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**Mary Parks, Director**  
Small Business GWAC Center  
Kansas City, MO

# The STARS are out tonight.

## New contract vehicle lets small and disadvantaged firms strut their stuff

BY Jennifer Jones  
FEDERAL COMPUTER WEEK  
June 13, 2005

Federal buyers should take a close look at the 8(a) Streamlined Technology Acquisition Resources for Services (STARS) contract if they are looking for companies that can offer integrated technology solutions through precompeted, easy-to-use contracts and also want to support small, disadvantaged businesses.

Better known as 8(a) STARS, it is a governmentwide acquisition contract (GWAC) that functions as a small-business set-aside contract for technology solutions. The \$15 billion contract program replaces the Federal Acquisition Services for Technology (FAST) contract, which expired in October 2004.

The General Services Administration awarded more than 400 small, disadvantaged businesses places on the STARS contract last summer.

"The eagerness of those vendors to plunge into the government information technology market could be advantageous to agency officials looking to expedite deals and earn 8(a) credits, said Mary Parks, director of GSA's Small Business GWAC Center in Kansas City, MO."

*"This contract is designed for buyers who are willing to give 8(a) companies a chance, but still expect these vendors to prove themselves," Parks said. "It's a way to start small."*



Because STARS boasts a wide variety of vendors and incorporates several services categories, a Homeland Security Department contracting official said the GWAC is emerging as a vehicle of choice for many operational and technical support services in DHS' Science and Technology Directorate.

"All STARS vendors are 8(a), and it has all of the labor categories I need," said the DHS official, who requested anonymity.

STARS industry partners are 8(a) firms led by women or minority groups considered socially or economically disadvantaged. Most have limited portfolios but hope to prove themselves to federal buyers in eight STARS categories. Those categories are custom computer programming services, computer systems design services, data processing and hosting, disaster recovery and contingency planning, Internet publishing and broadcasting, information services such as call centers and videoconferencing, wired telecommunications carriers, and computer facilities management.

More than 800 companies initially applied for STARS, but only 432 made the cut. The contract represents a 76 percent increase in vendor participation compared with its predecessor, FAST, which included about 150 8(a) firms and a single functional area, computer systems integrated design.

Most STARS deals have been small, averaging about \$250,000 per task order. Agencies can award sole-source STARS buys up to the \$3 million mark. Deals worth more than \$3 million require agencies to run limited competitions among STARS vendors.

*"But even on smaller contracts, the payoff can be big for federal contracting officers willing to give 8(a) vendors a shot,"*

said Nora Taylor, vice president of contracts at Arrowhead Global Solutions, a STARS industry partner. "Most 8(a) companies function well in their area of expertise," she said. "For the most part, agencies will be pleasantly surprised at the quality of work, because hiring 8(a) companies often means federal customers will have an entire company working toward the deliverable."

### Simplifying the Hunt

Without STARS, finding the right 8(a) company for the job can be tricky.

"The 8(a) program has always been a good option for agencies, because it is the only game in town for sole-source work under \$3 million," said Joan King, director of business development at Windwalker, a provider of training development services. "But the process for hiring an 8(a) firm has been cumbersome."

In the past, to adequately research 8(a) companies, agencies needed to scour the federal IT landscape for qualified companies and then verify the credentials of those firms. "Figuring out what vendors are out there becomes [an] extra effort," said Ray Bjorklund, senior vice president and chief knowledge officer at market research firm Federal Sources.

By using STARS, agency buying officers can sidestep some of those screening chores because GSA officials have vetted each of the STARS vendors when they awarded them a position on the contract. Specifically, GSA evaluated areas such as pricing and technical capability. GSA also retains an active role in STARS transactions by perusing agencies' statements of work and providing guidance on the STARS categories and the scope of the IT projects.

But Bjorklund said that although STARS presents agency customers with easy avenues to reach scores of viable 8(a) companies, officials should continue to make serious efforts to independently match agency needs with 8(a) contractors' capability levels.

"STARS does expedite the process, but there still needs to be some degree of due diligence," he said. "Don't just take things at face value. Pick and choose among the contractors that can best meet your needs."

Indeed, STARS may not be right for every situation, Parks said. "These are small-business contracts, and they may not be capable of providing bundled solutions," she said.

Coaching agency buyers on when and how to best use the contract is central to GSA's efforts to spur STARS' sales figures, Parks added.

*"We will train not only the contracting officer on the use of this contract but program officers as well," she said.*

"Users need to know how the contract works and how it can be used properly."

STARS vendors also get a lot of attention, especially because GSA wants to boost the number of firms on the contract. So far, about one-quarter of the 432 vendors participating on the contract have secured deals under STARS. Overall, STARS has seen about \$77 million in business spread over 312 contract actions.

But given the size of STARS firms, the effort it takes to compete in the government marketplace and the acquisition skills required to comply with 8(a) rules, the level of participation during the first 10 months of the contract has been healthy, Parks said. "The initial success of this contract far exceeds the FAST contract's sales in the first two years," she said.

## Credibility Infusion

For many 8(a) firms on the contract, the STARS win represented a much-needed shot in the arm for business. "This is the first contract we've won as an 8(a) company," said Kevin Machon, director of business development at TechGuard Security, a networking company in Chesterfield, Mo. "One of the biggest challenges for us — and for most small or disadvantaged businesses — is trying to prove to the customer or to teaming partners that we are a legitimate player and not just some mom-and-pop shop."

Because STARS tends to open doors to agency procurement shops, retaining a presence on the contract is crucial even for larger, more established 8(a) firms. "We were not on the FAST contract, but we knew we needed to get on this one," King said. A small woman- and American Indian-owned company, Windwalker recently graduated from the 8(a) program but is eligible to remain on STARS until the contract's three-year base expires.

Windwalker recently sold training and development services to the U.S. Geological Survey through the STARS program. "The contract is very easy and quick to use," which proved a major selling point at USGS, King said.

Arrowhead Global Solutions, another 8(a) graduate, has managed to shop the contract's ease-of-use features to agency buyers. Easy navigation and the appeal of the contract's sole-source provisions have proved popular among agencies situated in remote areas, such as international Defense Department outposts, where familiarity with the nuances of 8(a) contracting is more limited, Taylor said.

Arrowhead also managed to snag a STARS deal in excess of the \$3 million threshold. DOD contracting officials awarded the deal to Arrowhead after running a competition among a small group of STARS bidders. "It was a lot easier for the agency officials than having to write their own procurement," Taylor said.

DOD was the largest user of the earlier FAST contract and, so far, remains the biggest user of STARS. However, GSA officials claim that STARS is quickly taking hold at civilian agencies, too. "One of the things we have noticed is that there seems to be significantly more interest in STARS among [DHS, Treasury Department and Department of Housing and Urban Development] and other civilian agencies now, putting more of an emphasis on 8(a) contracting," Parks said.

*"Now we have a contract completely loaded with competitive 8(a) firms user agencies can tap to get credit for the 8(a) dollars they spend, while accessing the many categories of services that these firms hold,"* Parks said.

Streamlined Technology Acquisition Resources for Services (STARS) has been hailed as an easy-to-use vehicle and a sure way to attain vital 8(a) contracting credits. But federal buyers will want to remember a few rules of the road.

## A Few "Rules of the Road"

- The General Services Administration collects a 0.75 percent usage fee that it attaches to contractors' ceiling prices.
- 8(a) credits are transferred to agencies via the Federal Procurement Data System.
- Contracting officers must receive a delegation of procurement authority before initiating statements of work. The delegation entails coordinating with GSA staff to ensure requirements are met before task orders are issued.
- STARS awards are not subject to protests, except when parties argue that new orders increase the scope of original transactions.
- Hardware, software and supplies must be directly related to an information technology services buy.

For more information about the 8(a) STARS and HUBZone GWACs, call the Small Business GWAC Center at (877) 327-8732. Or visit [www.gsa.gov/sbgwac](http://www.gsa.gov/sbgwac)

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## Working In HUBZones

In addition to the Streamlined Technology Acquisition Resources for Services (STARS) contracts, agency officials are also turning to the General Services Administration's smaller Historically Underutilized Business Zone (HUBZone) governmentwide acquisition contract. The HUBZone program is designed to help agencies attain small-business contracting credits by using companies located in economically disadvantaged regions.

The Small Business Administration runs the program, which was set up eight years ago to bolster the economies of rural areas and disadvantaged urban areas. In January 2003, GSA awarded its HUBZone GWAC to give federal agencies easier access to vendors in those areas.

Functional categories on the STARS and HUBZone contracts are similar. However, because designated HUBZone firms are not as plentiful as the total pool of available 8(a) vendors, agencies have had some difficulty meeting procurement preference goals under the HUBZone program, said Mary Parks, director of the General Services Administration's Small Business GWAC Center in Kansas City, MO.

GSA's HUBZone contract promises to make the hunt easier. "If agencies are looking for a method to easily achieve their HUBZone procurement preference goal, this GWAC is the place to come," she said.

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U.S. General Services Administration

September 2005  
5-05-00491  
[www.gsa.gov](http://www.gsa.gov)