



CAPTURE GWACs & MACs: Strategize To Win

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One of the most common questions we receive when discussing growth strategies for government contracting clients is, "What contract vehicles should we be on?" The easy answer that is too often given is, "Why all of them, of course!" Sadly, this is almost never a good answer for any contractor, much less for the firms we have been partnering with that often fall into three distinct categories:

1. Government Contractors with successful businesses that have established clear past-performance and are planning ahead to pass the Small Business ceiling on their NAICS codes
2. Government Contractors who have established a successful business as a sub-contractor, usually in a mentor-protégé program, who are now starting the transition to winning their first prime contracts
3. New entrepreneurs building their first Government Contracting business looking for their first teammates and establishing past-performance and building delivery capabilities

In the above model it generally takes three to five years to process from a '3' to a '2' and from a '2' to a '1' and so on, so a very important question to first answer, clearly, for yourself and your business partners is 'Where do we want to be in 3-5 years?' If your goal is to progress from one stage to the next, then exploring broader contract vehicles is smart business, and maintaining an awareness of the contract vehicles your clients are using is critical to maintaining a steady business.

You Have to Have a Method for the Government to Pay You

This may seem a bit over-simplified, but Multi-Award Contracts and Government Wide Acquisition Contracts are, in their most basic form, an easy way for the government agency or command to procure a product or service – and all things being roughly equal, human nature dictates that the contracting officer and program manager will generally take the path of least resistance and choose the acquisition vehicle that simplifies the procurement for them. For this reason, it is critically important to understand the most common acquisition vehicles in use for the agencies/commands you focus on.

When you get to the end of a fiscal year and there is a ‘budget flush,’ ensuring your capabilities are well known to your buyer and that you have ensured there is a simple procurement path that is familiar to your client, helps ensure your proposal is selected.

GWACs

There are only a handful of GWACs in use, and they are administered by three agencies – GSA, NASA, and NIH. It is a lot of work for an agency to receive approval to open a new GWAC – they have to make a broad, federal-wide capable program and accept contracts from every agency and ensure they comply with Federal Acquisition Regulations and Defense Federal Acquisition Regulations (FAR/DFAR). What sets a GWAC apart from a MAC is that the agency administering the GWAC may provide contracting services, for a fee, to the client agency. Some of the most commonly used GWACs are:

- GSA Administered

- **GSA Alliant** (\$3.58B in 2017)
- **GSA Alliant Small Business** (\$1.31B in 2017)
- **GSA 8(a) STARS** (\$1.44B in 2017)
- **GSA VETS** (\$100M in 2017, down from a \$390M peak in 2011)

- NSA Administered

- **NASA SEWP V** (Solutions for Enterprise-Wide Procurement)

- NIH/NITAAC Administered

- **CIO-SP3**: IT Services and Solutions, \$20B Ceiling, all work performed under NAICS 541512
- **CIO-SP3 Small Business**: Small Business version of CIO-SP3. Also NAICS 541512 which has a \$27.5M Small Business Ceiling.
- **CIO-CS**: \$20B Ceiling, work released under NAICS 334111 and 541519. (1,250 and 150 personnel ceilings to determine small business status)

Worth noting: SEWP has a surcharge of 0.39% versus the GSA 0.75% fee often enabling a lower acquisition price for the contracting agency.

Multiple Award Contracts

MACs are multi-award contracts and primarily differ from GWACs in that they are often administered by and for a single agency. Major examples of MACs in common use right now are:

- **OASIS**: Administered by GSA, Air Force is an early adopter
- **NETCENTS-2**: Primarily Air Force and broken into sub-MACs for Application Services/ Development, Infrastructure/Telco and Network Operations, and Product acquisition. Each component has about 12-20 prime awardees, about 50% Small and 50% Full and Open.
- **ITES**: \$5B IT contract primarily for the Army (80% Army Utilization). 17 Awardees.
- **Seaport-e/Seaport-NxG**: by and for the Department of the Navy, the newest Seaport-NxG MAC is about to recompetete.
- **DHS EAGLE**: by and for DHS

The government likes MACs and is turning to them more and more for acquisitions. This is primarily because MAC awardees have been pre-competed with defined labor rates for services and pricing/fees for product acquisition and this enables the government to narrow the competition quickly to a small number of companies without months of delay and the mountains of paperwork that go into a 'full and open' public bidding process.

There are several thousand MACs, over half of all new contracts are issued through MACs, and there are over \$60B of annual contract value issues through MACs each year. There are few limitations on what can be bought through a MAC – the main limitations are scope and spending caps. Scope is generally written broadly enough that a savvy BD/Capture Manager will work with the KO to shape the contract so that it goes to a MAC that has limited competition.

One final piece of MAC advice – it is not uncommon for the initial competition for a MAC to be based on a current, but shortly expiring, socioeconomic status. When you are close to graduating from the 8(a) BD program or surpassing the set-aside ceiling it is a very good time to focus on winning a few strategic MACs as they often grandfather your socioeconomic status for the duration of the MAC base-period.

GSA Schedules

GSA IT Schedule 70 is the largest procurement vehicle and the most widely used acquisition vehicle in the federal government. As such it gets its own section and comes with its own set of risks and challenges. GSA Schedules generally are perceived to have a relatively low barrier to entry and as such are where many companies start. There are a few good reasons for this:

1. GSA Schedules are Small Business friendly
2. If you've been in business for two years, have successfully sold commercially or to other government agencies, and have decent financials you are highly likely to receive a GSA contract
3. As discussed earlier, Federal buyers like GSA schedules because they are simple and easy to procure through – they do not require a public bid because full and open competition is deemed to have taken place during the contract award, and no competition generally means no protests and reduced paperwork for the contracting agency.

Commercial Warning – if you believe you will be selling your services and/or products to commercial (non-government) entities be very careful of the GSA contracts. They require you to give the US Government your 'best price' – this is called a Most Favored Nation pricing clause – you cannot legally sell to the US Government at a price higher than you sell to anyone else.

This clause has burned many equipment and software manufacturers and quite a few service providers who have occasionally given really good pricing options to friendly or large clients. A common workaround here is to work through a resellers that specialize in government acquisitions– some will hold your GSA contract on your behalf and ensure they only sell to the US Government through a specific entity that never transacts other business commercially, thus providing the flexibility to price-to-win commercially and in government business without running afoul of the MFN clauses.

Shaping for the Win

It is common to confuse BD and Capture in Federal Contracting with Enterprise Sales. It is not uncommon to be at an NDIA or AFCEA event and hear a new contractor lamenting a loss where they thought they deserved the win because they had a great presentation and wrote a solid RFP Response – they may even be correct, it is quite possible they had the best people, the best offering, the best price, and wrote a stellar RFP and still lost. A common error is spending 90% of your effort selling, and not shaping.

Shaping is familiarizing the program managers with your products or services, this is the selling part. Shaping is, often more importantly, enabling the government to buy your product/ services with the minimal amount of competition for you while making the procurement as easy as possible for the program office. You have to shape the procurement to a contract vehicle

Spend as much time with your customer discussing how they want to buy, which contract vehicles they prefer, and what you can do to make their job of buying as easy as you are making their job of preferring your offerings.

Summary - 3 Things to Remember

MACs are often called the 'Hunting License' because winning one gives you the ability to compete for task orders that have a far more restricted pool of competitors. Contractors making the transition from focusing on sub-contracting work to winning their first prime contracts should look at MACs as a vehicle to accelerate their success, if used properly.

1. Study your clients and the clients you want to have – determine which vehicles they prefer
2. Determine which vehicles do not have direct competition for your core capabilities
3. Determine which MACs agencies prefer for your work/product type and which ones they need more participation on from your particular socioeconomic grouping

Lastly, the company that wins is not always the one with the best solution, but the one that makes buying from them the easiest for the government and reduces the agencies risk of dealing with GAO protests and lawsuits.

Happy Hunting!