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Category Management, OASIS, and the impact to small business

31 October 2018



Agenda

- Category Management – what is it and why?
- GSA OASIS
- The rest of the story...



Category Management

- Short version of a long story... OMB wants to understand Federal spend for commodity goods and services (think cell phones and hotel rooms) and use that understanding to leverage Federal buying power
 - Pushing spend into agency-wide (tier 1), multi-agency (tier 2), and “best-in-class” (tier 3) contract and actively encouraging agencies to avoid establishing new contracts for covered goods & services
- Over time, OMB and various agencies have collaborated to identify a set of Tier 3 “Best in Class” contracts
 - 31 total
 - GSA OASIS is, for all intents and purposes, the only BIC contract for professional services
- OMB, specifically OFPP, is moving toward mandatory use tier 1, 2, and 3 contracts with tier 3 being the most preferred

Category Management



Government-Wide Category Organization

Common Government Spend Categories (total FY 2015 spend \$272B)

1. IT – \$50.7B	2. Professional Services – \$63.4B	3. Security and Protection – \$5.3B	4. Facilities & Construction – \$72.5B	5. Industrial Products and Services – \$11.0B
1.1 IT Software 1.2 IT Hardware 1.3 IT Consulting 1.4 IT Security 1.5 IT Outsourcing 1.6 Telecommunications	2.1 Business Administration Services 2.2 Legal Services 2.3 Management Advisory Services (Excludes R&D 17.0) 2.4 Marketing and Distribution 2.5 Public Relations and Professional Communications Services 2.6 Real Estate Services 2.7 Trade Policy and Services 2.8 Technical and Engineering Services (non-IT) (Excludes 1.0) 2.9 Financial Services 2.10 Social Services	3.1 Security Animals & Related Services 3.2 Security Systems 3.3 Security Services	4.1 Construction Related Materials 4.2 Construction Related Services 4.3 Facility Related Materials 4.4 Facility Related Services 4.5 Facilities Purchase & Lease	5.1 Machinery & Components 5.2 Fire/Rescue/Safety/Environmental Protection Equipment 5.3 Hardware & Tools 5.4 Test & Measurement Supplies 5.5 Industrial Products Install/Maintenance/Repair/Rebuild 5.6 Basic Materials 5.7 Oils, Lubricants, and Waxes
6. Office Management – \$1.7B	7. Transportation and Logistics Services – \$25.6B	8. Travel and Lodging – \$2.2B	9. Human Capital – \$4.7B	10. Medical – \$35.2B
6.1 Office Management Products 6.2 Office Management Services 6.3 Furniture	7.1 Package Delivery & Packaging 7.2 Logistics Support Services 7.3 Logistics Civil Augmentation Program 7.4 Transportation of Things 7.5 Motor Vehicles (non-combat) 7.6 Transportation Equipment 7.7 Fuels	8.1 Passenger Travel 8.2 Lodging 8.3 Travel Agent & Misc. Services	9.1 Alternative Educational Systems 9.2 Educational Facilities 9.3 Educational Institutions 9.4 Specialized Educational Services 9.5 Vocational Training 9.6 Human Resources Services	10.1 Drugs and Pharmaceutical Products 10.2 Medical Equipment & Accessories & Supplies 10.3 Healthcare Services

Note: Spend figures are based on FY15 FPDS data





OASIS and OASIS SB

- Scope is “complex professional services”
- 10 year (5+5) IDIQ (not schedule) contracts awarded in 7 “pools”
- Pools distinguished by NAICS code and size standard (for OASIS SB)
 - Pool 1: \$15M / 541330 and many other 541xxx
 - Pool 2: \$20.5M / 541219 (Financial Services)
 - Pool 3: \$38.5M / 541330 (Military & Aerospace)
 - Pool 4: 500 employees / 541710, 541711 (Biotechnology)
 - Pool 5A : 1000 employees / 541715 Exception B (Aircraft)
 - Pool 5B : 1000 employees / 541715 Exception C (Missiles)
 - Pool 6 : 1500 employees / 541715
- 156 small businesses hold OASIS prime contracts (255 total prime contracts awarded in initial batch)



OASIS features

- Rapid contract award using internal contracting resources or GSA Assisted Acquisition
- Very low contract access fee (.10% is not uncommon)
- Supports many 541xxx NAICS codes
 - IT work is not allowed – pushed to other Tier 1, 2, or 3 vehicles (Alliant, SEWP, FSSI, VETS 2, etc.)
- Supports multiple task order types
- Protests only for task orders >\$10M
- More flexibility for development and contractor-acquired property than pure A&AS contracts
- GSA intends to deliver 2-4 responses to each RFP



GSA OASIS – some useful nuggets

- OASIS on-ramping is underway and will add substantial numbers of new small business prime contractors in pools 1, 3, and (maybe) 4 along with 8(a) sub-pools in all SB pools
 - No onramps for SB pools 5A, 5B, and 6
 - UR onramps planned for all pools
- A substantial percentage of current contract holders in pool 1/small business will be forced out by April 2019
 - Most have grown too large and will seek lateral (mostly to pool 3) or vertical (to pool 1 unrestricted) on-ramps, but either way will be ineligible to compete for any current work
 - Vertical on-ramp opportunities will be *very* limited due to caps on the number of contract holders
 - Lateral on-ramping will be available only for those firms with work in 541330 – other NAICS are not valid for pool 3



The problem with OASIS

- Limits potential bidders to a smaller pool and eliminates ability for primes to grow as they execute successfully in their chosen markets
 - Past performance earned in the 541614 NAICS (corresponds to Pool 1), no matter how stellar, is of no value when competing for Pool 3, which is limited to 541330
 - Similarly, 541330 work does not qualify for a bid into pools 4, 5A, 5B, or 6 (all 541712/541715)
- Concentrates small business prime spend into a much smaller set of companies
- Warner-Robins, GA has seen a dramatic drop in locally headquartered companies and the associated economic activity since the Air Force began to embrace OASIS



Some numbers

- Nearly \$12B has been obligated on OASIS since its inception – more than \$5.5B to small businesses
 - The top 20 small businesses have received over \$3B
- Over 300 companies in zip code 358xx claim 541330 as their primary NAICS
- More than 29,000 make that claim nationwide
- Only 15 Alabama-based small companies currently hold one or more OASIS prime contracts
- In no scenario does OASIS help the small business base



The bottom line

- OASIS, and more generally category management, represents a significant threat to the small business industrial base
- Professional services, particularly on the small business side, is highly differentiated by geography, mission, and customer
- Agencies will likely lose access to companies that they have known and trusted for years
- Will drive a wave of consolidations and closures, as well as secondary impacts to legal, financial, and real estate markets in communities like Huntsville



Questions?

