INDUSTRY ALLIANCES:

Greater than the sum of their parts

Strategic partnerships between well-established government contractors and leading-edge technology companies offer agencies the best of both worlds

THE U.S. GOVERNMENT buys more than $550 billion in goods and services annually, making it the largest single consumer in the world. So when its demands shift, suppliers respond. In recent years, agencies' growing need for IT modernization has prompted their biggest suppliers — federal systems integrators (FSIs) — to look for innovative ways to meet that need.

In the most basic definition, systems integrators are large, well-established companies that bring together component subsystems into a whole and ensure that they function together. However, as the role of FSIs evolves to focus on solving increasingly complex challenges, their responsibilities are moving beyond resource management to encompass the user experience. Meanwhile, government procurement approaches are shifting away from supporting static, custom technology and toward adopting commercial as-a-service models.

FSIs' deep working knowledge of government operations gives them a distinct advantage, but to provide all the expertise an agency needs on a contract, FSIs have always partnered with subcontractors. Now they are broadening their reach by seeking out cutting-edge companies that can help them develop solutions that incorporate the latest innovations in technology and strategy.

Those "greater than the sum of their parts" solutions have a profound impact on agencies' ability to meet mission-critical demands in a wide range of areas.

The government's reliance on FSIs can be traced to acquisition reform legislation passed in the 1990s, including the Federal Acquisition Streamlining Act, the Federal Acquisition Reform Act and the Clinger-Cohen Act. "One key assumption of these reforms was that cost efficiency could be improved by using contractors more effectively — sometimes in more powerful roles than ever before," wrote Kathlyn Hopkins Loudin, a former professor at Defense Acquisition University, in a 2010 study.

Since then, the explosion in technological advances and the government's struggle to keep pace are driving changes in agencies' expectations of FSIs. In a recent survey of FCW readers, 75% of respondents said their agencies rely on FSIs for complex IT projects. Asked how easy it is for their agencies to find out about emerging technologies that could address government challenges, however, only 19% said they always know about the latest technologies, 10% said it's tough for them to keep up, and the rest were somewhere in the middle.

Cybersecurity topped the list of areas in which FCW respondents were seeking strategic, comprehensive solutions at 69%, followed by
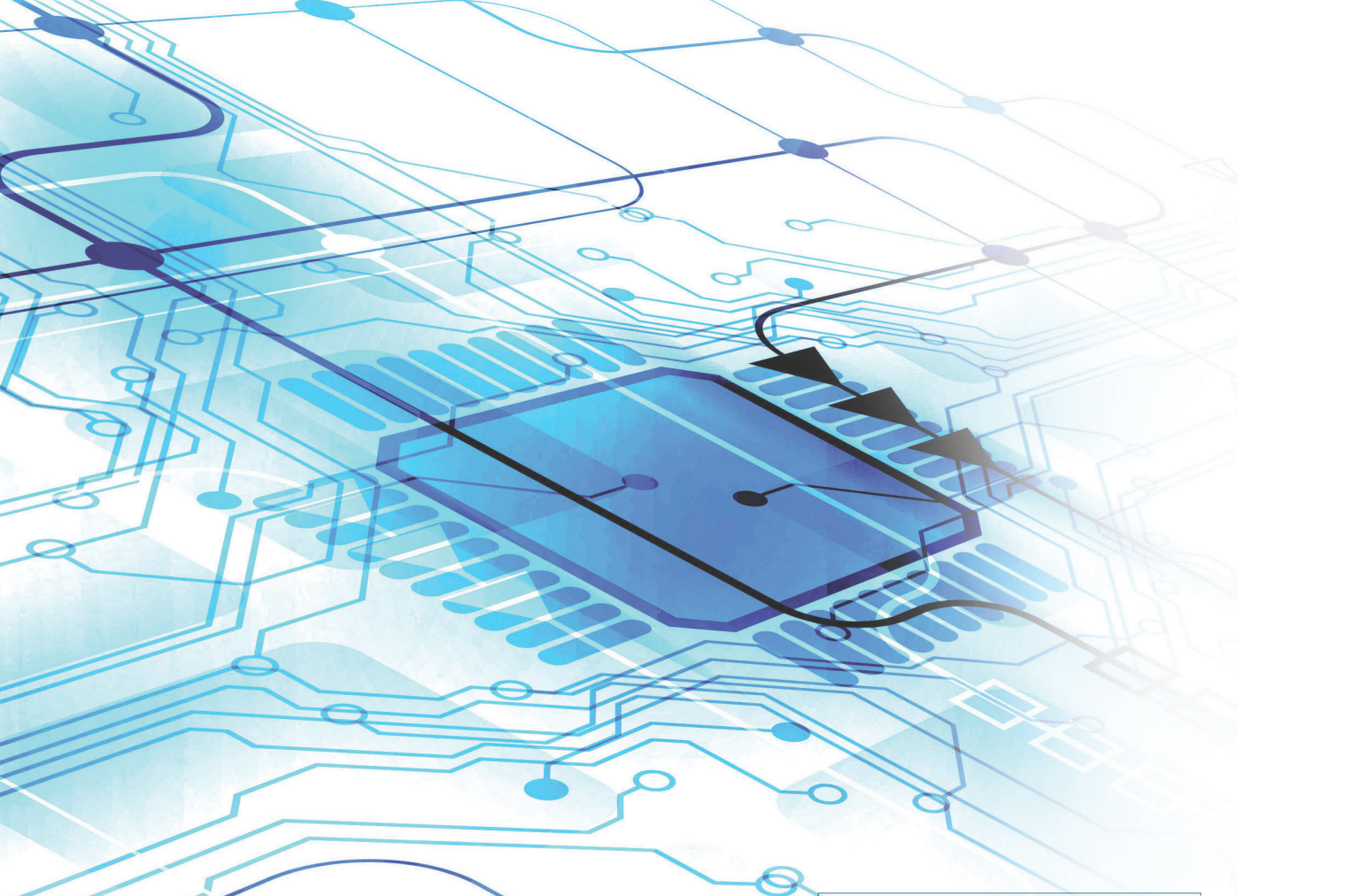
cloud technology (49%), data capture and analysis (44%), improving the customer experience (40%), digital transformation (36%) and managing a distributed workforce (36%).

The need for a modern approach to procurement

Adopting the latest technology requires acquisition processes that are fast and flexible. Dave Wennergren, CEO of the American Council for Technology-Industry Advisory Council, cited five "levers" that are driving changes in the role of FSIs: innovation, acquisition, workforce, financial management and customer relationships. In terms of acquisition, he said agencies must take advantage of commercial best practices.

"We need to demand more," he said at an event sponsored by FCW's sister publication Washington Technology. "The easiest approach isn't always the best approach."

Furthermore, financial management and innovation often go hand in hand as agencies look for ways to make the most of tight budgets and work around a notoriously slow procurement process.

Many agencies are turning to agile methodologies, either on their own or with contractors, to develop and deliver solutions incrementally rather than taking years to launch a complete system.

For example, the Department of Veterans Affairs is using infrastructure as code to spin up, tear down and rebuild new environments in minutes via a cloud-based platform that gives the department the scalability it needs for DevOps processes such as automated testing and deployment. Similarly, the Department of Health and Human Services' Office of Inspector General is enhancing its ability to track adverse medical events at hospitals and monitor complaints to the agency's hotline, among other activities, by adopting agile development, DevOps and lean management.

In addition, a growing number of agencies are taking advantage of other transaction authorities (OTAs). The Defense Department and others use OTAs to speed experimentation and prototyping without having to comply with the Federal Acquisition Regulation and related mandates. The approach is intended to make it easier to tap into

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BY THE NUMBERS

Systems integration

75%
FCW survey respondents who rely on systems integrators for complex IT projects

69%
FCW survey respondents seeking comprehensive solutions to cybersecurity challenges

$6.6 billion
Amount U.S. government spent on systems integration services in 2018

712%
Increase in the Defense Department's use of other transaction authorities for technology acquisition from fiscal 2015 to 2019

Sources: Center for Strategic and International Studies, FCW, IDC

the expertise of cutting-edge companies that are not established government contractors. Wennergren noted the surge in the use of OTAs and called them "a revolt against how long it takes to award contracts."

In one example, DOD is preparing a request for proposals for 5G-based telemedicine approaches and plans to award the final contract via an OTA. Had DOD used traditional procurement methods, the technology could have been obsolete before it could be used, said Randy Clark, vice chairman of the National Spectrum Consortium.

Other government efforts include the General Services Administration's 18F digital consultancy, which was launched in 2014 to help agencies embrace IT modernization and new procurement methods, and the Department of Homeland Security's Procurement Innovation Lab, which "provides a safe space to test new ideas, share lessons learned and promote best practices," according to its website. In addition, the Defense Innovation Unit focuses on accelerating the adoption of commercial technology within DOD.

Thriving in a rapidly changing world

On the industry side, FSIs are launching innovation labs that invite small businesses, individuals or groups to test technology ideas with the goal of launching new companies or having the host company purchase the technology. According to Gartner, those physical or virtual centers help companies stay on the cutting edge, resulting in increased customer satisfaction and revenue growth.

Government agencies also recognize the value of working with small businesses. At a virtual event in January, 30 such companies showcased innovative technologies in advanced electronics, autonomy, sensors, weapons and more for possible inclusion in the Naval Sea Systems Command's Small Business Innovation Research/Small Business Technology Transfer program.

"Partnering with small business brings competition, agility and flexibility," said Anne Bannister, the command's small-business director.

DOD is the government's biggest user of FSIs and spent almost $2.6 billion with those contractors in 2020, according to an IDC report titled "U.S. Federal Government Systems Integration Forecast, 2020–2023." The report predicts that federal agencies' spending on integrators will reach $6.8 billion by the end of 2023, growing at a modest 0.5% compound annual growth rate compared to the 3.5% rate across industries.

Although the need for FSIs will continue, the demands that agencies place on them are growing more complex. "Agencies will continue looking for trusted partners that understand their industry and that have worked to build IT 'stacks' that address specific government challenges," IDC researchers wrote. However, integrators "will need to show they can contribute a robust...strategy that targets government needs, including civilian, public safety, identity, defense, case management and infrastructure solutions."

FSIs have a clear and vital role to play in helping agencies tackle a wide range of challenges, and the alliances that FSIs are building with cutting-edge companies only adds to their importance. Ultimately, those teams are developing mission-critical systems that give agencies the ability to adapt and thrive in a rapidly changing world. ■

Bringing together FSIs and emerging tech innovators

Michael McCalip, Vice President of Government Programs and Strategy, Carahsoft

During the 40-plus years I've worked in the government technology arena, I've watched IT transform from an afterthought to a mission-critical component of national security, citizen services and every facet of government operations.

As the challenges become increasingly complex, partnerships between large federal systems integrators (FSIs) and smaller, emerging companies have proven to be an important element in mission success. FSIs reduce the risks involved in developing complex, expensive systems because of their documented past performance on other government projects, and they are particularly skilled at bringing together multiple technologies to deliver a comprehensive solution.

Emerging technology companies enable FSIs to stay on the leading edge, ahead of new threats and new service requirements. They also collaborate with FSIs to help the government design more creative and cost-effective ways to deploy systems.

When Carahsoft hosts Emerging Technology Days that put FSI leaders in the same room with up-and-coming technology companies, it's amazing to see the light bulbs come on and the enthusiasm increase as these problem-solvers discover new innovations that can help meet the needs of the government as a whole, which tracks all the way down to the individual citizen.

These partnerships enable the capabilities that make the government more effective, reduce operational costs, improve the quality of services and keep cyberthreats at bay. That's why Carahsoft is proud of the role we play in bringing these teams together. ■

Key channels for purchasing emerging technology solutions

As agency executives look for the most effective ways to buy technology to support their new projects, here is a short list of acquisition vehicles that Carahsoft offers to speed that process. Robert Moore, vice president at Carahsoft, recommends that agencies start with a business conversation about the challenge they are trying to address. "It's best to start at an operational framework and then look at how the application of technology can improve the agency's operation and mission," he said.

General Services Administration's Schedule 70 — Open to federal, state and local government customers

• Centralized contracting vehicle with distributed servicing

• More than 7 million IT products, solutions and services

• Restructured in fiscal 2020 to simplify the categories

• Purchase-card holders may buy up to $10,000 under a micro-purchase threshold

• Industrial Funding Fee included in the price of an item (75 cents per $100)

• Fiscal 2020 revenues of $17.8 billion in IT purchases and $10.2 billion in professional services

• Vetting and standardization for terms of service

ITES-SW2 — Part of a family of contracts managed by the Army's Computer Hardware, Enterprise Software and Solutions office

• Awarded in August 2020

• 14 product categories

• $13 billion purchase ceiling

• Mandatory for the Army

• Available to all government agencies worldwide with no fee

NASA's SEWP V (Solutions for Enterprise-Wide Procurement) — Created in 1993 to acquire scientific workstations for federal agencies; now offers a broad range of software, hardware, networking and services

• SEWP V contract extended to April 2025

• 140 contract holders, 110 of which are small businesses

• Revenues reached $9 billion in fiscal 2020, a 40% increase over fiscal 2019

• Fee of 0.34% included in contractor price

• Agency-specific catalogs

• Purchase data and supply chain verification provided to agency CIOs

Army's Enterprise Software Initiative — Part of the Defense Department's ESI, which was created in 1998 to leverage DOD's buying power through blanket purchase agreements

• Offers a range of IT products, including network management, security management, DevSecOps and IT asset management

• The Army must use the ESI contract for the products offered

• The Navy and other military services offer some additional products

OTA consortiums — Carahsoft has access to nine other transaction authority (OTA) groups, which enable an agency to bypass the Federal Acquisition Regulation to get new technology into production quickly

• Duration is negotiable, from days to several years

• Intellectual property rights may be negotiable

• Wide range in size of projects; up to $100 million for a Navy project

• Focus areas include information warfare, space, medical technology, energy, border security technology and national armaments

Continuous Diagnostics and Mitigation Program — Managed by the Department of Homeland Security and developed in 2012 to support cost-effective solutions for protecting federal civilian networks

• Offers tools to perform cyber monitoring and improve decision-making and incident response

• Provides a dashboard with data gathered by the agency's CDM tools

• Manages hardware and software assets as well as security configurations

• Handles identity and access management credentials

• Manages network security perimeter components, including data at rest and user behavior

For more information, go to www.carahsoft.com/buy.