



**Contract Bundling
Report to Congress for
Fiscal Year 2018**

October 28, 2019

The Small Business Act (the Act) requires the U.S. Small Business Administration (SBA) to annually submit a report on contract bundling to the Committee on Small Business of the United States House of Representatives and the Committee on Small Business and Entrepreneurship of the United States Senate. Section 3 of the Act, 15 U.S.C. § 632(o)(1), defines “bundled contract” as “a contract that is entered into to meet requirements that are consolidated in a bundling of contract requirements.” Similarly, 15 U.S.C. § 632(o)(2) defines “bundling” as “Consolidating two or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small-business concern due to—

- (A) the diversity, size, or specialized nature of the elements of the performance specified;
- (B) the aggregate dollar value of the anticipated award;
- (C) the geographical dispersion of the contract performance sites; or
- (D) any combination of the factors described in subparagraphs (A), (B), and (C).”

Section 15 of the Act, 15 U.S.C. § 644(p)(4)(B), requires an annual report on contract bundling that should contain the following information:

- (i) data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by Federal agencies; and
- (ii) a description of the activities with respect to previously bundled contracts of each Federal agency during the preceding year, including—
 - (I) data on the number and total dollar amount of all contract requirements that were bundled; and
 - (II) with respect to each bundled contract, data or information on—

- (aa) the justification for the bundling of contract requirements;
- (bb) the cost savings realized by bundling the contract requirements over the life of the contract;
- (cc) the extent to which maintaining the bundled status of contract requirements is projected to result in continued cost savings;
- (dd) the extent to which the bundling of contract requirements complied with the contracting agency's small business subcontracting plan, including the total dollar value awarded to small business concerns as subcontractors and the total dollar value previously awarded to small business concerns as prime contractors; and
- (ee) the impact of bundling contract requirements on small business concerns unable to compete as prime contractors and industries of such small business concerns—including a description of any changes to the proportion of any such industry that is composed of small business concerns.

Section 15 of the Act (15 U.S.C. § 644(p)(5)) provides that SBA shall have access to information collected in the Federal Procurement Data System-Next Generation (FPDS-NG) and that the head of each contracting agency shall provide SBA with procurement information collected through existing data sources.

SBA evaluates the FPDS-NG contracting data using the FPDS-NG Bundling Report and requests a written report from each of the 24 Chief Financial Officers (CFO) Act agencies that provides the information required by 15 U.S.C. § 644(p)(4)(B) of the Act.

FPDS-NG and agency data sources do not currently contain sufficient information to quantify the extent to which bundling of contract requirements impacts the ability of small

businesses to compete as prime contractors or to compare the savings realized under an existing bundled contract with the potential savings that may occur if that bundled contract is re-competed in its current configuration. This report contains a summary of agency narrative reports that address the bundling data required by 15 U.S.C. § 644(p)(4)(B). Also included is the supplemental data on previously reported bundled contracts that were active in Fiscal Year (FY) 2017. FPDS-NG does not currently capture estimated savings at the transaction level, nor does it capture bundling that occurs overseas. The Federal Acquisition Regulation (FAR), in FAR 2.101, considers bundling to “not apply to a contract that will be awarded and performed entirely outside of the United States” that is at variance with the definition of bundling at 15 U.S.C. § 632(o)(2). FPDS-NG was revised in FY 2017 (V1.4 SP 33.0) to provide an improved capability for all agencies to identify bundled contract actions. However, FPDS-NG does not capture savings at the contract action transaction level and the agency narrative reports continue to be the only source of information on savings from bundling.

FISCAL YEAR 2018 RESULTS

In FY 2018, two (2) agencies reported bundling activities that totaled \$461,352,635 in ultimate dollar value. None of the reported bundling was identified as Mission-Critical or related to A-76 actions.

SBA sought the FY 2018 bundling data directly from all the 24 CFO Act agencies. One agency, the U.S. Agency for International Development (USAID), did not respond. Twenty-one agencies reported no bundling activity; three of these agencies initially reported bundling activity, but later amended their responses as follows:

- Department of the Treasury (Treasury) reported eight (8) actions in FPDS-NG, but, after review, found that these entries were in error. Treasury corrected some entries and are currently in the process of correcting the remaining entries.
- Department of Energy (DOE) reported five (5) actions in FPDS-NG, but after review, found that these entries were in error. DOE has corrected all entries in FPDS-NG to show no bundled contracts or delivery/task orders.
- Department of the Interior (DOI) reported three (3) actions in FPDS-NG, but after review found that these entries were in error. DOI has corrected two (2) entries and is currently in the process of correcting the last entry.

As mentioned above, two Federal agencies responded with the enclosed reports on their bundling activities that occurred in FY 2018. The Department of Defense (DOD) reported one bundled contract award in FY 2018 representing \$7,774,554 in ultimate dollar value with \$3,904,954 obligated in FY 2018. DOD also provided an update on one additional bundled contract award that was reported in FY 2016 and still active in FY 2018. The FY 2016 bundling contract represented a total of \$5,327,206 in obligated funds in FY 2018. Thus, overall, in FY 2018, \$9,232,160 was obligated through DOD bundled contract actions as included in Table 1 below and the DOD FY 2018 Contract Bundling Report in Enclosure 1.

The General Services Administration (GSA) reported one bundled contract representing \$412,116,578 in ultimate dollar value with \$41,293,329 obligated in FY 2018 as shown in Table 1 below and the GSA Fiscal Year 2018 Contract Bundling Report in Enclosure 2.

Table 1 below provides a summary of FY 2018 contract bundling activities for DOD and GSA.

TABLE 1.
Summary of Agency FY 2018 Obligations Against Bundled Contracts

Contracting Agency	Total Bundled Dollars Obligated in FY 2018	Ultimate Contract Value of Bundled Contract (Over Life of Contract)
DOD	\$9,232,160.00	\$49,236,057.00
GSA	\$41,293,329.00	\$412,116,578.00
TOTAL BUNDLED CONTRACTS	\$50,525,489 .00	\$461,352,635.00

The next section summarizes reports received from various Executive agencies.

SUMMARIES OF AGENCY REPORTS

U.S. DEPARTMENT OF DEFENSE: SUMMARY OF REPORT

Pursuant to 15 U.S.C. § 644(p)(4)(B) of the Small Business Act which requires SBA to prepare an Annual Report on Contract Bundling, the DOD Office of Small Business Programs (OSBP) submitted a report to SBA that describes the extent of the Department’s contract bundling for FY 2018 (Enclosure 1).

Based on a review of the data reported in the FPDS-NG along with each DOD component that reported such data, it was determined that DOD bundled one new contract in FY2018 and continued to make awards against one existing bundled contract previously reported in FY 2016. The new bundled contract reported in FY 2018 was a Defense Logistics Agency (DLA) requirement for the High Mobility Multi-Purpose Wheel Vehicle (HMMWV) parts at the Red River Army Depot (RRAD).

Additionally, DOD provided an update on a bundled contract award previously reported in FY 2016. Based on FPDS-NG data, the additional information DOD provided in its report, and the activity noted on a previously identified substantial bundling award not provided in the FY

2018 DOD narrative report, the bundling activity for one previously bundled contract is included in this report.

The information below and the attached the FY 2018 DOD bundling report in Enclosure 1 provides details regarding this contract and any associated justifications and impacts.

1. Data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by the DOD:

There were 51 small business concerns (SBCs) displaced by the DOD FY 2018 bundling actions across 13 North American Classification Systems (NAICS) codes. The numbers of small business contractors impacted by the DOD bundling activity in various NAICS codes are represented in Table 2, below.

TABLE 2.
Summary of Small Business Concerns Displaced
as Prime Contractors by DOD FY 2018 Bundled Contracts

NAICS Code	Number of Small Business Contractors Displaced
332510	1
339991	6
332510	7
332722	12
332999	3
336992	5
332991	2
333613	3
332994	3
336320	2
336390	3
332996	3
332911	1
TOTAL	51

2. Description of the activities with respect to bundled contracts of DOD during FY 2018:

- I. Data on the number and total dollar amount of all contract requirements that were bundled:

TABLE 3.
Summary of Active DOD Bundled Contracts in FY 2018

Contracting Agency	Procurement Instrument Identifier (PIID)	Estimated Total Value of Bundled Contract (Lifetime value of Contract)
DEFENSE LOGISTICS AGENCY (97AS)	SPE7LX18D0118	\$7,774,554.00 ¹
DEFENSE LOGISTICS AGENCY (97AS)	SPE7LX16D0125	\$41,461,503.00 ²
TOTAL		\$49,236,057.00

- II. The following attachments from the DOD report are incorporated as attachments to this report (Note: There was no attachment provided for the previously reported DLA contract identified in Table 1, however FPDS-NG shows obligations for FY 2018):

Attachment 1: Defense Logistics Agency – SPE7LX18D0118

Attachment 2: U.S. Transportation Command – HTC71117CD001³

¹ SBA could not reconcile the Total Ultimate Contract Value for the bundled contract with FPDS-NG data, SBA contacted DOD, but no explanation or report update was received as of the date of this contract bundling report.

² DOD did not report this FY2016 Contract on its FY2018 Contract Bundling Report, however there were new orders placed against this contract, which was previously reported as bundled in FY2018. SBA includes these orders here in accordance with Section 15(p)(4)(B) of the Small Business Act.

³ DOD reported this contract on its FY2018 Contract Bundling Report; however there were no FY2018 obligations on this contract. SBA does not include this contract in the summary discussion above because SBA includes only those bundled contracts with obligations, in accordance with with Section 15(p)(4)(B) of the Small Business Act.

GENERAL SERVICES ADMINISTRATION: SUMMARY OF REPORT

Pursuant to 15 U.S.C. § 644(p)(4)(B) of the Small Business Act which requires SBA to prepare an Annual Report on Contract Bundling, the GSA Office of Small Disadvantaged Business Utilization (OSDBU) submitted a report to SBA that outlined the extent of GSA's contract bundling for FY 2018 (Enclosure 2).

Based on the narrative report provided by GSA and a review of the data reported in the FPDS-NG, SBA determined that GSA bundled one new contract in FY 2018. The GSA new bundled contract reported in FY 2018 was PIID 47QFCA18F0108 for DLA for \$412,116,578 in ultimate dollar value.

1. Data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by GSA:

There was a total of two small business concerns displaced by the GSA bundled contract actions as represented in Table 4, below.

TABLE 4.

Summary of Displaced Small Business Concerns
as Prime Contractors by GSA FY 2018 Bundled Contracts

NAICS Code	Number of Small Business Contractors Displaced
541990	2

2. Description of the activities with respect to bundled contracts of GSA during FY 2018:

I. Data on the number and total dollar amount of all GSA contract requirements that were bundled are shown in Table 5.

TABLE 5.
Summary of Active GSA Bundled Contracts in FY 2018

Contracting Agency	Procurement Instrument Identifier (PIID)	Ultimate Total Dollar Value of Bundled Contract (Ceiling Over Life of Contract)
GENERAL SERVICES ADMINISTRATION	47QFCA18F0108	\$412,116,578.00

Savings from Bundling

While there is documentation of estimated savings in the pre-award acquisition planning to bundle or mitigate the impact of bundled contracts, currently there is scant documentation of the ability to capture and validate the cost savings realized in the initial award or through continued use of bundled contracts. DOD identified pre-award cost savings estimates and cost-avoidance savings estimates; however, DOD components were unable to identify cost savings realized or projected continued cost savings and indicated it was premature to provide a cost savings analysis. Similarly, GSA was unable to provide actual cost savings realized or projected to continue but intends to capture cost savings and continued cost savings through manual data collection.

SUMMARY

Bundled contracts and orders against bundled contracts activity, totaling \$50,525,489 in obligated FY 2018 funds, continued to be a small percentage of total Federal contract actions reported, representing 0.011% of the \$482,328,337,901 in Federal prime contract dollars obligated in FY 2018. DOD contract bundling for FY 2018 represents 0.002% of total Federal prime contract awards. According to DOD, DOD mitigated the impact of bundling through the use of set-asides, reserves and subcontracting plans.

GSA contract bundling for FY 2018 represents 0.009% of total Federal prime contract awards. According to GSA, GSA mitigated the impact of bundling on small business concerns through the use of small business set-asides.

Department of Defense
FY 2018 Contract Bundling Report for the
Small Business Administration



Office of Small Business Programs

Office of the Under Secretary of Defense for
Acquisition & Sustainment

December 2018

Section 15(p)(4) of the Small Business Act requires the Small Business Administration (SBA) to prepare an Annual Report on Contract Bundling. In support of that requirement, the Department of Defense (DoD) Office of Small Business Programs (OSBP) is submitting this report to the SBA providing details on the Department's contract bundling for fiscal year (FY) 2018.

Based on an extensive review of validated data from the *Bundled and Consolidated Contracts Report* in the Federal Procurement Data System-Next Generation (FPDS-NG), as well as communication with all DoD components, the Department reports only two bundled contracts for FY 2018, one from the United States Transportation Command (USTRANSCOM) and one from the Defense Logistics Agency. Both bundled contract reports have been verified as requested by the SBA and the information below provides details regarding these contracts and associated justifications and impacts. While The Defense Logistics Agency bundled contract reported in FPDS does not currently meet the threshold for substantially bundling, DoD OSBP has been informed by DLA that this is an undefinitized contract action with a not-to-exceed (NTE) amount of over \$8M. The contract action is not yet complete and the amount in FPDS-NG of \$4.2M is approximately half of the NTE amount. Once definitized, the contract is expected to exceed the \$8M threshold.

1. Data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by the DoD

NAICS	Number of SB Contractors
332510	1
339991	6
332510	7
332722	12
332999	3
336992	5
332991	2
333613	3
332994	3
336320	2
336390	3
332996	3
332911	1

2. Description of the activities with respect to bundled contract of the DoD

(I) Data on the number and total dollar amount of all contract requirements that were bundled

PIID	Contracting Agency	Total Bundled Dollars
SPE7LX-18-D-0118	DEFENSE LOGISTICS AGENCY	\$4,200,000.00
HTC71117CD001	USTRANSCOM	\$89,317,776.77

Details regarding the above DoD bundled contract are provided in the following attachments:

Attachment 1: Defense Logistics Agency – SPE7LX-18-D-0118

Attachment 2: USTRANSCOM – HTC711-17-C-D001

Summary

The Department of Defense recognizes the importance of minimizing contract bundling to avoid adverse impact to small businesses in the defense industrial base. Its ability to eliminate all but one bundled requirement in FY 2018 reflects the Department's dedication to fostering a healthy and growing small business industrial base. Preliminary data for FY 2018 shows that the DoD awarded \$71.1 billion in small business prime contracts, which represents 23.85% of all small business eligible DoD procurement dollars (\$298.0 billion). This exceeded the SBA-assigned goal for the DoD of 22.00%. The \$8.2 million in bundled contracts represents approximately .0028% of the total eligible DoD procurement dollars. The Department expects to surpass its small business goal for FY 2018 while eliminating almost every instance of bundling that excludes small businesses. The DoD will continue to implement bundling only when it is the best option in the interest of the Department and the Federal government, based on objective analysis and projected cost savings.

The involvement of Small Business Professionals throughout the acquisition process, including training contracting personnel and participating in acquisition strategy reviews, was critical to reducing the bundling of contracts harmful to small businesses.

The Department of Defense remains committed to providing maximum practical opportunities for small business participation in Department acquisitions. DoD small business and contracting professionals will continue to ensure that any contract under consideration for bundling is rigorously screened for benefit to the government versus impact on small businesses in the defense industrial base. All contracts that are ultimately bundled will have detailed required justifications provided.

Attachment 1: Bundled Requirement from FY18

Defense Logistics Agency – SPE7LX-18-D-0118

AM General (34623) Undefinitized Contract Action (UCA) Contract Bundling Report to Congress

1) Contract value and small businesses impacted.

PIID	Contracting Agency	Total Bundled Dollars
SPE7LX18D0118	DLA Land and Maritime	Not-To-Exceed (NTE) price of \$8,223,901

The NAICs for this unusual and compelling urgency award was 336120.

The table below shows the individual North American Industry Classification System (NAICS) codes and the number of small business suppliers that may have been affected.

NAIC	Number of Small Businesses
332510	1
339991	6
332510	7
332722	12
332999	3
336992	5
332991	2
333613	3
332994	3
336320	2
336390	3
332996	3
332911	1

Some of the same small business suppliers cross over different NAICS codes. In total, there are 36 different small businesses that have supplied these parts in the past 2 years.

2) Justification.

This UCA with AM General was to satisfy an urgent need for 47 parts required to sustain production for the M1151 High Mobility Multi-Purpose Wheel Vehicle (HMMWV) at the Red River Army Depot (RRAD) in support of the Afghanistan Army as part of the Foreign Military Sales (FMS) program.

Quantifiable financial benefits for this action do not meet the threshold in Federal Acquisition Regulation (FAR) 7.107-3(d)(1). Alternatively, the Army benefits from this contract by improved readiness and reduced down-time on the M1151 HMMWV production line. The expected benefits are critical to the agency's mission success, and the acquisition strategy provides for maximum practicable participation by small business concerns.

3) Savings realized or estimated.

The estimated cost avoidance over a single year using the UCA versus spot buys is potentially \$413,851.

4) Continued savings.

Since definitive materiel prices are unknown at this time, any actual cost avoidance will depend on the final negotiated materiel prices.

5) Small business subcontracting.

AM General provided a subcontracting plan for SPE7LX18D0118. The plan contains all required elements as well as positive small business goals.

Estimated Subcontracting Value: \$4,328,640

The percentage goal for utilization of Small Business Concerns is 93.2% of the total planned subcontract dollars.

6) Small business impact.

The total estimated value of the parts awarded to AM General that have been previously procured by small businesses is NTE \$4,643,603. After defeminizing prices, this dollar value may be lower.

In Fiscal Year (FY) 2017, the Government awarded approximately \$1,322,689 of these parts to small business concerns. In FY18, the Government awarded approximately \$9,205,096 of these parts to small business concerns.

Notwithstanding the bundled requirement, the value of DLA contracts with small businesses for the parts in question was significantly higher in FY18 than it was in FY17. This procurement does not change DLA's long-term acquisition strategy and the impact on small business and the industrial base is likely insignificant.

DLA will continue to support future needs for these parts through normal competitive procedures to preclude future shortages.

Attachment 2: Bundled Requirement from FY17

USTRANSCOM - HTC711-17-C-D001

(aa) the justification for the bundling of the contract requirements

Combining Information Technology (IT) service contracts, United States Transportation Command (USTRANSCOM) gains greater visibility and control, reduces confusion, consolidates tasks, synergize touch points between functions, and significantly reduces the time and resources spent managing several contracts providing similar/overlapping services.

The following quantifiable areas provide the anticipated savings over the life of the acquisition and provides an explanation for the need to bundle requirements.

- Task Order Management

A contractor can manage a group of related services within a bundled contract with a smaller total management staff than would be needed for separate management of those services through many small contracts. Similarly, the Government can reduce the personnel for contract oversight. The Government can avoid paying duplicate overhead expenses by shifting from many small contracts with multiple contractors to a single contract with one prime contractor. Reducing the number of personnel performing contractor oversight showed a cost savings of approximately \$865K over the life of the contract.

An additional benefit gave the greater flexibility of the contractor to quickly shift resources among services to meet emerging or emergency Government needs. This leads to a reduction in personnel turmoil, leading to improved performance for the Government.

- System Administration Support Consolidation

In USTRANSCOM's three contracts, we had personnel performing System Administration (SA) in each contract. This forced each contractor to maintain a staff of experienced and trained system administrators that were independent and created redundancy in capability.

Approximately 60% of SA work was being performed by the large business, due to the complexity of the work and proven pool of experienced, available resources. Consolidation allowed the contractor to take advantage of the skills that can be used across multiple task areas without having to maintain duplicate skill levels and training certifications. We had anticipated this change will allow the contractor to change the contract ratio of 3:1 Senior SA to Associate SA to a more cost effective 1:3 ratio.

A single consolidated contract made it easier to implement new technologies and change direction of how IT services are provided. This is due to having a single vendor and not having to get buy-in from the multiple vendors. The Government plans to introduce Cloud services and Platform as a Servicer (PaaS) as the way forward on how our IT services are provided. The Government expects to leverage the experience of one contract team versus three separate contract teams to make this transition.

Additionally, the contracting team anticipated our organization will mature more quickly with a consolidated contract versus the three contracts. This is due to having a common vision across all task areas working with the Government to provide improved IT service delivery. As we mature we expect to increase our system to SA ratio to an industry best practice of 40:1 (systems to SA). This will require identifying standards and reducing variation within the virtual environments and improve IT management practices. Thus enabling us to maintain fewer versions of operating system software and reduce the complexity in the environment. Currently, Unix/Linux is running about a 30:1 and Windows is at an 11:1 ratio. We expect to increase the server to SA Unix/Linux ratio to 40:1 over the life of this contract. We would like to achieve a Windows server to SA ratio of 40:1 but a more conservative goal of 20:1 is more feasible.

Based on these principles and goals, we calculated the cost of changing the ratio of senior administrators to associate administrators and the improvement of systems to system administrator ratio and we expect to save about \$8.1M in system administrator costs.

- Database Administration Consolidation

USTRANSCOM currently maintains four main database products/environments (i.e., Oracle, Microsoft SQL, Sybase and Teradata). Currently we maintain multiple versions of each product with no defined standards. The Government's goal is to provide Database as a Service (DBaaS) to the enterprise. This will require the contractors to implement and enforce standards to reduce variation in the environments and consolidate disparate instances of database management systems within the command. Maturing the database services will minimize the complexity and reduce the number of Full Time Equivalents (FTEs) with diverse skill sets to maintain these environments. Additionally, under one contract we anticipated the sharing of resources to change skill level ratio of Senior Database Administrators (DBAs) to Intermediate/Associate DBAs, at 11:1 to a more cost effective ratio of 8:3. We expected a minimum savings of \$1.2M over the life of the contract from these efficiencies.

- Security Operations Management Support

Duties performed related to intrusion detection cut across multiple contracts. As this function conforms to ITIL best practices, and consolidates activities under a single contract we predict to see better performance to both internal/external customers. Additionally, we will eliminate about .5 FTE at a cost of \$295K over the life of the contract and gain efficiencies and effectiveness related to cyber security.

- Risk Management Framework

The Engineering Support Task and Test Center Task requires testing of USTRANSCOM software/hardware. The Test Center is focused on functional and integration testing, while the Engineering Support Task is focused on security testing. Because both types of testing are required, there is duplication of effort in the hands-on testing activities. Consolidation changes focus on improved quality, business efficiencies, and eliminating gaps and duplication.

The alignment of some functions to the new Test and Assessment task eliminates duplication of work. Realigning the hands-on testing portion of the Engineering Support Task to the new Test

and Assessment Task is anticipated to reduce the required level of effort on the lines of one (1) FTE at a cost of \$738K over the life of the contract.

Functions performed under the Engineering Support Task are realigned to Security Auditing, Configuration, and Vulnerability Management Activities Support and to the new Test and Assessment task as identified by industry best practices. Integration of the auditing functions will provide USTRANSCOM with a better depiction of the security posture of its systems/networks.

Certification and Accreditation package development is realigned under the Risk Management Authorization area to better align to an ITIL construct to eliminate gaps. Authorization actions were performed under two different contracts resulting in a higher quality of support based on industry best practices and eliminated gaps in package development.

Calculation methodology was based on comparing status quo costs associated with a task/function to the projected consolidated costs. Based on what we identified above in expected savings USTRANSCOM identified a new cost associated with projected benefit. These savings projections are based on a successful, fully implemented business practice within the IT environment. Though all of the savings may not be fully realized in the first couple of years after contract start, we anticipate achieving total savings by end of the contract.

(bb) the cost savings realized by bundling the contract requirements over the life of the contract

PREVIOUS

CONTRACT/TASK ORDER	CONTRACTOR	NAICS	VALUE
HTC711-11-F-D038	RX JOINT VENTURE	NAICS on CAR: 541512	\$18.9M
HTC711-11-F-D051	AGILE DEFENSE	NAICS on CAR: 541512	\$56.0M
W91QUZ-07-D-0001-6S02	HARRIS IT SERVICES	NAICS on CAR: 517110	<u>\$52.4M</u>
			\$127.3M

CURRENT CONTRACT	CONTRACTOR	NAICS	VALUE
HTC711-17-C-D001	JACOBS	NAICS on CAR: 541513	\$92.6 (est)

Based on a comparison between the former contracts and the new ITSM contract, early indications suggest that there is an approximate \$34.7M cost avoidance in bundling. While the current contract is in its early stages, this is the best determination. These figures are not necessarily reflective of work that was removed from or added to the latest contract. However, the majority of the work is inclusive of this bundled requirement.

(cc) the extent to which maintaining the bundled status of the contract requirements is projected to result in continued cost savings

BENEFITS CALCULATION METHOD

USTRANSCOM’s Command, Control, Communications, and Cyber System Directorate (TCJ6) examined the various areas that would generate savings by instituting this transformational initiative. The greatest efficiencies realized are in the specific areas of: Task Order Management, System Administration Support, Database Administration, Risk Management Efficiency and Security Operations. Based on our analysis in these areas, USTRANSCOM computed an anticipated cost savings of approximately \$11.2M over the life of the contract.

Figure 1. Task Cost Comparison summarizes those cost savings.

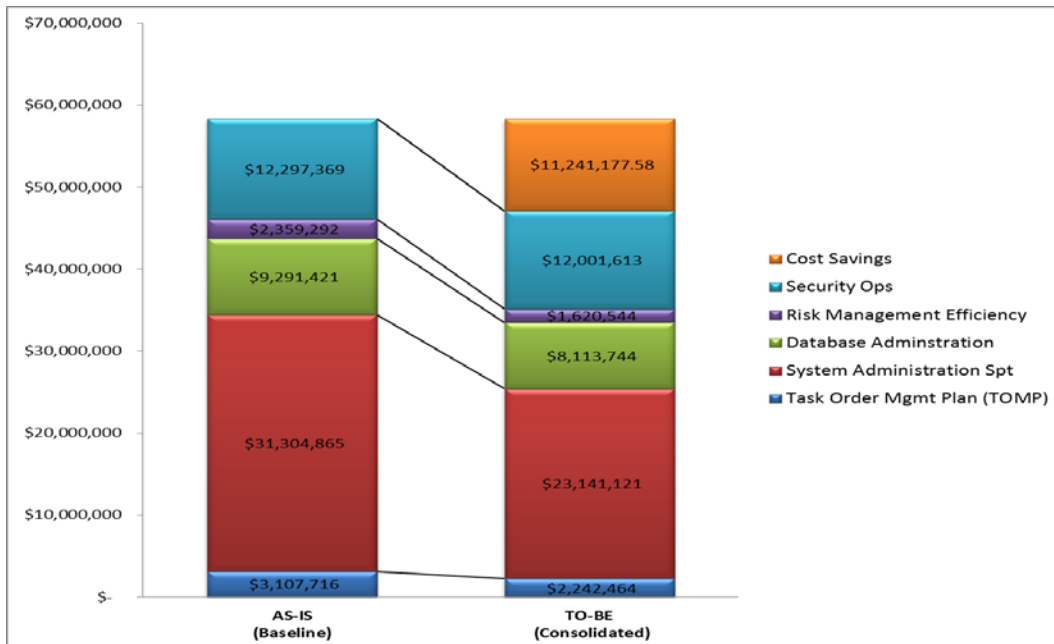


Figure 1

When the Government bundles related services, the suppliers are able to reduce the number of personnel needed to provide those services through the use of multi-skilled, or cross-trained, technicians who can perform other jobs when their primary specialties are not needed.

The consolidated approach will net a reduction of 21,478 labor hours in contractor support required to provide the same or better level of support as do the three single contracts.

Bundling multiple services at a site rather than contracting for them separately, the supplier performs those services using fewer personnel because it needs a smaller pool of “filler,” or backup, staff during work breaks, vacations, or sick days. A good example is combining IT Operations Management and Service Desk into a 24x7 work center to perform after hours Service Desk functions. IT Ops Management and Service Desk tasks were under two separate

contracts and we were unable to share these resources efficiently. The provider employed enough people in each work center to fill each qualified position full time, as needed. By consolidating, this enabled shared resources between IT Ops Management and the Service Desk. The Government potentially saves an estimated \$750K over the life of the contract. Given what is known today, the estimated savings captures tangible benefits vice intangible benefits over the life of the proposed contract.

Based on the successful contractor's proposed approach and pricing, the cost avoidance increased, based on today's projections, to \$34.7M.

(dd) the extent to which the bundling of contract requirements complied with the contracting agency's small business subcontracting plan, including the total dollar value awarded to small business concerns as subcontractors and the total dollar value previously awarded to small business concerns as prime contractors

As identified in the USTRANSCOM Bundling Analysis, conducted in 2015, it was determined the entire requirement for IT service support would be procured under a single contract. The complexity and diversity of the contract's requirements, and its size and aggregate dollar amount, was unsuitable for award to a small business. The Contracting team conducted thorough market research and issued a Request for Information (RFI) that resulted in the determination that no small business (there were 41 documented responses to the RFI) was entirely capable of handling the volume and scope of the ITSM Enterprise Support effort. At contract award, the total estimated dollar value to be conducted by small business is \$35,721,914 (of \$89,317,777 total value). Two of the three contracts consolidated by the new ITSM Contract were awarded to small businesses. Total value of these contracts, inclusive of any/all extensions to contract are identified below:

RX JOINT VENTURE, LLC - Total Contract Value: \$18.9M

AGILE DEFENSE, INC - Total Contract Value: \$56M

While the Department of Defense goal for subcontracting is 34.5% (for FY16), as assigned by SBA, USTRANSCOM identified a 40% goal for subcontracting in the Request for Proposal. In their most recent eSRS reporting, Jacobs, prime contractor showed they exceeded their small business goal of \$3.868M, claiming \$4.032M in small business dollars. USTRANSCOM will continue to monitor Jacobs' performance as they continue to work on improving their commitment to goals set for those areas in which they met, but specifically for those they did not meet as identified below:

- WOSB
- HUBZone SB
- VOSB SDVOSB

(ee) the impact of the bundling of contract requirements on small business concerns unable to compete as prime contractors for the consolidated requirements and on the industries of such small business concerns, including a description of any changes to the proportion of any such industry that is composed of small business concerns.

While USTRANSCOM did a full review of all capable vendors, it was determined that no small business capability existed to support a set-aside for full support. Taking DoD small business goals and USTRANSCOM small business goals into consideration, the Government laid out a plan to capture small business participation. As a result of these goals, and as stated in the RFP and the resultant plan incorporated into the contract now awarded to Jacobs, the following Subcontracting Goals are being tracked by USTRANSCOM Contracting Officer.

The impact on the specific small business concerns impacted cannot be determined yet, but DoD and USTRANSCOM will continue to monitor this in future years. Using only the information reported in www.sam.gov, the following is a comparison of the metrics pulled from the Contract Action Report (CAR) at the original time of award of the identified contract/task order to the last CAR performed:

PREVIOUS CONTRACT/ TASK ORDER	CONTRACTOR	# of REPORTED EMPLOYEES (original¹/final²)	REPORTED ANNUAL REV (original/final)
HTC711-11-F-D038	RX JOINT VENTURE	150/20	\$1 / \$14.067M
HTC711-11-F-D051	AGILE DEFENSE	85/94	\$7.045M / \$9.488M

The current Contracting Officer recently monitored industry impact by reviewing the DoD dollars awarded under the North American Industry Classification code (NAICS) 541512. In Fiscal Year (FY) 16 (1 October 2015 – 30 September 2016), DoD awarded \$2.7B in the NAICS code. This number was compared to the total dollars awarded to small business concerns from transition period beginning on 1 March – 30 September 2017 which resulted in \$5.3B. To date of review, results do not indicate a negative impact for small business concerns under NAICS 541512.

NAICS	Fiscal Year	SB Awarded	DoD SB Eligible	SB Performance
541512	2016	\$2,667,934,827.09	\$13,075,045,246.78	20.40%
541512	2017 (1 Mar – 30 Sep)	\$5,303,089,594.63	\$17,622,312,930.63	30.09%

¹ Based on the CAR information provided on the original task order award (circa 2011/12)

² Based on CAR information from the last modification executed against the task order (circa 2017)

U.S. General Services Administration
Fiscal Year 2018 Contract Bundling Report

In accordance with Section 15(p)(4) of the Small Business Act – Annual Report on Contract Bundling, the General Services Administration (GSA) provides the following summary of information for FY 2018:

In FY 2018, GSA awarded one (1) bundled contract, PIID 47QFCA18F0108, Regional Analytic Production Task Order (RAPTOR) on behalf of the Defense Intelligence Agency (DIA). The total contract award amount is \$412,116,578.00.

(i) data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by Federal agencies; and

Two small business concerns were displaced as prime contractors under NAICS Code 541990 as a result of the award of the one bundled contract. Please note, one of the small businesses held one award while the other small business held five awards of the contracts bundled under this action.

DIA	Task Order Number	Contract Type	Company	Size	All Source Intel	NAICS Code	Period of Performance	Total Ceiling Value
APRC	HHM402-12-D-0012-0009	T&M	Cyberspace Solutions	SB*	Yes	541990	9/28/16 – 9/27/18	\$11,197,164.00
DRI	HHM402-152-D-0009-0004	T&M	Buffalo Group	SB*	Yes	541990	3/1/15 – 2/28/20	\$8,617,033.60
DRI	HHM402-12-D-0009-0005	T&M	Buffalo Group	SB*	Yes	541990	8/3/15 – 8/2/20	\$8,000,432.00
MARC	HHM402-12-D-0009-0009	T&M	Buffalo Group	SB*	Yes	561499	9/1/16 – 8/31/18	\$2,660,176.00
MARC	HHM402-12-D-0009-0002	FFP LE	Buffalo Group	SB*	Yes	561410	8/15/13 – 8/14/18	\$21,136,505.06

DIA	Task Order Number	Contract Type	Company	Size	All Source Intel	NAICS Code	Period of Performance	Total Ceiling Value
MARC	HHM402-12-0009-0006	T&M	Buffalo Group	SB*	Yes	541930	9/17/15 – 9/16/20	\$13,884,720.00
Existing SB Task Orders Total Ceiling Value*								\$65,496,030.66

(ii) a description of the activities with respect to previously bundled contracts of each Federal agency during the preceding year, including-

(I) data on the number and total dollar amount of all contract requirements that were bundled;

In FY 2018, GSA awarded one (1) bundled contract, PIID 47QFCA18F0108, Regional Analytic Production Task Order (RAPTOR). The requirement was awarded by GSA on behalf of the Defense Intelligence Agency. The awarded total was \$412,116,578.00.

DIA	Task Order Number	Contract Type	Company	Size	All Source Intel	NAICS Code	Period of Performance	Total Ceiling Value
ADO	HHM402-12-D-0008-0004	T&M	BAH	OTSB	Yes	541990	8/3/15 – 8/2/20	\$49,972,834.39
AMRC	HHM402-12-D0016-0004	CPFF	Leidos	OTSB	Yes	541611	9/30/15 – 9/29/20	\$21,595,347.00
AMRC	HHM402-12-D0016-0003	CPFF	Leidos	OTSB	Yes	541611	4/1/15 – 3/31/20	\$24,892,842.00
APRC	HHM402-12-D-0012-0009	T&M	Cyberspace Solutions	SB*	Yes	541990	9/28/16 – 9/27/18	\$11,197,164.00

DIA	Task Order Number	Contract Type	Company	Size	All Source Intel	NAICS Code	Period of Performance	Total Ceiling Value
APRC	HHM402-12-D-0015-0004	T&M	Mission Essential Personnel	OTSB	Yes	541690	7/13/15 – 7/12/20	\$47,740,335.80
DRI	HHM402-152-D-0009-0004	T&M	Buffalo Group	SB*	Yes	541990	3/1/15 – 2/28/20	\$8,617,033.60
DRI	HHM402-12-D-0009-0005	T&M	Buffalo Group	SB*	Yes	541990	8/3/15 – 8/2/20	\$8,000,432.00
EERC	GSC-QF0B017-33149	CPFF	BAH	OTSB	Yes	541990	9/23/17 – 9/22/18	\$63,185,399.00
EPD	HHM402-14-F-0213	T&M	BAH	OTSB	No	541990	9/30/14 – 4/30/19	\$57,703,800.21
MARC	HHM402-12-D-0009-0009	T&M	Buffalo Group	SB*	Yes	561499	9/1/16 – 8/31/18	\$2,660,176.00
MARC	HHM402-12-D-0009-0002	FFP LE	Buffalo Group	SB*	Yes	561410	8/15/13 – 8/14/18	\$21,136,505.06
MARC	HHM402-12-0009-0006	T&M	Buffalo Group	SB*	Yes	541930	9/17/15 – 9/16/20	\$13,884,720.00
MARC	HHM402-12-D-0007-0005	T&M	BAE Systems	OTSB	Yes	541990	9/24/14 – 9/23/19	\$50,268,427.80
		Existing OTSB Task Orders Total Ceiling Value						\$315,358,986.20
		Existing Task Orders Total Ceiling Value						\$380,855,016.86

and

(II) with respect to each bundled contract, data or information on-
(aa) the justification for the bundling of contract requirements;

This efficient and cost-effective approach combined and streamlined the requirements, which enabled DIA to be better postured to adapt to situations across the globe as they appear. Instead of the previous piecemeal approach, this comprehensive approach focuses on the requirements to produce strategic all-source intelligence products without being limited to the particularities of an office or urgent crisis. RAPTOR's best value source selection approach generated overall cost savings, even though the labor rates increased to ensure the needed level of expertise and stable retention of contractor support for the RAPTOR requirements. The risks associated with unsuccessful contractor performance are significant. There is substantial value, need, and willingness to pay for higher performance or quality. This approach gives DIA greater flexibility to customize support for each region/subject matter, as the global environment changes without the need to undertake repeated solicitations. The previous approach did not provide the needed expertise and flexibility for this critical area of national security.

(bb) the cost savings realized by bundling the contract requirements over the life of the contract;

This requirement was awarded on August 7, 2018. This information is not yet available.

(cc) the extent to which maintaining the bundled status of contract requirements is projected to result in continued cost savings;

This requirement was awarded on August 7, 2018. This information is not yet available.

(dd) the extent to which the bundling of contract requirements complied with the contracting agency's small business subcontracting plan, including the total dollar value awarded to small business concerns as subcontractors and the total dollar value previously awarded to small business concerns as prime contractors; and

Data on the total dollar value awarded to small business concerns as subcontractors and the total dollar value previously awarded to small business concerns as prime contractors under this Task Order (TO) is currently unavailable. The contractor is not required to provide this information until March 2019 via the Electronic Subcontracting Reporting System (eSRS). Per the FAR, contractors that have a subcontracting plan in place are required to report this information twice a year (March 30 and Sept 30) via eSRS. The contractor was not required to submit a report in eSRS on the September 30 deadline due to the award transition period. Subcontractors did not perform work until after the September 30 deadline. Subcontracting will be monitored in the Award Fee Determination Plan (AFDP) and the Government intends to include performance incentives tied to small business subcontracting as a part of the RAPTOR AFDP. DIA's subcontracting goals are provided below for informational purposes only. Small business subcontracting is expected to be used to the maximum extent practicable.

- Small Business: 34.5%
- Small Disadvantaged Business (SDB): 5%
- Women-Owned Small Business (WOSB): 5%
- Historically Underutilized Business Zones (HUBZone): 3%
- Service-Disabled Veteran-Owned Small Business (SDVOSB): 3%

(ee) the impact of the bundling of contract requirements on small business concerns unable to compete as prime contractors for the consolidated requirements and on the industries of such small business concerns, including a description of any changes to the proportion of any such industry that is composed of small business concerns.

This acquisition does meet the definition of bundling as defined in FAR 2.101 because the Government consolidated two or more requirements that were previously performed under separate smaller TOs into a solicitation for a single TO that is unsuitable for award to a small business concern.

Six of the 13 current TOs being consolidated were awarded to two small businesses at the time of award. Neither of the small business awardees is currently still a small business. This acquisition is not suited for a small business. The results of the market research did not find any small businesses capable of fully performing the requirements. Only one out of 13 small businesses indicated the capacity to provide this type of support and that business did not meet the security requirements for RAPTOR. This is consistent with fact that neither of the two small businesses on the existing TOs is currently a small business. Small businesses are not being displaced by consolidating these requirements. Market research indicated that garnering competition among small businesses for these requirements is unlikely. Lastly, the aforementioned small business that did indicate a capability in this area in its Request for Information (RFI) response is currently a subcontractor to the prime, which supports the Government's conclusion that providing maximum practicable participation by small business concerns for the RAPTOR requirements is best addressed through incentivizing subcontracting. The Government's decision to use the OASIS contract vehicle will have minimal impact on small business as no current small business is displaced at the prime level. The Government intends to incentivize subcontracting requirements for maximum practicable participation by small business concerns.

Based upon the market research conducted and RFI responses, there were no small businesses able to perform on the full DIA requirement. Based on the results of the RFI, the specific impediments to small business participation were as follows: a) no corporate experience with a TO similar in size, scope, and complexity to the RAPTOR requirements, b) no, or inadequate technical expertise with the RAPTOR requirements, and c) no, or few, appropriately cleared personnel to perform the requirements.