

# GSA's Networx: Acquisition Best Practices

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Pending Networx contracts represent the largest telecommunications and networking services acquisition ever attempted. They are a study in how to conduct a large-scale acquisition.

The General Services Administration's (GSA's) Federal Acquisition Service is responsible for many of the largest acquisition contract programs that government agencies use. Among its most noteworthy programs are those providing telecommunications services to the government. FTS2001, for example, is a long-distance telecommunications services program that has been in place since 1998. Although the program has been highly successful, its contracts are nearing expiration and will be replaced with Networx ([www.gsa.gov/networx](http://www.gsa.gov/networx))—potentially the largest telecommunications and networking acquisition program in history. GSA estimates that over its 10-year life, Networx contracts could provide up to \$20 billion in services.

The program is ambitious in both size and scope, aiming to support the full range of telecommunications and networking needs that federal government agencies are likely to face over the next decade. Its focus is the communications infrastructure that underlies government operations. By establishing common service definitions, technical standards, and performance metrics for government-wide service delivery, it sets the stage for more effective communication and data sharing among government entities. By leveraging the combined buying power of hundreds of federal agencies, it aims to establish contracts with highly competitive fixed prices that will maximize the effective use of government resources.

GSA has had to address many challenges to firmly set the foundation for the Networx program. To begin with, the target communications technologies and services are in

a continuing state of flux, with older solutions still in use while government agencies grapple with their ongoing conversion to Internet Protocol (IP) based communications. Demands for higher and higher bandwidth (communications capacity) and anywhere-to-anywhere connectivity are driving increased use of newer optical and wireless technologies. Traditional distinctions between communications infrastructure and applications are also blurring, as more and more functions previously carried out locally become available over the network. Solutions must include the most current security features and services to ensure a secure government operating environment. Further exacerbating GSA's challenge is the ongoing restructuring of the communications service provider industry, with mergers, acquisitions, and partnerships creating an ever-shifting set of potential suppliers.

As a result, the Networx acquisition program is a massive undertaking that has already spanned many years and involved many stakeholders. Noblis has supported this program from its inception, contributing expertise, tools, and facilities to assist GSA's efforts in everything from market research, strategy development, and requirements analysis through request for proposal (RFP) preparation, secure communications systems and evaluation environments, and proposal evaluation, and into post award operations planning. One of Noblis' more significant contributions is the Networx Hosting Center (NHC), a secure proposal management system that establishes a new standard for Web-based generation and submission of complex proposals.

To accommodate the program's scale and complexity, the Networkx team has had not only to apply the best of current acquisition practices, but also to establish new benchmarks in automated acquisition support.

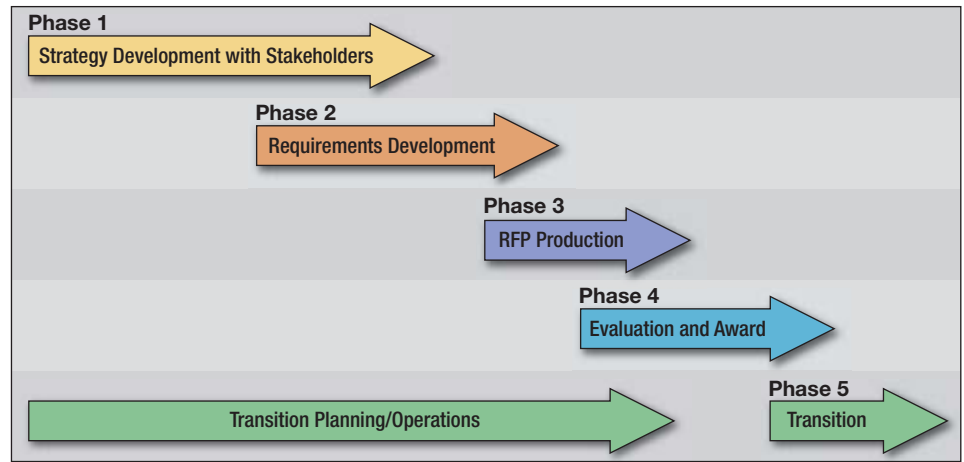
## Following the first principle

The articles in this issue of *Sigma* emphasize the need to plan for program success, not just the competition for award. Networkx serves as an excellent example of how organizations can implement the principles and practices in this bigger acquisition picture. As Figure 1 shows, GSA-defined phases of the Networkx acquisition parallel the five-stage acquisition model that this issue endorses. The figure underlines the first principle for any acquisition team: Always look beyond the award competition to the program as a whole.

GSA's planning for transition and operations has been ongoing since the acquisition's concept stage. GSA knew from the beginning that its agency customers would expect its assistance during the transition from FTS2001 to Networkx as well as during program operations. It knew, for example, that each agency would need a full and accurate inventory of that agency's use of current FTS2001 services to make the transition easier. It also knew that agencies wanted to minimize their own costs for ongoing contract administration. As a result, GSA initiated an ongoing dialogue to define and address agency expectations and to facilitate planning for the new program. This dialogue influenced the initial strategy formulation and is continuing as GSA prepares the tools and processes that it and its customers will use for the life of the program.

## Communicating for consensus

Figure 2, an historical perspective of Networkx development and execution, shows the time and effort that might be required to establish a large, complex acquisition program. After initial study and outreach to its federal agency customers, GSA went public with the program in June 2003, publishing a list of initial goals and strategy elements that it had generated in

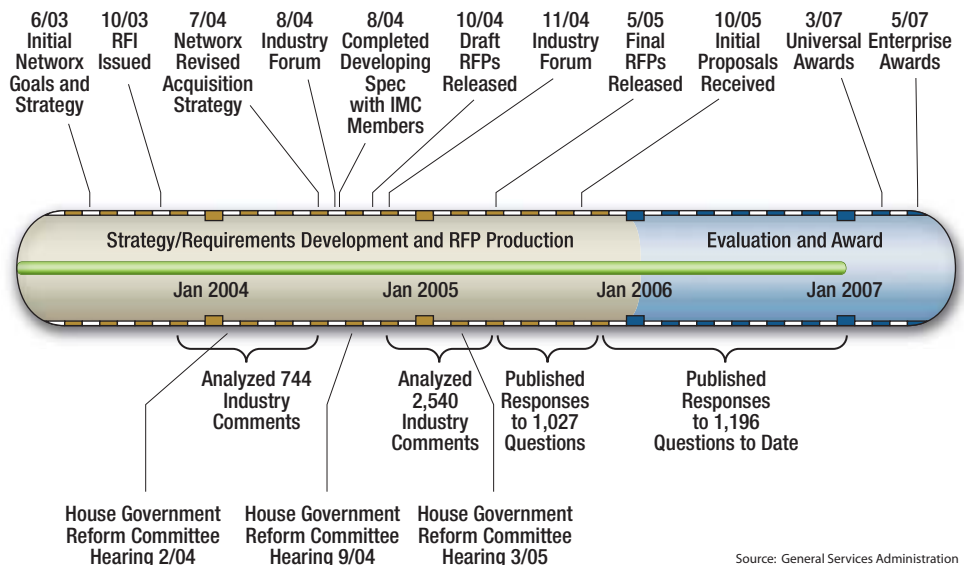


Source: General Services Administration

Figure 1. Five phases of Networkx. Planning for post award activities has been going on in parallel with the first four phases. Such foresight is a good example of the first principle for any acquisition strategy: Support program success, not just award competition.

collaboration with the Interagency Management Council (IMC), a standing group comprising government agency users of GSA contract programs. Nearly two years of intense communication and consensus building followed, involving user, industry, and oversight stakeholders in finalizing the acquisition strategy, completing requirements planning, and producing the draft and final RFPs. Evaluation for award began in October 2005.

Figure 2 gives a flavor of the scrutiny that a large government-wide acquisition can attract and the complexity and effort required to achieve consensus among diverse stakeholders. Between the initial publication of the program goals and the release of the final RFPs almost two years later, GSA issued a request for information, revised its initial strategy, issued draft RFPs, held two industry forums, received and analyzed more than 3,200 industry



Source: General Services Administration

Figure 2. Networkx evolutionary timeline. Because of its size and value, the Networkx program has been the subject of intense scrutiny by diverse stakeholders. The points on the timeline show the importance and complexity of stakeholder communication and consensus in a major acquisition program.

comments, and participated in three Congressional hearings. Communication with agencies and responses to offeror questions have continued throughout proposal evaluation to ensure that the evaluation process clearly reflects the government's requirements and the program's goals.

## Setting customer-centric goals

As the sidebar "Networx Program Goals" indicates, an exceptional aspect of Networx is its commitment to customer priorities. Networx addresses user requirements for 52 network services, as well as desired program operations characteristics—all within the context of an evolving marketplace. The services span the range of telecommunications technologies and network-based applications necessary to serve government requirements over the program's projected 10-year lifespan. GSA's customers also expect the Networx program to provide the flexibility to tailor technology solutions to their individual needs, and to order anything from a few specific line items to major multiyear projects. Some agencies expect to buy and manage their own networks, while others prefer to outsource their network operations. All require transition and operations support and performance-based service delivery. As Figure 3 shows, GSA had to accommodate all these requirements in the Networx acquisition strategy.

## Establishing multiple competitions

The eight consensus goals in the sidebar are based on GSA's keen understanding of both its users and the larger environment in which the acquisition is carried out. As noted in "Crafting Acquisition's Foundation" on p. 13 of this issue, this understanding is a key requirement in forming a successful acquisition strategy. GSA's acquisition leadership team understood early in strategy development that they could not satisfy all the program's goals in a single competition. Although they could design common elements to satisfy five goals—highly competitive prices, high-quality services, operations support, transition assistance

and support, and performance-based contracts—the remaining three goals presented a challenge because of the evolving marketplace and potential pool of industry providers. The service continuity and full-

*Networx addresses user requirements for 52 network services as well as desired program operations characteristics.*

service vendors goals implied large teams led by traditional long-distance telecommunications service providers. The alternative sources goal implied a desire for a broader competition that would encompass

additional potential suppliers. Specifically, government users were interested in suppliers that could provide advanced wireless or IP-based technology solutions but that did not necessarily offer all the legacy capabilities that the government was using at that time.

The Networx solution was to create two separate and parallel competitions, which are similar in almost all respects except in the nature of the initial award competition. In *Networx Universal*, most services are mandatory for providers to offer and must be available in most domestic and many international locations. This competition satisfies both the service continuity and full-service vendors goals. In *Networx Enterprise*, most services are optional for providers to offer, with only a small core of mandatory services—either a set of nine critical IP-based services available at a much smaller set of nationwide domestic locations or a single wireless service available domestically. This competition addresses the goal of alternative sources.

Both competitions address the program's five remaining goals. For example, both Networx RFPs are performance-based, with clearly defined key performance indicators and mandatory service-level agreements, with associated agency credits for poor contractor performance. To win, of-

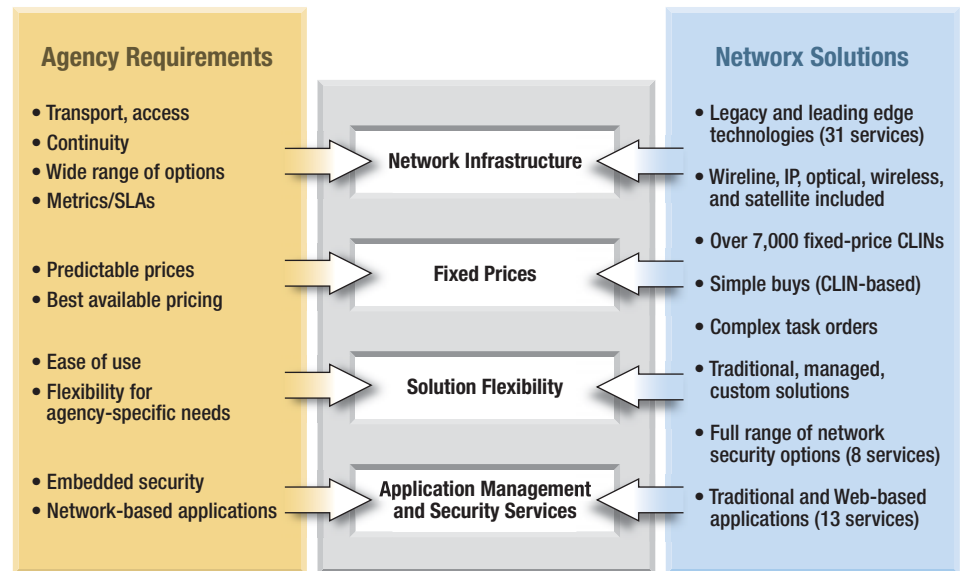


Figure 3. User requirements and Networx solutions. The Networx program must meet the full range of current and evolving government telecommunications and networking needs over a 10-year life with solutions that represent the best available fixed prices.

ferors must provide highly competitive prices for thousands of defined contract line item numbers, and potentially more than 1.3 million actual price records over the program's 10 years.

## Automating proposal support

All this complexity requires a new level of sophistication in proposal generation, management, and evaluation. The Networx RFPs contain more than 7,000 individual written requirements, both stipulated (require a yes or no answer) and narrative (require a detailed response). Offerors must provide responses to all these requirements, and GSA evaluation teams must map these responses to the government requirements and evaluate them. Offerors must also provide the price records described earlier, which GSA evaluators must thoroughly analyze to determine best value. The result is a set of massive proposals that both GSA and Networx offerors must manage through multiple iterations as the evaluations proceed to award.

The communication of proposal information between the offerors and GSA must be confidential, fast, and error free, with no chance of misunderstanding or public disclosure. Proposal security is vital. An of-

feror's proposed responses and prices must be treated as highly sensitive, since prices leaking to another offeror or to the public would violate acquisition integrity and jeopardize the entire procurement. Once

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it receives and understands the proposal information, GSA must evaluate that information in accordance with the award criteria presented in Section M of the RFPs and in the government's source selection plans.

GSA realized up front that it would not be practical to generate, manage, and evaluate proposals of this complexity without a high degree of automation support.

As Figure 4 shows, the NHC fills that need by providing a secure hosted environment that lets offerors create, modify, error-check, and submit huge volumes of proposal data using government-owned servers accessed over the Web. The NHC not only simplifies, speeds, and protects the quality of offeror proposals, but also ensures that the government receives the proposals in a form suitable for rapid evaluation using sophisticated automated tools.

### Enabling secure proposal management

The NHC itself is a showcase for applying some of the very services specified in the Networx RFPs, including premises-based IP virtual private network service (PBIP-VPNS), IP service (IPS), managed e-authentication service (MEAS), and managed firewall service (MFS). The NHC incorporates an all-standards Internet security protocol (IPSEC) approach that requires no special hardware or software to access and use the system. The needed capabilities are built into standard Web-enabled operating systems.

The resulting system provides each of-

## Networx Program Goals

**The following goals are taken directly from Networx RFPs, Attachment J-1:**

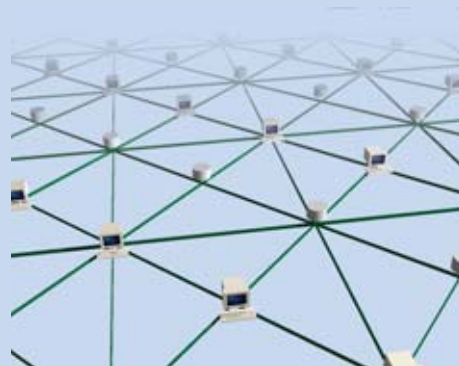
**Service continuity.** In structuring the Networx acquisition, the government will define and include all services that are currently on the FTS2001 contract. The realization of this goal will facilitate a smooth transition of all services from FTS2001 to Networx.

**Highly competitive prices.** The government aggregates agency requirements on a single contract to arrive at prices better than those offered through individual agency contracts. Given the volume of services under the Networx acquisition, the government expects that prices will continue to be better than prices available elsewhere in the telecommunications marketplace.

**High quality service.** The government expects that services acquired by Networx will be provided by high quality telecommunications providers. Therefore, the Networx acquisition will include enforceable

agreements that ensure high quality service is delivered throughout the term of the contracts.

**Full service vendors.** The government expects that Networx awardees will provide a broad array of services and will further provide follow-on service where desired to avoid costly duplication of administration and contracting processes and procedures.



**Alternative sources.** The government expects continuing competition among a larger number of vendors on new enhanced services and emerging technologies in order to ensure best value throughout the life of Networx.

**Operations support.** The government expects the provision of fully integrated ordering, billing, and inventory management in order to improve the management and control of costs of government agency telecommunications programs.

**Transition assistance and support.** The Networx acquisition will include provisions for effective facilitation of transition coordination and support so that transitions can occur in a timely and efficient manner.

**Performance based contracts.** Networx will consist of performance based contracts and will further provide Service Level Agreements to the extent possible.

feror with its own set of virtual servers in a secure proposal environment. Data for multiple offerors never mixes on an individual virtual server, and data flow within each offeror's environment is locked down so that only virtual servers corresponding to the same offeror can communicate. This allows remote connectivity to the system using standard Web-browser interfaces, protects communication from eavesdropping, and eliminates the risk of mixing data among offerors within the system.

### Facilitating proposal generation and submission

The NHC's functionality significantly enhances an offeror's ability to manage its proposal and GSA's ability to evaluate that offeror's submission. GSA has incorporated significant capabilities in two primary areas: specifying compliance to RFP requirements and generating price proposals. For the former, the NHC provides summary tables containing all written RFP requirements, extracted from the RFP, numbered, and format-controlled. The offeror can then clearly indicate for each requirement whether it complies with or takes an exception to the requirement, and (for narrative requirements) where the supporting documentation can be found in its proposal volume. For generating price proposals, the NHC provides automated price tables,

a government evaluation quantity (traffic) model, and a pricing engine. The engine multiplies each offeror's individual prices by the evaluation quantity (traffic) that the government has specified for that price element and sums the result to create a single bottom-line price for use in evaluations.

The NHC provides considerable flexibility and power for an offeror to prepare, analyze, and error-check its proposal before submitting it to GSA. For price proposals the NHC provides a

- structured mechanism for entering prices, along with a validation system that detects many types of incomplete or incorrect entries;
- preview of the data on which the proposal's price component will be judged;
- view of the government's anticipated demand; and
- capability to conduct a tradeoff analysis through the pricing process, experimenting with different unit prices and evaluating the cost implications.

Once an offeror is satisfied that its proposal information is complete and error-free, it can submit the proposal to the GSA

simply by clicking on a submit button. The action timestamps the proposal information, prevents further changes, and makes it available for evaluation.

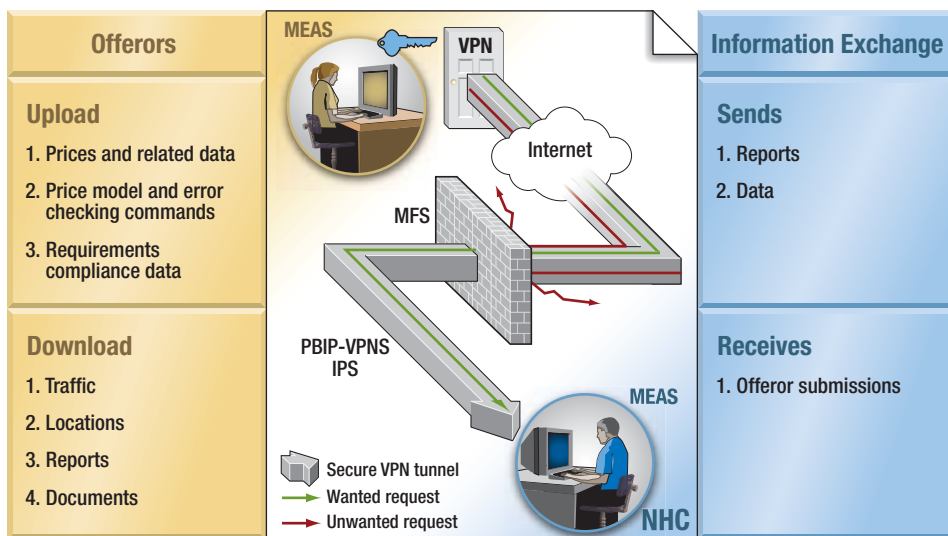
### Streamlining evaluation and operations

The capabilities incorporated into the NHC also enhance the government's ability to execute a fair, accurate and thorough evaluation of very large, complex proposals. For example, because the NHC controls the structure and format of certain elements of the offeror submissions, it is easier for GSA to automate the process of presenting the results to individual evaluators and subject matter experts for their analysis. The price engine provided in the NHC for offeror use can also be enhanced with government-only capabilities, making it suitable for such tasks as performing sophisticated cost analyses and generating special reports that can aid the evaluation.

Once Networkx contracts are awarded, the automated tools and capabilities developed for the NHC and proposal evaluation will be adapted to facilitate ongoing contract operations such as task competitions and contract modifications.

As this brief description implies, Networkx is a complex acquisition program. However, with a structured approach that looks ahead at every step, a sound acquisition strategy built on communication and consensus, and a well-considered evaluation approach supported by cutting edge automated tools, it can be done right. ❖

*Hugo Bonuccelli's biography appears on p. 18.*



Source: General Services Administration

Figure 4. The Networkx Hosting Center. The NHC supports the Web-based submission and management of highly complex fixed-price proposals. Offerors can use secure, Web-based connectivity to build, check, and submit responses to more than 7,000 individual requirements and 1.3 million price records.