



Federal Sales Strategies

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The Health Care Market Presents Unique Opportunities

By Kelly Walker, *Seneca Creek Consulting*

Fourteen federal agencies have a wide-range of opportunities for healthcare firms in technology, administration, research, and regulatory implementation. Your firm has developed a product or capability that would provide value to federal healthcare marketplace. Where do you begin?

Whether your company is in the *Top 100 Government Contractors*, a small disadvantaged business, an 8(a), or a commercial healthcare firm exploring the Federal healthcare marketplace there is a basic tenet that holds value for every entity, namely that trust delivers sales. So first become a trusted advisor.

Becoming a trusted advisor for a federal healthcare buyer is a time intensive endeavor. Bear in mind, people buy what they need, not necessarily what you have to sell. Know their business and figure out what they most likely need. It may take numerous meetings to get to the ultimate buyer. The reward will be worth the effort. Remember if the proposal comes out and you have not met the buyer – nine times out of ten, your chances of a “win” are reduced by 90%.

Ten steps to becoming a trusted advisor:

1. Think big, start small and build trust
2. Select a specialty or area of expertise in your firm and build on that
3. Target federal agencies meetings for your specialty
4. Understand end-users needs before you meet
5. Bring a team of experts to the table
6. Offer specific ideas to the end-user problem
7. Voice your opinion
8. Have a contract closing mechanism
9. Deliver what you promise
10. Never stop adding value

Specialty areas for Federal healthcare opportunities could include any mixture of business knowledge and subject matter expertise (SME) in the following areas:

Departments: Health and Human Services, Veterans Administration, Department of Defense; Department of Labor, and Office of Personnel Management.

Agencies: Centers for Medicare and Medicaid (CMS), Agency for Health Research and Quality (AHRQ), National Institute of Health (NIH), Center for Disease Control (CDC), Military Health Services (MHS), Indian Health Services (IHS), Veterans Health Administration.

Programs: Medicare, Medicaid, TRICARE, ChampVA, Indian Health Services (IHS), Federal Employee Health Benefits (FEHB), community health and workman’s compensation.

SMEs: managed care, fee for service, fraud prevention, disease management, quality, physicians, hospitals, pharmacy, behavioral health, dental, payers,

transportation, medical home, performance management, security, disaster recovery, HIPAA, and federal architecture.

Capabilities: actuarial, algorithm development, compliance, project management, CMMI, application development lifecycle, assessments, surveys, business intelligence, data modeling, predictive analytics, investigative, clinical, analysis, medical necessity and audit.

Technologies: data warehousing, electronic health records (EHR), health information exchange (HIE), call centers, EDI, enterprise platforms, claims processing, enrollment, and eligibility.

The GSA Corner: Discount Now, Pay Later...

By Deborah Wolland, *The JDS Marketing Group*

It has long been understood that discounting from your GSA negotiated price is not only allowed, but is expected. GSA no longer is the rock bottom lowest price in the marketplace - rather it is a starting point for negotiations.

When do you need to become concerned about pricing? At the time of option renewal or audit.

During option renewal on a Professional Services GSA contract, it may come to the contracting officer's attention that you do not have substantial commercial price comparisons for your labor categories. What can you do? Let GSA know that the categories are staffed on GSA task orders and as such cannot be removed from the Schedule. What can your CO do? Possibly ask what rate is being charged and try to negotiate to that level moving forward!!!

During an audit, it is not uncommon for the auditors to review GSA invoices. As part of this process they may discover a pattern of discounting that could result in their recommendation that your CO negotiate better GSA prices.

In summary - watch your discounting practices!

New Year New Challenges for Federal Contractors

By Warren Corbett, *Set-Aside Alert*

The squeeze is on for federal contractors in 2010.

Initiatives put in place by the Obama administration and Congress call for insourcing some service contracts; greater reliance on strategic sourcing and pressure for discount pricing; tougher oversight of contractors; and scaling back the use of so-called "high risk" contracts, such as noncompetitive and cost reimbursement awards.

In addition, published reports say the Office of Management and Budget has told agencies to prepare for a freeze or even a reduction in spending in the 2011 budget, which will go to Congress in February.

While Recovery Act spending will continue to prop up some industry sectors, such as highway and building construction, service contractors in particular are likely to face increasing pressure.

OMB reported that agencies have submitted plans for cutting contract spending by 3.5% in the current fiscal year, achieving half of President Obama's order that they reduce contract outlays by 7% over the next two years. OMB said the first round of savings will total about \$19 billion. To achieve the savings, OMB said agencies are using a combination of strategies, including program terminations and cuts, internal spending caps and more effective use of competition.

Details of the agencies' plans won't be made public until spring, but OMB did release some highlights:

Insourcing. Ten of the 24 largest agencies included insourcing as part of their cost-cutting plans. In addition, the 2010 Consolidated Appropriation Act directs all civilian agencies to create an inventory of their service contracts and evaluate whether some of the work should be insourced. The Defense Department is already moving on an insourcing initiative announced by Secretary Robert Gates in April.

Administration officials say insourcing will focus first on areas such as acquisition, which are considered close to “inherently governmental” functions. OMB is working on a new definition of “inherently governmental.” Agencies have also been told to examine areas where they may be relying too heavily on contractors, with an eye to bringing some of the work in-house.

Strategic sourcing. While strategic sourcing has been around for some time, the Obama administration sees it as a cornerstone of its effort to reduce spending. OMB pointed to an initiative by the Department of Homeland Security, which standardized its desktop operating systems, e-mail, and office automation and awarded a single contract to provide those products agency-wide. In addition, OMB is urging agencies to demand deeper discounts on blanket purchase agreements.

“High risk” contracts. The administration has declared war on noncompetitive and cost reimbursement contracts as well as time-and-materials/labor-hour awards. President Obama ordered agencies to reduce their use of those contract types by 10% per year. The OMB report, issued Dec. 21, highlights examples of agencies’ cost-cutting moves:

The Energy Department’s National Nuclear Security Administration began using reverse auctions, saving about 18% on the average contract.

NASA’s Michoud Assembly Facility in Louisiana broke up a large cost-reimbursement contract that covered operations and maintenance, among other things. It awarded a new contract covering facilities management support at an estimated saving of \$89 million over five years.

OPM will review its use of contractors to provide clerical and technical support to a wide range of important programs, including its investigations, retirement, legal, financial management, and public affairs functions. Those services were outsourced in 2004. OMB’s review will determine whether some or all the work should be brought in-house.

Pilot projects. The 24 largest agencies have begun pilot projects to address the mix between government workers and contractors. OMB said pilots were selected based on several criteria, including the potential erosion of in-house capability, insufficient contractor oversight, or the potential for improved performance or cost savings through insourcing.

About one-third of the pilots involve acquisition offices or functions. Another one-third focus on IT support. Agencies will report to OMB by May 1 on the pilot projects’ results. As a result of those assessments, they will decide whether to insource some work or add resources for contract management. A summary of results will be made public.

OMB said the pilot projects “give each agency the opportunity to reshape its workforce and strike the right balance between staffing positions with permanent federal employees—to build and sustain its in-house capabilities—and, where appropriate, utilizing the expertise and capacities of contractors available in the marketplace.”

Nine agencies are analyzing their contracts for IT functions. “Most of these agencies reported that they are heavily reliant on contractors and question whether the agency has the ability to maintain control of its mission and operations,” OMB said. “Frequent turnover of contractors at some of the agencies has caused further concern that institutional and technical knowledge will be lost.”

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