

**STATEMENT OF**  
**STEVEN J. KEMPF**  
**ACTING COMMISSIONER**  
**FEDERAL ACQUISITION SERVICE**  
**U.S. GENERAL SERVICES ADMINISTRATION**

**BEFORE THE**  
**COMMITTEE ON OVERSIGHT AND**  
**GOVERNMENT REFORM**  
**U.S. HOUSE OF REPRESENTATIVES**

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Good morning, Chairman Towns and Members of the Committee. Thank you for the opportunity to provide you the status of the on-going transition of the Federal Government from the FTS2001 contracts to the Networkx Program's suite of network services contracts. It is a pleasure for us to discuss this extremely important program that provides vital telecommunications services to virtually every agency in the government.

My remarks today will provide some background on the program, describe the status of transition by answering your questions, and provide a summary and prediction for when we expect to complete the transition.

Transitioning the Federal Government's massive, mission-critical telecommunications and networking infrastructure from one contract to another is an inherently complex and time-consuming process. As an example of the complexity involved, the number of individual services delivered across the Government on the FTS2001 contracts exceeds 5.1 million; each one of these services must be transitioned off the contracts before they expire. The new Networkx contracts to which these services will be transitioned contains approximately 7,400 technical, price, and management requirements that were developed with the Agencies to ensure continuity of mission operations and satisfaction of future needs. These requirements have resulted in 28 million contract line items on the eight Networkx contracts, representing possible alternative choices for agencies in configuring new services as they move to the new contracts. The large increase of choices alone, suggests the possibility of a lengthier and more complex transition management process.

Networkx is the 3<sup>rd</sup> in a series of successful GSA contracts and the largest telecommunications program in federal history. It is comprised of two acquisitions, Networkx Universal and Networkx Enterprise. Networkx Universal provides Agencies access to contractor teams that could, as required by the Networkx solicitation, satisfy all service requirements at all geographic locations served by FTS2001 contractors at the time the RFP was issued. Networkx Enterprise required contractors to offer fewer services at lower prices within selected service categories at fewer locations. Networkx significantly exceeds its two predecessor contracts (FTS2000 and FTS2001) in technical complexity, pricing sophistication, operational management, and best business practices. Further, Networkx provides new technology services (e.g., optical transport, virtual private networks, network-centric applications, security suites) while supporting existing legacy systems.

The Networkx Universal requirements were based on far more challenging needs for service and geographic continuity of service and the Networkx Enterprise requirements were based on the need to include other viable contractors who could not meet the stringent requirements of Networkx Universal. As a result the two contracts remain separate and distinct acquisitions, with different pricing,

even though the services that contractors can offer on the two acquisitions are the same.

GSA awarded FTS2001 Bridge contracts to the FTS2001 incumbents MCI, Sprint, AT&T and Qwest to ensure Government continuity of service until Agencies are able to transition services to the new Networx programs. The contracts expire in May and June 2010 (depending on the individual contractor), with an additional year of continuity of service to May and June 2011.

The FTS2001 and Networx programs are guided by the Interagency Management Council (IMC) representing the cabinet level agencies as well as the Small Agency Council. The IMC tackles cross-cutting issues and provides a consolidated voice of the customer. In 2003, the IMC formed a working group to focus on transition. This agency-led Transition Working Group (TWG) began meeting and planning for the Networx transition. It is active still today, with a focus on sharing lessons learned and best practices among Agencies as they work their way through transition.

Networx transition activity varied across agencies as the transition began and overall progress, as measured by disconnected services, was slow to start, as indicated by disconnects completed:

- One year into transition, May, 2008 0.8%
- One year and 6 months into transition, November, 2008: 4%
- Two years into transition, May, 2009 16%
- Two years and 6 months into Transition, November, 2009: 33%
- Three years into transition, May, 2010: 50%

While a lack of transition priority was evident across Government early in the transition, current measures of progress and agency reports to GSA and OMB indicate agencies are now highly engaged, are doing everything possible to meet transition schedule deadlines, and that transition progress is accelerating.

### **1. What is causing the continued delay in the transition to Networx?**

From GSA's perspective, Agencies that are behind in their transition progress simply waited too long to get started. In order to successfully complete a large transition of network services, a highly coordinated approach to interagency program management must be initiated even before the contracts are awarded. This approach requires a detailed program management plan, senior agency commitment, interagency cooperation, commitment of agency resources, and technical and contracting managers knowledgeable about network services. If an agency does not start early, or has difficulty along the way, it is very difficult to make up lost time. The following challenges have impacted the ability of Agencies to meet the transition schedule:

Other Agency Priorities. The Networx transition was slow in capturing sufficient attention from senior management in some Agencies. However, the working-level transition managers have, from GSA's perspective, been focused on transition for several years.

Contract Complexity. The Networx program was designed by GSA and agencies to be broadly scoped to include all legacy and future network services that would be required by the government during the life of the program. In addition, the contract provides prices for all services that were currently being provided to agencies at the time that the requirements in the Request for Proposal (RFP) were established. As a result, and by design, the contracts are complex in that they contain a large number of services and priced items. In addition to the volume of prices and services, the Networx RFP was redesigned to make it "easier to use" and some FTS2001 services were renamed. Anyone familiar with the construct of FTS2001 contracts had to become familiar with a much larger, redesigned Networx contracts. This lack of familiarity created additional problems for agency managers as they tried to identify their current services in the Networx pricing tool, which required an in-depth understanding of the new Networx contracts.

Changes In the Regulatory Environment. Section 843 of the Defense Authorization Act of 2008 mandated enhanced Fair Opportunity requirements that have greatly slowed the Networx Fair Opportunity process. Specifically they:

- Established greater visibility of Fair Opportunity decisions on individual task orders over \$5M, including notice of requirements and evaluation factors, the relative importance of price and non-price factors, and a post-award debriefing. While these requirements were not new, the greater visibility created a more deliberate and time-consuming fair opportunity process.
- Established the ability for contractors to protest Fair Opportunity decisions over \$10M. Again, this caused Agencies to be much more cautious and deliberate in making Fair Opportunity decisions, thereby adding much more time to the process. In addition, the number of specific agency protests that occurred, particularly on very large agency task orders, caused a number of agencies to restart their entire contractor selection process.

Tailoring in lieu of standard Networx service offerings. The Networx contract was designed to allow agencies to make Fair Opportunity decisions based on an electronic database of contract services and prices, referred to as the Networx Pricer. This Pricer was designed to enable agencies to conduct fair opportunity decisions without the need to request a unique solution and a new set of prices for their individual services. To a greater extent than anticipated by GSA or Networx contractors, agencies determined they would be better served by issuing a tailored Statement of Work (SOW) to the Networx contractors in order

to receive a tailored response to their specific agency requirements. Overall, agencies' decision to use an SOW was based on the following factors:

- the possibility of getting better prices by competing their requirements separately,
- the belief by some contracting officers that if a single unpriced item existed in their grouping of competed services, an SOW was required, and
- the fact that some Agencies elected to change the standard Networx contract requirements, contract line items, deliverables, and Service Level Agreements (SLAs) to meet their specific agency preferences.

The large number of tailored SOWs has created an enormous amount of additional work for the Agencies, GSA and the Networx contractors, and resulted in a significant increase in the time for agencies to make fair opportunity decisions. A large SOW can increase the time for an agency to make a fair opportunity decision by as much as six months and can add as much as two additional months before the services are modified into the contract and can be ordered. In spite of the delay, many agencies believed this process to be of value since they were able to tailor services to their specific requirements, realize even lower prices by five to 10% and believed that by following this process they were better protected from a sustained protest.

Lack of Agency inventory. Many Agencies do not have adequate inventories of their FTS2001 services to make a fair opportunity decision or order service. GSA compiled a Transition Baseline Inventory (TBI) database during the 2005 to 2006 timeframe for the purpose of tracking services disconnected from FTS2001. This inventory was compiled from every possible source available, including billing records, inventories from contractors' provisioning systems, input from Agencies, and the FTS2001 location database. The TBI was constructed, with the input and oversight from the Transition Working Group (TWG), to contain a single record for each instance of a service that the TWG agreed was reasonable to use for tracking disconnects. TBI does not contain information related to the service, such as usage information, features, and points of contact that the agencies must have to make pricing assessments for Fair Opportunity decisions and to place Networx orders. Obtaining this more detailed inventory data, if not already available, is a labor and time-intensive challenge that has delayed some Agencies in making Fair Opportunity decisions and delayed Agencies in writing orders.

Lack of sufficient agency managers with adequate technical skills and background in network services contracting. The management of network services requires knowledgeable technical and contracting managers. Some agencies lack both the technical depth and contracting expertise to support the transition. While they can hire contractors to augment their technical staff, finding

qualified contracting officers is far more difficult. Contracting officers assigned to support the Networx transition often lack familiarity with network services terminology, terms and conditions, and roles and responsibilities. Their lack of familiarity requires a lengthy educational process and often leads to delays conducting fair opportunity decisions and in ordering service.

Contractor ordering systems have caused problems for some agencies. Some agencies have experienced difficulties entering orders into contractors' online ordering systems. As a result, some Agencies have had to rely on the contractors to transcribe the ordering data into their systems, introducing another source of delay and possible data entry error.

## **2. What problems exist in the Networx program's procurement process?**

To conduct a successful transition, every agency must accomplish the following:

- Appoint a Transition Manager to oversee the agency's transition to Networx
- Validate inventory
- Conduct Fair Opportunity according to the Federal Acquisition Regulation (FAR) and any agency-specific regulations to select Networx service provider(s)
- Appoint a Designated Agency Representative (DAR) Administrator and DARs who are authorized to place orders on the Networx contracts
- Develop transition plans and provide a copy to GSA
- Submit transition orders directly to the selected Networx contractor(s)
- Disconnect the agency's FTS2001 services
- Track progress and reimbursements using GSA's tracking system as the definitive source of Government-wide status.

To date we can identify three problem areas experienced by agencies as they have taken on these activities to conduct their transition: (1) insufficient inventory data, (2) complexity of Networx offerings, and (3) challenges in completing the Fair Opportunity process.

Insufficient inventory data. In 2005-6 GSA compiled the Transition Baseline Inventory (TBI) of all services on FTS2001 based on every possible source available (billing records, inventories from incumbent contractors agency data, and the FTS2001 location database). This TBI database was created as a basis for tracking services disconnected from FTS2001, and while the database contains a single record for each instance of a service to be tracked for disconnect, it does not contain data needed to assess prices for Fair Opportunity decisions and place Networx orders (e.g., usage, features, etc.). Many agencies do not have comprehensive, accurate inventories of what they ordered on

FTS2001, and, therefore, have worked hard trying to collect and validate the data. This has been very time-consuming

Complexity of Network Offerings. The services on the Network contracts were designed to meet all the agencies' telecommunications and networking needs. This design has resulted in contracts that are complex to use. Agencies asked GSA to create contracts from which they could order everything they needed. This requirement lead GSA to define a large number of contract line items to capture every service and associated feature, usage plan, and piece of equipment. Nearly all of these line items have fixed prices on the contracts so that the Agencies can to order them without going through the SOW process. Yet the sheer volume of those line items makes ordering the services so complex that agencies have elected to use the SOW process and rely on the contractors' expertise to package the services correctly. Additional complications stem from the terminology for the Network contract line items that differs from the contract line items terminology on the FTS2001 contracts. Consequently, even if the agency had a solid FTS2001 inventory, mapping it to orders on Network is not straightforward.

Challenges in Completing the Fair Opportunity Process. As discussed earlier, the Fair Opportunity process has been problematic for the agencies' transition to Network. The contracts were constructed with the expectation that the agencies could make most Fair Opportunity decisions by comparing prices of the established, fixed-price line items. The intent under Network was that the SOW process would be used primarily for unique requirements for which there are not priced line items. Due to Agencies seeking requirements different than those on the negotiated contracts, they must make their Fair Opportunity decisions using the SOW process. Some Agencies were motivated to achieve better pricing by competing SOWs. The change in the regulatory environment further motivated Agencies to use the SOW process as the more conservative approach to making Fair Opportunity decisions without protest – for example, agencies believed that there might be greater risk of protest if there are un-priced line items in their requirements. The SOW method helps to alleviate that risk. Even without the added complexity of the SOW process, Fair Opportunity decisions require substantial involvement of agency Contracting Officers in all phases of the Fair Opportunity process. This comes at a time when there is a Government-wide shortage of warranted Contracting Officers, and the demands placed on them are increasing. As a result, some Agencies have added contracting to their transition team later than optimal.

### **3. What steps has GSA taken to assist in the transition effort and expedite the transition?**

GSA developed and implemented a wide range of measures to help Agencies accelerate their transition from FTS2001 to Network. These include the following:

Early Planning and Implementation. In 2003, GSA initiated the TWG to begin planning for the Networx transition. Since that time, GSA has met continually with, and fully supported, the TWG and Transition Managers to address and resolve transition issues. One year ago GSA was designated to chair the TWG meetings and holds them monthly. The GSA-led TWG meetings are focused on tracking agency measures of transition progress and sharing transition lessons learned.

Establishment of a Transition Baseline Inventory. To assure service continuity from the expiring contracts, there must be an accurate, comprehensive, and current listing of all services and an effective method for tracking the transition. GSA has collected a comprehensive inventory and initially made it available to Agencies in January 2007 for their review and validation. Throughout that year, the agencies twice requested an extension of the time to complete the validation, and GSA activated an Inventory Assistance Team to provide one-on-one support for Agencies struggling with their inventory. In December 2007 the inventory of 4.1M records was validated and became the Transition Baseline Inventory (TBI). TBI is the single database of record for tracking and reporting disconnects across the Government and is used to validate reimbursement of transition costs. As such, it is maintained throughout transition. GSA continues to update the data regularly with data from the contractors and billing files, while the Agencies perform monthly checks to validate anything that has changed. Since the initial baseline, the inventory has grown to over 5M records. While this transition baseline inventory is critical to tracking the transition, it does not preclude the need for agencies to have a more comprehensive inventory for the conduct of fair opportunity and to write transition orders.

Extensive Agency Planning Guidance. GSA published a comprehensive Transition Strategy and Management Plan (TSMP) in April 2008 to inform agency personnel and contractors how GSA intended to monitor the transition and provide guidance and suggestions for Agencies to follow for managing a successful transition. The TSMP contains detailed and relevant information on the following:

- Lessons Learned
- Roles and Responsibilities
- Schedule
- Inventory
- Budgeting
- Transition Plans and Training Guidance
- Regional Services Transitions Guidance
- Agency Planning
- Transition Costs
- Transition Support Systems
- Staffing and Training

- Risk Analysis.

Establishment of a Transition Coordination Center (TCC). To implement GSA's TSMP, GSA established a Transition Coordination Center (TCC) in March 2007 to support the 11 GSA Regions, Agencies using FTS2001 services, FTS2001 contractors, and Networx contractors. The TCC provides guidance to help Agencies develop their transition plans and other documentation and responds to transition-related questions and issues. The TCC monitors all Agencies' transitions to provide a Government-wide view of the status and progress of transition, identify and resolve common issues and problems, and follows a mature Risk Management Program. The TCC provides reports and briefings on the status and progress of the Networx transition to GSA leadership, the TWG, the IMC, the Federal CIO Council, OMB, GAO, and Congressional committees. The TCC has produced resources for Agencies to use in planning and executing their transition, such as a sample transition management plan, cutover guides, templates, a help desk, and a robust training course for Agencies' Transition Managers.

Incorporation of Contract Service Level Agreements (SLAs). One of the significant lessons learned from the previous transition was that waiving contractual installation intervals led to transition delays. As a result, the Networx contracts require that during the transition from FTS2001 to Networx, all SLAs on the contracts will remain in effect. This change ensures that once agency orders are submitted, the contractor must provision the service within a contract prescribed time period.

Development of a Transition Cost Estimate and Reimbursement Process. GSA established a fund and a Taxonomy for use in administering the fund, along with an agency coordinated and documented process for reimbursing Agencies for transition costs. GSA ensured the Taxonomy allowed for reimbursement of transition costs when transforming or enhancing service and when selecting the incumbent contractor. We removed the requirement for like-for-like transition and revised the transition cost estimate to cover enhancements and equipment refresh when keeping with the same provider. Per agreement with the agencies, GSA reimburses agencies for installation costs and parallel operations for transition orders. agencies.

Because it is critical that Agencies transition with sufficient time before the expiration of the bridge contracts, GSA initially recommended Agencies meet the following targets:

- Complete majority of fair opportunity decisions by March 2008
- Submit majority of transition orders by January 2009
- Submit disconnect orders for FTS2001 services by January 2010.

Concurrently, the IMC set the following conditions for qualifying for transition reimbursement:

- Complete Fair Opportunity decisions for transition by September 30, 2008
- Submit transition orders with parallel operations by January 1, 2010
- Submit all transition orders by April 1, 2010.

While several Agencies met the first deadline, most did not; in fact, in August 2008 the IMC proposed to waive the requirement to complete Fair Opportunity decisions by September 30 in order to qualify for reimbursement of transition costs. As a result, GSA escalated the level of attention to the transition schedule; whereby, GSA's Assistant Commissioner for Integrated Technology Services notified each CIO directly that while the IMC agreed to waive the September 2008 deadline, GSA will continue to enforce the remaining deadlines as criteria for transition reimbursement. In March 2010, the IMC moved the deadline for all orders to qualify for reimbursement to August 31, 2010. GSA will continue to enforce this as the deadline.

Establishment of a Transition Information Portal. Transition Information Portal (TIP) is a web-based system and database of record for GSA and agencies to track all activities critical to transition, including agency ordering officials, contractor selections, orders in progress, and disconnects, both Government-wide and agency-specific. TIP data are updated weekly.

Conduct of Transition Training and Instruction. GSA has provided opportunities for agencies to get assistance with transition through training, workshops, and conferences. Some examples follow:

- Training at every annual Network Services Conference beginning in 2004
- Two Transition Summits, attended by 1000 agency personnel and service providers in September 2006 and February 2007
- Networx Day for Federal CIOs in February 2010
- Transition Manager 101, 201, and 301 classroom-based instruction
- Pricer Training on demand
- Two Contracting Officer Workshops.

Communications and Awareness Campaign. In May 2004, the Commissioner of the GSA Federal Technology Service (FTS) and the Chairperson of the IMC co-wrote a letter to CIOs of the large Agencies (copies to CFO Council, OMB, Small Agency Council, IMC, and the TWG) reminding them of the expiration of the FTS2001 contracts in 2006 and urging them to get involved early in Networx transition planning. In January 2005 the Assistant Commissioner for Service Delivery and Development (FTS) and the IMC Chairperson again wrote to the CIOs prompting their participation in transition. In September 2007, the GSA Assistant Commissioner for Integrated Technology Services, Federal Acquisition Service (FAS) sent letters to Agency CIOs to raise the level of awareness and request their personal attention and support of their Agencies' transition plan execution. In December 2008, the Assistant Commissioner for Integrated

Technology Services again sent letters to agency CIOs to raise the level of awareness and sense of urgency that the transition is “well behind schedule” and to request transition plans from the Agencies to aid in decisions to extend the deadlines for reimbursement. Since August 2007 GSA has published 13 Transition Bulletins to provide transition status information to appropriate stakeholders.

Expediting Contract Modifications. Early in transition, agencies complained that contract modifications were one of the most significant factors in delaying their transition orders. GSA and the Networx contractors have worked diligently to reduce the average processing interval for contract modifications. We have been successful in driving the time down such that we complete 96.5% of modifications within 60 days, and the average time is only 18 days. GSA is not aware of any situations whereby the principal cause of an agencies lack of transition progress is due to delays in implementing contract modifications.

Providing Agency-Specific Support. GSA and customer agencies originally implemented a self-service strategy for transition; that is, Agencies would transition themselves. As such GSA did not plan nor budget for resources to assist individual Agencies directly. Inventory validation, Fair Opportunity decisions, and ordering were clearly identified as the responsibilities of the Agencies with guidance from GSA but no individual support. However, because these activities have become significant factors causing Agencies’ transition delays, GSA recently implemented a comprehensive customer assistance program that provides agency-specific support, at GSA’s expense, to enable transition to Networx before the contract expirations in May and June 2011. Through GSA’s Connections and Noblis contracts, GSA is currently providing direct support to: US Department of Agriculture, Department of Labor, Armed Forces Retirement Home, Small Business Administration, National Guard, National Aeronautics and Space Administration, International Trade Commission, International Board of Broadcasters, Office of Personnel Management, Federal Communications Commission, Department of Defense, Internal Revenue Service, and Veterans Affairs (planned). In addition, GSA created and implemented a project to move transition along for agencies that need even more assistance, particularly the very small agencies. Because these agencies don't have the dedicated resources to manage their own transitions, GSA works with them to design a customized solution for each. This project has successfully led nearly half of the target agencies to 100% completion, allowing them to realize the cost savings on the new contract.

Collecting Agencies’ Transition Plans. GSA met individually with agencies’ Transition Managers in Dec 2008-Jan 2009 to gather information on the agencies’ transition plans that allowed GSA to better assess the risks of not meeting the schedule and provide a better estimate of the volume of work remaining. GSA provided this information to the Networx contractors to help them allocate resources appropriately. In Feb-Mar 2010 GSA again contacted the large agencies and collected current plans for completing Fair Opportunity

decisions and placing orders; as previously, GSA intends to provide this information to the Networkx contractors to assist them in meeting the demands of compressed transition activities.

Conducting Lessons Learned Analysis. Beginning in 2003, GSA and the agencies documented lessons learned from the previous transition from FTS2000 to FTS2001. The TWG analyzed, categorized, and prioritized 28 lessons learned, for which GSA developed a recommended solution. The TWG approved the publication of lessons learned in Aug 2005, and GSA incorporated them into our TSMP and Risk Management Plan. In June 2006 GAO audited GSA's approach to addressing lessons learned. Their findings were:

“FTS has addressed the majority of the lessons learned from the previous transition. Areas that have not yet been fully addressed are securing incumbent contractor cooperation and establishing guidance on inventory management and validation processes. FTS plans to address all remaining lessons prior to contract award. FTS has also provided agencies with guidance that fully reflects two of the five sound transition planning practices. However, guidance has not addressed all aspects of the remaining three, including establishing an inventory maintenance process, using key management processes, identifying measures of success, and performing transition-specific risk assessments.”

With the publication of the TSMP, GSA met all the open items from that GAO audit.

Implementing E-MORRIS. Enhanced Monthly Online Records and Reports of Information Technology Services (E-MORRIS) is an internal operational support system GSA uses to process inventory and billing information for Networkx. It was imperative that E-MORRIS be in place to process the first invoices and inventory data for Networkx transition, and GSA released the system into production in January 2007. This system is critical for newly transitioned services to be billed and provides the ability to capture inventory information on the Networkx contracts.

Coordinating GSA Regional Services Transition. GSA operates over 600 consolidated switches/systems with over 1.6M lines in support of customer Agencies and GSA. The Transition Coordination Center (TCC) established and manages a 38-person, dedicated transition team distributed across the GSA Regional Offices and the TCC to ensure transition occurs effectively through these systems. Regional transitions have regularly outpaced the Government-wide average, with the current percentage of lines disconnected at 53%. The Regional team actively continues to reach out to the Agencies and provide assistance on their inventory reconciliations, hierarchy code assignments, order submission, and transition status.

#### **4. What steps should federal Agencies, vendors, and other stakeholders take to expedite the transition to Networx?**

GSA believes that the agencies are now fully engaged in the Networx transition process. In September 2009, the IMC elected the CIO of the Department of Interior, Sonny Bhagowalia, to be the Chairman of the IMC Executive Steering Committee. His active engagement with the IMC and the CIO Council has significantly raised the level of awareness and greatly emphasized the importance of the Networx transition. In addition, the active engagement of the Federal Chief Information Officer, Vivek Kundra, has raised the level of urgency and caused Federal CIOs to become personally involved in the Networx transition. He has directed that every CIO, whose transition progress is below established transition targets, meet with GSA and OMB to review their progress and to provide a plan to complete the transition in the time available. These meetings have focused on identifying and addressing agency-specific constraints which, to this point, have hindered transition progress. This heightened priority has created the agency focus and urgency necessary to expedite the transition.

In order for CIOs to translate their engagement into expedited transition progress, they must apply the necessary resources to accelerate completion of ongoing transition activities, to include:

- Making outstanding Fair Opportunity decisions. All remaining Fair Opportunity decisions must be made as soon as possible. While Fair Opportunity decisions can be made by using the SOW process or the Networx Pricer, there is no longer time for agencies to pursue the SOW process and complete the transition on time.
- Verifying inventories. Inventories must be known in order for services to be ordered. Since inventory validation is a time consuming process, additional support may be needed from within the agency or provided by GSA. Agencies who continue to have problems with their inventory should consider transitioning services in a like-for-like fashion and continue their inventory clean up after transition. Because Networx services are likely to be less expensive, this process, while less desirable, would still be a cost effective approach.
- Writing orders for transitioning services. Once an agency has chosen their Networx contractor(s) and is aware of their inventory requirements, they can submit orders in bulk to their contractor to expedite the ordering process. When placing transition orders, Agencies should (1) identify each order explicitly for transition to ensure proper tracking, reporting, and transition reimbursement, and (2) take advantage of Networx contractors training for designated agency Representatives, which is at no additional cost.

- Assisting contractors in verifying site information. Contractors must have accurate detailed information prior to actual service cutovers. Close agency involvement with contractors is necessary to work through these issues to expedite transition activities.

Networx and FTS2001 contractors have a significant role in the completion of transition and must continue to focus on several areas listed below.

Be Meticulous With Accuracy Of Order Entry. Agencies rely on the contractors to enter and process all orders accurately and timely. For transition orders, the burden is even greater because of service continuity and the financial impact of transition reimbursements. Orders with errors cause delay in transitioning the service and deny Agencies their reimbursements. Correcting errors after implementation is costly in many ways.

Refine Processes To Scale With Order Volumes. As the order volumes grow, the contractors must be able to keep pace. GSA and Agencies must provide advance planning information to the contractors to allow them to manage the increased workload as efficiently as possible.

## **5. What has been working well and are there ways that the federal government can further capitalize in those areas?**

Executive Branch Senior Leadership. OMB, the CIO Council, the IMC's Executive Steering Committee, and senior GSA leadership, are all working well to move the transition forward. This involvement of senior leadership has given the working level managers the support and authority they need to get the job done. This must continue until transition is complete.

Open Agency GSA Dialogue. GSA and agencies maintain a close working relationship through the IMC, TWG and daily interaction in solving problems and escalating issues. This relationship is the heart of the Networx program and ensures that the contract provides the value that agencies demand of their mission critical network services. This open dialogue is critical to the ability of GSA to provide continuity of service until the completion of transition.

Engagement of the Agency Transition Working Group (TWG). The TWG, consisting of representatives of each of the larger agencies, began planning for transition, including tools and processes to support agency activities, 4 years before contract awards. The TWG began by reviewing lessons learned from the previous transition and documenting them into a set for use during this transition. GSA worked with the TWG to define requirements for tools to assist with transition, including a Government-only website for sharing transition information and systems for inventory, pricing, transition status tracking and reporting, and billing.

The TWG should continue to meet monthly, and agency representatives should become more active in sharing issues and lessons learned.

Networkx Inventory Process. When developing the Networkx strategy, GSA developed a solution for capturing the Networkx inventory. The Networkx inventory application records all services installed on the Networkx Universal and Enterprise contracts using the service order completion notices from the Networkx contractors. Agencies should continue to ensure the Networkx inventory is accurate.

Lessons Learned Collection and Dissemination. GSA has started collecting lessons learned from this transition. We have developed a database repository that allows for efficient analysis of the lessons learned and easy reporting. GSA provided the first report of lessons learned to the TWG in Jun 2009. We will continue to collect and analyze lessons learned and encourage Agencies to provide their input.

Network Systems. All major Networkx systems have worked well during the transition process. The Networkx Pricer is especially notable. By making current year prices publicly available to all vendors, it has fostered price competition among the Networkx vendors and helped drive prices further downward. By using the Networkx Pricer to analyze each other's prices, vendors are able to offer more competitive price reductions to their agency customers.

## **Conclusion**

The Networkx Program offers enormous cost savings over any other approach to providing network services to the Government. The value in consolidating requirements and leveraging the buying power of Agencies across the Government is irrefutable. Transition is complex and demands resources, but the alternative to procuring telecommunications by other methods would be far more costly. Through the help of this committee, OMB and the involvement of senior agency executives, transition is well underway and will be completed. The Government will benefit enormously from lower prices and the ability to procure more services, once this process is complete.

Based on GSA's assessment of the progress of the transition to date, GSA believes that most agencies will complete the transition by June of 2011; however, there is significant risk that some will not. Large data networks that are still awaiting Fair Opportunity decisions may not be transitioned for two years or more, necessitating follow-on sole source contracts to FTS2001 contractors. As a result, GSA is in the process of creating these sole source acquisitions that must be negotiated and awarded before continuity of service expires on current contracts in 2011. GSA will continue to do everything possible to maintain the current transition momentum and to assist agencies in transitioning as much service as quickly as possible to Networkx contracts in an effort to realize maximum value from the Networkx program.