

US FEDERAL GOVERNMENT PROCUREMENT

DEFINING THE MARKET FOR ICG

The U.S. government is the world's largest buyer of products and services. Purchases by military and civilian installations amount to nearly \$200 billion a year, and include everything from complex space vehicles to janitorial services to cancer research.

In short, the government buys just about every category of commodity and service available.

ICG is fully committed to the pursuit of the vast buying power of the United States Federal Government through deliberate and effective marketing of its products and services.

The United States Government Procurement system represents a great market niche that **ICG** intends to intensely focus on; as a small business; in order to secure profitable contracts, in spite of the numerous and complex federal regulations that come with it.

By law, federal agencies are required to establish contracting goals, such that 23% of all government buys are intended to go to small businesses. In addition, contract goals are established for women-owned businesses, small disadvantaged businesses, firms located in HUBZones and service disabled veteran-owned businesses. These government-wide goals, which are not always achieved, are 5%, 5%, 3% and 3%, respectively. They are important, however, because federal agencies have a statutory obligation to reach-out and consider small businesses for procurement opportunities. It is up to you to market and match your business products and services to the buying needs of federal agencies.

ICG understands that selling to the federal government is, in some ways, similar to selling to the private sector. While federal procurement procedures may have a different set of rules and regulations, many of the same marketing techniques and strategies you already employ may work here.

ICG's Team intends to use their common business sense and take the following approach:

- a) Get to know the US Government Agency it is dealing with and understand the context in which **ICG** products or services could be used.
- b) Obtain available information on past awards, quantities, costs and awarders.
- c) Become known to potential US Government Purchasers.
- d) Make sure the entire Team understands in what context **ICG** Products and Services can best be used by the US Federal Government and their contractors.
- e) Ensure **ICG** Team fully grasps what the US Government Agencies will look for when considering **ICG** for a contract award.
- f) Keep in mind that financial status, staff capabilities and track record are all of interest to the US Government Agencies.

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FEDERAL BUSINESS OPPORTUNITIES **ICG COMMODITIES, PRODUCTS & SERVICES**

CONSULTING SERVICES

- ❖ INNOVATIVE BUSINESS DEVELOPMENT PRACTICES
- ❖ ASSET BASED ECONOMIC DEVELOPMENT STRATEGIES
- ❖ MANAGEMENT AND ORGANIZATIONAL CONSULTANCY

FOOD & AGRICULTURAL COMMODITIES

- ❖ PROCESSED CASHEW NUTS
- ❖ RICE AND OTHER FOOD & AGRICULTURAL COMMODITIES
- ❖ UREA FERTILIZER 46%

ELECTRONICS & OFFICE SUPPLIES

- ❖ UNINTERRUPTED POWER SUPPLY UNITS (UPS)
- ❖ PORTABLE EMERGENCY CELL PHONE BATTERY CHARGERS
- ❖ PREPAID ELECTRIC (or GAS) METER READERS
- ❖ NEW (or Remanufactured) TONER CARTRIDGES // COMPUTERS // MONITORS
- ❖ COPY / PRINTING PAPER

MEDICAL SUPPLIES & MEDICAL EQUIPMENT

- ❖ NEW DISPOSABLE MEDICAL SUPPLIES
- ❖ NEW or Second Hand MEDICAL EQUIPMENT

INNOVATIVE PRODUCTS

- ❖ eGO ELECTRIC MOTORCYCLE/SCOOTER
- ❖ EM FOREVER ENERGY NIGHT FLASHLIGHT (NEEDS NO BATTERY & NO LIGHT BULB)
- ❖ VIDEOPHONE (VIDEO TELEPHONE)
- ❖ REMOTE DOOR LOCK FOR BUILDINGS (HOME, OFFICE, HOTEL ROOMS, Etc.)
- ❖ INNOVATIVE TELECOMMUNICATIONS TECHNOLOGIES & SYSTEMS
- ❖ CUTTING EDGE CLEAN RENEWABLE ENERGY SOLUTIONS FOR CITIES & RURAL AREAS
- ❖ PROFESSIONAL TWO-WAY RADIO (WALKIE TALKIE) – FOR SECURITY
- ❖ GROUND-BREAKING SOIL STABILIZER FOR ROADS, RUNWAYS, PARKING LOTS, Etc.
- ❖ DETACHABLE INLINE SPEED SKATES
- ❖ REVOLUTIONARY SKATESHOES FOR ALL AGES
- ❖ AUTOCLAVED CONCRETE, AERATED CONCRETE & FLOWABLE FILL (REVOLUTIONARY MASONRY BUILDING MATERIALS)

FEDERAL PROCUREMENT & SMALL BUSINESS GOALS

WHY THE US FEDERAL PROCUREMENT REPRESENTS A SIGNIFICANT NICHE FOR ICG?

STATUTORY SMALL BUSINESS PROCUREMENT GOALS FOR FEDERAL AGENCIES

The federal government purchases billions of dollars in goods and services each year that range from paperclips to complex space vehicles.

To ensure that small businesses get their fair share, statutory goals have been established for Federal executive agencies.

They are:

- a) 23 percent of prime contracts for small businesses;
- b) 5 percent of prime and subcontracts for small disadvantaged businesses;
- c) 5 percent of prime and subcontracts for women-owned small businesses;
- d) 3 percent of prime contracts for HUBZone small businesses;
- e) 3 percent of prime and subcontracts for service-disabled veteran-owned small businesses.

In addition to the goals established, the Small Business Act 15(g)(1) also states that it is the policy of the United States, that each agency shall have an annual goal that represents, for that agency, the maximum practicable opportunity for small business concerns, small business concerns owned and controlled by service disabled veterans, qualified HUBZone small business concerns, small business concerns owned and operated by socially and economically disadvantaged individuals, and small business concerns owned and controlled by women to participate in the performance of contracts let by that agency.

ICG SUBCONTRACTING OPPORTUNITIES

SUNCONTRACTING WITH A PRIME CONTRACTOR

Subcontracting or teaming with a prime contractor can be a profitable experience as well as a growth opportunity for **ICG**.

If, after assessing its capabilities and capacity, **ICG** concludes that it is not ready to bid competitively for prime contracts, it will surely consider the opportunities available through subcontracting. The experience gained from performing as a subcontractor can assist **ICG** in responding, at a later stage, to solicitations as a prime contractor.

ICG Team understands that subcontracting, however, should not be viewed only as an opportunity for less-experienced business, but also as a vehicle to enhance its qualifications to become more competitive to perform as a prime contractor.

Over the years, several laws have been passed regarding subcontracting to small business, including Section 8(d) of the Small Business Act, Public Law 95-507, Public Law 103-355, and FAR 19.702. These laws require prime contractors having contracts that exceed the simplified acquisition threshold to provide maximum practicable subcontracting opportunities to small businesses, HUBZone small businesses, small disadvantaged businesses, and women-owned small businesses. The clause "Utilization of Small Business Concerns," must be included in all federal contracts exceeding this threshold.

These laws, among other things, require that:

- 1.) On contracts more than \$500,000 (or \$1,000,000 for construction of a public facility) large contractors and subcontractors submit subcontracting plans containing specific percentage goals for small businesses, HUBZone small businesses, small disadvantaged businesses, and women-owned small businesses.
- 2.) Subcontracting plans contain a description of the methods and efforts used to assure that small business enterprises have an equitable opportunity to compete for subcontracts.
- 3.) Subcontracting plans be submitted by contractors for review prior to the award of any contract; failure to comply in good faith with its approved plan may subject the contractor to liquidated damages or termination for default.

The requirement to submit a subcontracting plan does not apply to:

- Small businesses,
- Contracts under the prescribed dollar amounts,
- Prime contracts not offering subcontracting possibilities, or
- Contracts to be performed entirely outside the United States.

HOW THE US GOVERNMENT BUYS

The government buys many of the products and services it needs from suppliers who meet certain qualifications. It applies standardized procedures by which to purchase goods and services. That is, the government does not purchase items or services in the way an individual household might. Instead, government contracting officials use procedures that conform to the Federal Acquisition Regulation (FAR).

The FAR is a standardized set of regulations used by all federal agencies in making purchases. It provides procedures for every step in the procurement process, from the time someone in the government discovers a need for a product or service to the time the purchase is complete.

As of October 1, 2001, the government transitioned from Commerce Business Daily (CBD) to Federal Business Opportunities (FedBizOpps) to "post" all procurement opportunities expected to exceed \$25,000. FedBizOpps is a web-based application and is the government-wide point of entry to communicate its buying requirements to potential suppliers.

When the government wants to purchase a certain product or service, it can use a variety of contracting methods. Simplified acquisition procedures, sealed bidding, contracting by negotiation and consolidated purchasing vehicles are key contract methodologies used to purchase products and services.

CONTRACTING METHODS

Simplified Procedures

The Federal Acquisition Streamlining Act (FASA) of 1994 is intended to simplify government buying procedures. It removed many competition restrictions on government purchases of less than \$100,000. Instead of full and open competition, agencies can now use simplified procedures for soliciting and evaluating bids up to \$100,000. Government agencies, however, are still required to advertise all planned purchases over \$25,000.

Simplified procedures require fewer administrative details, lower approval levels, and less documentation. New procurement reform legislation requires all federal purchases above \$2,500 but under \$100,000 to be reserved for small businesses, unless the contracting officer cannot obtain offers from two or more small businesses that are competitive on price, quality and delivery.

Government purchases of up to \$2,500 in individual items or multiple items whose aggregate amount does not exceed \$2,500 are now classified as "micro-purchases" and can be made without obtaining competitive quotes. However, these purchases are no longer reserved for small businesses. Agencies can make micro-purchases using a Government Purchase Card (typical credit card).

Sealed Bidding

Sealed bidding is how the government contracts competitively when its requirements are clear, accurate and complete. An Invitation For Bid (IFB) is the method used for the sealed bid process. Typically, an IFB includes a description of the product or service to be acquired, instructions for preparing a bid, the conditions for purchase, packaging, delivery, shipping and payment, contract clauses to be included and the deadline for submitting bids.

Each sealed bid is opened in public at the purchasing office at the time designated in the invitation. All bids are read aloud and recorded. A contract is then awarded by the agency to the low bidder who is determined to be responsive to the government's needs.

Contract Negotiation

In certain cases, when the value of a government contract exceeds \$100,000 and when it necessitates a highly technical product or service, the government may issue a Request for Proposal (RFP). In a typical RFP, the government will request a product or service it needs, and solicit proposals from prospective contractors on how they intend to carry out that request, and at what price. Proposals in response to an RFP can be subject to negotiation after they have been submitted.

When the government is merely checking into the possibility of acquiring a product or service, it may issue a Request for Quotation (RFQ). A response to an RFQ by a prospective contractor is not considered an offer, and consequently, cannot be accepted by the government to form a binding contract. The order is an offer by the government to the supplier to buy certain supplies or services upon specified terms and conditions. A contract is established when a supplier accepts the offer.

In most instances, the government uses oral solicitations for purchases less than \$25,000, written solicitations for purchases over \$25,000, and purchase cards to obtain micro-purchases less than \$2,500. One of the most significant changes government acquisition reform is the increased importance of "best value." Best value means that, rather than making awards to the lowest bidder as it generally did in the past, the government can now make awards for the item that best satisfies its needs at a slightly higher price. If purchasers are going to make an award based on best value, they must state their intent in the solicitation document and include a description of the evaluation criteria, award factors, and factors other than the price that will be considered in making a contract award.

Consolidated Purchasing Programs

Most government agencies have common purchasing needs -- carpeting, furniture, office machine maintenance, petroleum products and perishable food supplies are just a few examples. Sometimes the government can realize economies of scale by centralizing the purchasing of certain types of products or services.

Acquisition Vehicles - Procurement reform has ushered numerous new and/or modified acquisition vehicles - multiple award contracts -- such as multi-agency contracts and government-wide acquisition contracts (GWACs). These vehicles encourage long-term vendor agreements with fewer vendors. The use of these contract vehicles, including expanded use of GSA schedules has increased significantly during the last few years. These popular vehicles allow government buyers to quickly fill requirements by issuing orders against existing contracts or schedules without starting a new procurement action from scratch.

Further, agencies can competitively award several or multiple task order contracts to different firms for the same products and services.

This practice allows federal buyers to issue orders to any one or combination of several firms with relative ease.

The three largest interagency consolidated purchasing programs are administered by the General Services Administration, the Defense Logistics Agency, and the Department of Veterans Affairs.