

**Statement of Louis M. Addeo
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Written Testimony Given Before
The House Committee on Government Reform
February 26, 2004**

Good morning Chairman Davis and members of the House Committee on Government Reform. My name is Lou Addeo. I'm the President of AT&T Government Solutions.

I appreciate the opportunity to present AT&T's views concerning GSA's Networkx acquisition strategy. AT&T commends the Committee's interest in this important acquisition and looks forward to working with both the Committee and GSA to meet government telecommunications and network needs. AT&T has a long and proud history of providing telecommunications services to the federal government, including our present work as an FTS-2001 Crossover provider. AT&T does not simply provide telephone and data services to the government. In fact, thousands of AT&T Government Solutions employees, backed by AT&T Labs' renowned research and development, provide sophisticated integrated information solutions, professional services, and network technology.

Networkx is a logical follow-on to GSA's successful FTS-2001, Fed Wireless, and Satellite programs and GSA should be commended for its vision and initiative in preparing the Networkx acquisition. FTS 2001 has evolved over time to provide agencies broad solutions. The Networkx program takes the next step and will provide even greater flexibility. In fact, Networkx will provide agencies and tax payers three important advantages:

- First, Networkx encourages convergence of services over the Internet protocol with the promise of improved technical capability and lower costs versus current telecommunications technologies.
- Second, in the post-September 11th era, Networkx recognizes the need for the government to have unsurpassed network security and survivability as addressed by agency Continuity of Operations Plans. AT&T has made huge investments in its network – nearly \$3 billion in 2003 alone – so it can provide these services.
- Third, mission requirements demand ubiquitous service. Networkx guarantees the agencies that the successful Networkx contractors will serve all their existing personnel and customers. This is a reasonable requirement because service providers routinely work with one another to fashion solutions responsive to global needs.

To be most effective, we believe that the Networkx acquisition should stay on its present schedule – or even be accelerated - so the government can reap the benefits of both converged technologies and large-scale contracting, which together will better serve our country. Our analysis indicates that many federal agencies recently have by-passed FTS 2001 entirely and acquired telecommunications and network services through independent acquisitions. Although these independent acquisitions permit agencies to acquire new technologies, they deprive agencies of the immense benefits of large-scale, government-wide contracting. Agencies may be taking these unilateral contract actions because the remaining period for FTS 2001 is so short. This short time period introduces substantial limitations into an agency's ability to plan for and address telecommunications and network

requirements. For this reason, a new contract – with a meaningful contract term (5 to 8 years) of stability – is absolutely critical.

The Networx acquisition should proceed quickly and, following contract award, GSA should aggressively manage transition from the present FTS 2001 contracts to Networx. Agencies – in addition to GSA – must take ownership of transition and actively manage their telecommunications needs and networks. Only upon successful transition can agencies achieve the full benefit of a converged platform of services.

Innovation to Benefit the Government

Networx does and should encourage innovative technology to meet agency needs. AT&T strongly supports the Networx acquisition's goals of service continuity to all existing and new FTS 2001 users. AT&T can and will provide the ubiquitous solutions necessary to support the government's national and international needs.

While GSA necessarily must consider a wide range of telecommunications and networking services, we believe that GSA should particularly focus upon and emphasize two technical areas: convergence of technologies, National Security/Emergency Preparedness ("NS/EP") and Network Security. Because of the importance of these technologies in meeting the government's needs, the Networx acquisition evaluation criteria should specifically recognize these requirements and accordingly assign substantial evaluation importance to them.

Convergence of Technologies Over the Internet Protocol. The convergence of nearly all telecommunications services over the Internet protocol will allow offerors the ability to provide a full range of telecommunications services on an end-to-end basis, with increased

security, improved capabilities, and at a reduced cost versus current methods. Therefore, the Networx acquisition should favor the most advantageous convergence solutions especially those that include innovations such as broadband, wireless, multimedia instant messaging, and web and grid services. These emerging technologies offer agencies the potential for quantum leaps in productivity while also saving money.

National Security/Emergency Preparedness Requirements. AT&T recommends that National Security/Emergency Preparedness and Network Security requirements be explicitly specified in the Networx Statement of Work and heavily weighed during the source selection process to assure that agencies can be responsive to OMB's COOP and Cybersecurity instructions. Events such as the September 11th attacks, the 2003 blackout, the seemingly daily attacks by computer viruses and worms, and the recent anthrax and ricin attacks on Capitol Hill further demonstrate the need for agency Emergency Preparedness and continuity plans. Networx offerors should be required to demonstrate robust security features and continuity capabilities.

The Benefits Of Government-Wide Contracting

As outlined in the recent RFI, GSA's goals for the Networx program are to accommodate present and future agency mission needs, realize the potential offered by emerging technologies, provide simplified acquisition, management and administration, and assure best value. The Networx acquisition will allow federal agencies to obtain these goals through large-scale contracting. AT&T recommends that the following additional contract issues be considered:

1) Continuous Competition. Multiple contract awards (3 to 4) with a modest Minimum Revenue Guarantee, will maximize competition, reduce costs and provide contractors

enough business to recover costs and provide best value. In addition, like the current FTS 2001 Crossover contracts, we recommend that Networkx also permit other contractors to crossover into Networkx after transition. Therefore, GSA should maintain a set of complementary and partially redundant contracts to assure that agencies will have the options and flexibility to re-compete new requirements as necessary.

2) Schedule Contracts. The Networkx program presently contemplates two acquisitions: Networkx Universal and Networkx Select. GSA designed Networkx to enable the government to acquire a wide range of services from a broad array of providers using flexible, results-oriented solutions. AT&T agrees with this tiered strategy because it provides agencies choice and flexibility in satisfying their network needs. To provide agencies even greater flexibility, GSA should provide an additional option for agencies -- a basic telecommunications schedule-like contract vehicle.

3) Commercial Contract Terms and Practices. In many instances, GSA's objectives for best value, broad choice, innovative and responsive products can be met through the use of commercial contract terms and practices. Thus, for example, some agencies may be satisfied to be billed using commercial billing systems. Commercial systems typically result in simplification, better prices, easier transitions, and more flexible business arrangements.

However, we also recognize that certain agencies may have specific billing needs, mandated by mission requirements. AT&T has the ability to satisfy these special billing requirements and looks forward to working with GSA and individual agencies to address these billing needs.

4) Modernization of Transition. Several network service providers have recently deployed web-services-based systems that provide an extensive "electronic-bonding"

capability to enable transactions among themselves, their suppliers and their customers. For example, AT&T has recently invested over \$500M in these technologies to provide customers more visibility and control over their network services and operations. As a result, transition risk and inconvenience can be reduced relative to the 2000-2001 transitions. In today's world these new e-bonding arrangements will result in more timely and less costly transitions. Although GSA and user agencies must still be actively involved, the operational risk will be lower. As previously mentioned, GSA and user agencies must actively manage and accelerate transition.

Conclusion

AT&T Government Solutions thanks the Committee for the opportunity to share our views of the Networx acquisition effort. We believe the Networx contracts will be performed during a time of major innovation and unparalleled opportunities for the government. We hope the federal government will move expeditiously to take advantage of the opportunity that Networx offers to bring secure, innovative services to U.S. citizens in the 21st Century e-government world. AT&T is committed to serving the government to assure that this opportunity is fully met.