



FEDERAL ACQUISITION SERVICE  
**INDUSTRY  
PARTNER**  
SYMPOSIUM  

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**2023**

Growing a Diverse, Resilient Government Marketplace

# Session 3.3: Pricing & Mods Updates



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All Industry | Track 3

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**Begin Adapting Now!** - This is the first generation of what is coming.

# GSA/GSS Initiatives

## **Delivery**

- Every aspect being evaluated...from order to order completion

## **Curated Catalog**

- Key driver of market knowledge
- Helps fulfill public policy objectives

## **Price/Value**

- GSA/GSS competes well on the price/value front

## **Compliance**

- GSA/GSS competes well on compliance

# Delivery and the FAR



## FAR 1.102 – **Statement of guiding principles for the Federal Acquisition System**

(1) Satisfy the customer in terms of cost, quality, and timeliness of the **delivered** product or service by...

# Vendor Performance Improvement

- Leverage Vendor Relationships
  - EDI Vendor Support (when needed)
  - PO Portal Vendors
    - Dedicated support email communication to PO Portal vendors
      - Improved order status from 35% overall to 90%
      - Improved on time delivery and cancellation rates by 1% month over month since March
    - Recommended best business practices
      - PO Portal/EDI, catalog offerings and ARO expectations
    - Several one-on-one meetings held and continue with vendors who need extra support

# Suspensions Leveraged

- Set and clarify expectations for vendor performance - Responses to Suspension notices required within 7 days
  - Include reasons "why" they failed
  - What remedial action steps/business practices will be implemented to avoid future failure.
  - Allow grace period for scores to reflect major changes via MOD
    - Deletions/ARO updates/EPAs

# Purchase Order Portal

## PO Portal Vendor Emails

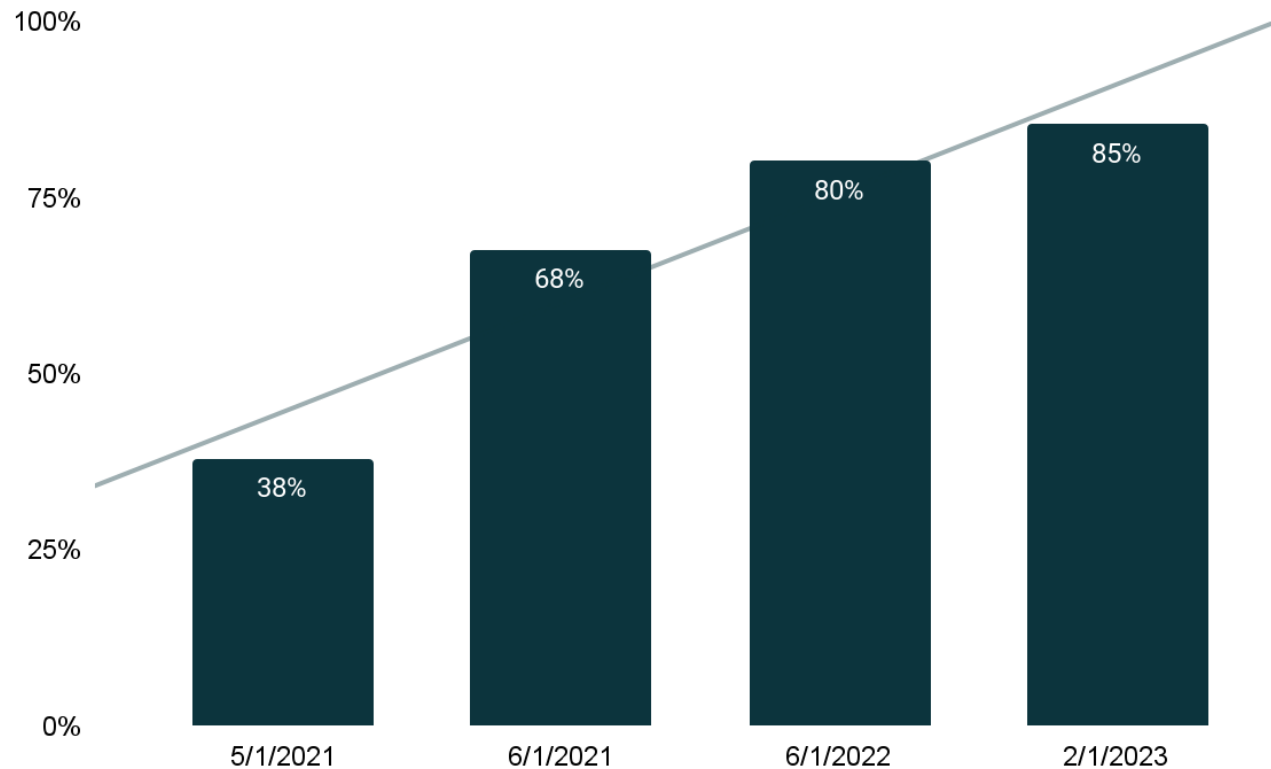
Vendors Receive Bi-Weekly Scorecards - 3 Batches

1. Batch A = No orders processed during 30 Day eval period
2. Batch B = Received  $\geq 1$  Order and/or PASS all metrics
3. Batch C= Received  $\geq 6$  Order lines and FAILED one or more metrics:
  - a. Order status score must be 80% if 6 or more order lines
  - b. On time Score that is 30% or greater if 100 or more order lines
  - c. Cancellation score that is 30% or Less if 100 or more order lines

Scorecard email is HTML script to include language that explains the score, how to improve and an excel attachment that has all order lines that were reviewed.



# GSA Advantage! Order Status

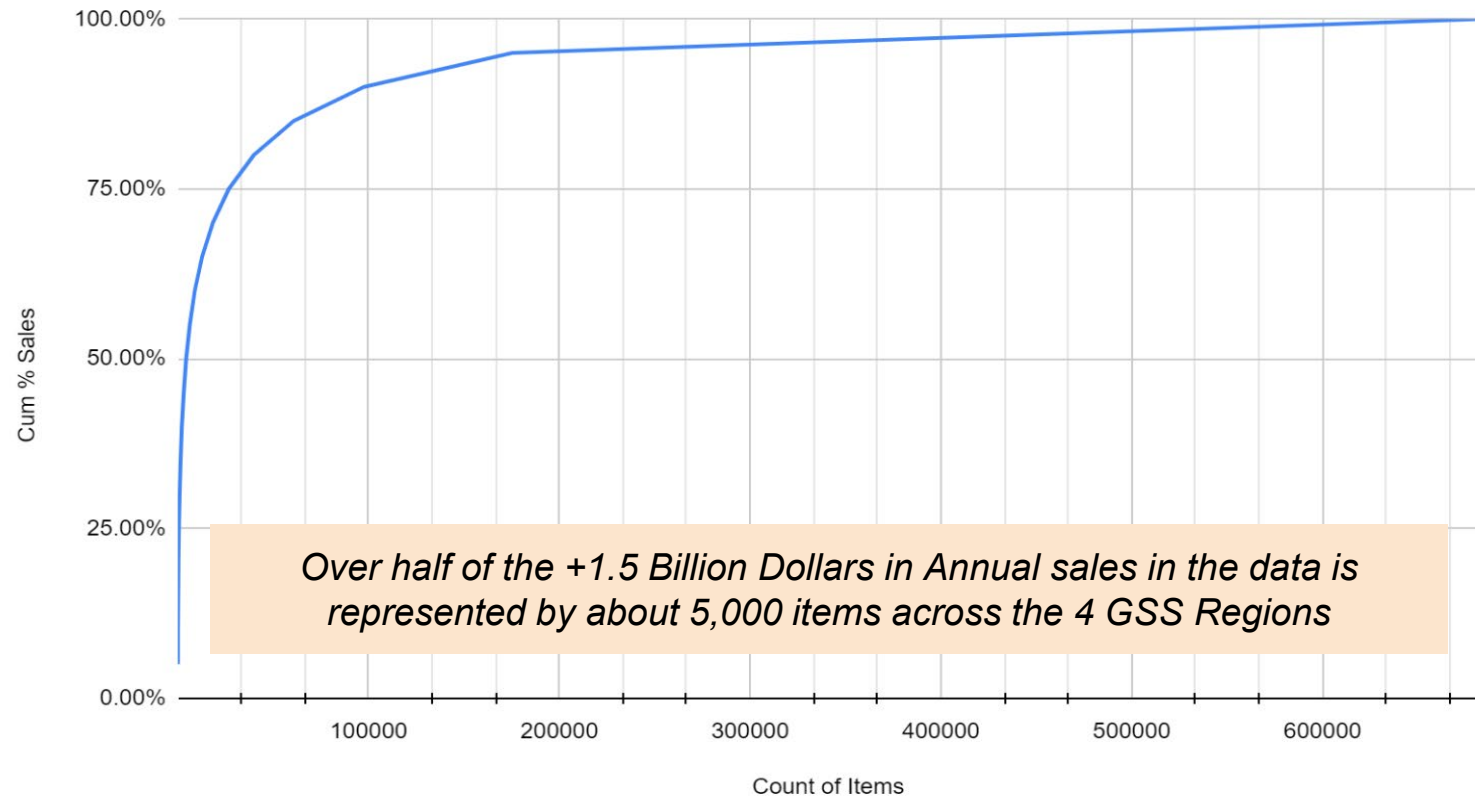


**Incorporating demand data into our price evaluations allows us to mitigate risk while also reducing workload**

- Overall Advantage! ship status score is up to 86.3%, and 92% with backorders.
- Contacting contractors with the most missing statuses, even if their score is passing.
- Starting 2/15, contractors with very poor on-time or cancellation scores must provide an improvement plan - if plan does not lead to improvement, they will be suspended from Advantage!

# Concentration of Sales in Highly Demanded Items

Count	% Items	Cum % Sales
24	0.0%	5.00%
80	0.0%	10.00%
185	0.0%	15.00%
352	0.1%	20.00%
598	0.1%	25.00%
960	0.1%	30.00%
1,468	0.2%	35.00%
2,172	0.3%	40.00%
3,136	0.5%	45.00%
4,475	0.7%	50.00%
6,343	0.9%	55.00%
8,975	1.3%	60.00%
12,760	1.9%	65.00%
18,371	2.7%	70.00%
26,812	3.9%	75.00%
39,931	5.9%	80.00%
60,838	8.9%	85.00%
97,596	14.3%	90.00%
175,332	25.7%	95.00%
681,894	100.0%	100.00%



*Over half of the +1.5 Billion Dollars in Annual sales in the data is represented by about 5,000 items across the 4 GSS Regions*

This information is published to VSC and Interact bi-monthly.  
 Check it out at this link: <https://vsc.gsa.gov/vsc/app-content-viewer/section/150>  
 Scroll down to Demand Data

# Pricing Algorithm Comparison

Minimizing Pricing Risk while maximizing the amount of prices that can be algorithmically validated

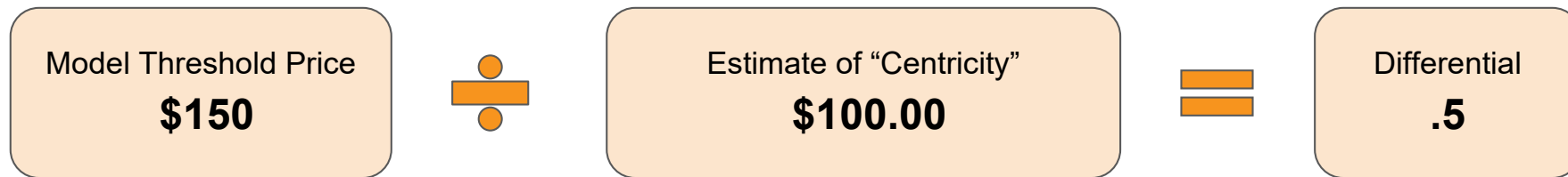
Recall the Dick Ginman memo



Option #	Option 0:	Option 1:	Option 2:	Option 3a:	Option 3b:	Option 3c:	Option 3d:	Option 3e:	PAT1:	PAT2:
Max Diff*	2.29	2.29	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Avg Diff*	0.10	0.12	0.06	0.31	0.31	0.35	0.31	0.35	0.21	0.03
Median*	0.11	0.13	0.08	0.33	0.33	0.38	0.33	0.36	0.20	0.03
75th % Diff*	0.21	0.23	0.15	0.45	0.45	0.49	0.45	0.47	0.32	0.12
95th % Diff*	0.36	0.36	0.28	0.53	0.53	0.55	0.53	0.54	0.50	0.26
Acceptance %	64.1%	83.0%	34.2%	85.9%	85.9%	82.3%	86.1%	87.7%	70.3%	50.6%

# Pricing Algorithm Comparison Methodology

- For each of the 181K items in the sample, for each model tested, calculate the model's "Differential" as an estimate for the price risk allowed by the model for that particular item



- Statistics like the **"95th % of Diff"** of **.54** for Option 3e tell us:

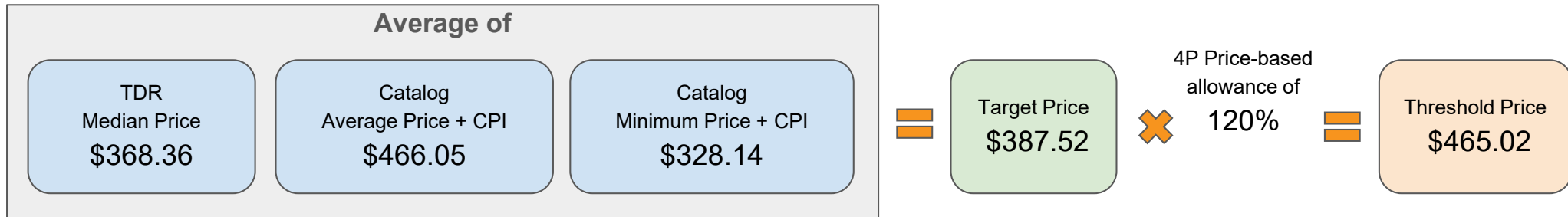
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Acceptance %	64.1%	83.0%	34.2%	85.9%	85.9%	82.3%	86.1%	87.7%	70.3%	50.6%

"For Option 3E, 95% of the thresholds created for the 183K examples were at or below 54 percent above the estimated centricity of the horizontal data"

- Acceptance %** Tells us what proportion of the 183K sample offers would have been accepted by each model

# 3d Model Example

Dewalt DCS334P1 - Offer Price \$433.76
















Result: Price deemed acceptable based on model applied. 4P Market Threshold was \$383.41

R6 Pilot effort result: Contractor X's Mod XXX offered reduced prices for 94 items previously rejected for price alone. 24 of these items are now determined F&R and accepted as offered.

As you can see Roger, it is not LPRC

This formula was the winner/result of the testing on Slide 4 at the time. The new one (3e) is almost identical

# Model Example on Advantage: Dewalt DCS334P1

Select	\$428.33	EA		<a href="#">AVIATE ENTERPRISES, INC.</a>	s d v h		2 days delivered ARO	\$100.00	D-CONUS ND-AK,PR,HI
Select	\$428.51	EA		<a href="#">DBISP, LLC</a>	s d Ba		30 days delivered ARO	\$100.00	D-CONUS/O-AK,PR,HI
Select	\$433.76	EA		<b>Contractor X</b>	o		3 days	\$1.00	D-CONUS,AK,PR,HI
Select	\$438.89	EA		<a href="#">BAHFED CORP</a>	s d Ba v h		5 days delivered ARO	\$60.00	D-CONUS/O-AK,PR,HI
Select	\$445.58	EA		<a href="#">THE OFFICE GROUP INC</a>	s w		1 day shipped ARO	\$25.00	D-CONUS ND-AK,PR,HI
Select	\$445.58	EA		<a href="#">THE OFFICE GROUP INC</a>	s w		1 day shipped ARO	\$25.00	D-CONUS ND-AK,PR,HI
Select	\$476.01	EA 1		<a href="#">WRIGGLESWORTH ENTERPRISES, INC.</a>	s w wo		5 days delivered ARO	\$25.00	D-CONUS/O-AK,PR,HI
Select	\$480.75	EA		<a href="#">JAHNDA GROUP, LLC, THE</a>	s d Ba dv		7 days delivered ARO	\$100.00	D-CONUS/O-AK,PR,HI
Select	\$501.62	EA 1		<a href="#">HARDWARE, INC.</a>	s w wo		10 days delivered ARO	\$100.00	D-CONUS/O-AK,PR,HI
Select	\$501.62	EA		<a href="#">RED HILL SUPPLY</a>	s v		15 days delivered ARO	\$150.00	D-CONUS/O-AK,PR,HI
Select	\$504.96	EA		<a href="#">JLOGISTICS</a>	s d		7 days delivered ARO	\$100.00	D-CONUS/O-AK,PR,HI
Select	\$526.23	EA 1		<a href="#">SEVA TECHNICAL SERVICES</a>	s dv		9 days delivered ARO	\$25.00	D-CONUS/O-AK,PR,HI
									D-CONUS

\$301.04 to \$677.20 for this item on Advantage. With 3 day delivery and a one dollar minimum order amount, Contractor X’s offer meets CO determination of “competitive”

# Memo to File Automation

## Template

MEMO TO FILE  
Solicitation Number 47QSMD-20-R-0001 Refresh Number {{ RefreshNumber }}

Date: {{ dated }}

Contractor: {{ ContractorName }} here-to-forward referred to as "the contractor"  
System for Award Management (SAM) Unique Entity Identifier (UEI): {{ UEI }}

Contract Number: {{ ContractNumber }}

TDR Participant: {{ TDRParticipant }}

Currently Awarded SIN(s): {{ CurrentlyAwardedSINS }}

Mod Submission Date: {{ MODSubmissionDate }}

Mod Number: {{ ModNumber }}

Subject: {{ ModSubject }}

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Contractor has accepted the most current MAS Refresh (See the most recent MAS Refresh modification for the applicable refresh terms and conditions or any exceptions, if applicable)?  Yes  No



4P Output



CO Form

MEMO TO FILE  
Solicitation Number 47QSMD-20-R-0001 Refresh Number 15

Date: 2023-05-16

Contractor: Contractor X

System for Award Management (SAM) Unique Entity Identifier (UEI): XXXXXXXXX

Contract Number XXXXXXXXX

TDR Participant: Yes

Currently Awarded SIN(s): XXXXXXXXXXXXXXXXX

Mod Submission Date: 04/05/2023









Mod Number: PS0606

Subject: Add 482 products to SIN 332510C and nine (9) products to SIN 332510S.

Contractor has accepted the most current MAS Refresh (See the most recent MAS Refresh modification for the applicable refresh terms and conditions or any exceptions, if applicable)?  Yes  No

# Standardized Pricing Tool “Soft Opening”

GSSModProcessing > output ▾

Name	La
 CUI: Request for SPEL Process for MSC Mod 0352	
 CUI: SPEL Request Grainger MOD0609 rev1	
 Request SPEL, Lazer Cartridges Plus LLC - 47QTCA19D001W Mod 163	
 CUI SPEL Request 47QSHA18D000G W. W. GRAINGER, INC EPA Mod 0613	
 CUI SPEL Request Grainger Mod 0606	
 CUI: Request SPEL for One Source MRO/ GS-21F-0070X ADD SIN Mod 0...	
 Jahnda 52	
 CUI: Request SPEL for MSC Mod 0359	

Deployed 15 May

- CO provides: 4P output and additional form input to Google Shared Drive
- Revised “Approvable”, “Not Approvable”, and “No data” determinations
- An auto-populated MTF (Initially for TDR Add Mods only)
- Limited to R2 and R6 EPA and Add mods

**93 Mods processed in SPEL pilot so far! (5/16-6/23)**



# The Modification Problem

Contracting officer receives modification add request for 100,000 items

- No human can review all 100,000 of the items in a timely manner
- Sampling leads to current unacceptable results (CSP)
- As many as 80,000 items are returned with no market research from a database of 63 million items
- Time is wasted on 80,000 no-demand items which clogs the system

# Standardized Pricing Results and a Prioritized Process

## *Short Term Help and Part of the Long Term Solution*

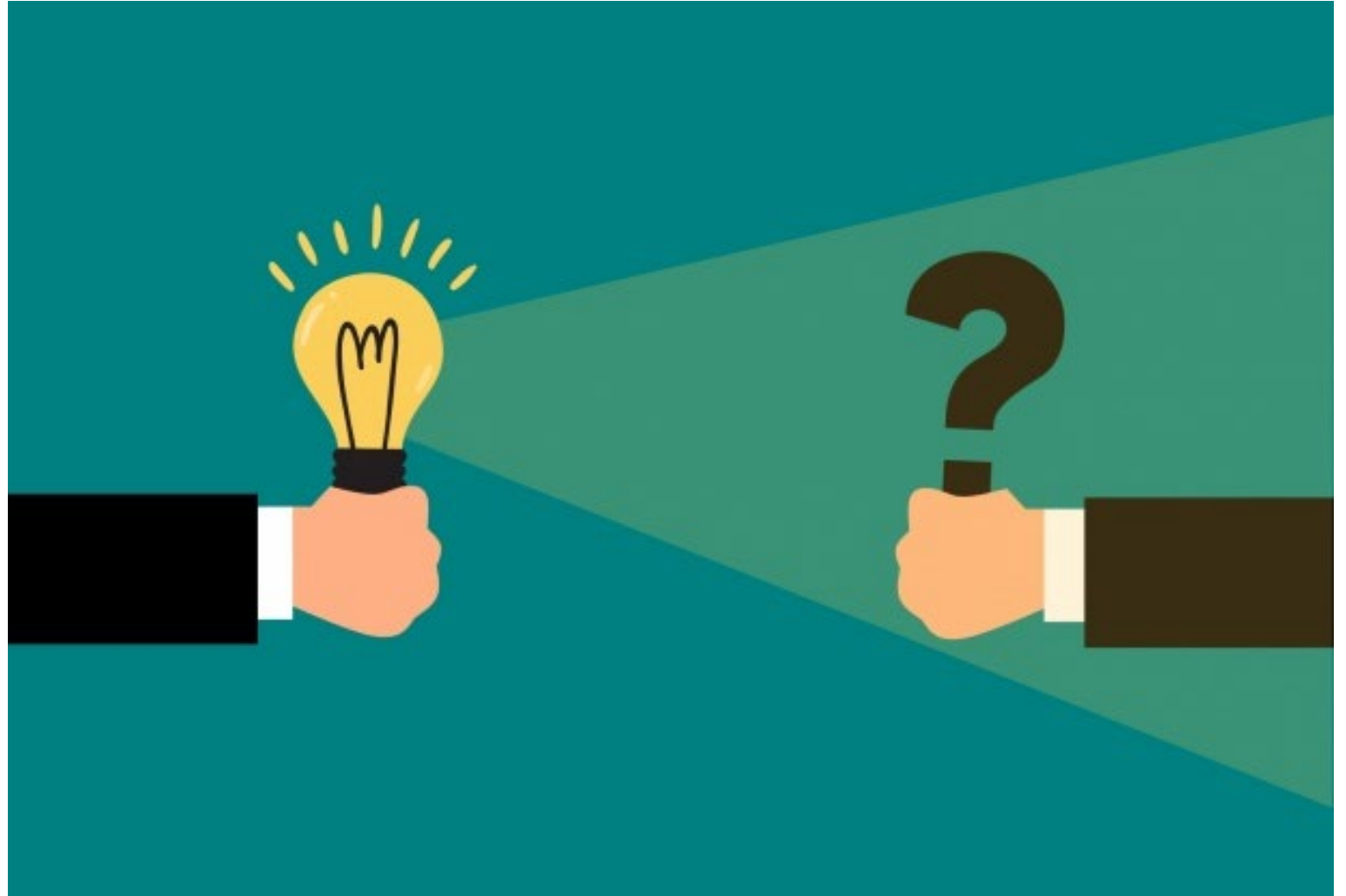
Contracting officer receives mod add request for 100,000 items

- 20,000 items with Pricing Tool results, 80,000 items are with no market research
- Vendor is provided Pricing Tool results and modification is “unlocked”
- Vendor removes all items with no market research, hard SCRM flags, and prices above threshold, and resubmits.
- Contracting Officer approves mod; Memo to file auto-generates
- Vendor can then go through a secondary mod process
  - to review no market research items based on new product line or demand
  - to dispute SCRM flags
- Any items approved in secondary process will be added to primary at next bi-monthly update

# Going Forward - The Path I See

- Current pilot is limited
  - EPA and Add mods for TDR contracts - Regions 2 & 6
- Will expand based on results of the pilot and maturity/applicability of process to other categories
- This is early information and subject to change
  - Expansion to all product mods/offers - Regions 2 & 6
  - Product Expansion - Regions 3 & 7
  - Product Expansion - ITC
  - Services Expansion - Overall - The most difficult area
- Long term goal: Standardized algorithms for ALL offers and mods
  - There will be more than one algorithm used

# Comments? Questions?



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