

Pick a service

Federal agencies will spend the next two years making connection selections that will shape their telecom and data communications for a decade

By David Perera

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A typical Agriculture Department field office contains a server room with a T1 connection and office space with a few employees working at desks. There are thousands of such offices nationwide. Field agriculturalists ideally spend about two hours in the office for every eight hours they spend checking farms or monitoring wildlife. But lately, that ratio has been turned upside down, said Jack Carlson, director of the information technology center at USDA's Natural Resources Conservation Service agency at Fort Collins, Colo.

"We need to unchain our people from the office," Carlson said. A USDA employee with a reliable remote connection to the Internet could visit a farm to see whether a farmer has cultivated a natural buffer against runoff and then post that data immediately, without going back to the office. USDA also might save money if it relied less on a wired infrastructure, Carlson said.

It's opportunities such as those that agencies see at the beginning of the General Services Administration's Networkx program. GSA awarded two multiple-award contracts to five network services providers earlier this year, and federal agencies that use the new program must be ready to make their connection selections. In the next couple of years, agencies must move their telecommunications business from GSA's FTS 2001 contracts, which will soon expire. Agencies that choose the Networkx program must first decide what public services they want to provide that require telecom and data network services. Second, they must take an inventory of the services they now use. Finally, they must select a Networkx contract from which to buy services.

The 10-year Networkx acquisition program is the largest telecom procurement in GSA's history. GSA expects that agencies will do about \$20 billion worth of business through the contracts, but it set the contract ceilings much higher,

totaling \$68 billion, in case that estimate proves to be low. GSA awarded the first of two contracts, Networkx Universal, in March. For that contract, the government asked for 37 mandatory services and 11 optional ones. For Networkx Enterprise, which the government awarded in May, GSA asked for 10 mandatory services and 42 optional ones. GSA also awarded all of the Enterprise contract holders the right to offer some of the 42 optional services. However, no company can offer them all.

A successful transition to Networkx will require agencies to pose hundreds of questions and make many decisions, such as : How do we buy telecom today? Could we buy it better? Are there redundancies we could reduce?

Transition or transformation?

Many agencies need to upgrade their telecom and data communication infrastructures. The Veterans Affairs Department is a good example. VA wants to present a single face to the country's veterans, yet a veteran who has questions to ask the Veterans Benefits Administration and the Veterans Health Administration has to call one agency, hang up and call the other. VA's telecom infrastructure doesn't allow the department to transfer the call from one part of the agency to another.

That's aggravating, said David Cheplick, director of VA's telecom operations management service. VA's toll-free automatic response system can't smooth over that problem. With Networkx, he added, "there may be opportunities to consider looking at new platforms."

However, VA's initial objective for the transition to Networkx is less ambitious. VA plans to review the services it receives through FTS 2001, drop the ones it no longer needs and transfer the other services to the Networkx program. GSA and the Office of Management and Budget have made

closing the old FTS contract a measure of agencies' success, so transferring existing services has first priority, Cheplick said.

The transition to Networx will bring intense scrutiny from GSA, OMB, Congress and taxpayer watchdog groups, political observers say. Networx has been a pet cause of Rep. Tom Davis (R-Va.), ranking member of the Oversight and Government Reform Committee. The Government Accountability Office began its scrutiny in February by criticizing GSA for planning to spend too much money on the transition to Networx. "Just assume that everybody is watching," said Jim Payne, president of Bechtel Systems and Infrastructure, in offering a general caveat.

With so much oversight focused on Networx, some agencies might decide that the safest transition would be a like-for-like shift: Take the agency's existing telecom services and move them en masse onto Networx. For agencies with a shortage of telecom employees, that option looks enticing for other reasons, including cost. The transition to a new telecom contract requires a large staff and ample resources. Major transitions are disruptive. They necessitate changes in business procedures that can be nerve-wracking until they prove to be good decisions. One agency telecom manager said a few federal executives have demanded to know why they can't stay with FTS 2001.

"It's sometimes really hard to get through to the upper management" that staying on the existing contract is not an option, said the manager, who asked not to be identified.

However, even a like-for-like transition won't be simple, those familiar with Networx say. The Networx program has a different structure than FTS 2001's. Each Networx contract categorizes and defines services differently and has its own basis for pricing. The service choices are different, too, because technology has advanced significantly since GSA awarded FTS 2001 in 1999. Reliable Internet access has become a necessity, not an option. And new transmission standards, such as multiprotocol label switching (MPLS), are options that weren't viable in 1999. MPLS enhances the performance of networks carrying voice, video and data traffic.

Some telecom experts say agencies that use Networx for the same services they have now might later regret not having taken advantage of Networx's new offerings. They might discover that transitioning in phases is not worth the expense and disruption. "Some agencies may look at this and say, if I'm going to do it, I'm going to do it [all] now," said Warren Suss, president of

Suss Consulting, a telecom consulting company.

Taking stock

Whether agencies leap into Networx or step carefully, they should take stock of their current telecom services. Some agencies still keep their inventories in Excel spreadsheets, which could put them at a disadvantage during the inventory phase of the transition to Networx. Inventories by nature are moving targets because agencies add and disconnect services in locations worldwide. Tracking inventory is a daily job, Payne said. "It's not like all of a sudden you go down to the basement and count your light bulbs."

Agencies sometimes resort to using billing records to establish an inventory, but that approach isn't always feasible. A monthly statement typically doesn't contain enough detailed information to correlate order numbers and billable line items, said Stan Wood, chairman of the Interagency Management Council's transition working group and head of the Nuclear Regulatory Commission's telecom team. For an idea of what it's like, just examine your home phone bill every month, Wood said.

"If you're exasperated by just one phone bill, imagine dealing with 20,000 of them," he said. "That's really resource intensive." The problem is magnified in a large Cabinet-level agency that has many locations.

Universal or Enterprise?

After agencies pick the telecom services they need and take stock of the services they already have, they must select a contract. GSA designed the Networx contracts for separate purposes. GSA required bidders on Networx Universal to price global coverage for a hefty list of mandatory services. The three Universal contract holders are AT&T, Qwest Government Services and Verizon.

By contrast, when GSA created Networx Enterprise, a contract with fewer mandatory services, GSA anticipated attracting a different set of companies from those able to bid on Networx Universal. However, the market moved too fast, industry insiders say. Between the time GSA began soliciting Networx bids and the time the contracts were awarded, many of the companies that might have bid on Enterprise had merged with larger companies.

In 2005, Verizon acquired MCI, and SBC bought AT&T. In May, GSA awarded Enterprise to the three companies that won Networx Universal. Sprint and Level 3 Communications also won contracts under Networx Enterprise.

GSA has said it won't let the Networx Universal

contract holders offer all of their Universal services through Enterprise. For example, AT&T can sell fixed satellite and land mobile radio services under Universal, but not under Enterprise.

Agencies face options and limitations under Networkx. An agency can buy from both Networkx contracts, but it can't solicit bids from both contracts for the same service. However, the more contracts agencies use, the higher their administrative costs. Agencies with Sprint as their telecom provider must determine whether Sprint can continue to meet their needs through its Networkx Enterprise contract or if they will have to choose a new provider for at least some services.

Choosing the contract that best matches an agency's needs depends ultimately on the breadth of its agency's requirements. For many agencies, Suss said, that will be the deciding factor, which means the first question agencies ask themselves might also be the last: What public services do they want to provide?

Carlson recalled a trip he made to Texas a few years ago where he met an employee at a USDA field office who would wait until farmers had dropped off enough paperwork to justify driving to the next county office to move the paperwork along. New telecom services, he said, could bring that tiny Texas field office into the 21st century.

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