

**STATEMENT OF**  
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**OF**  
**GENERAL SERVICES**

**BEFORE THE**

**COMMITTEE ON GOVERNMENT REFORM**

**U.S. HOUSE OF REPRESENTATIVES**

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Good morning Mr. Chairman and Members of the Committee.  
Thank you for the opportunity to testify today on the General Services Administration's (GSA's) proposed government-wide telecommunications program called "Networx."

At previous hearings of this Committee, we have discussed the efforts GSA is making to improve our performance in providing "best value" service to Federal agencies and to the American taxpayers. We are applying this effort across all areas of GSA including the Public Buildings Service, the Federal Supply Service, and the Federal Technology Service.

We are here today to discuss the Federal Technology Service plan for developing the "Networx" telecommunications program to replace the expiring FTS 2001 telecommunications program. Specifically, we will discuss the objectives, timetables and our acquisition strategy for the new program.

This new Networx contract is the fourth major competitive acquisition of a government-wide, full service telecommunications program to provide voice, data, video, and other telecommunications and networking services and solutions to support Federal agencies in the achievement of their missions. It all began in 1964 with the original Federal Telecommunications System, followed by FTS2000 from 1988 through 1998, FTS2001 from 1998 through 2006, and soon, Networx.

Each of these telecommunications programs has enabled Federal agencies to have access to affordable telecommunication services and solutions that meet agency mission requirements. FTS has worked closely with this Committee, with our customer agencies on the Interagency Management Council, and with the entire community of stakeholders to properly leverage the volume of Federal government requirements to provide extraordinary value through low pricing and reliable delivery of

telecommunication services that are critical to the efficient and effective operation of each Federal agency.

The current FTS2001 program, now in its sixth year, certainly has provided value. The low prices obtained thus far have resulted in approaching \$2 billion in savings to the Federal Government.

Additionally, the FTS2001 and related “Crossover” contracts have provided the flexibility agencies need to adapt emerging technologies. The contract has been modified 229 times to meet changing customer requirements. Each year the value provided by the FTS 2001 contract has been improved through price reductions and service enhancements.

Last October, at your invitation, I was pleased to discuss with the Committee the goals, overall features of the Networkx telecommunications program and the proposed strategy for Networkx to replace the FTS2001 telecommunications contract and several of our other expiring contracts. We continue to seek your counsel and support as we finalize this work.

Additionally, discussions with customer agencies, the telecommunications industry and other interested parties are well underway, and many excellent ideas have been shared with GSA as we consider options for the various features that will comprise our eventual acquisition strategy.

In my brief remarks today, I want to assure you that GSA recognizes the importance of our proposed Networx acquisition program. We are committed to achieving a successful implementation of Networx, including a well-planned, properly managed transition from FTS2001. This is a top priority of our agency.

Sandra Bates, Commissioner of the Federal Technology Service, and her team has kept GSA's Senior Leadership Team informed over the past several months regarding the release of the Networx "Request For Information" (RFI), and of our ongoing dialogue with Congress, the telecommunications industry and our agency customers. The level of interest, the quality of the

commentary, and the exchange of information and ideas we have experienced to-date encourages us. The overall effectiveness of Networx can only improve by having an open dialogue.

At the same time, there remain questions and concerns with GSA's approach to Networx. We are listening to those concerns, reviewing them carefully and where applicable we are factoring those concerns into the formulation of the acquisition strategy. In a few moments Commissioner Bates will highlight the specific concerns raised through GSA's RFI process and how GSA has fundamentally altered from our original approach based on input thus far received.

In addition, Commissioner Bates will address the specific aspects of the proposed strategy released in the RFI.

I would like to share with you the basic requirements our customers have determined are critical to GSA's Networx acquisition strategy:

**Service Continuity** – Ensuring that all services currently provided under FTS2001 are transitioned without interruption to Networx.

**Highly Competitive Prices** – Offering telecommunications prices through Networx that are at or below current levels to assure stability and predictability in agency's telecommunications budgets.

**High Quality Service** – Networx will require contractors to provide reliable and efficient service to meet customer agency missions.

**Full Service Industry Partners** – Networx will meet agencies' needs for a broad array of services and the ability to meet a majority of agency telecommunications needs without high administrative overhead cost.

**Alternate Sources** – Networx will provide choices to agency customers in selecting from among multiple contractors for some

services and leveraging the prices of multiple offerors on specific task order requirements.

**Operations Support** – Networx contracts must integrate ordering, billing, and inventory management to assist agencies in operations and back office functions associated with Networx.

**Transition Assistance** – We will require Networx contracts to include provisions for timely and efficient transitional services.

**Performance Based Contracts** – Networx will rely upon performance-based contracts with Service Level Agreements to the extent possible.

**Small Business Participation** - GSA is placing strong emphasis on the utilization of small businesses by our Networx service providers.

GSA's approach focuses on meeting continuity requirements for current in-place services, to ensure robust competition, and to obtain benchmark pricing. Further, we endeavor to include all

services offered under FTS2001 as well as a broader range of additional network enabled technologies and services, including: Embedded security; broadband access; IP-based networking; and managed network services.

It is important to note that Networkx gives customer agencies maximum flexibility to adapt to changes in the competitive, economic and technological environment of the telecommunications industry.

GSA has not finalized our Networkx strategy, and you have my assurance that we will carefully consider input from Congress, this Committee, industry partners and other interested parties as we contemplate how best to bring the successor of FTS2001 to market.

Our goal in crafting this acquisition strategy is to provide federal agency customers with the ability to purchase networking solutions from GSA that bring best value, taxpayer savings, high-quality service and innovation in support of their missions. Our

priorities will be to smoothly transition agency customers from FTS2001, to minimize costs and service disruptions, to provide ongoing flexibility in meeting the government's ever evolving and increasingly complex telecommunications requirements, and to assure that as many agencies as possible choose GSA as their source for telecommunications solutions. Whether directly through the Federal Technology Service, or through other GSA procurement methods, we must assist our federal customers in maximizing savings while benefiting from the full-service, value added business options we provide.

GSA recognizes that agencies have a choice when it comes to buying telecommunications services. Not everyone chooses GSA to meet their needs – as much as half of the government's telecommunications spending occurs outside of GSA programs. If more agencies were to choose GSA, the government would benefit from less spending and better prices, and the taxpayer would save more from GSA's best value programs. The

challenge for us is to find ways to attract more agencies to choose GSA and realize those benefits.

To meet this challenge, we are committed to a three-pronged approach: First, we must make sure our programs offer the latest, most innovative and most cost effective products, services and solutions that meet government's requirements. Second, we must get the word out – we must make sure all agencies are aware of the solutions and value available through GSA's programs. And third, we must actively engage with key decision makers across government to assure that they have the best available information on which to base their buying decisions.

The input and feedback received through the Networx RFI process, and today, during this hearing, will be essential to the successful execution of this approach.

I look forward to hearing the opinions and views of GSA's agency customers, the participants on the industry panel assembled

today, and the Members of this Committee. I am happy to answer any questions you may have.