



Impact of Multiple Award Indefinite Delivery Indefinite Quantity (IDIQ) Contract Vehicles on Small Businesses and Innovation

The multiple award IDIQ contracts are too heavily weighted towards efficiencies at the expense of the small business community. Specifically, the use of the One Acquisition Solution for Integrated Services (OASIS) multiple award, Indefinite Delivery Indefinite Quantity (IDIQ) contract provides a great example of the concern of the impact of these contract vehicles on the small business community and on innovation. OASIS provides a great example of the concerns for these multiple award contracts because the structure, eligibility criteria and evaluation process used in OASIS are setting a trend for future multiple award contracts to adopt the same system.

OASIS Overview

The OASIS contract program consists of two different contracts: OASIS Unrestricted, available for all companies, and OASIS Small Business, set aside for small businesses by size for each Pool. The scope of work for OASIS is divided into seven (7) pools broken out by services in the following fields: Management Consulting, Program Management, Financial, Logistics, Engineering, Environmental and Scientific, Research & Development. As of May 2017, there are only 130 small businesses on the OASIS SB contract vehicle.

Contractors receive an OASIS contract with a five-year initial ordering period plus a five-year option. The Government may order a five-year task order for services at the end of the option period. The OASIS contract can result in a fifteen-year contract.

For many agencies, including the U.S. Air Force, OASIS is the required contract vehicle for services in these categories.

As of February 23, 2017, the Government already awarded \$1.2 billion under the OASIS SB contract. Despite the potential size of the OASIS contracts, there is little opportunity for new companies to enter the OASIS program. With the limited on-ramp opportunities and small number of companies competing for work within OASIS, the large volume of work is now reserved for a small number of companies.

Concerns with OASIS

The structure and the use of the OASIS SB vehicle disincentivizes small businesses, reduces competition and stifles innovation.

1. Inability to On-Ramp

OASIS SB has a process to add and remove small businesses known as on-ramping and off-ramping. The process allows the Government to remove small business contractors that (i) have out-grown the size standards, (ii) have merged or been purchased, or (iii) been determined to be non-performing. New contractors may be on-ramped only if the Government decides competition levels have dropped.

The Government process for deciding when to on-ramp or off-ramp contractors is not frequent enough nor is it transparent. The Government does not have a posted schedule for when companies may on-ramp for each pool. Because there are no regular on-ramp periods, companies that were not initially eligible or may not have existed do not have an opportunity to on-ramp during the ten-year contract ordering period. The lack of on-ramp opportunities disadvantages small businesses because there is no known future to compete for the scope of work on OASIS SB.

2. Exclusivity Eliminates Competition

Many agencies have mandated exclusive use of the OASIS and OASIS SB vehicles. To be able to compete for any of the services included within these contract vehicles, small businesses must have an OASIS SB contract. Competition has been reduced from thousands of actual and future small businesses to a very small number of only 130 of which approximately half are headquartered within the National Capital Region. This geographic limitation hurts not just the small businesses located outside the national capital region but the local and state economies that have evolved with the synergies between the various bases and small businesses located in the area.

The Government assumes small businesses outside of the 130 awarded OASIS SB contract will receive work by teaming with other small businesses. However, these companies do not want to team with other small businesses to perform work outside their area of expertise. Instead they prefer to acquire the capability in-house, including recruiting expertise from employees of other small businesses, or by using large businesses.

Small businesses that are current or former incumbents for work are no longer eligible to perform that work, not because of poor past performance, higher price or other competitive factors but simply because they do not have an OASIS SB contract.

There is simply a lack of opportunity for small businesses now and lack of diversity for the Government.

3. Eligibility Requirements

Eligibility requirements for qualifying entry onto the OASIS SB pool is far too restrictive with a "Catch-22" built into the accounting requirements. OASIS SB requires small businesses have at least two (2) prime contracts in the same NAICS code for each OASIS Pool they want to enter. The OASIS SB eligibility criteria does not allow small businesses to use subcontracts to prove past performance or the experience of key personnel. Because most small businesses start with subcontracts to build past performance to compete for prime contracts, these eligibility requirements preclude small businesses from entry and decrease competition. Additionally, these factors are usually considered in past performance evaluations for other small business set-asides.

Other than current/former 8(a) certified or Alaska Native Companies, small businesses can't get a prime contract in these fields under OASIS SB. Because of the exclusivity aspect, small businesses are essentially unable to obtain a prime contract to ever become eligible. Add on the long-term period of performance of the OASIS SB contract and small businesses are blocked from entering the market.

Additionally, OASIS mandates small businesses have a DCAA approved accounting system which is a burden to small businesses who are not otherwise required to have an approved accounting system. Additionally, DCAA is not currently able to approve a small business's before accounting system before it receives a contract requiring an approved accounting system.

4. OASIS Lacks Transparency

With a multiple award contract, the Government is not required to publicly post requests for information, requests for proposals or task order awards.

When OASIS SB contracting officer conduct market research, only those small businesses with a contract are contacted. This means the Government is not receiving input or innovative ideas outside its small number of businesses. We have heard from various Government personnel that the quantity of proposals submitted in response to a request for proposals from 6-10 proposals without OASIS to 2-4 proposals under OASIS.

Without the public posting of task order awards, small businesses outside OASIS SB are unable to determine the type of services actually being ordered and performed to understand the Government's needs. To date, the information on task orders and subcontracts for OASIS are not posted in USASpending.gov. They can only hear about specific tasks through industry discussions or by submitting a formal request for information through the Freedom of Information Act. Information that used to be publicly announced is now hidden within the multiple award contract process.

5. Negative Impacts on Innovation

The Department of Defense is trying to encourage innovation and agility in its procurement process specially to encourage non-traditional and small businesses to want to engage. Small businesses have an entrepreneurial spirit and new ideas that are actively wanted by the Department of Defense. The OASIS structure and eligibility requirements conflicts with the Department of Defense's goals to enhance innovation and agility.

Proposed Solutions

1. Eliminate mandates to use OASIS SB
2. Revise eligibility requirements to allow consideration of the experience on subcontract performance and of the key personnel
3. Require on-ramps opportunities at least annually
4. Ensure a more diverse geographic base of small businesses
5. Require greater transparency in the OASIS opportunities, scope of work, and awards of individual task orders

Conclusion

While understanding that IDIQ contract vehicles may offer efficiencies to the Government; these efficiencies must be balanced with support for the small business community and the innovation that community can offer.

Because only 130 small businesses are on the OASIS SB contract vehicle, the number of opportunities for small businesses not only to compete but also to enter the market has significantly dropped.

Unlike large businesses, small businesses cannot survive if locked out of a market for years. Specific problems exist with the on-ramp to OASIS SB frequency, OASIS SB as a five-year, with options contract, and thresholds for eligibility are unrealistic for proven small businesses already in the market.

It is unclear that research exists that indicates OASIS SB helps the Government meet its cost saving goals. It is clear that the significant reduction in the number of opportunities available to small businesses through OASIS SB will have negative impacts on the small business industrial base, stifling innovation. The focus on a single goal of spending a specific amount of dollars ignores the need to create an environment that sustains innovation, demonstrated throughout our economy when there is a diversity of small businesses. As such, measuring the impact on the number and quality of opportunities available for small businesses to compete should be an essential part of the OASIS SB evaluation.