

Testimony

of

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before the

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## **Introduction**

Mr. Chairman and Members of the Subcommittee, my name is Dave Page and I am the Vice President for BellSouth Business-Federal Division. It is a privilege to appear before you today and to present the views of BellSouth on this new important government program, Networkx.

In the past 20 years, BellSouth has grown from a \$9.5 billion revenue business to a \$23 billion communications company serving nearly 44 million customers in 14 countries.

As industry participants, we recently provided input to the FTS Networkx Acquisition Strategy RFI designed to provide more cost-effective and technologically advanced solutions to the GSA customer base. Our response emphasized the need for open and fair partnering, use of best commercial practices in as many areas of the acquisition process as possible, and an innovative contracting strategy designed to concurrently drive prices downward and reduce contract modification overhead.

I see the acquisition approach taken by the FTS/IMC Team as a positive step, but one that would benefit greatly by expanded use of commercial best practices and adoption of the mindset of an innovative commercial integrator, of course with appropriate cost protections for end user agencies. These issues can be addressed as follows.

## ***FTS Network Issues***

I see a fundamental conflict between the inclusion of some government-specific requirements for telecommunications services, and the stated (FTS) / (IMC) goal of “best value (lowest prices while maintaining quality of service levels)”. I would suggest that this conflict be mitigated by common schedule timing requirements, use of established best commercial practices, and timely contract modification processes.

### **Schedule Timing**

Specifically, I believe that both Network Universal and Network Select awards should be made at the same time. As the RFI is written today Network Universal will receive their awards 9 months prior to Network Select. Under this scenario the Network Universal awardees will have established themselves, as vendors of choice for almost a year prior to the Network Select awardees being able to begin.

Subdividing procurements by areas of need would complement the Select and Universal categories. For example, instead of finding two or three companies in the world that might be universal by the early definitions, you could have ten companies who offer Long Distance service, VOIP, or etc.

### **Commercial Pricing Structures**

I strongly advocate the use of standard commercial pricing structures and billing platforms. CLIN-based pricing (which is an artificial bundling of charges) is government specific and does not represent "Best Practices" in commercial

business. CLIN-based pricing requires either the development of a customized billing platform or manual conversion from commercial billing to CLIN billing, both of which are inconsistent with lowering costs.

### **Timely Contract Modifications**

Timely contract modifications are needed to provide the most advanced and up-to-date services to end user agencies. The current modification process under MAA takes too long and is, in a word, onerous. Hopefully Networx can correct this type of inefficiency.

In today's rapidly changing environment, all contracts should lend themselves to quick and easy modifications in order to take advantage of changing technology. With this in mind, I would recommend the following items for *incremental* improvement of the contract modification process for Networx and existing contracts:

1. The modification process should be handled either at the regional or at the national level, but not both.
2. Modifications for pricing should be simplified so they can be dealt with quickly.
3. Required information for modification requests should be simple and straight-forward in nature (i.e., brief technical description, brief description of benefits and pricing).
4. The government should commit to a rapid time frame within which modification requests will be processed, say, thirty (30) days.

While these recommendations are incremental in nature, the GSA also has the unique opportunity to adopt a more aggressive approach.

### ***Innovative Pricing Strategy***

Moving beyond the incremental and to the innovative, addressing timely contract modifications and a more flexible pricing strategy, the automatic inclusion of approved tariffs under Networx and the use of tariff pricing as “**not-to-exceed**” pricing would be a significant step forward for GSA. I emphasize that this pricing should be used as a ceiling and that discounts should be handled on an individual case basis. Of course, specific tariff changes that the Government finds unacceptable could be addressed individually. Having new tariffs, either FCC or GSST, included *by default* under the Networx would be a significant step toward positioning GSA as a solutions provider with the greatest possible array of contractor services to draw upon, and provide current technology at all times!

### **Conclusion**

Mr. Chairman, BellSouth’s recommendations are straightforward, direct, and are in complete accord with previous testimony. GSA is moving forward with good intentions to be a true best value provider to its customers.

With the minor suggestions made today, BellSouth is confident that GSA will continue to be the government’s best answer to complex involved communications contracts.

Mr. Chairman, BellSouth appreciates this opportunity to share its views. We welcome any questions you may have.