



Quinten Johnson
Regional Vice President
21240 Ridgetop Circle
Suite 130
Sterling, VA 20166

Congressman Tom Davis
Chairman, Committee on Government Reform
2157 Rayburn House Office Building
Washington DC 20515-6143

Dear Mr. Chairman and members,

Thank you for the opportunity to discuss the Networx contract. SBC is very pleased in responding to this very important government program.

There are a couple of issues that would help SBC achieve the lowest possible rates for the government under this contract. Historically, our internal rate determination is based on factors such as the volume of the service in the opportunity and the length of the term of the contract. In this regard, the longer the contract term such as five-year base with five one-year options would result in lower costs as would the addition of minimum revenue guarantees demonstrating commitment on the part of the government.

We also believe that the government should seek normal commercial products and services which would allow the companies to provide existing offerings in the government marketplace as they do in the commercial marketplace resulting in lower cost. In the cases of special requirements, we feel that the entity causing the costs should bear the costs. For example, if the government was able to use the normal billing offerings then the agency or department that requires a government unique bill, that is CLIN (contract line item number) based, should pay for the extra cost related to that type of bill. Using our normal billing systems would result in reduction of billing errors and transition problems.

In the discussion of the structure of the Networx Universal contract, we feel that requiring all vendors to offer services everywhere (that the present contract provides) would provide potential higher cost to the government. If vendors have to subcontract to other companies it would result in higher administrative costs which would result in higher overall costs. We would suggest that the Government allow for different categories of service and allow vendors to bid on the categories that they have the greatest expertise in providing. Allowing companies who have 7 or 8 categories covered

out of 10 would allow for a greater number of companies to participate in the contract and result in more competition and lower rates to the government. This could result in one single contract rather than requiring a Networx Universal and Networx Select.

A good model for this kind of bid would be the GSA Connections contract where vendors were allowed to bid on different categories and task orders were competed within the companies that were qualified in each category. This would allow the government to also have the ability to offer products and services that go from the more commodities type to the very complex type networks. Additionally, it would allow companies which have specific expertise to assist the government in each of the different categories.

We are very pleased to see the requirement for Managed Network Services since we have a history of offering this type of service. We have found that many of these types of services do not fit into a fixed-price, service-based or equipment-based CLIN. These managed services are better served if they are priced on an individual case basis which reflects the customized solution which meets each individual customer's unique situation.

We believe that the converged services such as Voice over Internet Protocol (VoIP) and services blending products such as Local Calling, Long Distance Voice, DSL and Wireless services on one bill are already here. We think that Networx should have the ability to include other services and technologies that will be developed in the future to be included in this contract.

Thank you for allowing SBC the opportunity to participate in these hearings. SBC looks forward to working with GSA on the continued development of the Networx Contract.

Sincerely,

Quinten Johnson
Regional Vice President