

AN EVALUATION OF IDIQ CONTRACTS FOR SERVICE

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Executive Summary

In its efforts to modernize, reduce costs, and improve efficiency, the Department of Defense (DoD) has implemented strategies to improve its acquisition of goods and services. Indefinite-delivery/indefinite-quantity (IDIQ) contracts are being widely used within this context because of the flexibility they permit the contracting agency. This study presents findings from original quantitative and qualitative data generated by a survey of professional services industry firms experienced with the IDIQ contract vehicle. Based on our review of the literature and our survey results, we present a summary of the benefits of IDIQ arrangements and identify ways to improve IDIQ contract efficiency, while potentially enhancing competition. The objective of this report is to provide a better understanding of how the DoD can leverage the advantages of IDIQ contracting to improve efficiency and achieve cost savings in its acquisition of essential services.

Agencies use IDIQ contracts “to acquire supplies and/or services when the exact times and/or quantities of future deliveries are not known at the time of contract award” (FAR, 2011, 16.501-2(a)). In contrast to a definite-quantity or a defined-requirements contract, an IDIQ contract “provides for an indefinite quantity, within stated limits, of supplies or services to be furnished during a fixed period, with deliveries or performance to be scheduled by placing orders with the contractor” (FAR, 2011, 16.504(a)).

IDIQ contracts first emerged in the early 1990s as a means of reducing transaction costs. In its efforts to devise a contracting vehicle that was less prone to perceived abuse, the Office of the Secretary of Defense released a paper in 1994 entitled “Acquisition Reform: A Mandate for Change.” This paper provides the conceptual foundation of the DoD’s revised approach to acquisition reform (Perry, 1995). Shortly thereafter, The Federal Acquisition Streamlining Act of 1994 (FASA) was enacted, institutionalizing business processes that facilitated affordable and timely delivery of products and services. It was this act that first provided statutory recognition for IDIQ contracts and outlined the guidelines for their proper utilization and administration. FASA specifically endorsed the use of multiple-award IDIQ contracts, whereby awards are made to a number of vendors who then compete among themselves for the contracting agency’s future business.

To understand fully IDIQ contracting arrangements, and the benefits they offer to both contracting agencies and contractors, one should examine the theoretical basis for this form of procurement. The IDIQ contracting arrangements are rooted in the theories of “transaction cost” economics and, in some cases, “reverse auctioning.” IDIQ contracts have the potential to minimize transaction costs (i.e., the costs incurred in making an economic exchange) by limiting participation in negotiations to a small number of pre-approved companies and exempting such contracts from protests. These actions serve to streamline the contracting process and speed service delivery. In a “reverse auction,” sellers compete (in an auction format) to obtain business, leading to decreases in price as the auction progresses.

To provide insight into how IDIQ contracts are being used within the DoD, we review four IDIQ contracts that, we believe, highlight the complexities of this contract vehicle. The first of these is the Logistics Civil Augmentation Program (LOGCAP), which was initiated by the U.S. Army in 1985 to amass and mobilize civilian resources for contingency operations. The transition to the fourth iteration of the contract, LOGCAP IV, was challenging. Complicated in-country issues highlighted the need for more effective mechanisms for recording and settling disputes. The multiple-award LOGCAP IV IDIQ performance contracts awarded in 2008 have the potential of spanning 10 years with a maximum cumulative value of \$150 billion (iParametrics, 2009). Secondly, we examine the Simulation, Training, and Instrumentation (STRI) Omnibus Contract, the largest DoD multiple-award IDIQ contract for training and simulation. The contracted service providers are required to create interoperable, live, virtual, and constructive strategies to enhance training and testing capabilities (Raytheon, 2011). Both large firms and small contractors have filled multiple task orders.

We next examine the Information Technology Enterprise Solutions - 2 Services (ITES-2S) IDIQ vehicle established by the Army’s Computer Hardware, Enterprise Software and Solutions (CHESS), which contracts with private firms to provide the U.S. Army and other federal agencies with a full range of information technology services and solutions to support agency enterprise infrastructure and “infostructure” goals (Science Applications International Corporation [SAIC], 2011). Valued at \$20 billion, the ITES-2S contract has been considered a success compared to the original, smaller ITES program.

Finally, we examine SeaPort. In an effort to lower the costs of its business processes, the Navy adopted a multi-tiered approach to acquisition. First, the SeaPort contract combined the award of multiple IDIQ awards with innovative contracting structures. Second, it included the launch of a web-based electronic procurement portal to manage the acquisition databases. Third, SeaPort developed a website, SeaPort-e (www.seaport.navy.mil), as the interface for this portal (SeaPort, 2011b). Nearly 85% of SeaPort-e IDIQ contract holders are small businesses; accordingly, the platform is uniquely situated to provide the Navy with a strategic acquisition platform that fuels job growth within the United States (SeaPort, 2011a).

In order to develop a better understanding of this rapidly growing contracting arrangement, we conducted a survey that examines the experiences of private firms using IDIQ contracts. This survey was delivered electronically to the Professional Services Council (PSC) member database after being developed and tested by senior researchers at the Center for Public Policy and Private Enterprise at the University of Maryland's School of Public Policy. The finalized survey included seven topical areas: (1) background information, (2) experience with IDIQ contracting, (3) contract roles (i.e., prime or subcontract), (4) bidding and proposals, (5) IDIQ opinions: benefits and drawbacks, (6) protests, and (7) open-ended questions.

From the survey results, we derived the following benefits of IDIQ contracts.

Benefits for All

- Flexibility of the IDIQ contract vehicle for both the firms and the government
- Task orders that are quicker and easier to bid on than with other contracting arrangements
- Quicker turnaround of task orders

Benefits for Firms

- Reduced business proposal burden, which allows firms to devote more resources to innovative approach development
- A more predictable scope of work for firms
- Greater familiarity with the mission and agency requirements
- Standardized terms and conditions for the contracts, aggregation of reporting, and reduced audit burdens, which make the contracting arrangement more transparent and reduce uncertainty

- Access to a new customer for the contractor, especially when large companies team with small and mid-size businesses

Despite these successes, our survey data also generated feedback from the private sector on dimensions of IDIQ contracts that could be improved.

- Many respondents remarked on the need for more reasonable timetables for proposal preparation and earlier notice on clearly defined statements of work.
- Some firms suggested that the “bidder base” of contractors approved under the IDIQ contract was too large, which they thought would disincentivize firms from bidding on task order work.
- A portion of respondents even suggested reducing the overall number of IDIQ contracts so that a smaller number of the contracts could be used more frequently with more intensive oversight.
- Respondents also indicated that improvements were needed at all stages of the evaluation process, so as to better align future contract awards with “best value” rather than with the lowest price technically acceptable (LPTA) criteria.
- The PSC survey respondents also suggested a procedural change for IDIQ contracts, one that would allow new firms to join and other firms to access an “off-ramp” during the initial period of the IDIQ contract in order for the DoD to effectively leverage the expertise and performance of available firms.

In light of these barriers, we make the following recommendations for improvement.

- Organizations should strive to provide a real two-step process for services, selecting no more than five, well-qualified providers for a narrowly scoped requirement area. The bidder base of contractors approved under the IDIQ contract is often too large, a practice that disincentivizes firms from bidding on task orders. As one PSC survey respondent noted, “multiple award IDIQs are best utilized when the number of awardees is consistent with potential value, so that B&P [bid and proposal] costs are not wasted in pursuing opportunities.”

- The DoD should work to reduce the number of overlapping and redundant IDIQ contracts. A smaller number of the contracts could be used more frequently with more rigorous oversight.
- Organizations should ensure more reasonable timetables for proposal preparation with clearly defined statements of work.
- Organizations should not require contractors to bid on every task order. When required to do so, firms spend their B&P funds on unsuccessful proposals, which in the end, raises their overhead costs to the government and makes them less competitive.
- Contract awards, at all stages of the evaluation process, should be based on best value criteria, rather than on LPTA—particularly for higher knowledge content tasks.

This study sheds light on private firms' experience with the IDIQ vehicle—through the eyes of PSC members—suggesting that while criticisms remain, the majority of contractors (65%) believed that their experiences with IDIQ contracting were satisfying. Future research should investigate the other side of these contractual relationships—examining the experiences and opinions of the DoD and other federal contracting personnel—to compare perspectives on the IDIQ arrangement as a whole.

The use of IDIQ contracts is not new to the DoD or to other agencies. Multiple-award and single-award IDIQ contracts have a well-established history of improved performance through reduced costs and faster delivery. Nevertheless, they remain a vehicle in need of additional improvements, including, most notably, better oversight and more standardized administrative practices. By incorporating the findings and feedback outlined above into its acquisition strategy, the DoD can improve efficiency and reduce costs, which, in turn, will facilitate its modernization efforts.

I. Introduction

As the Department of Defense (DoD) seeks to transform itself for the 21 century, it has sought new and innovative methods to increase the effectiveness of its acquisition processes.

Contracting out to the private sector enables the DoD to acquire goods and services at reasonable prices quickly and efficiently. Indefinite-delivery/indefinite-quantity (IDIQ) contracts, in particular, are designed to maximize efficiency and competition, which leads to lower costs.

Developed as a result of the Federal Acquisition Streamlining Act (FASA), IDIQ contracts were introduced primarily to make contracting more efficient by minimizing paperwork and delays for filling requirements. Unlike traditional, fixed contracts, IDIQ contracts are used when the contracting agency does not know in advance the precise quantities of supplies or services that will be needed during the contract period. IDIQ contracts also require that vendors “pre-qualify” as potential bidders. By limiting the pool of bidders in this way, the contracting agency is able to reduce the administrative burden of examining numerous bids in detail. Awards are usually for a base period and often provide for option years. The contracting agency can then place delivery orders (for supplies) or task orders (for services) against the contract. IDIQ contracts generally specify minimum and maximum quantity limits and are increasingly being used by the DoD for the purchase of both goods and services.

Questions can be raised about the best strategy to use when developing and implementing an IDIQ contract. A balance between efficiency and competition must be struck, and determining this balance can be difficult, especially given the broad scope of work (goods, services, or both) that is often competed under the same IDIQ contract. The initial objective for IDIQ contracts was to increase performance while reducing costs. The IDIQ strategy potentially increases competition by eliminating the firms that are unqualified or poorly qualified but that have traditionally been allowed to compete during full and open competitions. These latter firms can create an undue burden for contracting officials, who must spend time and resources evaluating their submissions, and/or defending against their protests, despite the fact that they may only be marginally qualified to complete the work. By limiting subsequent competition to a small number of qualified firms, IDIQ contracts can improve competition by (1) increasing the

likelihood that a pre-qualified firm will win a contract, which creates an incentive to put forth the best effort possible, (2) providing contracting personnel with more time to better evaluate the small number of task order proposals, (3) reducing the administrative burden, and (4) fostering stronger relationships between contractors and the government, especially for larger programs that use this acquisition strategy over an extended period of time. However, there are some indications that certain agencies are qualifying large numbers of vendors, a strategy that could be limiting the effectiveness of IDIQ contracts.

Examples of some major contracts that are currently being supported with an IDIQ contract vehicle include the Logistics Civil Augmentation Program IV; the Simulation, Training and Instrumentation Omnibus Contract II; the Information Technology and Enterprise Solutions-2 Services program; and SeaPort. These are all large-scale programs, with total awards over the contract period in the billions of dollars. For the most part, they have been successful in providing the required services. At the same time, their administration has been challenging at times. These contracts are explored in greater detail in Part III of this report.

The objective of this report is to provide a more complete understanding of how the DoD can more fully leverage the advantages of IDIQ contracting to further improve efficiency and achieve cost savings.

Report Roadmap

Part II of this report provides an introduction to IDIQ contracting and its important, growing role throughout government, especially within the DoD. We then provide a detailed explanation of IDIQ contracts, including the different elements of the vehicle and a discussion of its theoretical underpinnings, namely, transaction cost theory and, in some cases, reverse auction theory.

In Part III, we present examples of IDIQ arrangements used across the DoD. These include the Logistics Civil Augmentation Program IV (LOGCAP IV), the Simulation, Training and Instrumentation (STRI) Omnibus Contract-II (STOC-II), the Information Technology and Enterprise Solutions-2 services program (ITES-2S), and SeaPort.

In Part IV of this report, we summarize the methodology that we used to collect data on private firms through the Professional Services Council (PSC), an industry association serving agencies across the federal government. Survey development and implementation, as well as demographic information of survey respondents, are presented here.

The results of this survey are discussed in Part V, where we present responses to survey questions grouped by the following themes: background information, firms' overall experience with IDIQ contracting, IDIQ contract roles, approaches toward bidding and proposals, benefits and drawbacks of the IDIQ vehicle, protests, and qualitative data.

Part VI of this report offers a series of conclusions synthesized from the literature, the examples given, and the survey results. This discussion includes the benefits of IDIQ arrangements for services, avenues for improvement, opportunities for additional research, and conclusions.

II. Background

Agencies use IDIQ contracts “to acquire supplies and/or services when the exact times and/or quantities of future deliveries are not known at the time of contract award” (FAR, 2011, 16.501-2(a)). In contrast to a definite-quantity or defined-requirements contract, an IDIQ contract “provides for an indefinite quantity, within stated limits, of supplies or services to be furnished during a fixed period, with deliveries or performance to be scheduled by placing orders with the contractor” (FAR, 2011, 16.504(a)). Under the terms of the contract, the government must order, and the contractor must deliver, a stated minimum quantity of supplies or services; any additional orders shall not exceed the maximum quantity stated in the contract. For the contract to be enforceable, the stated minimum must be more than nominal but should not exceed the amount that the government is fairly certain to order. IDIQ contracts “may also specify maximum or minimum quantities that the government may order under each task or delivery order, and the maximum that it may order during a specified period of time” (FAR, 2011, 16.504(a)). These elements of time and quantity are the unique attributes of this contracting vehicle.

Types of IDIQ Contract Awards

There are two types of IDIQ contract awards: delivery orders and task orders. In both cases, the bidders are allowed to compete for the delivery of supplies or services to the contracting agency (Howell, 1998).

A delivery order contract is “a contract for supplies that does not procure or specify a firm quantity of supplies (other than a minimum or maximum quantity) and that provides for the issuance of orders for the delivery of supplies during the period of the contract” (FAR, 2011, 16.501-1). A task order contract is “a contract for services that does not procure or specify a firm quantity of services (other than a minimum or maximum quantity) and that provides for the issuance of orders for the performance of tasks during the period of the contract” (FAR, 2011, 16.501-1). As with IDIQ contracts for supplies, IDIQ contracts for services must include a minimum quantity that is more than nominal.

IDIQ contracts can be awarded to one contractor or to multiple contractors. The increasingly popular multiple-award IDIQ contracts are often used to acquire services, supplies, or both. Under this arrangement, awards are made to a number of vendors who are, in effect, competing for the contracting agency's future business. Because the contracting agency is not committed to purchasing a specific quantity of a service or product (beyond a specified minimum), the contractor faces an increased incentive to cut prices or improve the product in an effort to remain the agency's number one choice. Many of these contracts include technology or other "insertion clauses," enabling vendors to submit innovative solutions to the contracting agency for consideration. The agency may then decide to add new requirements to the next iteration of the contract. Undoubtedly, then, the effective use of this contracting tool depends on the quality of an agency's acquisition personnel and their control and management (Sander & Snyder, 2001).

Theoretical Basis

To fully understand IDIQ contracting arrangements, it is helpful to have a grasp of the theoretical basis for this form of procurement. Examining the macro-level theories of transaction costs and reverse auctioning reveals the complexity and the benefits of this non-traditional exchange between buyers and sellers of goods and services.

Transaction Cost Theory

Transaction cost theory (TCT) asserts that transactions between individuals (or organizations), are not cost-free. In other words, there is a cost associated with participating in the market (i.e., making an economic exchange) beyond that which is reflected in the price of a good or service. This could, for example, be in the form of paying a commission when buying or selling a stock. TCT can also be applied with regard to everyday purchases. For instance, in deciding which winter coat to buy, one often compares prices at multiple retail outlets, expending time and energy in the process. In addition to these "opportunity costs," the cost of traveling to different outlets is not insignificant. One might categorize these as "search and information costs," but other types of transaction costs, although less obvious, occur regularly in economic exchanges. Within the context of contracting, these costs include the bargaining costs required to come to an agreement acceptable to both parties and enforcement costs, which the customer pays to ensure that the contractor is meeting its obligations.

TCT has been widely used to analyze organizational behaviors, including government acquisition and contracting arrangements. Governments are growing increasingly aware of the importance of examining the transaction costs of certain activities in different contexts so that they can design governance mechanisms to minimize them. With regard to government contracting, because of the difference in organizational goals and interests, along with the inherent information asymmetry between contractor and buyer, contract negotiation and implementation are not cost-free. In fact, the transaction cost of managing the relationship between government buyers and contractors from the bidding process to contract termination can be significant. Arranging the bidding process, initiating requests for proposals, negotiating with potential bidders, selecting potential contractors, and enforcing the terms of the contract all incur transaction costs.

IDIQ contracts have the potential to minimize these transaction costs by limiting participation in negotiations to a small number of pre-approved companies and then exempting some of the subsequent task orders from protests (currently, only task orders exceeding \$10 million may be protested), actions that serve to streamline the contracting process and speed service delivery.

Reverse Auction Theory

Quite simply, reverse auctioning is the opposite of a traditional auction. In a traditional auction, the seller offers a product (or service) for sale and the buyers compete for the product by bidding, causing the price to increase with each bid. In contrast, reverse auctioning involves multiple sellers who are competing for the business of one buyer, thereby bidding the price down. In reverse auctions, firms have various opportunities (within the allotted time) to submit a bid lower than their competitors (Naval Sea Systems Command [NAVSEA], 2011).

Reverse auctions operate using a two-step solicitation process by which proposals are first solicited and then reviewed. Upon completion of this step, all technically qualified firms are then invited to participate in the reverse auction event. These auctions encourage and facilitate competition, which often leads to lower prices. The competition in these sorts of reverse auction arrangements is intense; vendors bid, re-bid, and continue re-bidding until they are unable or

unwilling to go lower. In addition, when IDIQ contracts are coupled with electronic portals, such as the U.S. Navy's SeaPort, reverse auctions can be implemented on individual task orders.

History of IDIQ Contracts

In the post-Cold War period, budgetary pressures forced the DoD to reconsider how it acquires products and services. Streamlining the acquisition process and eliminating perceived abuses occurring within the contracting process became a priority.

In the early 1990s, concerns emerged regarding the lack of guidance and oversight present in traditional contracting arrangements. These concerns prompted a congressional investigation, which “disclosed a loosely managed, rapid expansion of task and delivery order contracting” (as cited in Wilkinson, 2007, p.259). The Department of Defense Advisory Panel on Streamlining and Codifying Acquisition Law concluded that despite the lack of oversight, government requirements “would be unnecessarily delayed if agencies were not given the clear authority to enter into delivery order contracts for products and task order contracts for services” (as cited in Wilkinson, 2007, p.259). Accordingly, the challenge for government was to devise a contracting vehicle that was less prone to abuse. In February 1994, the Secretary of Defense released a paper entitled “Acquisition Reform: A Mandate for Change.” This paper provided the “conceptual foundation” of the DoD's approach to acquisition reform (Perry, 1995).

With the enactment of the Federal Acquisition Streamlining Act of 1994 (FASA), business processes that facilitated affordable and timely delivery of products and services were institutionalized. FASA provided statutory authority for IDIQ contracts and outlined the guidelines for their proper utilization and administration. FASA also specifically endorsed the use of multiple-award IDIQ contracts.

The statutory provisions guiding the use and requirements of IDIQ contracts are outlined in subpart 16.5 of the Federal Acquisition Regulation (FAR), included in Appendix B of this report. The duration of the contract, including any extension options, must be specified during the contract solicitation phase. Under the requirements of the FAR, IDIQ contracts are typically awarded through full and open competition (among pre-qualified vendors), unless otherwise

justified. FAR contracting regulations also mandate “set-asides” for small businesses and minority-owned businesses (Wong, 2006).

Congress continues to work to ensure that federal agencies are following the applicable regulations regarding competition under task and delivery order contracts. The following are revisions from Section 843 of H.R. 1585: National Defense Authorization Act for FY 2008.

- The Head of Agency is required to provide written determination and notice to Congress of any task or delivery order contract in an amount estimated to exceed \$100 million (including all options) to be awarded to a single source.
- For orders exceeding \$5 million, the requirement to provide all awardees with a fair opportunity to be considered for each order shall include, at a minimum:
 - a notice of the task or delivery order that includes a clear statement of the agency’s requirements;
 - a reasonable response period;
 - disclosure of the significant factors and sub-factors, including cost or price, that the agency expects to consider in evaluating proposals, and their relative importance;
 - a written statement documenting the basis for award and the relative importance of quality and price or cost factors, where the award is made on a best value basis; and
 - an opportunity for a post-award debriefing.
- Contractors will be provided with the opportunity to protest task or delivery orders in excess of \$10 million.

III. Examples of IDIQ Contracts

The following four examples highlight the diversity of IDIQ contracts for services.

LOGCAP

The Logistics Civil Augmentation Program (LOGCAP) is the Army's program for peacetime planning for the use of private (civilian) contractors for non-inherently governmental work in wartime and in other contingent contexts, including pre-planned logistics, engineering, or construction-oriented contingency contracts (Global Security, 2011). Under the LOGCAP initiative, private firms support DoD missions in theaters of operations.

LOGCAP was conceived to be used in areas where the U.S. does not have bilateral or multilateral agreements, or to provide support in areas with Host Nation Support (HNS) agreements. In addition to completing work abroad, LOGCAP is also available to assist the support base in the United States to mobilize and help units prepare in wartime (Global Security, 2011).

The Army has a long-standing relationship with private firms, providing both services and supplies during peacetime and contingencies. During the Vietnam War, the prevalence of contractors led the Army to make a more formal policy for contractors involved in war-time operations—resulting in the establishment of LOGCAP.

Although LOGCAP was sufficiently developed prior to the beginning of the Persian Gulf War (1990–1991), it was not used until later. Rather, private firms were hired through the use of hundreds of unlinked logistics support contracts that were, for the most part, poorly administered, leading to markedly uneven performance. Statements of work were missing or poorly defined and the contracts themselves lacked clear requirements, which contributed to inadequate performance on the part of the contractor. The result was poor customer satisfaction and unnecessarily high costs. LOGCAP was revised so that it could be implemented more efficiently and effectively (Global Security, 2011).

The Contract

LOGCAP was initiated by the U.S. Army in 1985 to amass and mobilize civilian resources for contingency operations. It was first used by the Army Corps of Engineers three years after its inception. LOGCAP represents a continuation of the Army's tradition of using contractors to provide supplies and support services in its theatres of operation. LOGCAP is now in its fourth iteration.

The first LOGCAP contract was awarded to Brown and Root Services in 1992 (now KBR) by the U.S. Army Corps of Engineers to support UN forces in Somalia. It was issued as a cost-plus award-fee contract.¹ This same contract was subsequently used to support operations in Rwanda, Saudi Arabia, Hungary, Bosnia, Kosovo, and Macedonia. After the first contract expired, LOGCAP II was written and issued in 1997, and was awarded to DynCorp by the Army Materiel Command, who had taken over contract management from the U.S. Army Corps of Engineers. Under the new LOGCAP arrangement, DynCorp provided operations support in Panama and East Timor, as well as in the Philippines, Guatemala, Colombia, and Ecuador.

LOGCAP III was awarded to Kellogg, Brown, and Root Services (KBRS) in 2001 for work in Iraq, Afghanistan, and Kuwait, in addition to Djibouti, Jordan, Kenya, Uzbekistan, and Georgia. The final iteration of the LOGCAP contract (LOGCAP IV), unlike the previous three contracts, was a multiple-award contract with three prime contractors—Fluor, DynCorp, and KBR—and a fourth contractor, Serco, which was assigned the administrative responsibilities of contract analysis, planning, and logistics support (iParametrics, 2009).

LOGCAP IV's multiple-award arrangement allows for improved quality and more competitive pricing, as described in the previous section. Although the three prime contractors competed for the work in separate geographic areas, competition minimizes costs to the government in the long run because the contractors strive to be the most efficient and garner more business. The

¹ A cost-plus award-fee contract is a cost reimbursement contract that provides for a fee consisting of (1) a base amount fixed at the inception of the contract and (2) an award amount that the contractor may earn in whole or in part during performance reviews, and that is sufficient to provide motivation for excellence in such areas as quality, timeliness, technical ingenuity, and cost-effective management.

LOGCAP IV IDIQ performance contracts awarded in 2008 have the potential of spanning 10 years with a maximum cumulative value of \$150 billion (“LOGCAP \$,” 2011).

Status of LOGCAP IV

Over time, LOGCAP proved superior to earlier contracting arrangements. By issuing one contract to multiple service providers and then placing orders against the contract as the need for services arose, the Army was able to cut administrative costs and improve efficiency. There was no service overlap because there were no firm-specific contracts. In addition, with LOGCAP IV, by issuing multiple awards, the Army was able to sustain competition among the different firms. At the same time, the transition to LOGCAP IV has been challenging and uneven. Complicated in-country issues have highlighted the need for more effective mechanisms for recording and settling disputes. LOGCAP IV’s work, underway in Southwest Asia, is continuing to meet evolving requirements.

STOC-II

The Simulation, Training, and Instrumentation Omnibus Contract II (STOC-II) is the largest DoD multiple-award IDIQ contract for training and simulation. The U.S. Army’s Program Executive Office for Simulation, Training and Instrumentation’s (PEO-STRI) in Orlando, Florida, granted 142 awards² for this, the second STRI Omnibus Contract, on January 27, 2009 (PEO-STRI, 2009a). Companies competing in STOC II were evaluated in two different categories, one for the full and open lot and one for the partial small business set-aside lot. Small companies competing in the Full and Open Lot also had the opportunity to compete in the partial small business set-aside lot, and vice-versa. This contract supports a key PEO-STRI initiative, advancing the shared effort of the DoD and the Army to create interoperable live, virtual, and constructive strategies to enhance training and testing capabilities (PEO-STRI, 2009a).

A number of private firms provide their services in both functional and technical areas. The functional areas include front-end analysis, design, development, fielding, and sustainment. The

² The STOC I contract used a four-domain strategy (live, virtual, constructive, and test-instrumentation), however, the program office found that this strategy increased proposal evaluation costs with no practical long-term benefit, and it was abandoned (PEO-STRI, 2009b). With STOC II, the contractors could form different teams for each task order.

technical areas include engineering, testing, program management, system security, interim contractor support, mission readiness support, the transition to lifecycle contractor support, deployment, horizontal integration, and information assurance (System Studies and Simulation, 2011).

The Contract

The contract has a ceiling of \$17.5 billion in the initial base ordering period, with three option ordering periods, totaling a potential ordering period of 10 years (Raytheon, 2011). The contract's initial base year ended January 30, 2011, and the option years end in 2013, 2016, and 2018 (Battelle, 2011). The contract will provide PEO-STRI with the capacity to procure a range of modeling and simulation (M&S) and instrumentation solutions in support of training and testing requirements including procurement and/or services support of training and testing simulators, simulations, systems/devices, instrumentation systems, telecommunications systems, experimentation, targets, gaming, advanced simulation concepts, open architecture, and common part and component solutions (Raytheon, 2011).

The Program Executive Office (PEO) outlines a number of specific requirements that contractors must meet.

- Equip actual warfighting equipment, systems and munitions with the capability to execute individual, crew, and collective training, testing, experimentation, and rehearsal in a specific environment. In addition, training, testing, and experimentation will be executed using computer-generated battlefields in simulators with the approximate physical layout of tactical weapons systems and vehicles.
- Procure and/or support war games, gaming, and automated simulations that represent the actions of people and systems in a simulation. The PEO identifies these solutions with large-scaled, complex, computer-driven models most often associated with exercises dealing with battalions, brigades, divisions, corps, echelons above corps, and/or their other service (e.g., USAF) or joint force equivalent.
- Represent military operations using live forces and instrumented weapon systems interacting on training, test and exercise ranges that simulate experiences during actual operational

conditions. In addition, training, testing or experimentation will be executed in field conditions using tactical equipment enhanced by training aids, devices, simulators and simulations (TADSS), test systems, and tactical engagement simulation (TES) to simulate combat conditions.

- Procure and/or support the systems, subsystems, components or devices, targets or threat simulators including, but not limited to, the sensors that individually or collectively test materiel, non-weapon systems or weapon systems in a developmental/operational testing environment or training exercise. This requirement includes the provision of sensors, telecommunications equipment, and other materials that provide the capability to detect, measure, record, transmit, and process/analyze information generated during a test or training exercise.
- Develop, integrate, or procure common components to reduce total ownership cost (TOC) or enhance interoperability. This includes developing interoperability solutions across M&S domains as well as stand-alone or embedded capabilities to interface with, or simulate, command and control or battle command systems (Raytheon, 2011).

The STOC II's contract objectives include

- leveraging programs and technology (to include joint and/or joint-related) in the best interests of the U.S. Army and the Department of Defense;
- preparing the warfighter to meet the challenges of the future joint operational environment; and
- supporting continued growth in the interoperability of live, virtual, constructive, and testing solutions to enhance the training and testing capabilities of the warfighter (Battelle, 2011).

Status of STOC-II

Available through the U.S. Army PEO-STRI Business Opportunities Portal, reported metrics for this IDIQ contract suggest that it is actively being used (PEO-STRI, 2011b). The contract continues to issue new orders, with 19 issued in FY 2011 for a STOC-II total of 54 task orders issued. For FY 2010, the two lots totaled more than \$107 billion (see Figure 1).

Total Dollars Funded		
	<i>FY 2011(cumulative)</i>	<i>Since Inception</i>
Full & Open	\$150,441,710	\$265,302,976
Small Business Set-Aside	\$110,438,271	\$153,535,103
Totals	\$260,879,981	\$418,838,079

Figure 1. STOC-II Contract Awards, Total Dollars Funded
Note. This figure was created using information from PEO-STRI, 2011b.

ITES-2S

The Information Technology and Enterprise Solutions-2 Services Program (ITES-2S) IDIQ vehicle, established by the Army’s Computer Hardware, Enterprise Software and Solutions (CHESS), contracts with private firms to provide the U.S. Army and other federal agencies with

- Apptis
- BAE Systems IT
- Booz Allen Hamilton
- CACI
- CSC
- EDS
- General Dynamics IT
- Harris
- IBM
- Lockheed Martin Integrated Systems
- NCI Information Systems
- Northrop Grumman IT
- Perot Systems – *acquired QSS Group*
- Pragmatics
- SAIC
- STG

a full range of information technology services and solutions to support agency enterprise infrastructure and “infostructure” goals (Science Applications International Corporation [SAIC], 2011). Working in partnership with the prime contractors, CHESS manages the contracts in coordination with the Army Contracting Command (ACC), Information Technology, E-Commerce, and Commercial Contracting Center (ITEC4). With ITES-2S, users have a flexible means of meeting IT service needs quickly, efficiently, and cost effectively (Pragmatics, 2011).

Figure 2. ITES-2S Contract Holders

ITES-2 is a consolidated contract vehicle for products and services that serves as a follow-up to the original ITES program, which was a relatively “small” \$500 million vehicle that was used as an experiment in managing enterprise infrastructure through this sort of arrangement.

ITES-2S is a nine-year, \$20 billion program including numerous IT services that support the U.S. Army's enterprise infrastructure. The contract was structured as a performance-based service acquisition (PBSA) arrangement, with an initial duration of three years, with three two-year follow-on options ("The U.S. Army's," 2011).

ITES-2S provides end-to-end solutions to satisfy worldwide development, deployment, operation, maintenance, and sustainment requirements. ITES-2S contractors analyze requirements, develop and implement recommended solutions, and operate and maintain legacy systems and equipment. The scope is broad enough and sufficiently flexible to satisfy requirements that may change over the nine-year period of performance, and fully comprehensive so as to embrace the full complement of services that relate to IT (STG, 2011).

As a PBSA contract, the ITES-2S aims to structure all aspects of acquisition around the purpose of the work to be performed. Within the IDIQ structure, the PSBA components that are featured for ITES-2S include

- performance requirements, expressed in either a performance work statement (PWS) or statement of objective (SOO); performance requirements should be described in terms of what the required output is, rather than specify how the work is to be accomplished;
- performance standards or measurements, which are criteria for determining whether the performance requirements are met;
- appropriate performance incentives, either positive or negative; and
- a surveillance plan documenting the government's approach to monitoring the contractor's performance (STG, 2011).

To best facilitate mission IT sustainment and meet modernization objectives, ITES-2S is organized into the following nine broad and flexible task areas: business process reengineering; information systems security; information assurance; information technology services; enterprise design, integration and consolidation; education/training; program/project management; systems operation and maintenance; and network support. Across these task areas, the ITES-2S contract encompasses a variety of innovative information technology support services and solutions.

Under the IDIQ arrangement, services are managed under different contract types: firm fixed price, time and material, and cost-reimbursement.

In the fall of 2005, the U.S. Army released the request for proposals for ITES-2S via the Army Small Computer Program, the Army Contracting Agency, and the Information Technology, E-Commerce, and Commercial Contracting Center. After the release of the RFP, the ITES-2S arrangement encountered some challenges, including two rounds of Government Accountability Office (GAO) protests following the award, leading to a revised list of winners, which included the protesting firms (“The U.S. Army’s,” 2011).

SeaPort

With ongoing and increasing financial constraints, the Naval Sea Systems Command (NAVSEA) and its warfare centers mandated cost reductions for its headquarters, directorates, program executive offices (PEOs), and field activities. In order to achieve these targeted cost reductions, NAVSEA embarked on a business process re-engineering effort to maximize the efficiency and economy of support service procurements (SeaPort, 2011b). This program, named SeaPort, took a multi-tiered approach to lower costs. First, SeaPort combined the award of IDIQ multiple-award contracts with innovative contracting structures (see Figure 3). Second, SeaPort launched a web-based e-procurement portal, which provides a secure, automated procurement process. Third, SeaPort developed a website (www.seaport.navy.mil) as the interface for this portal. These three efforts converged in April 2001 when the 21 multiple-award contracts (MACs) were awarded and the web site went live (SeaPort, 2011b).

In April 2004, 151 multiple-award contracts were issued through SeaPort Enhanced (SeaPort-e), a spin-off of the original program geared specifically toward supporting the procurement requirements of the Surface and Undersea Warfare Centers. SeaPort-e continues to rely on the business model established by the original SeaPort program: efficient and streamlined acquisition procedures, the electronic procurement portal, and specified contracting provisions (SeaPort, 2011a).

The SeaPort-e platform serves the Navy's programs for acquiring support services in 22 areas including professional support, engineering, financial management, and program management, broken down into seven geographical areas. In 2010, the DoD affirmed their projection of \$5.3 billion in spending through the SeaPort-e portal (Welsh, 2010). Today, the SeaPort-e system includes a total of more than 1,800 multiple-award IDIQ contract holders who serve the Navy Systems Commands, the Office of Naval Research, the United States Marine Corps, and the Defense Threat Reduction Agency. Each of these organizations competes its services requirements among these 1,800 firms through the electronic portal. The population of firms that serve the Navy through this platform includes a diverse group of small and large businesses that develop offers to efficiently and effectively serve their clients through this standardized system. Each of the IDIQ task orders completed under SeaPort-e is competitively solicited and awarded per the regulations and agency guidelines. Given the fact that nearly 85% of SeaPort-e IDIQ contract holders are small businesses, the platform is uniquely situated to provide the Navy with a strategic acquisition platform that fuels job growth within the United States (SeaPort, 2011b).

Early on, SeaPort-e was recognized with numerous awards for its performance across the board. In 2001, SeaPort received the Department of the Navy's eGov award during the Navy's eBusiness knowledge fair that year in recognition of the electronic business and knowledge management benefits provided to the Navy (SeaPort, 2011b). SeaPort was also featured in the first issue (Spring 2002) of the "Acquisition Excellence" newsletter as a glowing example of new defense initiatives. In addition, SeaPort was selected as an Excellence.gov Award Finalist by the Industry Advisory Council (IAC) eGov Shared Interest Group (SIG) in conjunction with eGov and the Federal Chief Information Officers Council. As one of 25 finalists, the nomination signaled SeaPort as a model program, demonstrating excellence in E-Government and innovation. In particular, the program exhibited strengths in the following areas: the extent of the project's impact, how the project saved resources or increased productivity, the project's ability to simplify and/or unify processes, and potential repeatability for other agencies (SeaPort, 2001).

SeaPort Innovations

- *Potential for a fifteen (15) year contract* - Each indefinite delivery, indefinite quantity (IDIQ) multiple award contract (MAC) is for a base of five (5) years with two five (5) year options which allow for long-term partnerships.
- *Award term provisions* - Award term provisions allow a task order to be as long in duration as the IDIQ contracts themselves, provided specific criteria, which may include prices remaining reasonable and quality being maintained, are met. The award term provisions can be issued at the task order level to allow for long term partnerships between the customer and industry.
- *Guaranteed savings clause* - A guaranteed savings clause which guarantees a minimum savings rate for those task orders for repetitive services that extend beyond one (1) year and convert from cost type to fixed price are included in the contract of each of the twenty-one (21) MAC teams. This provides an excellent tool for headquarters Directorates, Program Executive Offices (PEOs) and field activities to demonstrate quantifiable cost savings.
- *Pass through escalation and profit on cost contracts caps* - Each MAC team has agreed to a maximum pass through escalation and profit for CPFF task orders. The actual bid on a task order is likely to be less than the maximum offered due to the competition of the task orders.
- *Conversion to performance based task orders* - Contractors may propose the accomplishment of the effort in performance-based terms in the option years of a task order. The performance-based plan submitted by the contractor will ensure the same or higher quality level of support at reduced prices.
- *Focus on quality* - Through the establishment of an electronic "issue resolution desk" (IRD) within the SeaPort e-procurement portal, quality is measured on a real time basis and contractor quality issues are immediately addressed.
- *Fully electronic Task Order Process (including electronic signature)* - From the desktop, managers can initiate a Task Order, accept and evaluate proposals and award a task order through the web-based SeaPort portal.
- *Ombudsman for resolving disputes* - In an effort to maintain partnerships and to keep disputes out of the court system, an Ombudsman has been established to objectively and expeditiously evaluate and resolve complaints of fairness from the contractors.

Figure 3. SeaPort Innovations (SeaPort, 2011a).

SeaPort Multiple-Award IDIQ Contracts

When the SeaPort and SeaPort-e initiatives began, NAVSEA was directed to meet cost reductions through strategic sourcing and to demonstrate savings in service acquisitions. At the time, NAVSEA had more than 350 support service contracts, not including the warfare centers. These numerous contracts were set up and maintained using inconsistent processes, and none was integrated prior to SeaPort. NAVSEA was also up against the 2005 deadline set by the Office of the Secretary of Defense requiring that 50% of service contracts be procured through a central mechanism (SeaPort, 2011b).

Through SeaPort-e, NAVSEA uses the multiple-award IDIQ contracts to meet these requirements. The new structure—in which prequalified teams of contractors compete for NAVSEA’s task orders—provides high quality services while driving down costs through built-in contracting structures. The cost savings in the contracts are mandated under a guaranteed savings clause in the multiple-award contract. Contracts must also be adapted to contain performance-based requirements (SeaPort, 2011b). The contracting arrangements also have mechanisms for resolving disputes (see Figure 3).

SeaPort E-procurement Portal

The electronic procurement (e-procurement) portal is based on a commercial off-the-shelf system that provides a standardized and secured procurement process, delivering improved processing time and applications of acquisition reform initiatives (award term contracting, reverse auctioning, and electronic signatures), while providing program managers with flexibility to meet their requirements (SeaPort, 2011b).

The electronic marketplace within the portal provides “end-to-end” support for services acquisition with paperless and secure processes. Having a web-based portal allows for preparation and evaluation to occur from any location—requirements can be defined and proposals solicited, submitted, and evaluated anywhere. As a security measure, task orders are executed through legally binding digital signatures (SeaPort, 2011b). These task orders can be modified in SeaPort by drawing upon previously captured data from older versions of the task orders, improving accuracy and decreasing processing time (SeaPort, 2011b). These data, and corresponding documents, are all captured in an electronic resource library, so that solicitation, task orders, and other documents can be used as models for future procurement. The transition from cumbersome paper processes to a streamlined and efficient electronic system has reduced the time and costs associated with the acquisition of support services. The portal captures data on each step of the proposal and acquisition process, providing performance metrics that enable the Navy to continuously improve the system. Performance has dramatically improved; service acquisitions that used to take months now take days (SeaPort, 2011b).

IV. IDIQ Survey Methodology

The IDIQ contract vehicle is a complex instrument that seeks to provide a more efficient and effective way for private firms to provide services and products to the government. The IDIQ contracting strategy has the potential to increase competition using prequalified contractors to compete for individual task orders, but it also entails challenges for private firms competing for this work. Balancing the stability of the contract and the competitive pressure to maintain best value is a challenge for organizations in both the public and private sectors.

In order to develop a better understanding of this rapidly growing contracting arrangement, we conducted a survey of members of the Professional Services Council (PSC), a national trade association of the government professional and technical services industry.

Survey Development

A survey was developed for, and administered to, the members of the PSC. The survey was designed to be an empirical assessment of the IDIQ contract vehicle. While other industry associations exist, PSC is the largest of its kind. Although not all IDIQ contracting firms are included in this population, the demographics of the association's membership reflect the larger population of contractors working with the IDIQ contract vehicle.

Figures 4 and 5 illustrate the growth in the number of federal professional services contractors over the last 15 years, as well as the market share of firms of various sizes over the same time period. These figures indicate that the rapid growth in the number of professional services contractors has coincided with the relative stability of the market share across firm sizes, with the exception of the slight decrease in market share for medium-sized firms (which may be attributable to merger and acquisition activity, where many mid-sized firms were acquired by larger firms). Interestingly, virtually all of the growth in the number of contractors has occurred among those undertaking relatively small contracts of less than \$25 thousand.

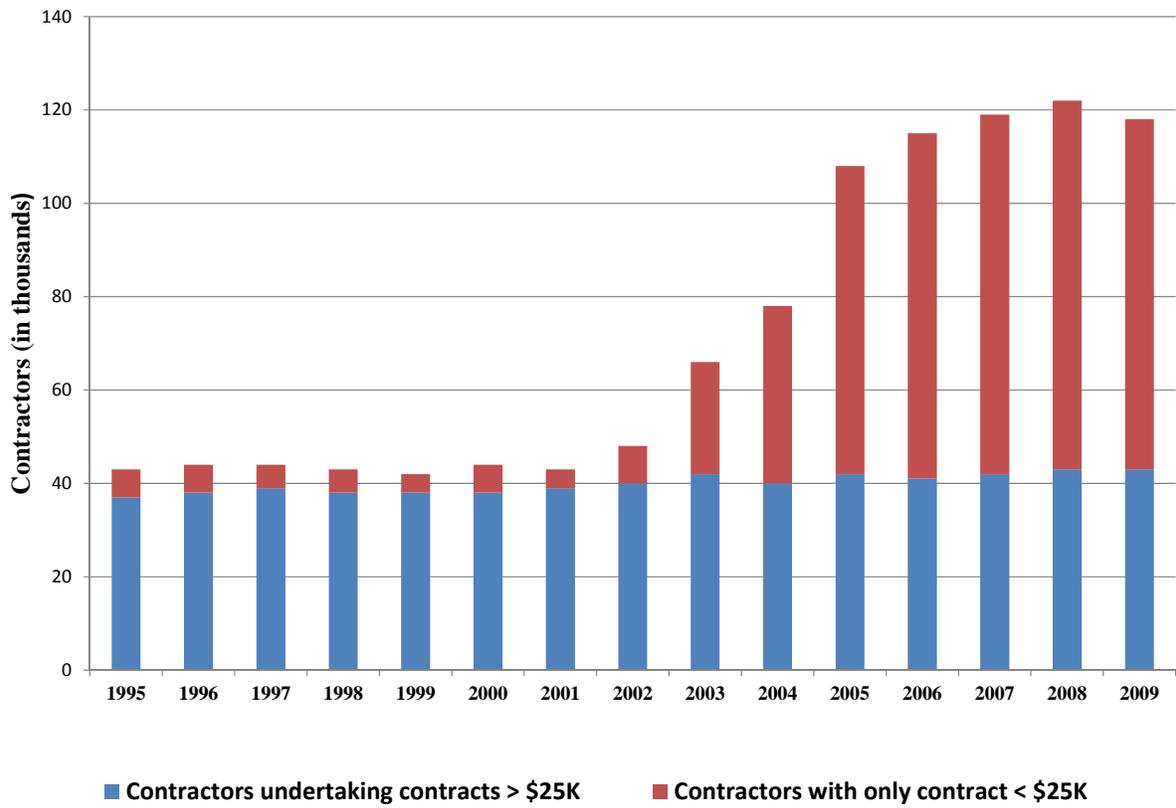


Figure 4. Number of Federal Professional Services Contractors: 1995-2009
(Sanders et al., 2010).

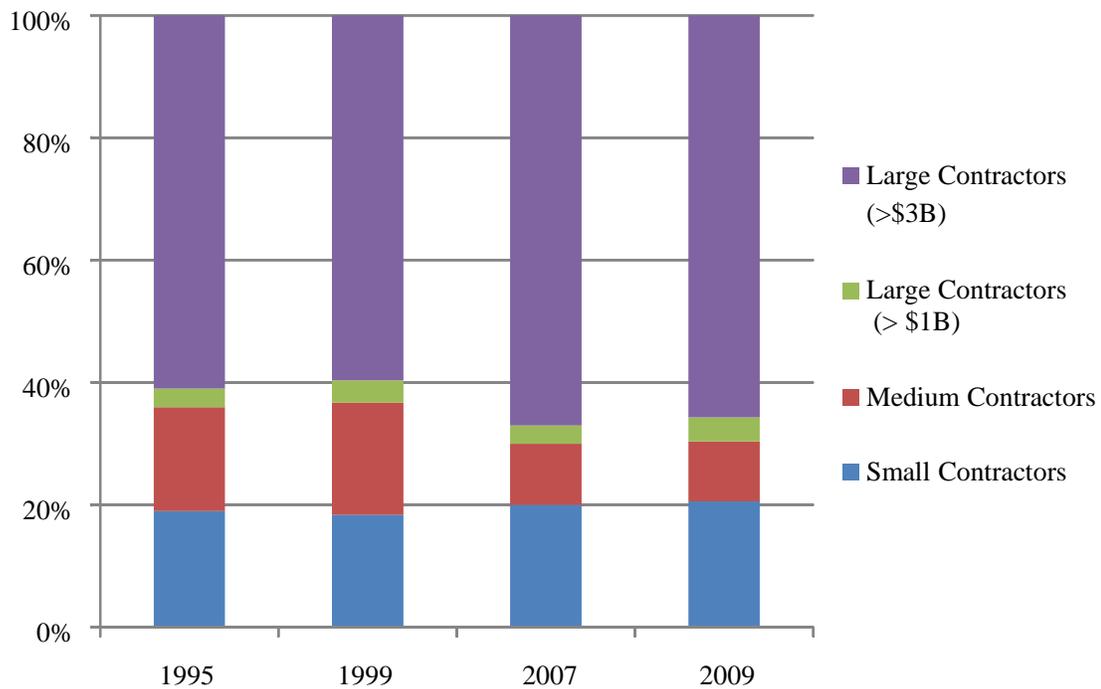


Figure 5. Market Share of Small, Medium, and Large Firms in the Federal Professional Services Industry: 1995, 1999, 2007, and 2009
(Sanders et al., 2010).

The PSC electronically delivered the survey for this study to their database members after it was developed and tested by senior researchers at the Center for Public Policy and Private Enterprise at the University of Maryland’s School of Public Policy (see the survey questionnaire in Appendix A). The questionnaire was tested with several firms of varying sizes experienced with IDIQ contracting and with senior staff members at PSC. After piloting the initial survey, changes were made in accordance with respondents’ recommendations and questions, and a final survey questionnaire was completed for distribution. The finalized survey included seven topical areas.

- Section 1: Background Information – asked firms about their principal service area, firm size, and gross annual revenue (6 questions)

- Section 2: Experience with IDIQ Contracting – collected information on how many years the firm had participated in IDIQ contracting (in both prime and subcontractor roles), revenue generated in these different roles, the contract-awarding agencies, as well as overall satisfaction with this contract arrangement (8 questions)
- Section 3: Contract Roles – included questions about which contracts generate the most revenue for member organizations, and what roles the firms’ held in these contracts (4 questions)
- Section 4: Bidding and Proposals – asked about strategies for proposals and bidding for task orders under IDIQ contracts, in addition to questions about competition among private firms (12 questions)
- Section 5: IDIQ Opinions: Benefits and Drawbacks – posed questions about what motivates firms to bid on IDIQ contracts, and the benefits and drawbacks of some of the unique elements of IDIQ contracts (5 questions)
- Section 6: Protests – inquired about firms’ experiences with agency-level protests challenging task order awards and remedies currently available to firms seeking to contest awards (4 questions)
- Section 7: Open-Ended Questions – included questions about which aspects of IDIQ contracting are perceived as effective or ineffective, as well as asked about efficient and inefficient features of the IDIQ vehicle (5 questions)

Survey Implementation

To carry out this survey, we used an internet-based survey tool, Survey Monkey,³ to compose the survey questionnaire through a series of seven electronic “pages.” Contact information for PSC members was uploaded to the program, and survey invitations and follow-up messages were sent out by the program to respondents.⁴ The total contact list contained 761 respondents, from which we were able to establish 683 valid deliveries of the survey.⁵

³ The use of Survey Monkey for this study was decided upon by an evaluation of multiple electronic survey delivery services and selected based on PSC’s previous experience with this format.

⁴ We used an email address from a staffer at PSC as a “mask” for Survey Monkey’s automated service in order to increase our response rate.

⁵ Invalid deliveries (N=78) were sorted into three categories: (1) individuals who had previously opted out of any electronic surveys hosted by Survey Monkey (N=1), (2) individuals who had invalid email addresses (N=40), and (3) individuals whose email accounts did not allow the delivery of our messages for unknown reasons (N=37).

The survey invitation was initially sent out to the entire member list (761 respondents), and was open for a two week period. A second round of messages was sent out to respondents after the first wave, two weeks from the previous message. For those individuals who had entered (started, but not completed) the survey, each was sent an email encouraging them to complete the survey they had opened through the original individually customized URL. For those who had received the initial message but had not yet entered the survey, a separate note was sent asking them to enter and complete the survey in the following two weeks. The response collector was closed after that second two-week period, providing recipients with a total of four weeks to respond.

The total response rate was 15%. Responses from the first message (N=70) as well as from the second wave of the survey (N=45) appear to be representative of the PSC population as a whole in terms of demographics. We found no significant differences in responses between those who completed the survey before or after the second message.

Demographic Information

The PSC contains a geographically diverse membership, with member headquarters in 32 states. The PSC provided aggregate-level demographic information (after removing identifying information) about their member organizations, allowing us to compare the responses we received to the survey to the larger population of PSC members. Our comparison suggests that the data we collected accurately reflects this larger group. Figure 6 illustrates the revenue generated by PSC members.

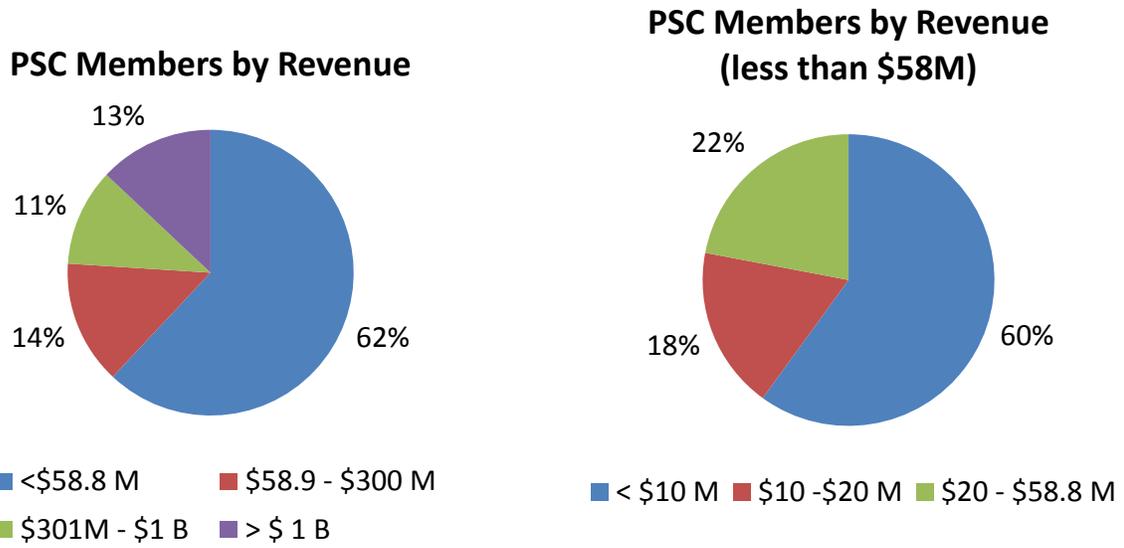


Figure 6. PSC Members by Revenue (2010)

Note. This figure was created using information from the PSC Membership Department.

V. Survey Results

The 44-question survey yielded a rich data set, and our analysis revealed findings with important implications for the improvement of the IDIQ contract vehicle. In this section we discuss the results of the survey. Note that the figure titles include the question and question number. The complete list of questions appears in Appendix A. Part VI of this report offers a more detailed set of summary conclusions and recommendations based on the synthesis of the survey findings.

Respondents' Background Information

The first section of the survey collected data on the background of the respondents as well as some basic information about the firms for which they were reporting. These statistics confirmed our assessment that the responses we received were representative of the larger population of PSC members as discussed above.

Figure 7 displays the distribution of organizations by their principal services. This figure indicates that more than one-third of respondents to our survey were from firms whose principal services were knowledge-based. Research and development and facility-related services were the next largest categories of services among respondents.

Figure 8 displays the distribution of firms (or divisions within firms) by number of employees. We encouraged respondents to provide the size of their division within the firm, as opposed to the size of the overall firm, in order to bring into our analysis a greater number of perspectives from smaller organizations experienced with the IDIQ arrangement.

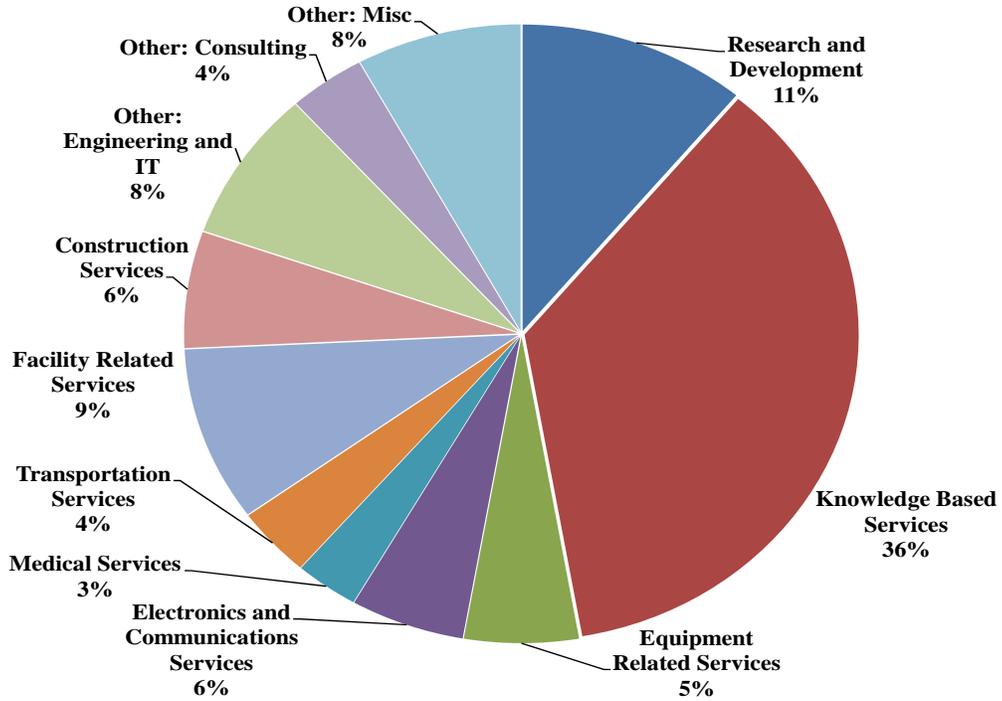


Figure 7. Which of the Following Categories Best Describes Your Organization's Principal Services? (Q1)

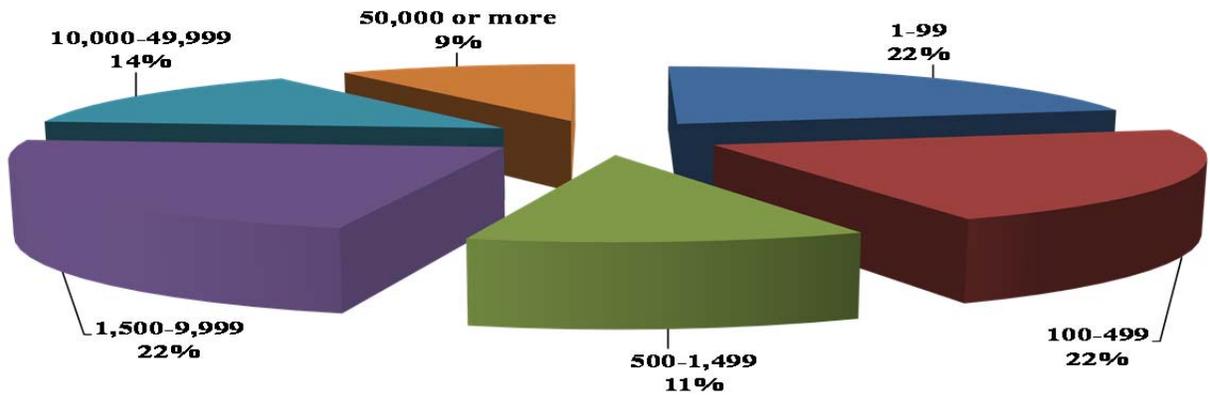


Figure 8. How Many Employees Are in Your Organization? (Q2)

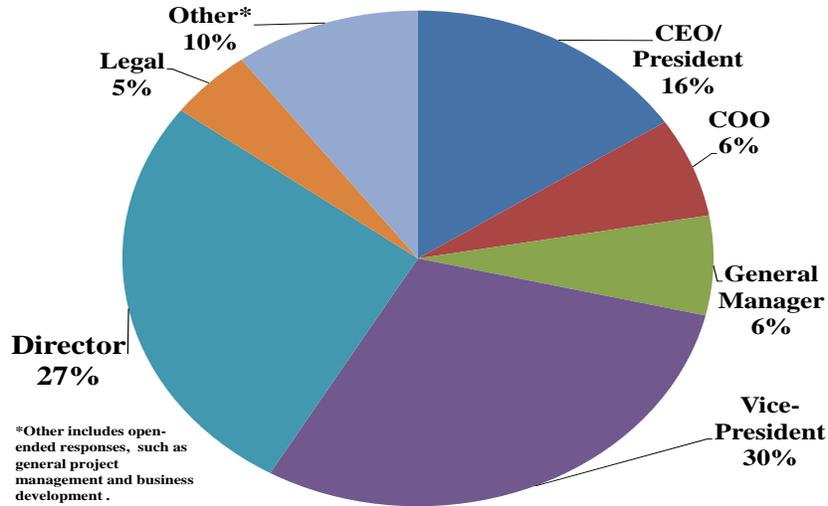


Figure 9. Which Best Describes Your Job Title? (Q3)

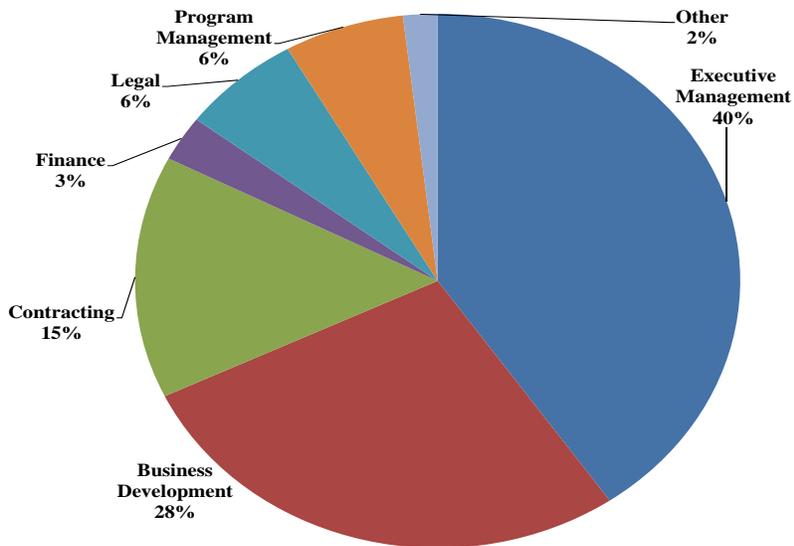


Figure 10. Which Best Describes Your Primary Area of Responsibility? (Q4)

Additional information we collected from respondents included their self-identified job titles (see Figure 9) and their primary area of responsibility within their firm (see Figure 10). This data confirmed that the information collected through the survey was completed by executives who had experience with IDIQ contracts.

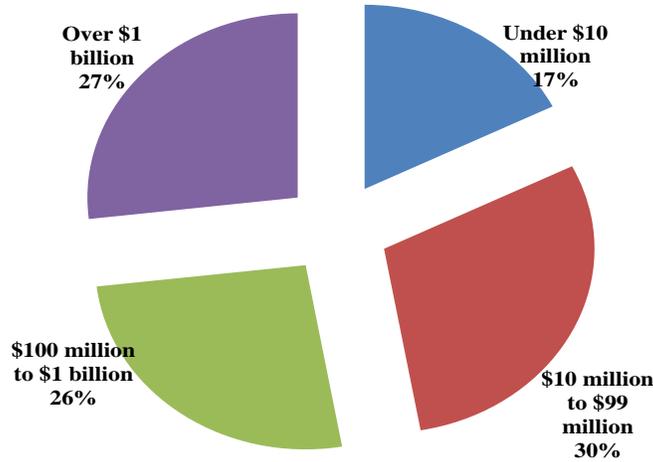


Figure 11. Which Best Describes Your Organization's Gross Annual Revenue? (Q5)

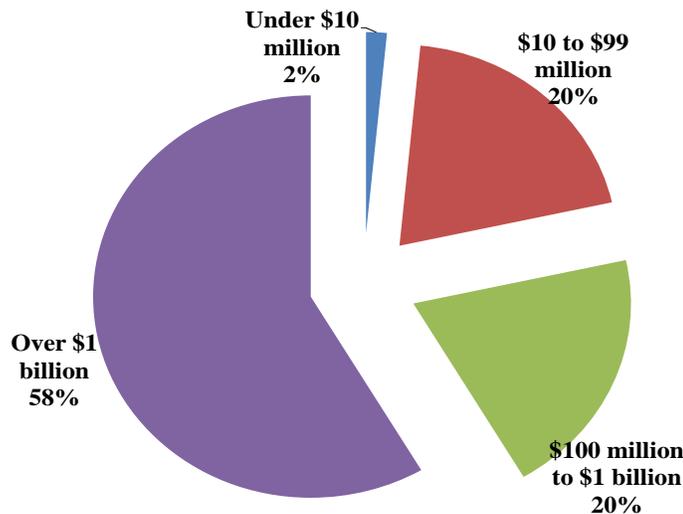


Figure 12. If You Are Reporting for an Organization Within a Larger Firm, Which Best Describes Your Entire Firm's Gross Annual Revenue? (Q6)

As an additional measure of firm size, we asked respondents to identify the approximate annual revenue for their organization (firm or division within a firm; see Figure 11) as well as for the parent firm, if any, of which the organization is a part (see Figure 12). As we see in Figure 11, the distribution by revenue is fairly even. As one would expect, Figure 12 more closely mirrors the statistics displayed in Figure 5 and the trends in the professional services industry as a whole. This background data established the validity of our survey methodology and provided additional variables for us to cross-tabulate with subsequent survey questions regarding firms' experiences with numerous aspects of IDIQ contracting. Assessing the range of firm sizes, income levels, and

positions of respondents increased the strength of our findings about their opinions of the contract vehicle as a whole. The next section presents our findings regarding their experiences with IDIQ contracting.

Firms' Overall Experience with IDIQ Contracting

The first section of substantive questions in the survey—following the collection of respondents' background information—was designed to collect information on how many years the firms had participated in IDIQ contracting, their roles and revenue during this time, and their overall satisfaction with the contracting arrangement.

We found that the majority of organizations had been on at least one IDIQ contract for ten years or more. Figure 13 illustrates the trend; two-thirds of prime contractors had 10 years or more of IDIQ contract experience, and 57% of subcontractors had the same duration of experience. The data also show that the trends between both contractor roles, prime and subcontractor, mirror each other in terms of years of experience with the IDIQ contract vehicle.

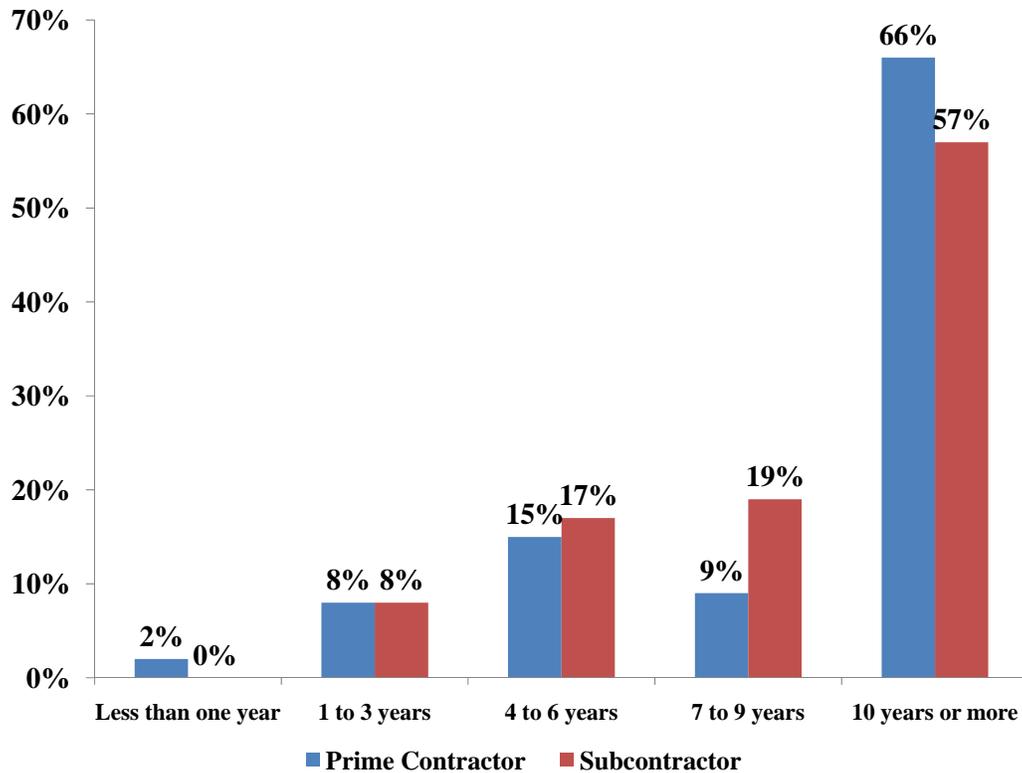


Figure 13. How Many Years Has Your Organization Been on an IDIQ Contract as a Prime Contractor or Subcontractor? (Q7-8)

In addition to years of experience with IDIQ contracts, we captured proportional revenue data from responding organizations in the same contract roles described in Figure 13. The survey found that of the firms responding as prime contractors, 28% earned up to 20% of their annual revenue from IDIQ contracts (see Figure 14). We also found that among those firms responding who were working as subcontractors on IDIQ contracts, roughly two-thirds of them earned up to 20% of their gross annual revenue from IDIQ contracts.

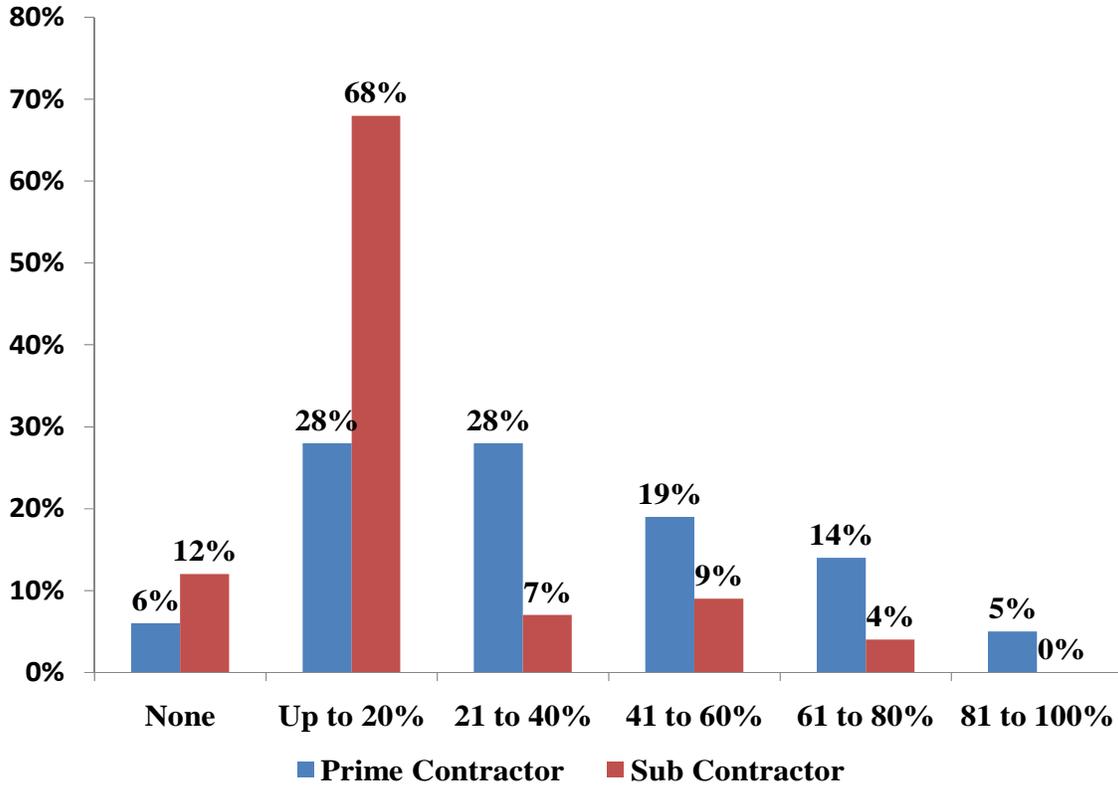


Figure 14. Approximately What Portion of Your Organization's Gross Revenue is Derived From Awards Made Under IDIQ Contracts as the Prime Contractor and Subcontractor? (Q9-10)

We asked respondents to identify the agencies with which they were working under IDIQ contracts (see Figure 15). Respondents were asked to mark all agencies for which they were currently contracting (hence the percentages in Figure 15 add up to more than 100%). We found that 48% of firms were working for the Department of the Army, 36% were under IDIQ contracts with the Air Force, and 37% for the Department of the Navy. The General Services Administration (GSA) was the most common agency respondents reported working under at 56%. The 30% of respondents, whose responses fit into the “Other” category as reported in the open response field for this question, were under contract with agencies such as the Centers for Disease Control, the Department of Health and Human Services, and the Department of Energy.

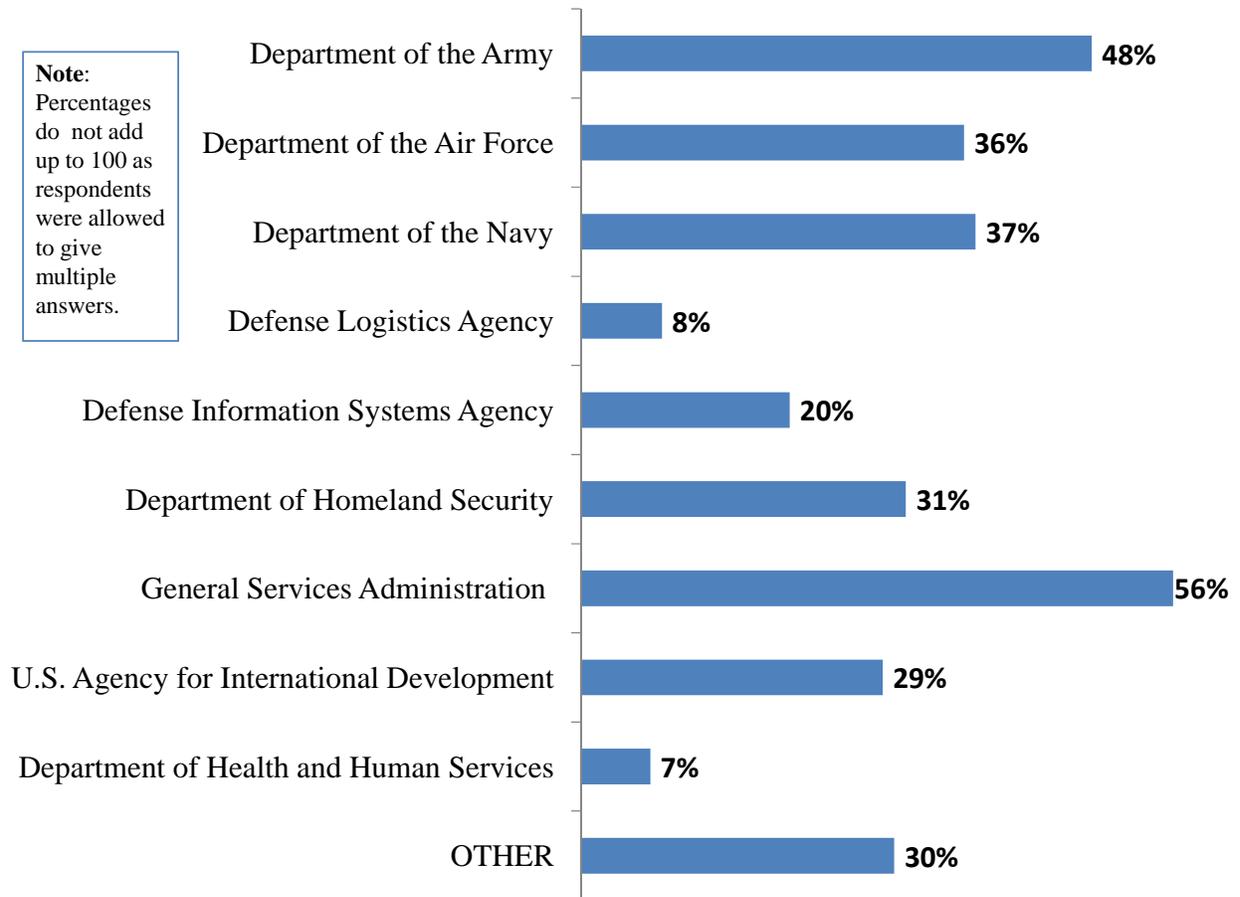


Figure 15. From Which of the Following Agencies Do You Hold at Least One IDIQ Contract? (Q11)

It is reasonable to assume that many firms hold a variety of contracts and act as the prime contractor in some instances and the subcontractor in others. We were interested in the number of contracts that each respondent’s firm held, and which were as the subcontractor and which were as the prime contractor. We concluded that for firms working in the role of prime contractor, 30% had between one and three contracts, 23% had between four and six contracts, and 34% had 10 or more IDIQ contracts (see Figure 16). Among those firms working on IDIQ contracts in the subcontractor role, our survey found that 42% had between one and three contracts, 23% had between four and six, and 24% held more than 10 contracts.

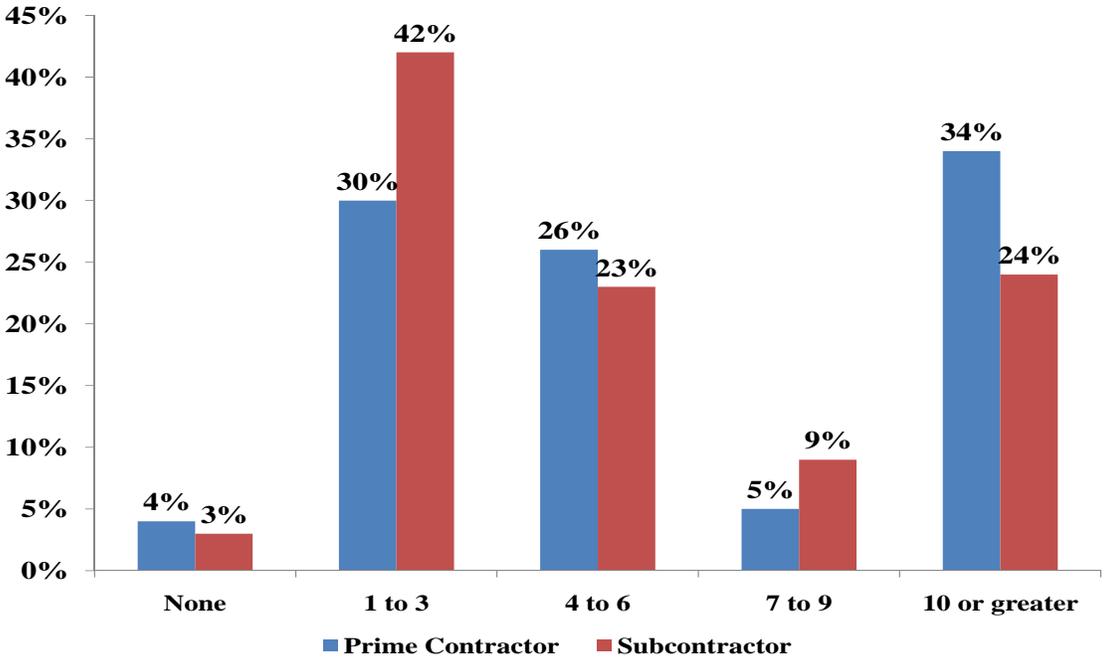


Figure 16. Approximately How Many IDIQ Contracts Do You Currently Hold as the Prime Contractor or or Subcontractor? (Q12-13)

After establishing the basic experiences respondents had with the IDIQ contracting arrangement, our survey turned to their opinions surrounding these experiences. We first asked respondents to rate their satisfaction with participating in this contract vehicle (see Figure 17). Respondents were asked to rate their satisfaction on a five-category Likert scale for all survey questions. The figures displayed within this report categorize *strongly agree* and *agree* together as well as *strongly disagree* and *disagree* together. The use of the Likert scale allowed us to cross-tabulate these responses with the answers given to other questions. We found that 65% of respondents

agreed with the statement “In general, I believe our participation with IDIQ contracting has been satisfying.” Only 16% were ambivalent, and 19% disagreed.

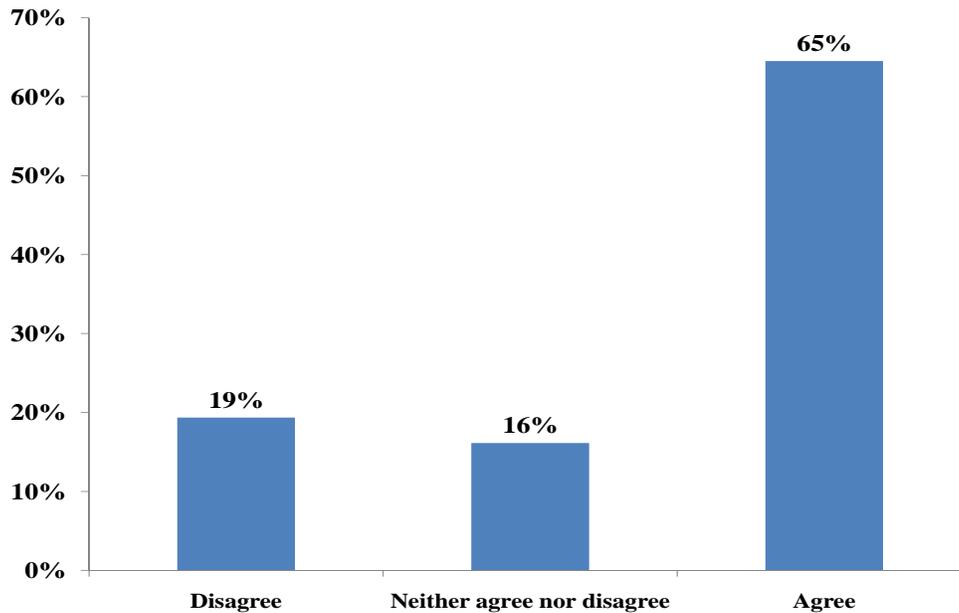


Figure 17. In General, I Believe Our Participation with IDIQ Contracting Has Been Satisfying. (Q14)

To delve further into what shaped respondents’ opinions, we created a contingency table—depicted graphically in Figure 18—cross-tabulating their general opinion of IDIQ contracting with firm size (measured as the number of employees).

We found that among those firms who reported that their overall IDIQ contracting experience was dissatisfying (reporting *disagree* to the above statement), only 10% of them were from firms with 10,000 or more employees. This analysis also tells us that among the group of respondents who found IDIQ contracting dissatisfying, approximately 56% of them were from firms with fewer than 500 employees, suggesting that some features of IDIQ contracting are less desirable for small firms.

In contrast, among those firms who agreed that their experiences with IDIQ contracting had been satisfying, our findings show that more than 36% of them were from firms with between 100 and 1,500 employees, while 45% of those who found IDIQ contracting satisfying were from firms between 1,500 and 50,000.

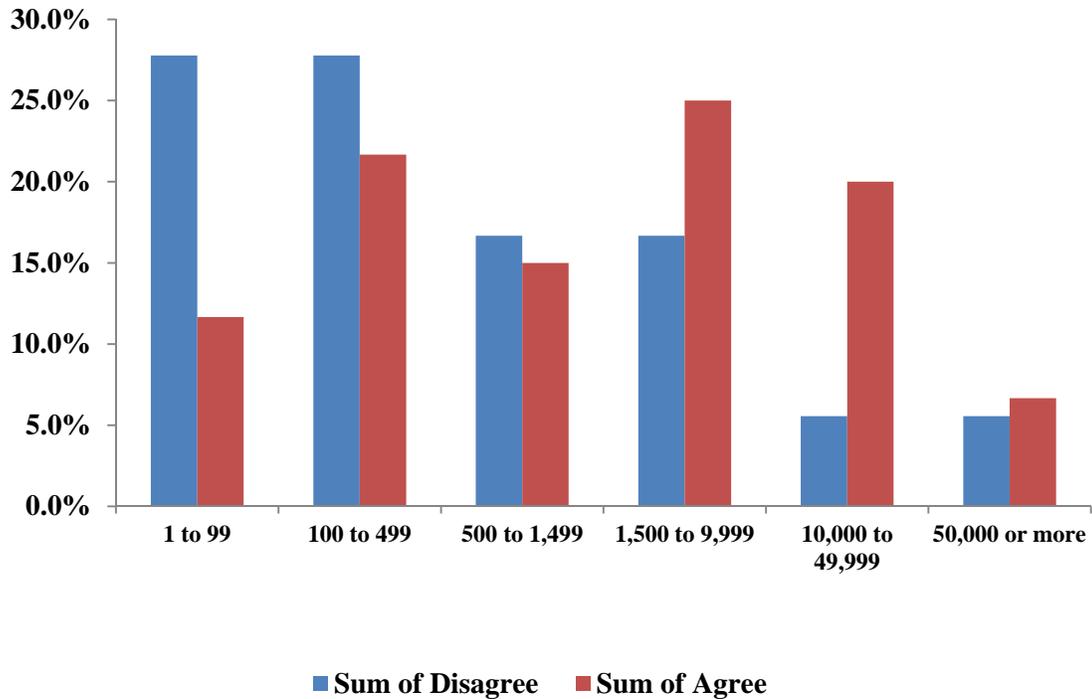


Figure 18. Satisfaction With IDIQ Contracting by Number of Employees (Q15)

We conducted a similar analysis with the job titles of the respondents to look at how reported satisfaction with the IDIQ contracting experience might differ based on the position the respondent held within the firm (see Figure 19). We found that among those respondents who agreed that IDIQ contracting had been satisfying, nearly 60% were either vice presidents or directors at their firms. As a percentage of the total, however, we concluded that the distribution of responses across job categories was relatively stable; among those respondents who disagreed that the experience had been satisfying, 52% were vice presidents or directors.

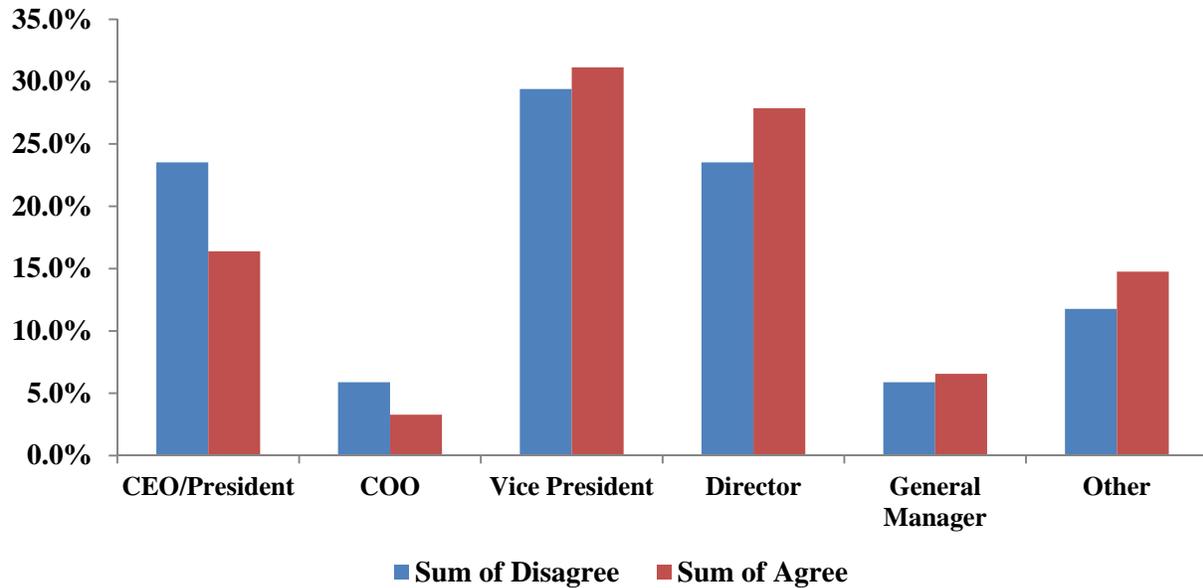


Figure 19. Satisfaction With IDIQ Contracting by Job Title (Q16)

IDIQ Contract Roles

After evaluating firms’ overall satisfaction, we sought to better understand respondents’ experiences with contract roles within IDIQ arrangements. These roles included the prime contractor or sub-contractor on task orders under the larger contract. The first two questions in this section asked firms which contract generates the most revenue, and what is their role on that contract. We found that the distribution of responses to the first, open-ended question closely mirrored the distribution illustrated in Figure 15. Wholly 93% of firms said that their role on this top revenue-generating contract was as the prime contractor, suggesting that very few firms generate the majority of their revenue from their subcontractor role on their largest IDIQ contract.

We also analyzed this trend at the task-order level (see Figure 20) to assess the breadth of their IDIQ contracts. When we asked if the greatest percentage of revenue from IDIQ contracting was earned as the prime contractor, 15% of respondents disagreed and 81% of respondents agreed. At the same time, the vast majority of respondents (88%) reported that the greatest percentage of their revenue was not earned as subcontractors, indicating that IDIQ contract participants earned most of their revenue as prime contractors.

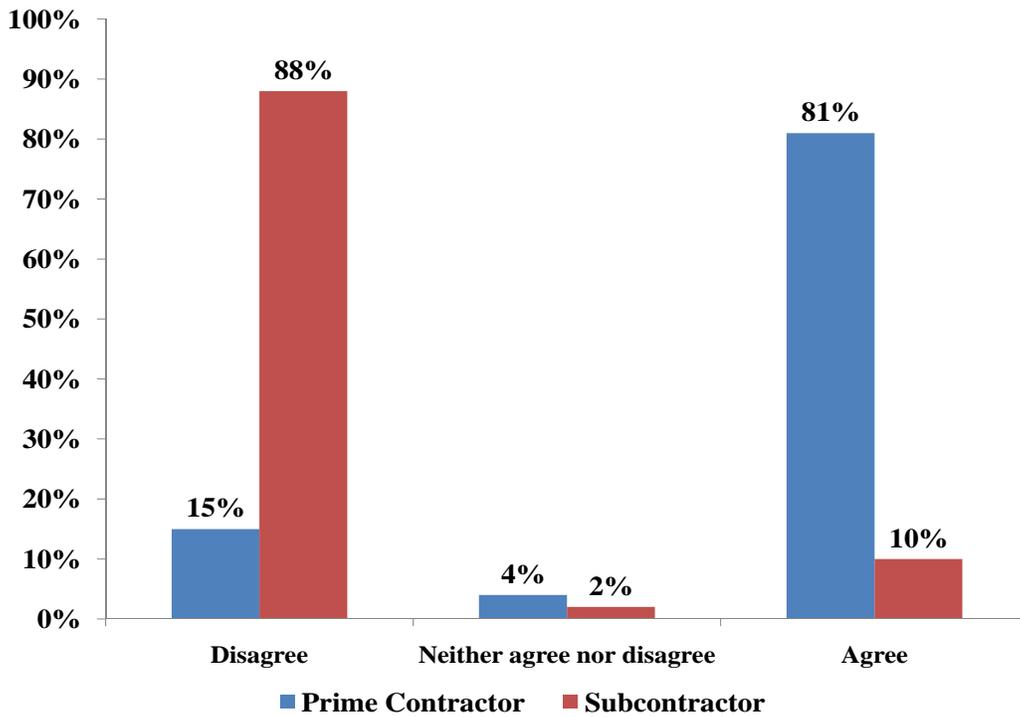


Figure 20. Among All of Your Task Orders Awarded Under Any IDIQ Contract Held, the Greatest percentage of Your Revenue is Generated as the... (Q17-18)

Approaches to Bidding and Proposals

To further explore the details of firms’ experiences with task orders, as either prime contractors or subcontractors, we asked respondents to provide answers about their strategies for developing proposals and bidding for task order work as prequalified IDIQ vendors. In this section of the survey we also asked respondents questions about competition among firms, which is a key dimension of IDIQ contracting within both the public and private sectors.

The first trend that we examined was the tendency of firms to team with a number of small or mid-sized firms when proposing as a prime contractor. We found that 68% of respondents reported that they agreed that this was a frequent practice (see Figure 21). We probed further to find out if this tactic was employed to increase the likelihood that the respondents’ firm would win and found that more than half of them believed it would (see Figure 22).

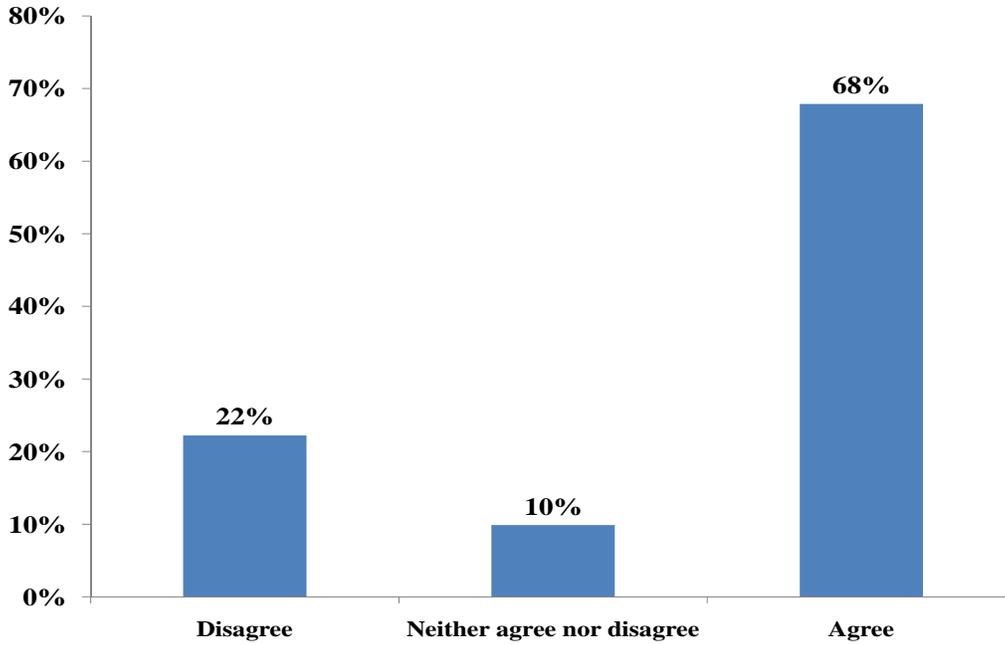


Figure 21. When Proposing as a Prime, Our Firm Often Teams With a Large Number and Wide Variety of Subcontractors. (Q19)

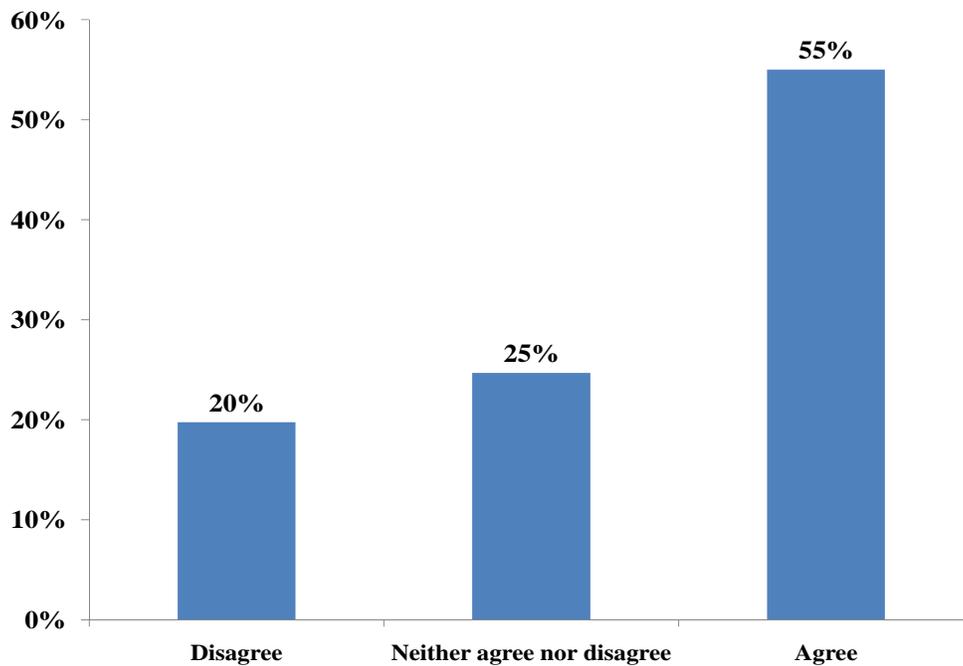


Figure 22. We Believe That Teaming With a Large Number of Subcontractors Will Maximize Our Chance of Winning the Task Order. (Q20)

We also wanted to know how partnering with a large number of contractors affected the firms' work if they won the award, and survey responses indicated that nearly 80% of firms understood that although teaming with contractors enabled them to present their most competitive offer, it sometimes meant less work for their organization (see Figure 23).

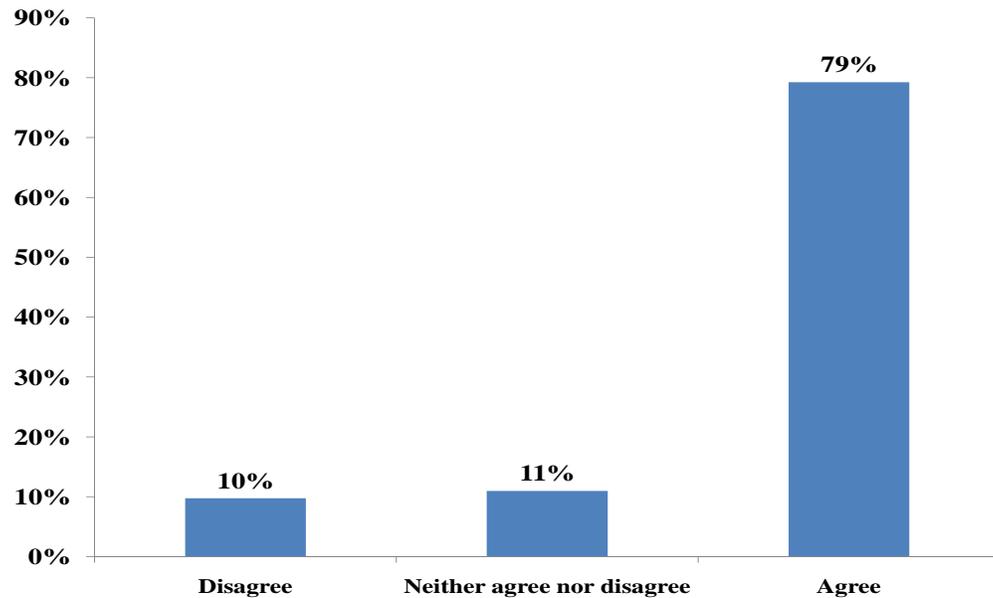


Figure 23. When Bidding as a Prime on a Task Order, We Use Subcontractors to Create the Most Competitive Offer, Even if it Means Less Work for Our Organization. (Q21)

Given that many of the respondents in our survey clearly developed these strategies to make their proposals more competitive, we wanted to know how pressured they felt to work under this particular contract arrangement. We asked respondents whether they agreed that if they did not participate in an IDIQ contract, the opportunities to work as contractors with that agency in some other capacity were reduced. The majority of respondents (84%) agreed (see Figure 24), indicating that as agencies move toward this method of contracting, the incentive for firms to work through this vehicle is significant, even though it may not be the most efficient or effective.

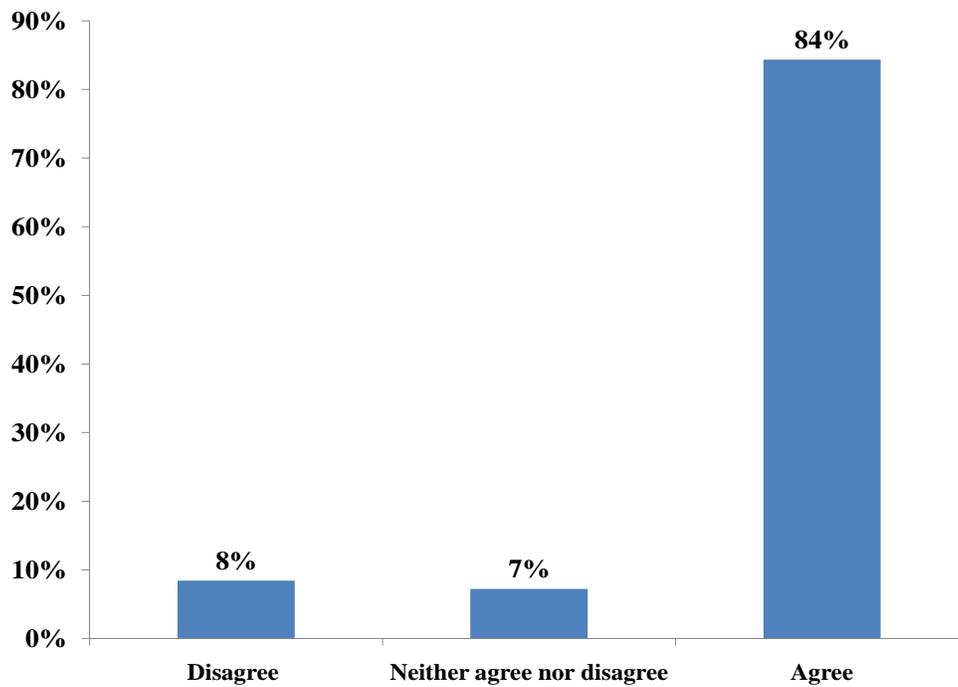


Figure 24. In General, if We Do Not Participate in an IDIQ Contract, Our Prospects for a Contract With the Sponsoring Agency are Significantly Reduced. (Q22)

Competition is another key concern when it comes to evaluating current IDIQ contracting practices as discussed in Part II of this report and evaluated more fully in Part VI. We asked respondents about what they felt were the ideal conditions to compete for IDIQ task orders. First, we asked respondents about whether or not the number of bidders was even a consideration in deciding to bid on task orders under their IDIQ contracts. When asked, 86% of respondents said that the number of highly competitive bidders did, in fact, affect their decision to bid on a specific task order (see Figure 25).

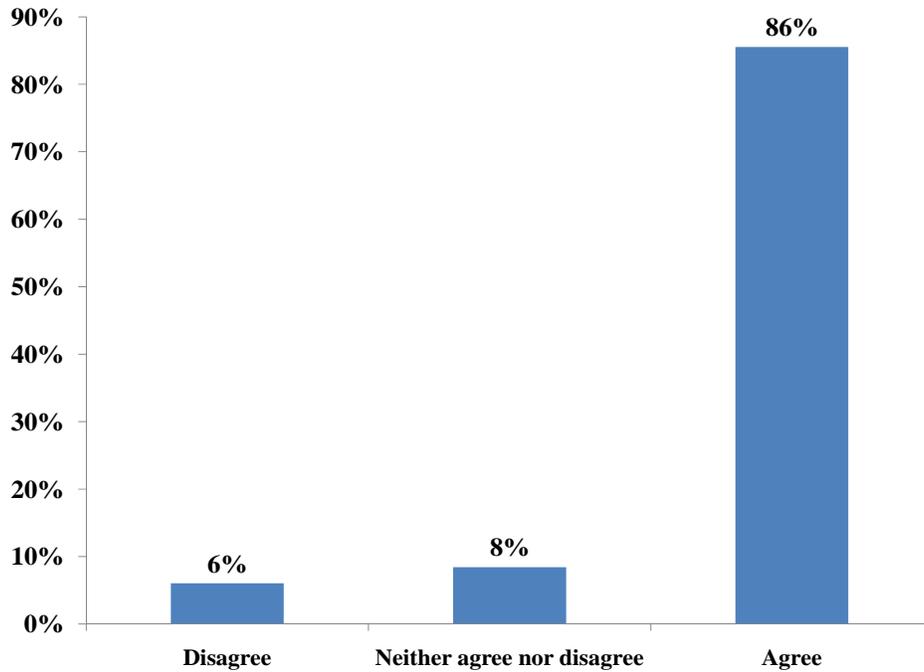


Figure 25. When Deciding Whether to Bid on Task Orders on IDIQ Contracts With a Large Number of Contract Holders, We Consider the Potential Number of Highly Competitive Bidders. (Q23)

In an effort to explain this trend, we asked respondents what they would consider the ideal number of bidders. We offered several different ranges from which respondents could choose (see Figure 26). We asked respondents when they are “least likely to submit a proposal,” which means that those respondents who reported that they disagree with the statement are more likely to submit a proposal. With this in mind, the survey results reveal that the majority of respondents were less likely to bid on a task order when there are ten or more bidders. Respondents agreed that when the number of bidders was less than or equal to three, they were more likely to bid.

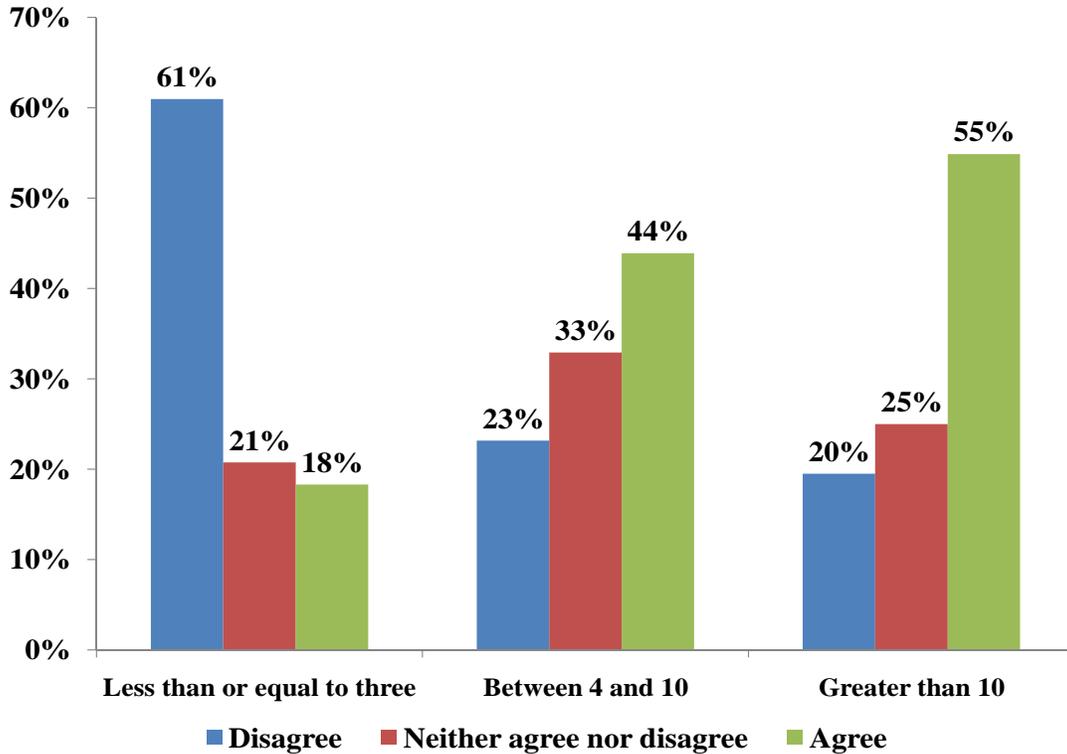


Figure 26. When Bidding for Task Orders, Our Organization is Least Likely to Submit a Proposal When the Number of Potential Highly Competitive Bidders (e.g., Technical Capability, Incumbency, Reputation, etc.) is... (Q24-26)

The following section of the survey explored the priorities of IDIQ task order awards. Question 27 asked respondents if, when they were approaching “higher knowledge” content work and they knew that the task order proposals were evaluated on the lowest price, technically acceptable (LPTA), they were dissuaded from providing innovative, best-value solutions. Nearly 80% agreed that these constraints hindered innovation (see Figure 27). This is a particularly valuable insight to keep in mind as IDIQ contract popularity continues to increase.

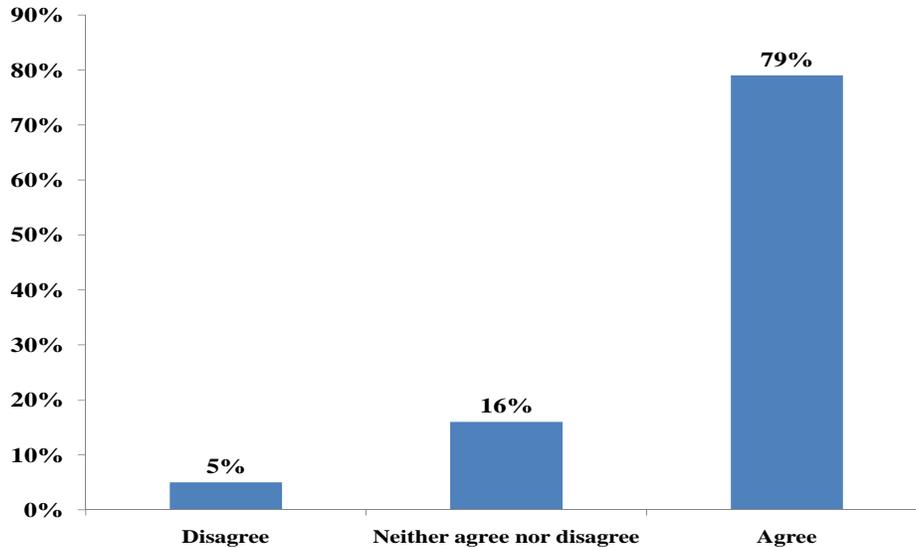


Figure 27. When Dealing with Higher-Knowledge Content Work, Task Orders that Will Be Evaluated on the Lowest Price, Technically Acceptable (LPTA) Criteria Do Not Provide Enough Incentive for Us to Provide Innovative, Best-Value Solutions. (Q27)

As we were piloting the survey questionnaire, another aspect of IDIQ contracting that some firms described to us as a challenge was the mandate to prepare proposals for every task order. We asked respondents if they felt that this requirement imposed a significant proposal preparation and cost burden to firms because otherwise they might not have bid on these tasks and because it unnecessarily increases their bid and proposal costs (see Figure 28). Again, an overwhelming proportion of the respondents (81%) agreed that the requirement presented a serious burden to their firms.

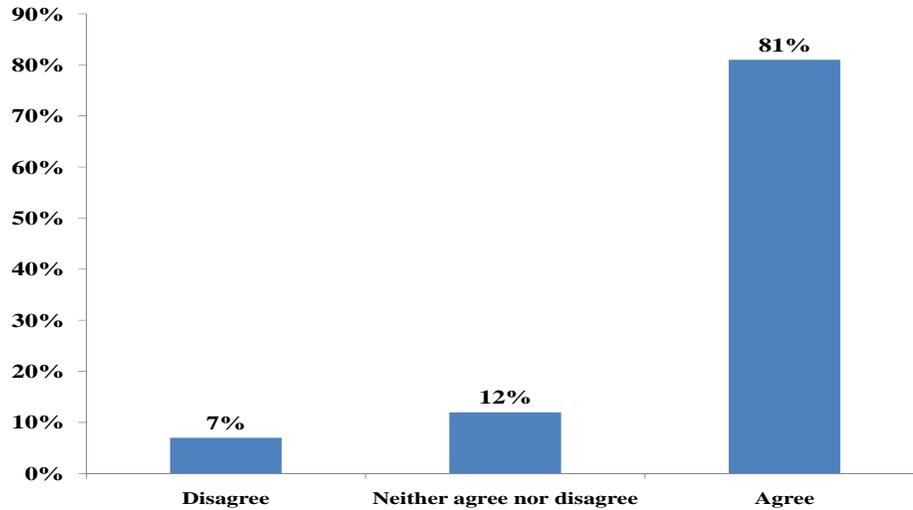


Figure 28. IDIQ Contracts that Require Contractors to Prepare a Proposal for Every Task Order Issued Impose a Significant Proposal Preparation and Cost Burden Because there are Tasks We Would Otherwise Not Bid On. (Q28)

Beyond the difficulties firms face as the result of mandates to bid on every task order, we also asked survey respondents whether they felt the required proposal preparations brought significant benefits to the government. Nearly three-quarters of them felt that the government did not receive significant benefits as the result of the mandate to prepare these proposals (see Figure 29).

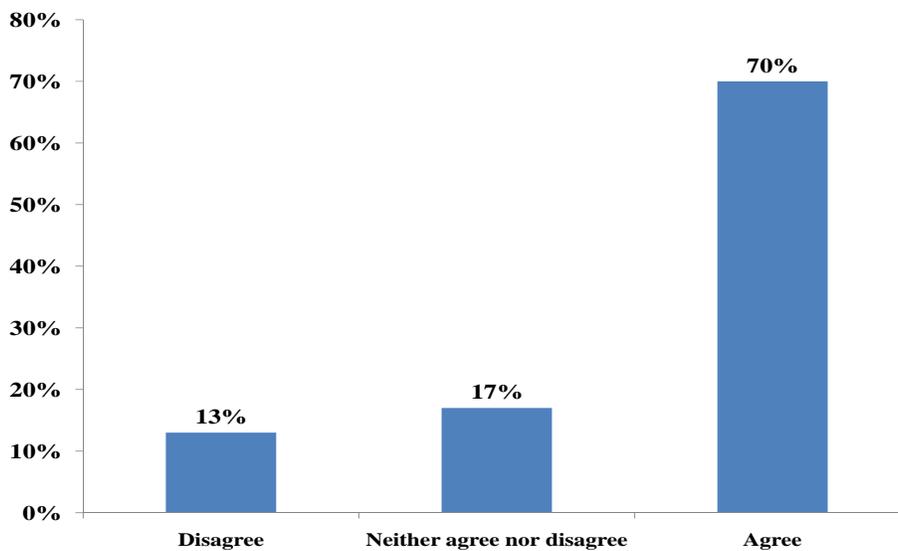


Figure 29. IDIQ Contracts that Require Contractors to Prepare a Proposal for Every Task Order Issued Do Not Bring Significant Benefits to the Government. (Q29)

In addition, the survey found that most firms believed that when they were required to bid on every task order, they were not awarded tasks that they did not expect to win (see Figure 30). The data shows that 54% of respondents neither agreed nor disagreed (possibly the result of having no expectation of the proposal's outcome), and that 37% did not win those unanticipated task orders.

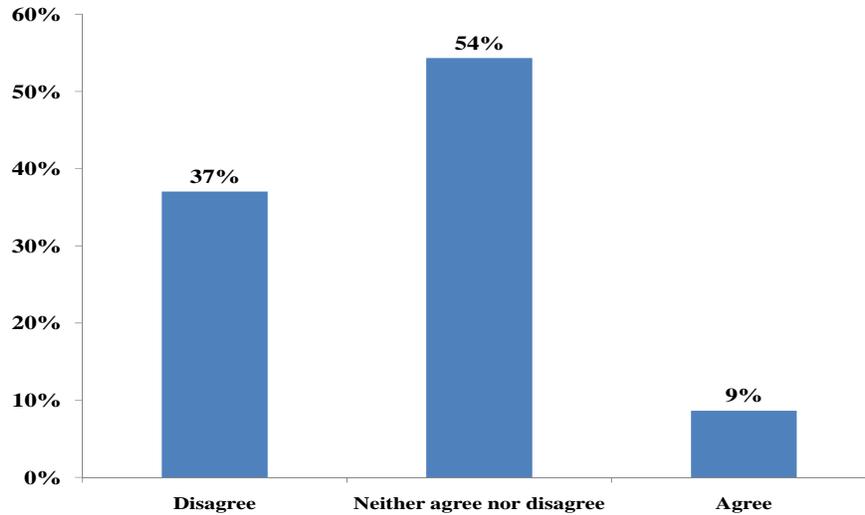


Figure 30. When We Have Been Required to Bid on Every Task Order, We Have Been Awarded Tasks That We Did Not Expect to Win. (Q30)

Benefits and Drawbacks of the IDIQ Contract Vehicle

Throughout the survey we were focused on identifying which aspects of participating in IDIQ contracts were beneficial to contractors and which (in their minds) posed constraints. The fifth section of the survey attempted to gain greater insight into how firms decide to bid.

One of the reasons firms might be disinclined to bid on IDIQ contracts is the lack of immediate and identifiable revenue flow. We found that respondents were evenly split on this issue (see Figure 31). This split may suggest that some firms have a financial cushion, while other firms cannot afford to invest in preparing proposals without guaranteed revenue.

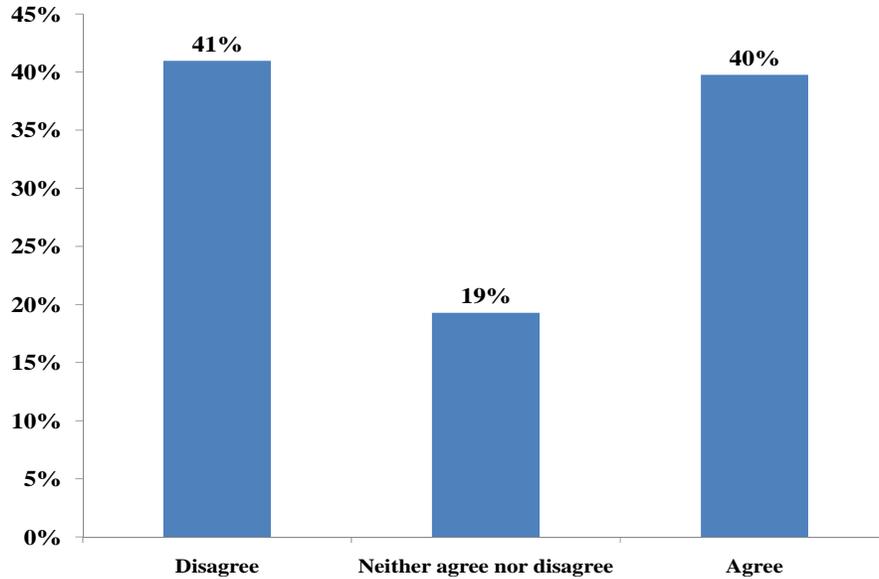


Figure 31. The Lack of Immediate (and Identifiable) Revenue Flow is a Disincentive for Bidding on IDIQ Contracts. (Q31)

Following up on Question 31, we asked, more broadly, if respondents felt that the general trend of requiring contractors to submit proposals for all task orders was reasonable (see Figure 32). Just as with the more specific question about the tangible burdens to the private firms, respondents overwhelmingly responded that this requirement was unreasonable (84%).

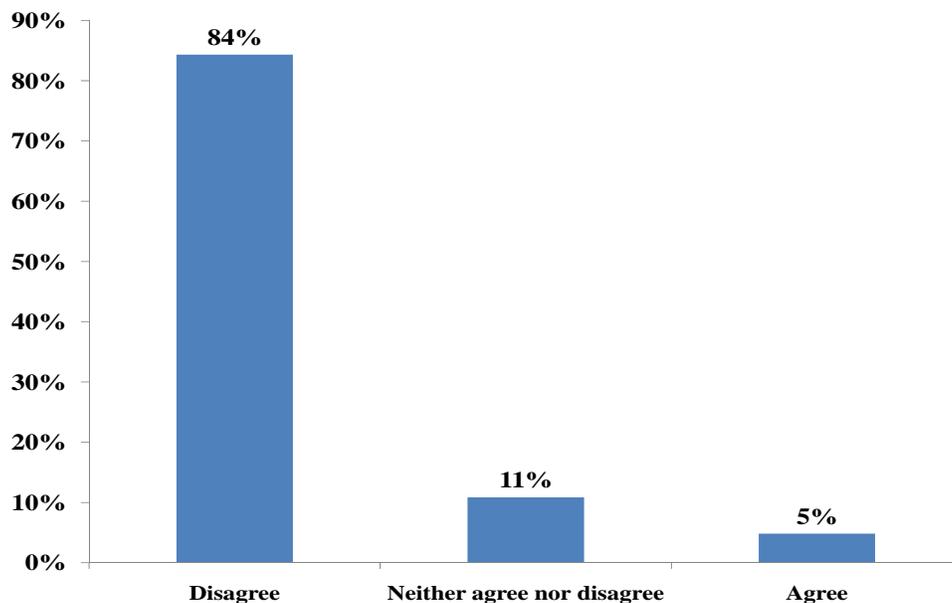


Figure 32. Requiring Contractors to Submit Proposals for All Task Orders Is Reasonable. (Q32)

Another trend within IDIQ contracting, the bundling of many tasks, has been questioned by some as an effective strategy to streamline the acquisition of services. We found that respondents were almost evenly split when asked if this bundling made a contract more attractive to bid on (see Figure 33).

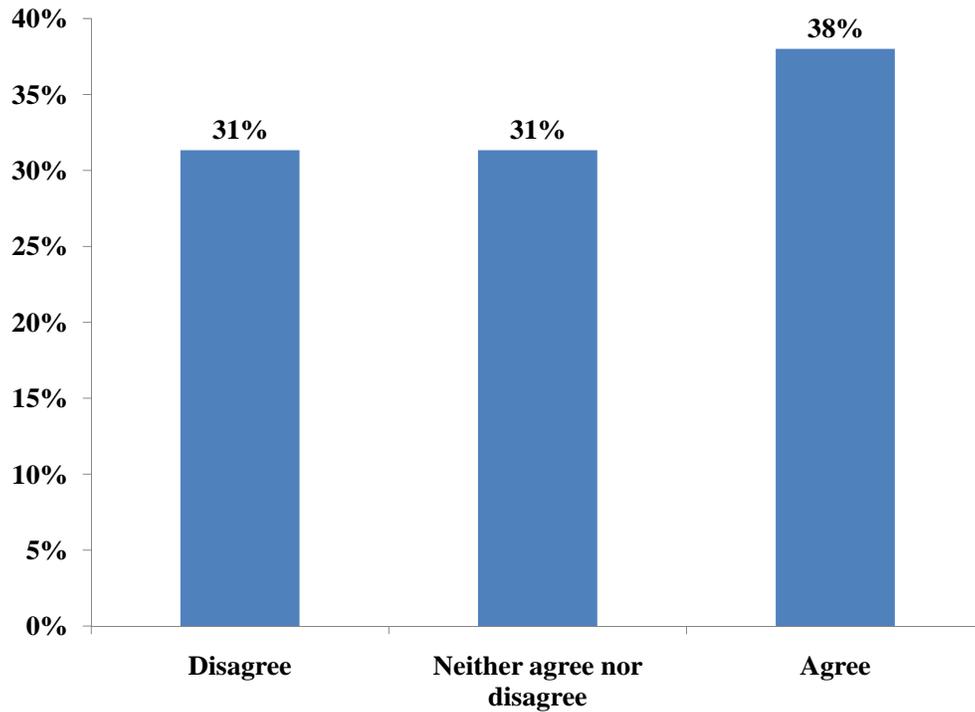


Figure 33. The Bundling of Many, Sometimes Unrelated, Tasks Within an IDIQ Arrangement Makes the Contract More Attractive to Bid On. (Q33)

To determine if there were any explanatory patterns in this distribution we disaggregated firms by size (as measured by reported income and number of employees) to see if larger or smaller firms found these bundled contracts more or less attractive relative to the pool of firms as a whole. We did not find any significant variations⁶ in opinions based on firm size, but this might indicate that the bundling of tasks is not a significant incentive for them. However, our findings also demonstrate that prime contractors tend to team with a large number of smaller firms to increase the likelihood of winning task orders.

⁶ We conducted a Chi-square test between the size of the firm (defined by the number of people) and the bundling of tasks in order to see the dependence between the two. We found the p-value to be 0.88. Thus, there is no evidence for the dependence.

As a follow-up to several previous survey questions, we asked respondents if competing for tasks awarded under an IDIQ contract was more effective for their firm than competing for stand-alone contract vehicles for the identical work. We found that responses were split fairly evenly in the aggregated results (see Figure 34). When we analyzed this finding, we looked for explanatory variation among firms by size, and did not find statistically significant differences between these firms.⁷

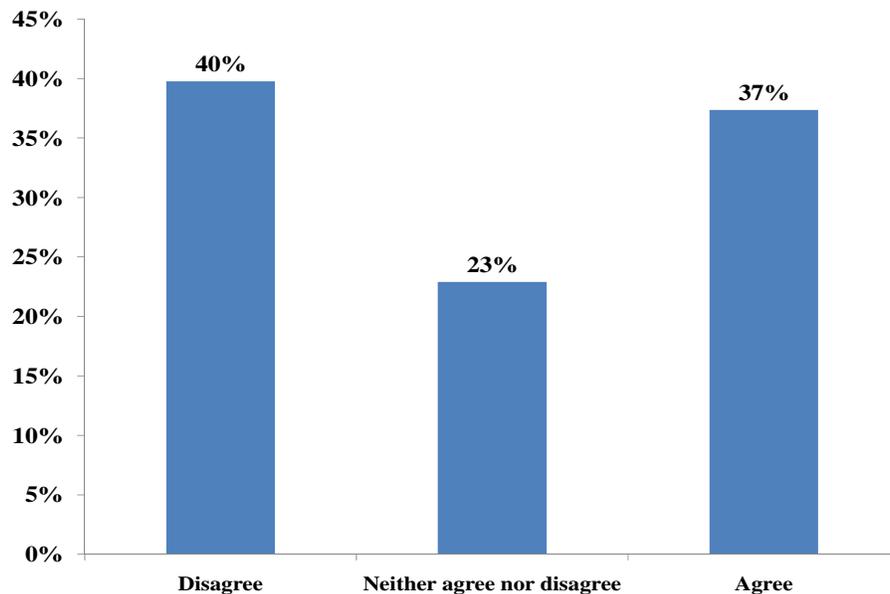


Figure 34. Competing for Tasks Under an IDIQ Contract Is More Effective for Our Organization Than Competing for Stand-Alone Contract Vehicles for the Identical Work. (Q34)

Finally, on the subject of bidding, we asked respondents if their response to IDIQ task orders was as innovative and effective as what they would propose under a different acquisition strategy, such as stand-alone procurement, for that identical work (see Figure 35). The majority of respondents indicated that their approach was as innovative and effective under IDIQ contracting, suggesting that despite some of the areas of dissatisfaction, contractors were, in fact, bringing their best work and effort to tasks under this contracting arrangement.

⁷We conducted a Chi-square test between the size of the firm (defined by the number of people) and the firm’s idea on competing for tasks awarded under an IDIQ contract in order to explore the potential dependence. The p-value is 0.79, which again indicates no dependence.

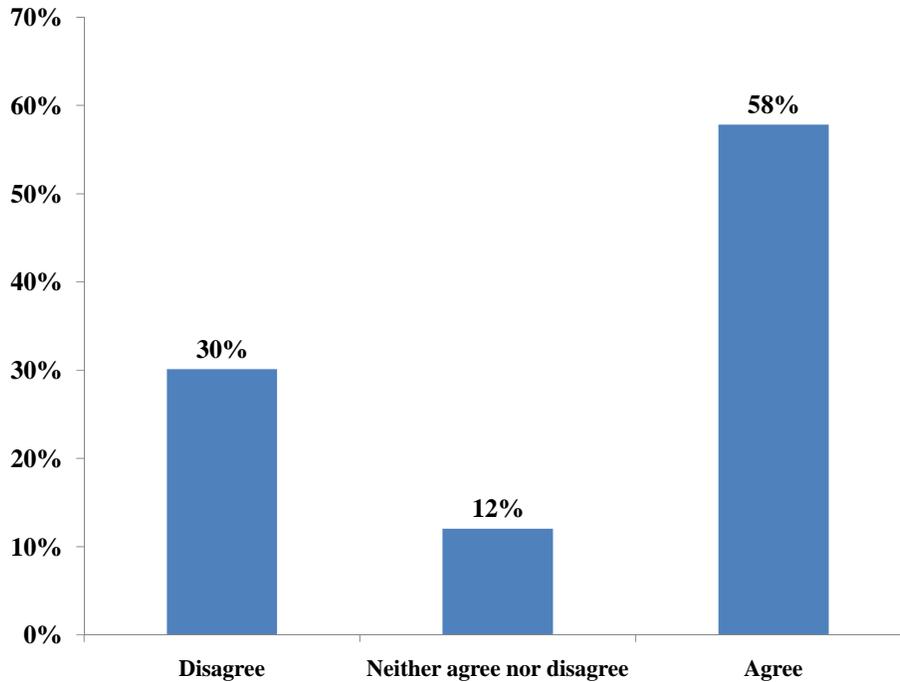


Figure 35. Our Response to IDIQ Task Order Proposals Is as Innovative and Effective as What We Would Propose Under a Different Acquisition Strategy, Such as a Stand-Alone Procurement, for That Identical Work. (Q35)

Protests

A recurring theme in academic and media coverage of IDIQ contracting is the occurrence of protests over the awarding of specific task orders to certain firms, which other firms believe are unqualified. In our section on bid protests, we inquired as to firms’ experiences with agency-level protests.

We found that approximately one-third of firms had raised an agency-level protest challenging some element of an IDIQ task order competition or selection (see Figure 36).

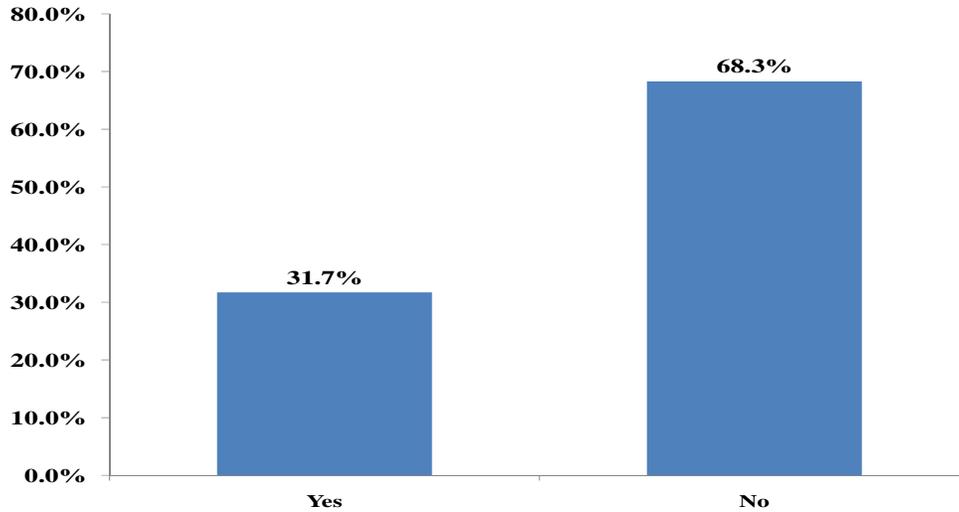


Figure 36. My Organization Has Raised an Agency-Level Protest Challenging Some Element of an IDIQ Task Order Competition or Selection. (Q36)

We also asked firms about current remedies for firms seeking to protest the award of task orders. We found that two-thirds of respondents said that their organization favored having the ability to challenge some element of an IDIQ task order competition (or selection) with the GAO, even if most have not protested (see Figure 37).

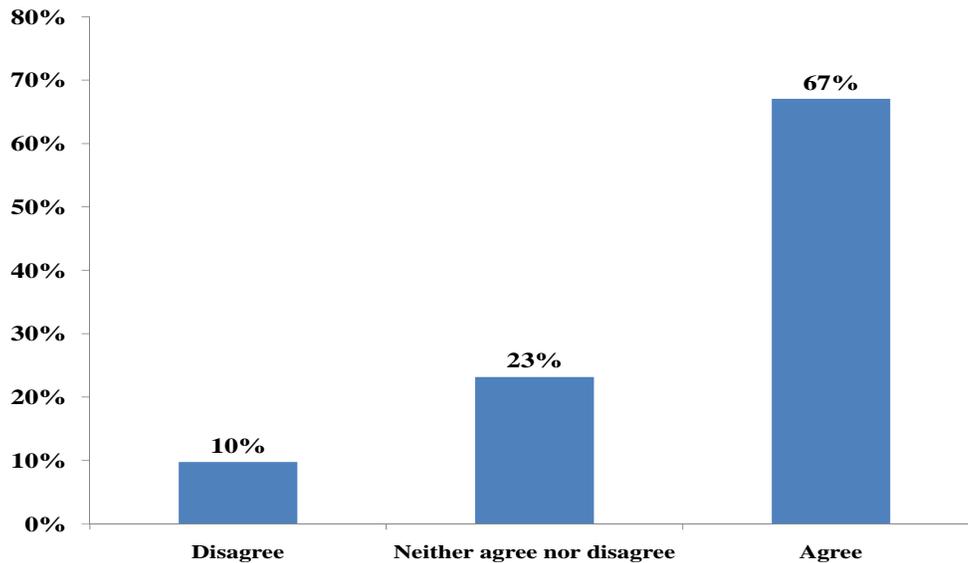


Figure 37. My Organization Favors Having the Ability to Challenge Some Element of an IDIQ Task Order Competition or Selection at the GAO. (Q37)

We also asked respondents about their firms' actual experience with challenging contract awards. As illustrated in Figure 38, we found that almost 75% of respondents reported that their organization had not filed a protest with the GAO challenging some element of an IDIQ task order competition or selection, which is consistent with the finding for agency level protests.

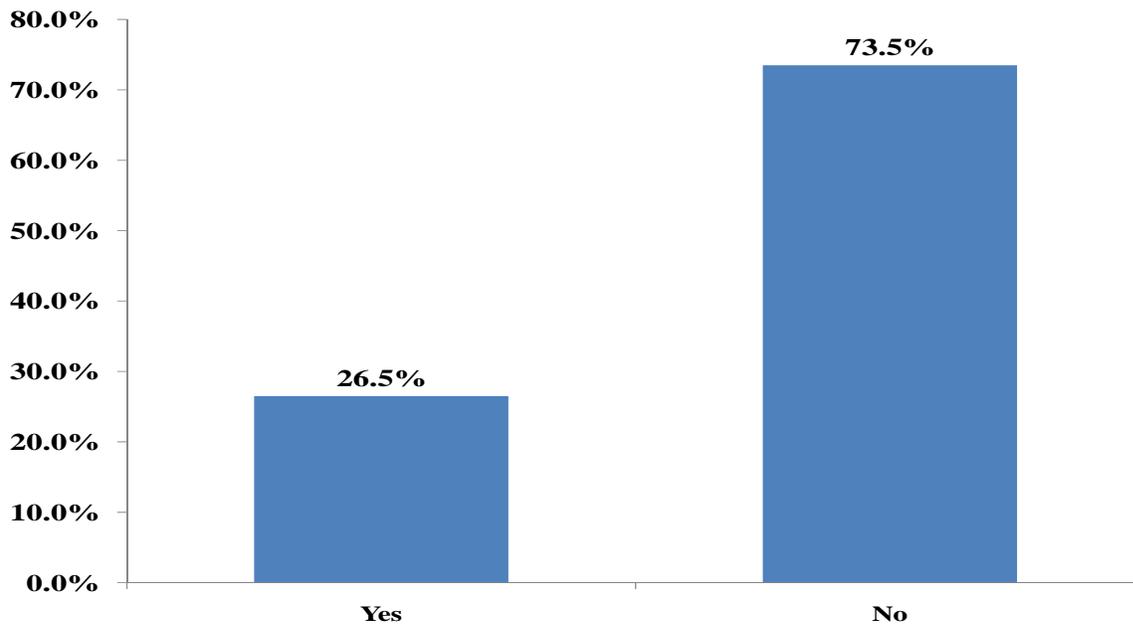


Figure 38. My Organization Has Filed a Protest with the GAO Challenging Some Element of an IDIQ Task Order Competition or Selection. (Q38)

In an effort to draw out additional data that might point to specific policy solutions to issues surrounding competition and fair opportunity in task order awards, we asked respondents if remedies available to the GAO for a successful protest of an IDIQ task order should be the same as a protest for any other type of challenge at GAO, and nearly 70% said that they thought so (see Figure 39).

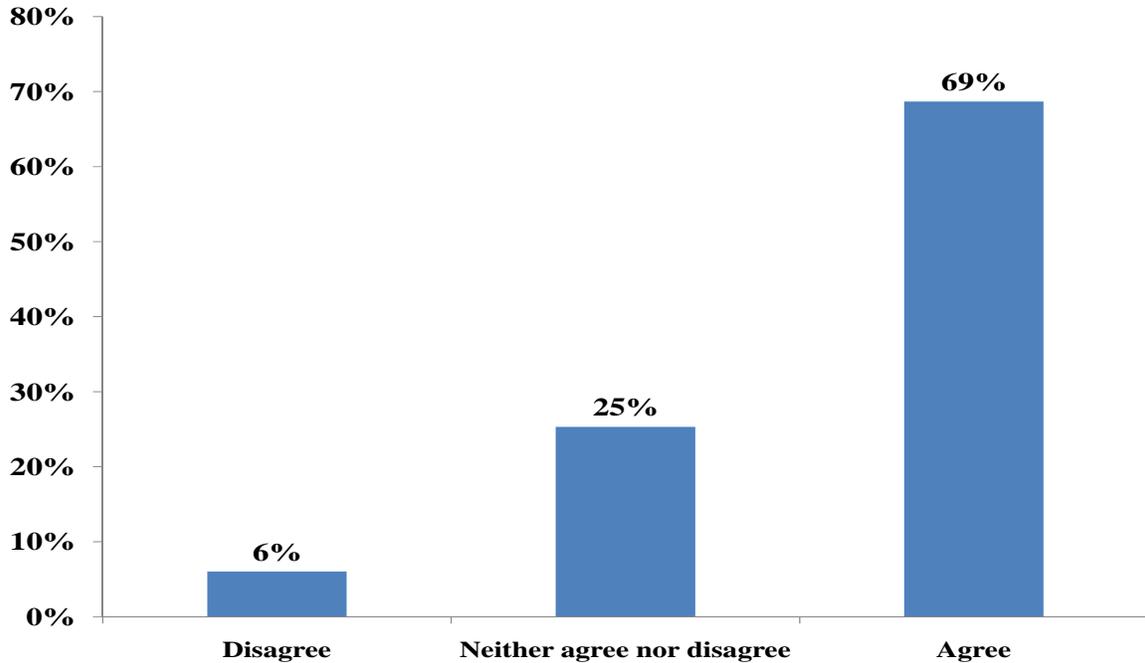


Figure 39. Remedies Available to GAO for a Successful Protest of an IDIQ Task Order Should Be the Same as a Protest for Any Other Type of Challenge at GAO. (Q39)

Efficiency and Efficacy of IDIQ Contracts: Findings from Qualitative Data

The final segment of the survey asked respondents a handful of open-ended questions about which aspects of IDIQ contracting they considered effective or ineffective, as well as efficient and inefficient.

When asked which aspects of IDIQ contracting were considered effective, respondents pointed to a number of different facets of the proposal and award process. Dimensions of effectiveness identified by respondents included

- the greater flexibility of the IDIQ contract vehicle, for both firms and the government;
- the quick speed with which task orders could be executed;
- the reduced business proposal burden, which allows for firms to devote more resources to innovative approach development;
- a more predictable scope of work for firms;
- the long-term period of performance for the base contract, which enables contractors to become more familiar with the mission and agency requirements;

- standardized terms and conditions for the contracts, aggregation of reporting, and reduced audit burdens, which make the contracting arrangement more transparent and reduce uncertainty for firms;
- access to a new customer for the contractor, especially when large companies team with small businesses; and
- the potential for IDIQ contracts to generate a “strong consortium of technically-qualified organizations.”

After identifying which aspects of the IDIQ contract arrangement were effective, the respondents from PSC member firms were asked which aspects of IDIQ contracts created challenges. Respondents identified the following areas as ineffective.

Problems with proposal preparation

The requirement of some IDIQ contracts for all contractors to bid on every task order, along with the volume of data required to bid, was considered a burden by many respondents and was one of the principal inefficiencies cited in the survey responses.

Many respondents also indicated that the short turnaround time for task order proposals was a challenge when no prior notice was given. The fixed ceiling rates in task order proposals were also considered a burden to contractors, which some respondents argued limited the firms’ ability to offer innovative solutions.

The length of the proposals—especially proposals for low-revenue task orders—was also a complaint raised by many respondents. Some respondents also suggested that a portion of proposals might even contain inaccurate pricing because of these pressures. Respondents claimed that prices were often being driven down, as firms purposefully underestimated costs to “buy-in” and failed to understand the scope of the work required.

Contract awards

Some respondents wrote that they thought the government was, to quote one PSC member, “awarding IDIQs to everyone,” suggesting that the pool of firms competing to get on the IDIQ contract—in addition to the pool competing for specific task orders—was too large. This “bidder base,” as some respondents called it (specifically at the task order level), was too big when dozens, or, in some cases, hundreds of awardees were chosen. Some respondents even stated that this enlarged population of bidders disincentivized contractors from bidding on task order opportunities.

One respondent noted, “[One aspect that is ineffective is] the tendency of government to push everything to the IDIQ, even if it is not the best vehicle, [such as] when they are used on areas that require unique, innovative, and leading-edge solutions or techniques.” The IDIQ vehicle and competition will likely keep out the vendors that can deliver this to the government because they are not the lowest price or were not on the IDIQ upon the initial award.

With regard to the LPTA criteria, many respondents wished that contracting activities included best value awards. Another issue that emerged from the responses was the short duration (one year) of some awards, which was inaccurately assumed to bring the government a price benefit, but, in fact, produced higher administrative costs for both the government and the firms. The increased number of proposals for these firms also contributed to higher overhead, which is ultimately passed on to the government in the form of a higher overhead rate.

Transparency in selection criteria and post-selection debriefing were concerns for many respondents who wanted greater feedback throughout the proposal and award process. Respondents commented on the contracting officers’ lack of knowledge of contract terms, ordering provisions, or pricing methodologies in the IDIQ contract as well as on the often-ineffective coordination occurring during the proposal and award process. One respondent provided a pointed critique of a perceived misuse of the IDIQ contracting vehicle.

Agencies often fail to use existing IDIQ contracts that are already in place that would satisfy their requirements, which often leads to three ineffective results: First, they spend

time, sometimes years, preparing, evaluating, and awarding a new IDIQ contract requirement, leading to overuse of the acquisition workforce when existing contracts would suffice. Second, the service and product providers to the government (or contractors) are then compelled to participate in redundant contracts when they hold existing IDIQ contracts that suffice. However, the contractors [have little choice in the matter because] they do not want to be locked out of [possible business opportunities]. This results in additional costs to industry because they have to expend resources to win the IDIQ and expend resources to bid on the tasks. Third, there are a limited number of agency personnel experienced and equipped to develop and manage IDIQ contracts. Thus, in the proliferation of these vehicles, the resulting IDIQ landscape has some contracts that are managed effectively and efficiently, and some that are not.

We also asked respondents for suggestions as to how to improve along two dimensions: effectiveness and efficiency. The most common suggestions are listed below.

Reducing the overall number of IDIQ contracts

Many respondents indicated a preference for reducing the overall number of IDIQ contracts as a way to improve effectiveness of the contract vehicle as a whole. Some respondents suggested having fewer IDIQ contracts that are used more frequently. As one respondent noted, “the return on IDIQ business is most often apparent in the proposal writing community and significantly increases the overhead in large organizations that have to bid to just be a player ... without any apparent return in the long run.”

Earlier notification for task orders with simpler requirements

Respondents voiced a preference for earlier notification of task orders. This early notification would provide firms with more time to consider and write their proposals.

The preference for simpler, reduced requirements was a reoccurring theme among these responses. Respondents also noted that their firms sought better definition of scope and clearer terms and requirements in addition to fewer data requirements for task order proposals, given that prior performance data was required to be added to the IDIQ contract initially.

Improvements to the evaluation process

Many respondents wanted to see improvements in the evaluation process by emphasizing best value criteria as opposed to LPTA alone. Other respondents wanted only prime contractors to be evaluated for task order proposals, and they suggested limiting awards to consistent high performers.

Respondents were also interested in establishing more formal review criteria (with point systems) and external reviews for task order proposals in the same way as with larger contract awards. They wanted greater transparency during the evaluation process and more thorough oversight of the business case analysis prior to solicitation.

Some respondents were also concerned that contracts were not being reasonably evaluated on their proposed costs. These respondents suggested greater pricing flexibility, but at a minimum, more consistent pricing methodologies.

Contract “on/off-ramp”

The theme of allowing firms to exit and join IDIQ contracts was prevalent among our respondents. One respondent suggested a longer period of performance. He asserted that

[Government agencies should] develop an on/off ramp for all companies throughout the period of performance. For example, a 10-year POP [period of performance] with reviews of all awardees every two years to evaluate if they should still be on the IDIQ, and a proposal process for other companies to be added to the IDIQ [because] technologies, processes, and companies change much faster than they used to and the standard five-year lifecycle of an IDIQ does not necessarily account for these changes.

IDIQ Contracting Process

Respondents had other concerns about the current IDIQ process and offered a handful of additional suggestions including

- (1) defining and selecting a smaller number of qualified awardees;
- (2) setting a threshold for sole-source tasks (about \$5 million) which can be quickly awarded without competition;

- (3) separating small business and large business awards, allowing for different tiers of competition under the IDIQs;
- (4) reducing the paperwork burden to respond to IDIQ task orders and limiting the number of awards;
- (5) standardizing statements-of-work and using proposal templates;
- (6) discouraging extensive bundling (because evaluation and awards take too long); and
- (7) eliminating the requirement to bid on all task orders.

Some respondents also suggested that more training was needed for contracting officers on the use of IDIQ contracts in order to improve the experience and capabilities of these personnel to manage the complex programs. One respondent suggested that improperly trained personnel contributed to the problem of requiring full and open competition on each task order—a burden and inefficiency for firms and government alike, he noted. In addition to broad revisions to the proposal and award process outlined above, some respondents suggested using portals, like SeaPort (discussed in Part III of this report), to electronically manage proposals and awards and to closely follow rules for fair opportunity and competition guidelines more generally.

Finally, we asked respondents if they felt that the government should stop using IDIQ contracts (see question 44, Appendix A). The overwhelming majority of respondents replied that the government should not stop using IDIQ contracts and several themes emerged among the responses as to when these contracts are best utilized. First, many respondents indicated that they are most appropriate for “targeted technical areas.” Others cited “short term requirements” as the context in which they are best utilized. Some also believed that they were best used for expedited procurements or in any situation in which the best vendor was needed to fill a timely requirement. One respondent offered this insight:

IDIQ contracts have proven to be a very effective way to streamline the acquisition process for the government and contractors. Established prices allow agencies to negotiate a fair total price for services and not have to commit to more than a minimum purchase depending on funding constraints. The broad scope of GWACs [governmentwide acquisition contracts] and MACs can be used to maximize proven efficiencies in services acquisitions. Multiple-award IDIQs are best utilized when the number of awardees is consistent with potential value so that B&P is not wasted in pursuing opportunities.

Another respondent asserted that the continuation of IDIQ contract arrangements was productive because “[IDIQ contracts] are best utilized when the government provides adequate time for response to RFPs,” reiterating a common critique of the proposal process. This assertion tracks well with many respondents recommendations, such as ensuring a narrow scope of work for task orders, focusing on improving the administration of IDIQ contracts, and enforcing regulatory requirements for competition.

The results from this survey provided important insights into private sector experience with this rapidly expanding contract arrangement. In order to generate specific policy and program recommendations, we synthesize these findings in Part VI of this report, where we look at current barriers to IDIQ success, avenues for improvement, and present conclusions.

VI. Findings and Conclusions

This section provides a synopsis of the benefits of IDIQ contracting arrangements as well as recommendations for improvement and opportunities for future research. In this section we draw upon the lessons learned about best practices for IDIQ contracting from our overview of the history of this contracting vehicle, the examples presented in Part III, and our survey of the PSC.

Benefits of IDIQ Contracting Arrangements

As the survey findings suggest, this is an especially popular vehicle for prime contractors, who in most instances have been on IDIQ contracts for more than 10 years. Although these firms do not earn the majority of their income through IDIQ arrangements (for most, up to about 20% of their gross revenue), they work for numerous agencies, which illustrates the widespread use of IDIQ contracting. Additionally, our research found that larger firms team with additional contractors to create competitive offers, even when it means less work for those organizations. The firms we surveyed also believed that a larger pool of original RFP competitors might be advantageous in order for the DoD to realize the full benefits of competition.

Our study identified several key aspects that make IDIQ contracts effective.

Benefits for All

- Flexibility of the IDIQ contract vehicle for both firms and the government
- Task orders that are quicker and easier to bid on than with other contracting arrangements
- Quicker turnaround of task orders

Benefits for Firms

- Reduced business proposal burden, which allows for firms to devote more resources to innovative approach development
- A more predictable scope of work for firms
- Greater familiarity with the mission and agency requirements
- Standardized terms and conditions for the contracts, aggregation of reporting, and reduced audit burdens, which make the contracting arrangement more transparent and reduce uncertainty for firms

- Access to a new customer for the contractor, especially when large companies team with small and mid-size businesses

These benefits primarily highlight the contracting process improvements, that, when implemented appropriately, can significantly reduce the administrative burden; acquisitions that once took months can now be accomplished in days.

Avenues for Improvement

Despite these benefits, there are still areas in need of improvement. Based on our study we believe that there are several other aspects of IDIQ contracting that should be changed in order to improve its overall effectiveness. Recall that IDIQ contracts were introduced primarily to make contracting more efficient by reducing and simplifying contracting workload. These good intentions, however, have led to their overuse and several unintended consequences, including contracts that are too large in scope, that have too many contractors, and that are often underused. Small firms, a key source of innovation, are disproportionately unhappy with their current IDIQ contracts. We believe that the following recommendations will improve the effectiveness of IDIQ contracts.

- Organizations should strive to provide a real two-step process for services, selecting no more than five well-qualified providers for a narrowly scoped requirement area. The “bidder base” of contractors approved under the IDIQ contract is often too large, a practice that often disincentivizes firms from bidding on task orders. As one PSC survey respondent noted, “multiple-award IDIQs are best utilized when the number of awardees is consistent with potential value so that B&P is not wasted in pursuing opportunities.”
- Government agencies, the DoD in particular, should work to reduce the number and scope of IDIQ contracts. A smaller number of the contracts could be used more frequently with more rigorous oversight.
- Organizations should ensure more reasonable timetables for proposal preparation with clearly defined statements of work.
- Organizations should not require contractors to bid on every task order. When required to do so, firms spend their B&P funds on unsuccessful proposals, which

in the end raises their overhead costs to the government and makes them less competitive.

- Contract awards, at all stages of the evaluation process, should be based on best value criteria, rather than the LPTA, particularly for higher knowledge content tasks.

Opportunities for Additional Research

Although this report identified a set of barriers currently in place preventing government from fully realizing the benefits of the more widespread use of IDIQ contracts, we have also outlined avenues for improvement. We believe that changes to this type of contracting arrangement are within reach and will have longstanding positive effects for the DoD and other federal agencies regularly using IDIQ contracts.

This study shed light on private firms' experience with the IDIQ vehicle—through the eyes of PSC members—suggesting that while criticisms remain, the majority of contractors (65%) believed that their experiences with IDIQ contracting were satisfying. Future research should investigate the other side of these contractual relationships—examining the experiences and opinions from the DoD and other federal contracting personnel—in order to adequately compare perspectives on the IDIQ arrangement as a whole. In addition to public sector perspectives, future research could contrast the IDIQ vehicle with other contracting tools currently in use by the DoD and other agencies. These subsequent investigations will identify additional obstacles and outline next steps for the continuous improvement of this type of contracting arrangement.

Conclusions

The use of indefinite-delivery/indefinite-quantity (IDIQ) contracts is not new to the DoD or to other agencies. However, as their use has expanded, several problems have arisen. As a result, work remains to be done to realize the true potential benefits of IDIQ contracting, and will necessarily entail revisions to how these contracts are designed, awarded, and administered. Special attention should be paid to the feedback given by IDIQ contract participants because the goal must be to optimize the contract output, not just the contracting process.

Across the DoD and government as a whole, IDIQ contracts have improved procurement speed and flexibility; however, more strategic assessments of the appropriate applications of this contract vehicle are needed in order to overcome the challenges that arise when they are overused, or used ineffectively. Current research suggests that, when used appropriately, this contracting method has much to offer.

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Appendix A: Survey Questionnaire

Background Information

This first segment of the survey is meant to capture basic background information about your organization. For the following questions, if your organization is part of a larger firm, please report for your organization unless otherwise directed.

1. Which of the following categories best describes your organization's principal services?

(check all that apply)

- Research and Development (20.9%)
- Knowledge Based Services (68.6%)
- Equipment Related Services (10.5%)
- Electronics and Communications Services (10.5%)
- Medical Services (5.8%)
- Transportation Services (7.0%)
- Facility Related Services (17.4%)
- Construction Services (11.6%)
- Other (please specify) - 32 responses

2. How many employees are in your organization?

- 1-99 (21.5%)
- 100-499 (21.5%)
- 500-1,499 (11.2%)
- 1,500-9,999 (22.4%)
- 10,000-49,999 (14.0%)
- 50,000 or more (9.3%)

3. Which best describes your job title?

- CEO/President (18.5%)
- General Manager (7.6%)
- Vice President (34.8%)
- COO (7.6%)

- Director (31.5%)
- Other (please specify) – 16 responses

4. Which best describes your primary area of responsibility?

- Executive Management (44%)
- Business Development (30%)
- Contracting (16%)
- Finance (3%)
- Legal (7%)
- Other (please specify) – 9 responses

5. Which best describes your organization's gross annual revenue?

- Under \$10 million (17.6%)
- \$10 million to \$99 million (29.6%)
- \$100 million to \$1 billion (25.9%)
- Over \$1 billion (26.9%)

6. If you are reporting for an organization within a larger firm, which best describes your entire firm's gross annual revenue?

- Under \$10 million (1.5%)
- \$10 to \$99 million (20%)
- \$100 million to \$1 billion (20%)
- Over \$1 billion (58.5%)

Your Experience with IDIQ Contracting

The next set of questions asks about your experiences with multiple-award indefinite delivery/indefinite quantity (IDIQ) contracts. If you are unsure of your organization's exact revenue, please estimate to the best of your ability.

7. How many years has your organization been on an IDIQ contract as a PRIME CONTRACTOR?

- Less than one year (2.2%)
- 1 to 3 years (7.7%)

- 4 to 6 years (15.4%)
- 7 to 9 years (8.8%)
- 10 years or more (65.9%)

8. How many years has your organization been on an IDIQ contract as a SUBCONTRACTOR?

- Less than one year (0%)
- 1 to 3 years (7.8%)
- 4 to 6 years (16.7%)
- 7 to 9 years (18.9%)
- 10 years or more (56.7%)

9. Approximately what portion of your organization's gross revenue is derived from awards made under IDIQ contracts as the PRIME CONTRACTOR?

- None (5.7%)
- Up to 20% (28.4%)
- 21 to 40% (28.4%)
- 41 to 60% (19.3%)
- 61 to 80% (13.6%)
- 81 to 100% (4.5%)

10. Approximately what portion of your organization's gross revenue is derived from awards made under IDIQ contracts as the SUBCONTRACTOR?

- None (12.1%)
- Up to 20% (68.1%)
- 21 to 40% (6.6%)
- 41 to 60% (8.8%)
- 61 to 80% (4.4%)
- 81 to 100% (0%)

11. From which of the following agencies do you hold at least one IDIQ contract? (check all awarding agencies that apply)

- Department of the Army (48.4%)

- Department of the Air Force (36.3%)
- Department of the Navy (37.4%)
- Defense Logistics Agency (7.7%)
- Defense Information Systems Agency (19.8%)
- Department of Homeland Security (30.8%)
- General Services Administration (56%)
- Other Agency (please specify) (57.1%)

12. Approximately how many IDIQ contracts do you currently hold as the PRIME CONTRACTOR?

- None (4.3%)
- 1 to 3 (30.4%)
- 4 to 6 (26.1%)
- 7 to 9 (5.4%)
- 10 or greater (33.7%)

13. Approximately how many IDIQ contracts do you currently hold as the SUBCONTRACTOR?

- None (3.2%)
- 1 to 3 (41.9%)
- 4 to 6 (22.6%)
- 7 to 9 (8.6%)
- 10 or greater (23.7%)

14. In general, I believe our participation with IDIQ contracting has been satisfying.

- Strongly disagree (6.5%)
- Disagree (12.9%)
- Neither agree nor disagree (16.1%)
- Agree (39.8%)
- Strongly agree (24.7%)

Contract Roles

The next portion of the survey contains questions related to your experiences in different roles within the IDIQ contract vehicle. Please answer to the best of your ability.

15. From which specific IDIQ contract do you receive the most revenue? (open-ended)

16. What is your role on the above contract?

- Prime contractor (93.3%)
- Subcontractor (6.7%)

17. Among all of your task orders awarded under any IDIQ contract held, the greatest percentage of your revenues is generated as the PRIME CONTRACTOR.

- Strongly disagree (9.9%)
- Disagree (4.9%)
- Neither agree nor disagree (3.7%)
- Agree (24.7%)
- Strongly agree (56.8%)

18. Among all of your task orders awarded under any IDIQ contract held, the greatest percentage of your revenues is generated as the SUBCONTRACTOR.

- Strongly disagree (52.4%)
- Disagree (35.4%)
- Neither agree nor disagree (2.4%)
- Agree (6.1%)
- Strongly agree (3.7%)

Bidding and Proposals

This next set of questions relates to your experience with the bidding process and proposal development for task orders under your IDIQ contracts.

19. When proposing as a prime, our firm often teams with a large number and wide variety of subcontractors.

- Strongly disagree (4.9%)
- Disagree (17.3%)
- Neither agree nor disagree (9.9%)
- Agree (44.4%)
- Strongly agree (23.5%)

20. We believe that teaming with a large number of subcontractors will maximize our chance of winning the task order.

- Strongly disagree (2.5%)
- Disagree (17.3%)
- Neither agree nor disagree (24.7%)
- Agree (42%)
- Strongly agree (13.6%)

21. When bidding as a prime on a task order, we use subcontractors to create the most competitive offer, even if it means less work for our organization.

- Strongly disagree (1.2%)
- Disagree (8.5%)
- Neither agree nor disagree (11%)
- Agree (59.8%)
- Strongly agree (19.5%)

22. In general, if we do not participate in an IDIQ contract, our prospects for a contract with the sponsoring agency are significantly reduced.

- Strongly disagree (2.4%)
- Disagree (6%)
- Neither agree nor disagree (7.2%)
- Agree (47%)
- Strongly agree (37.3%)

23. When deciding whether to bid on task orders on IDIQ contracts with a large number of contract holders, we consider the potential number of highly-competitive bidders.

- Strongly disagree (0%)
- Disagree (6%)
- Neither agree nor disagree (8.4%)
- Agree (60.2%)
- Strongly agree (25.3%)

24. When bidding for task orders, our organization is least likely to submit a proposal when the number of potential highly-competitive bidders (e.g. technical capability, incumbency, reputation, etc.) is less than or equal to 3.

- Strongly disagree (20.7%)
- Disagree (40.2%)
- Neither agree nor disagree (20.7%)
- Agree (17.1%)
- Strongly agree (1.2%)

25. When bidding for task orders, our organization is least likely to submit a proposal when the number of potential highly-competitive bidders (e.g. technical capability, incumbency, reputation, etc.) is between 4 and 10.

- Strongly disagree (6.1%)
- Disagree (17.1%)
- Neither agree nor disagree (32.9%)
- Agree (36.6%)
- Strongly agree (7.3%)

26. When bidding for task orders, our organization is least likely to submit a proposal when the number of potential highly-competitive bidders (e.g. technical capability, incumbency, reputation, etc.) is greater than 10.

- Strongly disagree (2.4%)
- Disagree (17.1%)

- Neither agree nor disagree (25.6%)
- Agree (24.4%)
- Strongly agree (30.5%)

27. When dealing with higher-knowledge content work, task orders that will be evaluated on the lowest price technically acceptable (LPTA) criteria do not provide enough incentive for us to provide innovative, best value solutions.

- Strongly disagree (1.2%)
- Disagree (3.6%)
- Neither agree nor disagree (15.7%)
- Agree (41%)
- Strongly agree (38.6%)

28. IDIQ contracts that require contractors to prepare a proposal for every task order issued impose a significant proposal preparation and cost burden because there are tasks we would otherwise not bid on.

- Strongly disagree (0%)
- Disagree (7.2%)
- Neither agree nor disagree (12%)
- Agree (32.5%)
- Strongly agree (48.2%)

29. IDIQ contracts that require contractors to prepare a proposal for every task order issued do not bring significant benefits to the government.

- Strongly disagree (1.2%)
- Disagree (11.9%)
- Neither agree nor disagree (16.7%)
- Agree (27.4%)
- Strongly agree (42.9%)

30. When we have been required to bid on every task order, we have been awarded tasks that we did not expect to win.

- Strongly disagree (8.6%)
- Disagree (28.4%)
- Neither agree nor disagree (54.3%)
- Agree (8.6%)
- Strongly agree (0%)

IDIQ Opinions: Benefits and Drawbacks

This portion of the survey asks about your opinions on benefits and drawbacks of working through IDIQ contracts. Please answer to the best of your ability.

31. The lack of immediate (and identifiable) revenue flow is a disincentive for bidding on IDIQ contracts.

- Strongly disagree (9.6%)
- Disagree (31.3%)
- Neither agree nor disagree (19.3%)
- Agree (30.1%)
- Strongly agree (9.3%)

32. Requiring contractors to submit proposals for all task orders is reasonable.

- Strongly disagree (44.6%)
- Disagree (39.8%)
- Neither agree nor disagree (10.8%)
- Agree (4.8%)
- Strongly agree (0%)

33. The bundling of many, sometimes unrelated, tasks within an IDIQ arrangement makes the contract more attractive to bid on.

- Strongly disagree (7.2%)
- Disagree (24.1%)

- Neither agree nor disagree (31.3%)
- Agree (32.5%)
- Strongly agree (4.8%)

34. Competing for tasks under an IDIQ contract is more effective for our organization than competing for stand-alone contract vehicles for the identical work.

- Strongly disagree (9.6%)
- Disagree (30.1%)
- Neither agree nor disagree (22.9%)
- Agree (27.7%)
- Strongly agree (9.6%)

35. Our response to IDIQ task order proposals is as innovative and effective as what we would propose under a different acquisition strategy, such as a stand-alone procurement, for that identical work.

- Strongly disagree (7.2%)
- Disagree (22.9%)
- Neither agree nor disagree (12%)
- Agree (38.6%)
- Strongly agree (19.3%)

Protests

This section includes questions about your organization's experience with protests. Please answer to the best of your ability.

36. My organization has raised an agency-level protest challenging some element of an IDIQ task order competition or selection?

- Yes (31.7%)
- No (68.3%)

37. My organization favors having the ability to challenge some element of an IDIQ task order competition or selection at the Government Accountability Office (GAO)?

- Strongly disagree (2.4%)
- Disagree (7.3%)
- Neither agree nor disagree (23.2%)
- Agree (56.1%)
- Strongly agree (11%)

38. My organization has filed a protest at GAO challenging some element of an IDIQ task order competition or selection?

- Yes (26.5%)
- No (73.5%)

39. Remedies available to GAO for a successful protest of an IDIQ task order should be the same as a protest for any other type of challenge at GAO?

- Strongly disagree (1.2%)
- Disagree (4.8%)
- Neither agree nor disagree (25.3%)
- Agree (49.4%)
- Strongly agree (19.3%)

Open-Ended Questions

This final set of questions is about your perspective on the efficacy and effectiveness of IDIQ contracting. Please provide as much detail as you are able.

40. Which aspects of IDIQ are EFFECTIVE? (open-ended)

41. Which aspects of IDIQ are INEFFECTIVE? (open-ended)

42. What should the government do to make IDIQ contracting more EFFECTIVE? (Open-ended)

43. What should the government do to make IDIQ contracting more EFFICIENT? (Open-ended)

44. Should the government STOP using IDIQ contracts? If not, WHEN do you feel they are best utilized? (Open-ended)

Appendix B: Federal Acquisition Regulation Subpart 16.5

16.504 - Indefinite-quantity contracts.

(a) Description. An indefinite-quantity contract provides for an indefinite quantity, within stated limits, of supplies or services during a fixed period. The Government places orders for individual requirements. Quantity limits may be stated as number of units or as dollar values.

(1) The contract must require the Government to order and the contractor to furnish at least a stated minimum quantity of supplies or services. In addition, if ordered, the contractor must furnish any additional quantities, not to exceed the stated maximum. The contracting officer should establish a reasonable maximum quantity based on market research, trends on recent contracts for similar supplies or services, survey of potential users, or any other rational basis.

(2) To ensure that the contract is binding, the minimum quantity must be more than a nominal quantity, but it should not exceed the amount that the Government is fairly certain to order.

(3) The contract may also specify maximum or minimum quantities that the Government may order under each task or delivery order and the maximum that it may order during a specific period of time.

(4) A solicitation and contract for an indefinite quantity must—

(i) Specify the period of the contract, including the number of options and the period for which the Government may extend the contract under each option;

(ii) Specify the total minimum and maximum quantity of supplies or services the Government will acquire under the contract;

(iii) Include a statement of work, specifications, or other description, that reasonably describes the general scope, nature, complexity, and purpose of the supplies or services the Government will acquire under the contract in a manner that will enable a prospective offeror to decide whether to submit an offer;

(iv) State the procedures that the Government will use in issuing orders, including the ordering media, and, if multiple awards may be made, state the procedures and selection criteria that the

Government will use to provide awardees a fair opportunity to be considered for each order (see [16.505\(b\)\(1\)](#));

(v) Include the name, address, telephone number, facsimile number, and e-mail address of the agency task and delivery order ombudsman (see [16.505\(b\)\(6\)](#)) if multiple awards may be made;

(vi) Include a description of the activities authorized to issue orders; and

(vii) Include authorization for placing oral orders, if appropriate, provided that the Government has established procedures for obligating funds and that oral orders are confirmed in writing.

(b) Application. Contracting officers may use an indefinite-quantity contract when the Government cannot predetermine, above a specified minimum, the precise quantities of supplies or services that the Government will require during the contract period, and it is inadvisable for the Government to commit itself for more than a minimum quantity. The contracting officer should use an indefinite-quantity contract only when a recurring need is anticipated.

(c) Multiple award preference—

(1) Planning the acquisition.

(i) Except for indefinite-quantity contracts for advisory and assistance services as provided in paragraph (c)(2) of this section, the contracting officer must, to the maximum extent practicable, give preference to making multiple awards of indefinite-quantity contracts under a single solicitation for the same or similar supplies or services to two or more sources.

(ii)(A) The contracting officer must determine whether multiple awards are appropriate as part of acquisition planning. The contracting officer must avoid situations in which awardees specialize exclusively in one or a few areas within the statement of work, thus creating the likelihood that orders in those areas will be awarded on a sole-source basis; however, each awardee need not be capable of performing every requirement as well as any other awardee under the contracts. The contracting officer should consider the following when determining the number of contracts to be awarded:

(1) The scope and complexity of the contract requirement.

(2) The expected duration and frequency of task or delivery orders.

(3) The mix of resources a contractor must have to perform expected task or delivery order requirements.

(4) The ability to maintain competition among the awardees throughout the contracts' period of performance.

(B) The contracting officer must not use the multiple award approach if—

(1) Only one contractor is capable of providing performance at the level of quality required because the supplies or services are unique or highly specialized;

(2) Based on the contracting officer's knowledge of the market, more favorable terms and conditions, including pricing, will be provided if a single award is made;

(3) The expected cost of administration of multiple contracts outweighs the expected benefits of making multiple awards;

(4) The projected task orders are so integrally related that only a single contractor can reasonably perform the work;

(5) The total estimated value of the contract is less than the simplified acquisition threshold; or

(6) Multiple awards would not be in the best interests of the Government.

(C) The contracting officer must document the decision whether or not to use multiple awards in the acquisition plan or contract file. The contracting officer may determine that a class of acquisitions is not appropriate for multiple awards (see [Subpart 1.7](#)).

(D)

(1) No task or delivery order contract in an amount estimated to exceed \$100 million (including all options) may be awarded to a single source unless the head of the agency determines in writing that—

(i) The task or delivery orders expected under the contract are so integrally related that only a single source can reasonably perform the work;

(ii) The contract provides only for firm-fixed price (see [16.202](#)) task or delivery orders for—

(A) Products for which unit prices are established in the contract; or

(B) Services for which prices are established in the contract for the specific tasks to be performed;

(iii) Only one source is qualified and capable of performing the work at a reasonable price to the Government; or

(iv) It is necessary in the public interest to award the contract to a single source due to exceptional circumstances.

(2) The head of the agency must notify Congress within 30 days after any determination under paragraph (c)(1)(ii)(D)(1)(iv) of this section.

(3) The requirement for a determination for a single award contract greater than \$100 million applies in addition to the requirements of [Subpart 6.3](#).

(2) Contracts for advisory and assistance services.

(i) Except as provided in paragraph (c)(2)(ii) of this section, if an indefinite-quantity contract for advisory and assistance services exceeds 3 years and \$11.5 million, including all options, the contracting officer must make multiple awards unless—

(A) The contracting officer or other official designated by the head of the agency determines in writing, as part of acquisition planning, that multiple awards are not practicable. The contracting officer or other official must determine that only one contractor can reasonably perform the work because either the scope of work is unique or highly specialized or the tasks so integrally related;

(B) The contracting officer or other official designated by the head of the agency determines in writing, after the evaluation of offers, that only one offeror is capable of providing the services required at the level of quality required; or

(C) Only one offer is received.

(ii) The requirements of paragraph (c)(2)(i) of this section do not apply if the contracting officer or other official designated by the head of the agency determines that the advisory and assistance services are incidental and not a significant component of the contract.

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The Honorable Jacques S. Gansler, former Under Secretary of Defense for Acquisition, Technology, and Logistics, is a Professor and holds the Roger C. Lipitz Chair in Public Policy and Private Enterprise in the School of Public Policy, University of Maryland; he is also the Director of the Center for Public Policy and Private Enterprise. As the third-ranking civilian at the Pentagon from 1997 to 2001, Professor Gansler was responsible for all research and development, acquisition reform, logistics, advance technology, environmental security, defense industry, and numerous other security programs. Before joining the Clinton Administration, Dr. Gansler held a variety of positions in government and the private sector, including Deputy Assistant Secretary of Defense (Material Acquisition), Assistant Director of Defense Research and Engineering (electronics), Executive Vice President at TASC, Vice President of ITT, and engineering and management positions with Singer and Raytheon Corporations.

Throughout his career, Dr. Gansler has written, published, testified, and taught on subjects related to his work. He is the author of five books and over 100 articles. His most recent book is *Democracy's Arsenal: Creating a 21st Century Defense Industry* (MIT Press, 2011). In 2007, Gansler served as the Chair of the Secretary of the Army's "Commission on Contracting and Program Management for Army Expeditionary Forces." He is a member of the Defense Science Board and the Government Accountability Office Advisory Board. He is also a member of the National Academy of Engineering and a Fellow of the National Academy of Public Administration. Additionally, he is the Glenn L. Martin Institute Fellow of Engineering at the A. James Clarke School of Engineering, an Affiliate Faculty member at the Robert H. Smith School of Business, and a Senior Fellow at the James MacGregor Burns Academy of Leadership (all at the University of Maryland). From 2003–2004, he served as Interim Dean of the School of Public Policy. From 2004–2006, Dr. Gansler served as the Vice President for Research at the University of Maryland.

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William Lucyshyn is the Director of Research and a Senior Research Scholar at the Center for Public Policy and Private Enterprise in the School of Public Policy, University of Maryland. In this position, he directs research on critical policy issues related to the increasingly complex problems associated with improving public-sector management and operations and with how government works with private enterprise.

Current projects include modernizing government supply-chain management, identifying government sourcing and acquisition best practices, and analyzing Department of Defense business modernization and transformation. Previously, Mr. Lucyshyn served as a program manager and the principal technical advisor to the Director of the Defense Advanced Research Projects Agency (DARPA) on the identification, selection, research, development, and prototype production of advanced technology projects.

Prior to joining DARPA, Mr. Lucyshyn completed a 25-year career in the U.S. Air Force. Mr. Lucyshyn received his Bachelor degree in Engineering Science from the City University of New York and earned his Master's degree in Nuclear Engineering from the Air Force Institute of Technology. He has authored numerous reports, book chapters, and journal articles.

Amelia Cotton Corl

Amelia Cotton Corl worked on this project as a Faculty Research Assistant at the Center for Public Policy and Private Enterprise. She has contributed to several other reports related to defense industry transformation and prime vendor contracting. In addition, she is pursuing a Ph.D. at the University of Minnesota in the Department of Sociology with a focus on the sociology of organizations.

The Center for Public Policy and Private Enterprise provides the strategic linkage between the public and private sector to develop and improve solutions to increasingly complex problems associated with the delivery of public services — a responsibility increasingly shared by both sectors. Operating at the nexus of public and private interests, the Center researches, develops, and promotes best practices; develops policy recommendations; and strives to influence senior decision-makers toward improved government and industry results. The Center for Public Policy and Private Enterprise is a research Center within the University of Maryland's School of Public Policy.

