

DECEMBER 2020

2020 GOVERNMENT PROCUREMENT REVIEW:

Challenges, Priorities, and Opportunities for Increased Efficiency

Introduction

Over the past several years, federal procurement has been undergoing a significant shift. Contracts are becoming increasingly complex. The procurement workforce is aging, yet active recruiting remains low. Government administrative roles are becoming less appealing than their industry counterparts due to low entry-level salaries. And several new acquisition reform initiatives have been issued in an effort to streamline processes and deliver increased visibility into acquisitions.

Those in government procurement and procurement adjacent roles had been managing and adapting to these changes well—and then in March 2020, a global pandemic hit. Virtually overnight, procurement teams were forced to shift to a maximum telework environment and ramp up support for emergency requirements.

But once the initial COVID-19 response was complete, where did that leave procurement professionals in moving forward with other priorities?

Akima, an Alaska Native Corporation (ANC), partnered with market research firm Market Connections to explore the specific challenges procurement professionals faced in 2020, as well as uncover their top opportunities and priorities for FY2021. All respondents to the blind online survey were involved with the procurement process at their agency. Notably, 41% of respondents have final approval in selecting the firm/vendor/provider for a procurement.

AN AGING WORKFORCE: According to the Acquisition Workforce Competency Survey FY18, the most common age category among Federal Acquisition Certification — Contracting Professionals (FAC-C) holders was 51–55 years. As these professionals prepare to retire, agencies are looking for ways to retain the institutional knowledge they possess.

MAJOR ACQUISITION REFORM INITIATIVES

- The Department of Defense's (DoD's) Adaptive Acquisition Framework will facilitate faster delivery of new and emerging technology capabilities.
- Office of Management and Budget's (OMB's) "Frictionless Acquisitions" goal will drive process improvement and increased visibility into acquisitions.
- Category Management (CM) is streamlining federal acquisitions of common commodity products and services to eliminate redundancies and increase efficiency.
- The FY20 National Defense Authorization Act (NDAA) rolled out several acquisition reforms, including increased sole-source thresholds.



Procurement Challenges

Complying with agency guidelines and restrictions, oversight, compliance and regulations limiting flexibility and agility, and working within tight budget constraints (particularly for civilian agencies) were the top cited challenges for procurement operations in FY2020. The least challenging activities reported were finding products in a growing community of vendors, inability to take risks to solve problems, and a shortage of information for streamlining procurements in the COVID-19 environment (although more challenging for those in Defense).

Nearly half of respondents (43%) cited the skills gap in procurement staff as a top challenge, and more than one third (37%) noted a shortage of procurement staff as an issue. At the same time, they say acquisitions are getting more complicated (43%).

“The majority of business schools do not focus on government-related acquisition, so there is a steep learning curve when joining an agency,” said Barbara Doherty, a former government contracting officer and current vice president of contracts and procurement at Akima. “Couple that with the challenges in recruiting and retention, and the skills gap remains a significant challenge in assessing and awarding complex contracts.”

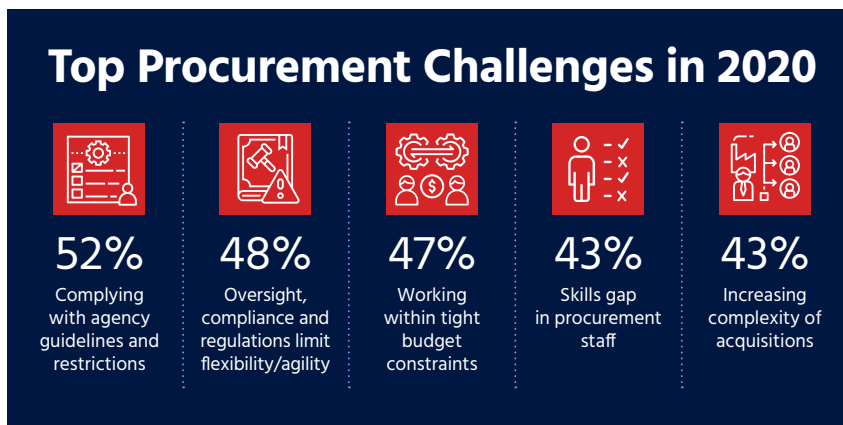
Not surprisingly, COVID-19 had an impact on all facets of the procurement process, including delaying competitive awards (43%), slowing, or stopping procurement staff recruitment (37%), and creating a backlog of work (35%).

When it comes to procuring services with 8(a) companies, 45% of respondents know little to nothing about the process, and only approximately 40% were aware of the increased thresholds for direct/sole-source procurement enacted in December 2019.

The COVID-19 crisis came at a time when a perfect storm of limited staff, telework constraints, and increasing complexity were already straining procurement professionals. Therefore, it makes sense that more than half (57%) of respondents are more likely to use vendors they have experience with versus only 22% who would use a new vendor.

“It is human nature to do what you know with the belief that it will minimize risk. However, that path could actually end up creating *additional* risk because an agency’s typical vendors might be 100% utilized, or no longer offer best-fit solutions for changing needs,” said Doherty.

It can also make it difficult for small business vendors with innovative solutions to support agencies at a time when the government urgently needs that innovation. For example, when COVID-19 began, traditional personal protective equipment (PPE) vendors couldn’t keep up with the early and unexpected demand. Procurement professionals willing to think outside the box were able to get their agencies the resources they needed by turning to new or non-traditional vendors.

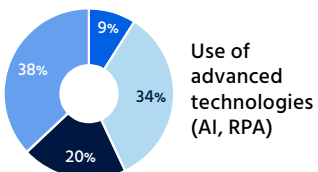
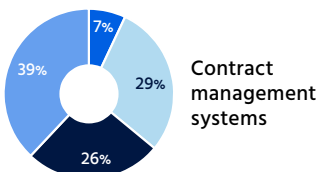
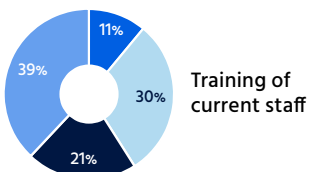
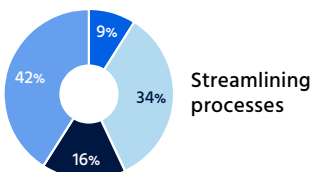
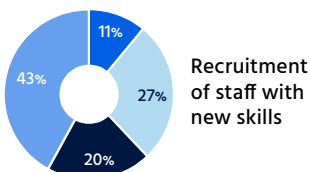
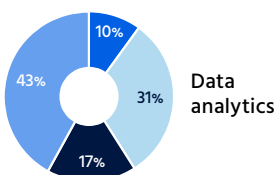




A LOOK AHEAD

Where Are Procurement Professionals Investing in 2021 and Beyond?

- DON'T KNOW
- NOT A PRIORITY FOR INVESTMENT
- PRIORITY FOR INVESTMENT
- ALREADY IN USE



*For rounding purposes graphs may not add up exactly to 100%.

Priorities For Next 12-18 Months

As procurement professionals manage the current challenges, what are their priorities for the coming year? Respondents most often reported that recruitment of staff with new skills, data analytics, streamlining processes, contract management systems, training of current staff, and use of advanced technologies are already in use.

Priorities were fairly aligned among procurement and procurement adjacent roles, except for streamlining processes. Less than one quarter of procurement personnel (22%) said it is not a priority, versus 45% of procurement adjacent roles.

Given the complex environment in which agencies must function, the majority of respondents are only somewhat confident their agency’s purchasing and contracting department can procure needed products and services in order for their agency to achieve its mission objectives. And only one-quarter are extremely confident in this ability. “To help agencies procure the products and services they need, there may be an opportunity to look at more direct awards to fill gaps quickly and with less risk,” said Doherty.

CONFIDENCE LEVELS WANING

Can Agencies Procure the Services They Need to Achieve Mission Objectives?

ONLY **1/4** are very confident
 JUST UNDER **3/4** are not very, or only somewhat, confident

Opportunities for Streamlining Procurement In FY2021

In a Federal News Radio interview, Deniece Peterson, director for Federal Market Analysis at Deltek, said their data shows the COVID-19 response demonstrated that faster procurement is possible through a variety of means.

For example, agencies have an opportunity to reassess current policy to determine where adjustments can be made to speed regular acquisitions. They can also take better advantage of existing Governmentwide Acquisition Contracts (GWACs) where prices and terms are already established. Or they can leverage sole source contracts with 8(a) participants owned and controlled by an ANC, allowing for a transition to full contract operations in 30–60 days compared to 12–18 months for competitive awards.

With the passage of the FY2020 National Defense Authorization Act (NDAA) late last year, procurement professionals were already granted an increased opportunity to streamline procurement via direct awards—something that could go a long way to relieving much of the pressure on the current backlog. The DoD can issue sole source contracts up to \$100 million without a justification and approval (J&A) to qualifying tribally-owned 8(a) businesses, including certain Alaska Native Corporations. Previous law required a J&A for contracts greater than \$22 million. Civilian agencies can provide sole-source awards up to \$25 million¹.

¹ Note: At the time of fielding the study, Civilian sole-source thresholds were \$22M. That number has since been increased to \$25M.



Understanding the Dollar Threshold of Direct/Sole Source Awards

A Missed Opportunity for Agency Procurement

Of those that responded, ONLY ONE answered correctly	Even higher among procurement-adjacent respondents
over 1/2 answered "I don't know"	nearly 7 out of 10 did not know

Despite the benefits of sole-source/direct awards, the study shows most respondents are not aware of, nor well versed in, this procurement method. Nearly two-thirds of Civilian procurement professionals and 21% of Defense professionals were not aware of the ability to sole source awards without justification and approval. Another 38% of Defense procurement professionals had heard of the ability but did not know the details. More than half of respondents were unfamiliar with or misinformed about the dollar threshold for sole-source/direct award contracts for their agency.

Local Small Business Administration (SBA) offices are great resources for agency procurement staff to learn more about the 8(a)-procurement process overall, as well as for quickly verifying qualified 8(a) partners.

WORKING WITH 8(A) AND ALASKA NATIVE CORPORATIONS

6 out of 10 civilian and defense respondents are unfamiliar with ability to sole source without justification & approval

- CIVILIAN -	- DEFENSE -
Unaware of Ability to Issue Sole Source Contracts up to \$22M*	Unaware of Details or Ability to Sole Source up to \$100M through NDAA

*Question asked in August/September 2020 prior to the threshold increase to \$25M.

A Look Toward the Future

It was, without a doubt, a difficult year for procurement professionals as COVID-19 threw a curveball into the already shifting acquisition industry. One positive outcome is that the response will lead to an opportunity to see greater efficiencies and streamlined procurement in FY2021.

There is also an opportunity to utilize the expertise of ANC-owned 8(a)s that have robust capabilities and proven program performance.

Utilizing the direct/sole source procurement rules does not mean a trade-off in value or expertise. Many 8(a)s self-validate their qualifications, or partner with the SBA to do so, making vetting less burdensome for procurement professionals.

To learn more about the 8(a) procurement process, acquisition professionals can reach out to their local [SBA office](https://www.sba.gov/partners/contracting-officials/contracting-program-administration/8a-program-administration) or visit <https://www.sba.gov/partners/contracting-officials/contracting-program-administration/8a-program-administration>.



ABOUT THIS STUDY

From August 25 to September 11, 2020, 200 federal government procurement personnel participated in a blind online survey that averaged eight minutes in length. Respondents were split evenly between Civilian and Defense agencies. Those in a Civilian procurement role represented 24% of the total respondents and Defense represented 26%. Those in Civilian procurement adjacent roles were 26% and Defense 24%. Respondents are involved in a variety of ways in their organization's selection of firms, with the majority evaluating proposals (69%), recommending specific vendors to be considered (64%), and selecting specific contract vehicles to be used for purchases (57%). More than one-third identify vendors (43%), have the final approval (41%), and/or identify the need for a product or service (37%).

ABOUT AKIMA

Akima is a global enterprise with more than 7,500 employees, delivering agile solutions to the federal government in the core areas of facilities, maintenance, and repair; information technology; logistics; protective services; systems engineering; mission support; furniture, fixtures & equipment (FF&E); and construction. As a subsidiary of NANA, an Alaska Native Corporation owned by more than 14,000 Iñupiat shareholders, Akima's core mission is to enable superior outcomes for our customers' missions while simultaneously creating a long-lived asset for NANA consistent with our Iñupiat values. In 2020, Washington Technology ranked Akima #39 amongst the top 100 government contractors.

To learn more about Akima, visit: www.akima.com

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