

# Enter Bid And Federal Commodity Buying Moves Online



## Geoff Edwards

Vice President, Market Operations  
FedBid, Inc.

The federal government is the single largest buyer of goods and services, with annual expenditures approaching \$50 billion just for competitive commodity-type buys over \$3,000. What should be of primary interest to NEMA members is that at least 10 percent, or nearly \$5 billion, of that amount is for products related to those in NEMA's 2007 *Electrical Standards & Product Guide*.

A significant challenge for many companies that currently sell or would like to sell to the federal government, whether they sell electrical products or other types of products or services, traditionally has been opportunity access. The federal government market space, with unique terminology, complex rules and regulations, and even separate courts and administrative bodies, is difficult to navigate and may even be seen by some sellers as too complicated to justify entry. Many companies dedicate entire departments or even create subsidiary organizations to obtain federal government business. Some spend millions of dollars simply to gather information regarding upcoming procurements and ensure that they are positioned advantageously to obtain awards of contract. For companies that have never competed for federal dollars but would like to do so, the obstacles may seem daunting at best.

Although the Federal Acquisition Regulations require a fair and open procurement process that encourages maximum participation by sellers, traditional procurement techniques available to the government buyer made that a difficult standard for buyers to achieve and maintain. Actively notifying sellers of appropriate opportunities and ensuring that minimum response goals are met is time consuming, and traditional offline bid-and-proposal

processes are cumbersome. In fact, even with the advent of FedBizOpps ([www.fedbizopps.gov](http://www.fedbizopps.gov)), which serves as the online publication site (or government-wide point of entry) for federal procurements, access issues remain. Publication to FedBizOpps is generally not required for awards under Federal Supply Schedule or other authorized multiple-award contracts; and, while the site provides static notification, sellers must still actively search the site for opportunities corresponding with their offerings.

Traditional process limitations and inefficiencies, coupled with an increasing workload and decreasing numbers of procurement personnel, typically have meant that most competitive commodity procurements involve a relatively small number of sellers. Traditional limitations have also meant that sellers who would like to participate in those procurements—and particularly, smaller sellers with limited sales and marketing budgets—have a more difficult time tracking them and competing for award. Even in spite of the government's ambitious set-aside programs and small business utilization mandates, federal agencies have historically fallen well short of their obligations to increase seller participation.

## Impact of Online Tools on the Federal Market

During the Internet boom of the 1990s, many business and governmental organizations turned to electronic procurement systems, or e-procurement, to automate organizational buying. Then, as now, e-procurement included a variety of approaches, from those simply incorporating web-based functionality, such as e-mail communications, into the procurement process, to more advanced systems that used software or web-based platforms to manage static electronic catalogues or automate reverse auctioning techniques. Regardless of the platform or approach, however, the common goal of these early e-procurement users was to reduce prices as much as possible through increased competition and greater buying efficiencies.

A decade later, federal buyers remain concerned about reducing purchase prices; as management expectations have matured, however, many agencies have extended their reliance on e-procurement to improve efficiencies and procurement cost controls and to increase process transparency. In fact, the growing trend of budget accountability and procurement personnel reductions has created a procurement environment in which procedural efficiencies and attention to the "bottom-line" are no longer just organizational goals but mandates. Over the last few years, increasing use of online procurement tools by federal agencies has helped change the dynamics of the competitive procurement process and made it easier both for buyers to reach sellers and for sellers to access and participate in procurements of commodities and simple services. From government-owned catalogue-based sites, like GSA Advantage! and DoD EMALL, to quote-based systems like GSA e-Buy, to commercial online marketplaces like FedBid, the federal government has moved to bring various components of the procurement process online.

### How Online Procurement Tools Benefit Sellers


Online procurement tools work by automating many aspects of the traditional procurement process. Instead of limited manual notification of a few sellers, minimal competition, and paper files with little information and even less practical use, online tools can help maximize opportunity notification, provide streamlined competition, and usable, detailed documentation of the transaction. By improving compliance with existing laws, regulations, and best practices, including the use of fair and open competition and auditable procurement processes, federal buyers using online tools, in turn, provide sellers with a number of important benefits:

- *Increased Opportunity Access and Reduced Costs.* By using online procurement tools to meet fair and open competition requirements, buyers dramatically improve opportunity access for sellers. Federal organizations and associated prime contractors solicit and compete hundreds of thousands of procurements through online tools every year. In addition to providing centralized locations for sellers to view complete, detailed information for each procurement, some tools enable buyers to contact sellers proactively when opportunities arise, using seller-selected profile criteria. This approach minimizes seller resources required to pursue each opportunity and compete for business, increasing opportunity awareness while lowering sales costs. This is especially important for small businesses, which typically do not have the resources to track and compete for business across the federal government. In addition, because online tools are web-based, there is no software to load; and buyers and sellers need only Internet access and a browser to participate.
- *Substantial Time Savings.* Even as government budgets continue to grow, the number of procurement personnel continues to decrease. As a result, buyers must satisfy increasing government purchase needs with fewer human resources. With easy-to-use interfaces that can be used without regard to geographic location, many online tools provide a fast, effective, and efficient means of issuing solicitations; and

these buyer efficiencies often make it easier for sellers to compete. Online web-based portals can be used anywhere in the world with Internet access and without implementation or training worries.

- *Improved Competitive Process.* By using online procurement tools, buyers can help ensure that they are employing a regulatory-compliant, fair and open procurement process that maximizes seller participation, provides easy access to the public sector marketplace, and levels the playing field for all businesses. Under federal regulations, buyers must meet or exceed government business utilization thresholds for small and other business designations. Buyers must also comply with Section 803 of the 2002 National Defense Authorization Act, which requires acquisition personnel within the federal government to increase competition levels and document such efforts. Using centralized push notifications of competitive procurement opportunities, buyers increase seller participation; and small businesses that cannot afford additional personnel to target, track, and sell company products and services are no longer at an informational disadvantage. The result is a dynamic that encourages participation by large numbers of sellers, most of which are small businesses.

**The Online Marketplace.** One adaptation of online procurement tools used by dozens of federal agencies—the online marketplace—provides even greater benefits for sellers by maximizing market access, process efficiencies, and ease-of-use. With a focus on commodity and simple service acquisitions rather than non-competitive small catalog buys or complex service procurements ("event-type" transactions), online marketplace users impact the market most suitable for competitive procurements and small business participation. As with traditional online procurement mechanisms, the marketplace can be used anywhere with Internet access—even through cellular telephone modems—but further improves seller opportunity by providing access at no cost. Sellers set their own criteria in order to be actively notified of those opportunities for which the seller has specifically indicated an interest. Bids are submitted directly to the buyer through the online marketplace, which also employs automated bidding features to save the seller a substantial amount of time over the length of the buying process. Sellers can participate in as many procurements as they like, without the need to monitor individual competitions. In effect, the online marketplace has helped make selling to the government as simple as possible, not just for government contractors, but for any businesses that has something the government needs.

As manufacturers and sellers of electrical products, it is critical for NEMA members to maximize access to the biggest single customers of electrical products in the world. Whether through direct sales or through reseller channels, NEMA members can improve their ability to compete for business across the federal government, including DoD, GSA, and the Departments of State and Homeland Security, by taking advantage of online opportunities. 

*About the Author: Geoff Edwards is vice president of Market Operations for FedBid, Inc., a leading online marketplace for federal commodity buys.*