



INSIGHTS FROM THE BDO GOVERNMENT CONTRACTING PRACTICE

GSA'S CONSOLIDATION SCHEDULE – WHAT YOU NEED TO KNOW

By Larry Allen, BDO

The General Services Administration (GSA) has met their October 1st goal of requiring all new Multiple Award Schedule (MAS) offerors to use a new, consolidated Schedule solicitation to obtain a Schedule contract.

The agency released a notice on August 29th stating that the new solicitation, along with accompanying information such as a Significant Changes document, will be available on FedBizOpps on that date. While GSA intends for the simplified solicitation to make the lives of both contractors and contracting officers easier, only time will tell whether having a unified solicitation creates a level playing field or makes it difficult for some companies to do business in a consolidated Schedules world.

GSA'S THREE-PHASE APPROACH

GSA has publicly announced a three-phase program through which they will consolidate MAS contracts:

- ▶ Phase I is the issuance of a new, unified Schedule solicitation.
- ▶ Phase II is the mass modification of existing Schedule contracts. The new terms and conditions of the unified solicitation will be sent to existing contract holders as a modification that they are intended to sign and return to GSA. After that, and unless other steps have been taken (see below), each Schedule contract will contain identical terms and conditions.

- ▶ Phase III is the consolidation of multiple contracts currently held by a company into one unified agreement. In addition to the standard set of terms and conditions, this phase will also further promote the elimination of the existing Schedules Special Item Number (SIN) taxonomy, through which sub-parts of Schedule contracts are organized. The SIN taxonomy will be replaced with a system based on North American Industrial Classification System (NAICS) codes. GSA believes this approach will make Schedule contracts easier to use, especially by Department of Defense customers who are already familiar with the NAICS standard.

THE BENEFITS OF STREAMLINING

The consolidated solicitation gets rid of multiple contract clauses that had been used to define contract specifics like lease and delivery terms, small business plan requirements, and the Economic Price Adjustment Clause. As part of the consolidation process, GSA acknowledged, for example, that there were over 17 different formal Economic Price Adjustment Clauses in use. Eliminating obsolete contract clauses from Schedule contracts and ensuring that contractors have a certain set of terms and conditions in common should be positive outcomes. Contractors, GSA contracting officials, and customers will be able to point to a common contractual foundation that should make users more confident in buying from Schedule contracts and enable a more streamlined process for managing those contracts.

ONE SIZE DOES NOT FIT ALL

GSA is reducing the number of Schedule contracts from 24 to one. That reduction cuts across multiple service market segments, commodity-like commercial items, security equipment, hardware, and more. While some terms and conditions can be the same for each of these, it is undeniable that the commercial world, on which Schedule pricing is based, does not buy each of these solutions the same way. As such, some flexibility will need to remain even after consolidation if Schedule contracts are to continue as viable ways for companies to reach their federal customers.

One potential concern is that GSA Contracting Officers (COs) will require strict adherence to the common terms in the consolidated solicitation. Experienced Schedule contractors know well that COs sometimes already default to standard rules, even when a good case can be made to adapt them for special circumstances. Adherence to standardized terms is perceived as low risk and is also a way to more quickly manage multiple offers, rather than acting on the exception requests of multiple contractors. It is likely that some of the first contractors requesting changes to the standardized terms will face an uphill battle that could delay the award of a new contract.

UNIQUE TERMS AND CONDITIONS

Many current Schedule contractors have negotiated specialized terms in their current Schedule contract. Carefully defining the circumstances under which the Schedule's Price Reductions Clause (PRC) is triggered is a leading example. Contractors want a precise and well-understood PRC trigger as a basis to develop a consistent management structure to ensure they remain in compliance. New and more generalized PRC terms may jeopardize current specially crafted agreements.

Current Schedule contractors will see the new terms in any offer they submit after October 1. The new terms may also be part of a Schedule renewal, or even a large-scale modification as COs work to get all of their contracts on common footing. As such, each company should carefully review the new solicitation and ensure that specialized terms can continue to be part of their own contract. Do not sign any new contract, modification, or extension until you have thoroughly read the terms and understand what your company is responsible for in terms of compliance. Your company worked hard to negotiate for tailored contract terms. Don't sign away those terms without fully understanding the risks and impact on your company's commercial and federal business.

CONTRACT CONSOLIDATION

Another concern among existing Schedule contractors is how and when GSA will consolidate their multiple Schedule contracts into one—the third and final phase of the consolidation project. GSA's ultimate intent is to have each company hold one contract that encompasses the full range of services and products they would like to offer through the MAS program. Companies with multiple Schedules are concerned about how this will be implemented. There are fundamental differences between how services and products are bought, and even service acquisitions can be unique depending on the specific needs of a customer agency.

It's likely that GSA placed this phase last due to these concerns, along with the logistics involved in consolidating as many as five or six different Schedule contracts into one. If the objective of simplifying the Schedules for use is to be reached, GSA will have to work carefully so that agency customers can continue to seamlessly find the solutions they need. This will be a key test of the NAICS tool. The agency is betting that it will be a more familiar and easily understood classification method than the current SIN structure.

Regardless, the contract consolidation phase will likely take some time, and both contractor and GSA internal management systems may need to be changed. While some contractors have a centralized contract management structure, most let each business unit manage its own contract. They may have little, if any, contact with other business units that hold Schedule

contracts. Similarly, in GSA's current structure, service contracts are handled in Auburn, Washington, while IT contracts are handled in Washington, D.C., Atlanta, Kansas City, and Forth Worth. Each region feels ownership for the contracts it currently manages. Ensuring that each business unit or GSA region buys into the consolidation process and supports it will be critical to the success of this phase.

THE BOTTOM LINE

GSA leadership already deserves praise for bringing this Schedules consolidation effort further along than any previous attempt. The agency seems to have the support of both internal and external stakeholders, as its Schedule Consolidation initiative is expected to be an overall benefit to contractors, GSA, and Schedule

customers, despite the risks. Consolidation may ease the process of finding solutions through a more familiar taxonomy compared to existing Schedule contracts. Some degree of common terms will also allow GSA to better manage contracts and enhance customer confidence. Contractors, however, should plan to participate in GSA's multiple training sessions. Thorough knowledge of new changes by all parties can help minimize any hurdles that may arise when the new terms come to your Schedule contract.

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