
22 out of this meeting, there's going to be a lot of
23 discussion points that we're going to bring up with
24 our Commodity Team and hopefully this next generation
25 of FSSI, you know, we can implement all those concerns

1 and make it better.

2 MS. POSKANZER: All right, do we have any
3 last questions, any last issues, comments? All right
4 then, I guess we're done for the day. I very much
5 want to thank you for your time and your opinions, and
6 like I said if you have more insight or more
7 commentary please feel free, there's the FSSI email
8 address that was in the invitation, you can email it
9 to me or Hassan. You know, maybe we'll come back out
10 to you with some questions, you know, and hopefully I
11 presume you'll be open to, you know, hearing from us
12 again. So I expect that we will be in discussion some
13 way or another with you as an entity over the course
14 of time here as we go forth. Thank you very much.

15 All: Thank you.

16 (Whereupon, at 3:35 p.m., the hearing in the
17 above-entitled matter was concluded.)

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HEARING DATE: January 13, 2010
LOCATION: Washington, D.C.

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the General Services Administration.

Date: January 13, 2010

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