

**WRITTEN TESTIMONY OF
BILL P. WHITE
VICE PRESIDENT OF FEDERAL PROGRAMS
SPRINT NEXTEL CORPORATION
ON TRANSITION OF FEDERAL TECHNOLOGY SERVICE 2001 CONTRACT
TO NETWORKX
BEFORE THE HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT
REFORM
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**Written Testimony of Bill P. White,
Vice President of Federal Programs,
Sprint Nextel Corporation**

Good morning Chairman Towns, Ranking Member Issa and members of the Committee. My name is Bill White, Vice President of Federal Programs for Sprint Nextel Corporation. I would like to express my appreciation for the opportunity to share with you Sprint's views on "NETWORX," the successor to the FTS 2001 contract.

Sprint appears before the Committee today in the unique position of being the only provider to have served FTS 2000, FTS 2001, and Networx customers for the last 20 years. Sprint has worked very well with GSA over these years in providing billions of dollars in telecommunications services to the Federal Government. Sprint also has experience with the transition from FTS 2000 to FTS 2001, and now the Networx transition. I am here today to present Sprint's views on ways to expedite the transition in order to save the Government time and money and bring about greater competition in the acquisition of telecommunications services by the Government. I also will address issues associated with the management of the Networx program.

In President Obama's March 4, 2009, government contracting Memorandum for the Heads of Executive Departments and Agencies, he plainly stated the contracting policy of his administration: "[The Federal Government] should perform its functions efficiently and effectively while ensuring that its actions result in the best value for the taxpayers." While I have much respect for the hard work that has been done by GSA to date, I have serious reservations about the efficiency and effectiveness of having two overlapping Networx contract vehicles. I also submit that "best value" is achieved by maximizing competition.

Simply put, the Networx Enterprise contract provides the best value to the Government by offering lower prices and more competition than the Universal contract. Accordingly, and for the reasons further stated, Sprint recommends that the Government either combine the Networx contract vehicles into one contract or at least direct agencies to Networx Enterprise.

The Two Networx Contracts—Universal and Enterprise Overlap Considerably Creating Unnecessary Complexities Resulting in Delays and Lost Savings

With respect to transition planning to Networx, among other things, GSA advises agencies to conduct a complete analysis of their current inventory of telecommunications services and project future operational needs. Before determining which acquisition vehicle to use, either Networx Enterprise or Networx Universal, agencies must determine requirements, document requirements and service groups, and perform market research. An agency team is faced with the following to determine which platform will best meet their needs:

- Networx has three times the core services of FTS 2001. This is further complicated by two contract vehicles and eight different vendor contract options. This results in literally tens of millions of unique price points available under Networx. How does a busy Government employee have time to learn about millions of options?
- Over 95% of services are available on both Enterprise and Universal, but sometimes with slightly different prices and service bundles. Which is best? Why are they different? Networx Enterprise offers the lowest prices. Why shouldn't this be an agency's first choice?
- In addition to the increase in complexity in services and overlap between contracts, due to changes in terminology between FTS 2001 and Networx, it becomes even more difficult for agencies to map services between contracts. This grinds the gears of transition to a halt.

It is no wonder that the Networx transition is taking longer than expected.

Over time, GSA also will need to duplicate effort. Rather than one set of contract modifications, GSA will need to administer two sets. Instead of one batch of contract reports and deliverables to review, GSA will have to double its effort. In light of all the higher agency priorities such as the MTIPS program and other mandates, plus the continued Government personnel turnover and lack of technical staff resources, it simply does not make sense to have two Networkx contracts.

It is in the Government's Best Interest to Open Competition to All 5 Networkx Contractors to Achieve Best Value, Save Money, and Complete Transition by the Mid-2011 Deadline

It is well accepted that greater competition leads to better value for consumers, industry, and Government. All five government contractors represented today hold Networkx Enterprise contracts. However, there are only three Networkx Universal vendors—Verizon, AT&T and Qwest. As such, solicitations issued under Networkx Universal, by definition, are subject to less competition.

All five of the Networkx contractors offer a broad range of telecommunications services, but we all have our strengths in certain areas. Sprint is the only carrier that offers wireless 4G services on a Networkx vehicle. Sprint 4G is a next-generation mobile broadband network that will enable government customers to increase their productivity and expand their capabilities through faster Internet connectivity anywhere within the expanding 4G coverage area. Sprint also is an industry leader in providing IP services. As the longest serving vendor under the FTS and Networkx programs, Sprint has the most experience in providing telecommunications services to the United States Government. As evidenced by a search of GSA's Networkx Unit Pricer, Sprint also offers highly competitive prices. Therefore, in order to get the "best value" regarding technical

capabilities, past performance, and price, GSA should combine the Networx contract vehicles into one, or direct agencies to Networx Enterprise, to allow all Networx vendors an opportunity to compete to earn the Government's business.

Additionally, it has been estimated that \$18 million in savings are lost for every month that the transition to Networx is delayed. These savings are more likely to be realized if there was only one Networx contract vehicle. If the duplication of contracts is not addressed, I am concerned that the long-term costs in unnecessarily administering two contract vehicles could exceed the total projected savings under Networx.

All Impacted Parties Would Benefit if GSA Combines the Networx Contracts or Directs Agencies to the Lower Priced Networx Enterprise Vehicle

While I do not deny that Sprint would receive a benefit from the combination of the Networx contracts, all other impacted parties would benefit as well. Agencies would have a clearer and faster path to traditional services and transformative capabilities like unified communications, mobile integration and 4G! GSA would have a more streamlined administrative effort, lower costs to manage contract modifications, reporting and the contract oversight process, and a much better chance of meeting the FTS 2001 transition deadline of May 2011. The Universal vendors also would have a reduced labor and administrative effort required today to support duplicative contracts. These resources can be reinvested in expediting transition. Finally, it is important to emphasize that the longer it takes to merge or direct traffic to one contract the more difficult it could be to transition services at the end of Networx.

Areas that Are Working Well, Expediting Transition, and Problems Encountered in Network Procurement Process

In spite of the challenges I have discussed above, there are success stories. For example, Sprint has been extremely fast in “like for like” transitions of services from the FTS 2001 contract to Network. This "like for like" transition has proven to be seamless and requires billing record updates only. In December of 2008, Sprint worked very closely with the FDIC and FBI to move 81 and 79 IP sites respectively within one bill cycle. Customer orders were received on December 15, 2008, and both the FTS 2001 disconnects and new order installs occurred under Network effective January 1, 2009.

Sprint has invested millions of dollars in Network and is better prepared for the transition based on lessons learned from our prior FTS transition experiences. To highlight some of the progress to date, Sprint has moved over 423,000 voice lines from FTS to Network in an average of 1.5 days per project and over 400 Internet Protocol services completed in an average of 21 days per project. No contractor is better prepared or more experienced than Sprint for this transition task. Simplifying the contract platform would go a long way to reducing transition complexity and ultimately accelerate transition.

GSA’s Network hosting center has been important in allowing for quicker and easier document processing and management. By keeping the contract, modifications, and communications in a central repository, GSA has facilitated more effective contract administration.

However, agencies continue to struggle with conducting Fair Opportunity Reviews (FORs). I have identified challenges below along with Sprint’s recommendations for corrective action.

1. Agencies lose valuable time in determining which Networkx contract vehicle to use (Universal or Networkx).

Recommendation: As discussed above, merge both contracts to reduce overhead and delays or direct agencies to Networkx Enterprise.

2. Agencies have to conduct Fair Opportunity Reviews under Networkx and often ask for more information than necessary.

FORs can be a pricing exercise (using GSA pricing tool or reaching out to vendors) or involve the development of a Statement of Work (SOW). If the agency reaches out to vendors, most FORs have asked for not just pricing but complete SOW (proposal) responses.

Recommendations: The vendors should only be asked to provide pricing and responses for agency requirements above and beyond requirements awarded to vendors under Networkx. GSA also should create a FOR template for agencies to use when conducting their reviews. GSA should remove requirement sections of the Agencies' SOWs that are addressed in the base Networkx contract and considered to be standard (e.g., ordering, billing, dispute, adjusting, and web portal).

This concludes my testimony. I thank you for your time and am happy to answer any questions that you may have.

