

## Procurement reform fever to die down in 2010

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March 4 contracting memo influenced much of the procurement policy guidance in 2009, but experts say its effects will be subtle this year

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What a difference a year makes, even if in a wholly unexpected way.

On March 4, 2009, President Barack Obama delivered what had the makings to be a game-changing speech for the federal information technology community. The president outlined his agenda for overhauling federal procurement, promising to end wasteful contracting practices and wean agencies off their reliance on government contractors.

The federal market was soon buzzing about fixed-priced contracts, reinvigorated competition, and a pronounced shift from the outsourcing of government work to the insourcing of contractor work.

“The way government agencies acquire the goods and services needed to carry out their responsibilities will take an abrupt 180-degree turn if President Barack Obama gets his way,” Federal Computer Week reported at the time.

However, the buzz generated by that speech and its accompanying memo has grown quiet, and the market is back to business as usual, or nearly so. What seemed like the start a major reform initiative 10 months ago now appears to have been a new president putting his stamp on issues that previous administrations have also tackled.

Contracting policies “have been fairly consistent throughout the years. It’s just good public policy,” said Robert Burton, former deputy administrator at the Office of Federal Procurement Policy and now a partner at Venable law firm.

That’s not to say the speech was empty rhetoric. The administration followed the March 4 memo with additional guidance and initiatives in the areas of cost-reimbursement and sole-source contracting, the acquisition workforce, and workforce management.

Administration officials also have prodded agencies to identify opportunities for saving money through improved procurement practices. Obama predicted that the memo and the governmentwide guidance could save the government as much as \$40 billion. On Dec. 21, Jeffrey Zients, deputy director for management at the Office of Management and Budget, said the administration was nearly halfway there, having identified \$19 billion in potential savings.

More agencies are buying in bulk to get volume discounts, Zients said at a press briefing. They’re also using reverse auctions, in which companies compete for work by offering a lower price than another bidder — the opposite of an eBay auction. And NASA, among other agencies, reviewed its contracts and shifted some high-risk programs to fixed-price contracts, making it possible to keep its costs under control.

Zients said he estimates that agencies are on track to save 3.5 percent this fiscal year and 7 percent by the end of fiscal 2011. And of course, the contractor community continues to watch warily as the administration beats the drum for bringing government work in-house.

Still, most of Obama's procurement agenda is remarkably similar to that of previous administrations. For example, the shift to fixed-price contracting, a central piece of Obama's agenda, has been a priority of the procurement community for years and was incorporated into the Federal Acquisition Regulation.

"A lot of the guidance was essentially a reinforcement of previously stated preferred procurement practices," said Larry Allen, president of the Coalition for Government Procurement.

What Obama has done is refocus the procurement community. That is not a trivial matter, but it is not a game changer. "Overall, I think the impact of the guidance issued so far will be like turning the procurement landscape from royal blue to sky blue, not from black to white," Allen said.

Ray Bjorklund, senior vice president and chief knowledge officer at FedSources, said the focus of the March 4 memo and related guidance is not the contracting principles but the acquisition community, such as the employees and the purchasing process.

"I think the extent to which the memo will affect the policies of the future is in laying the foundation for a fresh look — not at the law and regulation," he said. "I don't see any serious intent to correct or change the underlying laws and regulations."

Burton said the Bush administration tackled many of the same issues on Obama's agenda.

For example, Bush launched a program called Be America's Buyer to recruit a new generation of acquisition experts. He also introduced training certifications for contracting officers, their technical representatives and even program managers. The Bush administration's agenda also included tracking down contracting fraud and abuse, reducing the use of risky contracting approaches, and improving competition for contracts.

Mark Amtower, an industry consultant and founding partner of Amtower and Co., said issues such as limiting contractors' influence in government decision-making "have been with us to a greater or lesser degree forever. They do not go away."