

Testimony  
Of

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Before the

**U.S. House of Representatives**

**Committee on Government Reform**

**Oversight Hearing on Networx**

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Thank you Chairman Davis and the committee for inviting me here today and for allowing me to share my thoughts on how the government can best procure communications services through its Networx program.

For fifteen years, GSA's FTS procurements have brought lower prices and better service to the government. GSA is to be commended for its efforts. We are here today to offer suggestions that we believe will help continue its success into the future.

Though the prior procurement processes have served us well, we are in the middle of a new era in communications – one of extremely rapid and disruptive technological, economic, and market change. In such an environment, it is important to maintain as much flexibility as possible. From that position, you can get the best value. As currently contemplated, we believe that the Networx program does not allow the government appropriate flexibility to react to, and take advantage of, ongoing changes in the telecommunications marketplace.

Level 3 was founded on this basic principle. In the mid-1990s, we started our company because we saw an opportunity. Revolutionary changes in technology were occurring -- technological advances that, when deployed, disrupted economics from the users standpoint. And, these technologies were not being deployed by the incumbent providers in our industry.

Our original strategy is still in place today. It was to construct upgradeable long-distance and metropolitan networks, and develop industry-leading operational and product capability. Our ability to upgrade the network continuously is critical in that it allows us to adapt our network, services and prices to the rapidly changing environment, and to pass those benefits on to our customers and to end-users.

Today, Level 3 employs about 3300 people in our communications business and provides services internationally. Over the last five years, we have invested approximately \$14B and constructed one of the most advanced telecommunications networks in North America and Europe. We now operate one of the largest Internet backbones in the world, are one of the largest providers of wholesale dial-up service to Internet Service Providers in North America and are the primary provider of Internet connectivity for millions of broadband subscribers, through our cable and DSL partners. The company offers a wide range of communications services over its 22,500 mile broadband fiber optic network including Internet Protocol (IP) services, broadband transport and infrastructure services, colocation services, managed modem services and voice services.

Our customers include

- The ten largest communications carriers in the world
- The nation's four largest local telephone companies
- The nation's top six Internet Services providers
- The nation's top six Wireless phone companies
- The nation's top six cable television companies

We also count as our customers the country's largest corporations and institutions, including computer manufacturers, broadcast and media companies, Systems Integrators, financial services firms, and finally, the federal Government.

Before I discuss our specific recommendations, I would like to set the stage by briefly highlighting how rapidly the communications industry is changing - in the areas of technology, industry players, regulation, and security. We believe these areas will continue to change significantly through this decade.

First, rapid technological changes in the areas of communications, optical systems, computing technology, and software have created new capabilities, while dramatically disrupting the economics of traditional service providers. As a result, the cost of communications has dropped dramatically over the last decade, resulting in significantly lower prices to telecommunications users. The lower costs and new technological advances are enabling the creation of products and services not anticipated just a few years before. Meanwhile, companies that have not kept pace with these changes, and have not adopted new technologies, find themselves significantly behind in costs, services, and capabilities.

Here are some facts demonstrating the magnitude of the change:

- Internet traffic grew at a 106% compounded annual growth rate from 1999 through 2003, and grew over 1700% overall during that period.
- In 1999, there were 1.7M broadband subscribers. That number is estimated to grow to 32.3M in 2004. This represents 1800% growth.
- In 1998, Voice traffic constituted 82% of service provider traffic, Data was 11%, and IP traffic was 7%. In 2004, it is estimated that Voice traffic will constitute 20%, Data will be 10%, and IP traffic will be 70%.
- US cable modem subscribers have grown to over 15 million, representing 62% annual growth since 2000.

As result of the rapid growth of IP based services, the cost per IP bit has dropped 81% between 2001 and 2003.

Second, we are seeing significant shifts in the players in the market. A more competitive environment, with higher service expectations and substantial price compression, has challenged companies with weak operating models from both a technological and financial standpoint. Some competitors have left the market entirely. Companies with plant and equipment from a prior generation now find it difficult to respond to the market's demands and are increasingly unable to compete effectively.

The current market challenges all participants. Less than ten years ago, just three large companies, ATT, Sprint, and MCI, bid on the FTS2001 contract. Today, we find that all three have revised their business plans. One is working hard to emerge from bankruptcy. Revenues for all three continue to decline.

Over that same period of time, many new entrants, such as Level 3, have raised significant amounts of capital and deployed that capital on new technology and services.

The net result is arguably the greatest shakeout of any industry over the last 100 years. And while the changes have been difficult for the industry participants, there is reason to believe that new products and services, introduced by new service providers, will continue indefinitely.

The third trend is a regulatory environment under pressure and likely in transition. The current environment encourages new technologies, allowing them the room to grow without unnecessary regulatory constraint. For example, the Internet's explosive growth can be partly attributed to an appropriate regulatory profile. We expect new services and technologies, such as Voice over IP, to benefit from a similar level of regulation and to create additional economic benefit for users.

Finally, the events of September 11 have focused the thoughts of the entire country on issues of threats and safety. The government and the civilian world are now aware, as never before, of the needs for security, reliability, and redundancy in critical infrastructure, including the nation's communications infrastructure. It is important to note that in the immediate aftermath of the September 11 attacks, the services that were least disrupted were internet-based, services that were not anticipated to play a main stream role in communications at the time FTS 2001 was awarded. It is accepted that the mission-critical needs of all major telecommunications users, including the government, should be supplied by multiple providers to ensure continuity of operations.

As I stated at the start of my testimony, in an environment of rapid technological and market change, we believe the government should design contract structures that allow it the flexibility to benefit from these changes. In this way, it will be able to obtain the best economic return, or 'best value', for the taxpayer.

## **Recommendations**

Based upon these observations, we have set forth below a number of recommendations that we believe would make the Networx procurement more effective for the government. We have also submitted our response to the Networx RFI, as background.

### **1. Allow bidders to play to their strengths**

Networx should not require bidders to supply all products. It should also not require bidders to supply products in all geographies. It should allow bidders to provide the products core to their business, on which they can provide the highest quality for the best price, and in the locations where they can provide them for the best value.

Requiring all bidders to provide all products, including outmoded legacy products, creates an artificial "barrier to entry" - a barrier that hurts the Government as the consumer of these services. The nation's newest companies - the ones that are driving the technology revolution - cannot invest in declining technologies and simultaneously sell services based on newer technologies to the government at the lowest possible cost.

In addition, by disaggregating the broad spectrum of services defined in the Networx Universal option, the cumbersome need for broad industry partnerships and teaming arrangements will be

reduced. As written, Universal may require inefficient and unnecessarily expansive teams of integrators, hardware vendors, and service providers, increasing risk to the prime contractor and raising costs to the government.

## **2. Specify the service required, not the technology to provide it**

The government should specify the services it requires, without requiring a specific technology to be deployed to provide that service. As an example, Networx currently proposes complex parameters for ‘circuit-switched’ services - technical definitions based upon old technology. Instead, Networx should allow bidders to propose voice services with specified service and quality attributes derived from the best technologies available to each provider. That technology might be circuit switching, IP based switching, or some as yet unknown technology.

A competitive market also means that some products will become obsolete, and Networx should be flexible enough to accommodate those changes. Product decline was true for FTS2000 in 1989, for FTS2001 in 1996, and is true today. Products such as ‘circuit-switched data’, ATM, and Frame Relay, are losing traction in the marketplace to IP based services because the older products are more costly. The government should maintain its ability to have access to these legacy products, but it should not require that all Networx bidders provide all products as a price of entry into the federal market.

## **3. Avoid getting locked in to one or two providers**

Networx should accommodate the fact that over the life of the contract, the players in the market are likely to continue to evolve. Incumbents will be challenged to provide the best economics and to compete for new services, given their investments in older technologies and operating models. New providers, with more economically competitive services, driven by advancing technologies, will continue to gain in the market. To leverage the new economics delivered by the new technologies, the government should have a clear and established mechanism for adding new providers to their contracts.

We recommend that there be a clear ‘roadmap’ for inserting new providers into the program. This roadmap would include both a published schedule and process for accommodating the different providers. For example, every two years, GSA could issue a ‘Broad Agency Announcement’ to explicitly attract new companies, with competitive products based on new technologies. Under such a ‘BAA’, new and existing Networx providers would submit proposals to deliver new, competitive services. This would ensure both technology refreshment and continued price competition.

## **4. Allow for adoption of best practices for operational support**

The government could realize substantial cost savings by embracing commercial models for operational support. Industry has invested billions in improving operational infrastructures and has passed these improvements on to their commercial customers. The government should allow for flexibility and creativity in areas such as billing, provisioning, and administering services to take advantage of these changes, again focusing on the desired services rather than the methods of delivery.

Finally, I would like to point out recent innovative government contracts that have incorporated some of these recommendations.

The House of Representative's 'Wide Area Network' procurement allowed industry participants to bid to their strengths. It defined the networking requirements of the House in a single bid. Companies were invited to bid on any and all parts, singly or in combination, wherever they thought they could best compete. The contracting officer then chose the set of offers, from multiple bidders, which minimized cost and maximized value to the government.

GSA Connections also allowed several industries to bid to their strengths. The procurement demonstrated the value of a multiple award program in which bidders could propose single or multiple categories of offerings, including hardware, services, and consulting. Because of this flexibility, multiple awards were made to system integrators, consultants, and small businesses.

For the Defense Information Systems Network (DISN), the Department of Defense (DOD) understood the value of new services and incorporated them into requirements. The acquisition of optical fiber and equipment for DISN was an effective way for DOD to benefit from the changing marketplace for fiber optic networks. DISA analyzed the bandwidth requirements of network-centric warfare and analyzed the latest product offerings in the telecommunications marketplace. Rather than staying the traditional course of acquiring services, DISA realized an optical fiber acquisition would best meet their needs. Similarly, Networkx should not attempt to anticipate the changing landscape and services. Rather, it should accommodate the inevitable changes for services as they occur.

GSA's MAA Program used a 'pre-qualification stage' to efficiently identify bidders. A first stage evaluation was made of 'past performance', 'business worthiness', 'management systems', and other capabilities. Companies that passed this first screen were then 'qualified' to present complete in-depth technical proposals for services. This saved money and time for both the government and business in bid and proposal costs.

## **Conclusion**

The last five to seven years have been difficult for the industry, but telecommunications users now experience more service choices with better economics. We believe this trend will continue; that is, we will continue to see disruptive changes in the industry, with ever-increasing service options and improved economics to consumers. The government should have a procurement structure that allows it to benefit from these changes.

Level 3 started its business to take advantage of the new economics of the Internet revolution. In a few years we have built a vibrant, efficient and financially sound company. We are prepared to, and are capable of, serving some of the government's needs very efficiently and look forward to participation in the Networkx program.

Thank you, Chairman Davis, for the invitation to participate in this hearing, and I thank the committee for its time and interest.

**APPENDIX:**

**RESPONSE TO  
FTS NETWORKX ACQUISITION STRATEGY  
REQUEST FOR INFORMATION  
NOVEMBER 17, 2003**

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## **INTRODUCTION**

Over the past two decades, GSA has realized many successes with the FTS program. From FTS through FTS2001, the FTS procurements have consistently added benefits to the Government through new and innovative technology while driving down costs dramatically. With each successive procurement, GSA has made strides in the procurement process itself, making it simpler and more open to competition and at the same time providing consistently higher service levels to the end user. In short, GSA has steered the FTS program well, adding technology, improving service levels and reducing costs.

Federal agencies have been the primary beneficiaries of GSA's ability to create and administer programs, which not only foster competition, but also allow for technology refreshment and improved service. The challenge for GSA is to continue this model with the Networx program in an environment that has undergone dramatic change, and will continue to evolve affecting the ability of GSA to provide superior service the Federal end users.

GSA has stated five overarching goals for its Networx procurement that must be met in this ever changing environment:

- ***The acquisition should be comprehensive.*** That is, with this procurement, all of the Government's needs for data, voice, and video over the next decade should be met.
- ***The Government seeks Best Value.*** This involves a combination of features, services, and support weighed against price.
- ***The Government would like to maximize competition.*** Competition will not only ensure low prices, but will also solicit and enable active and creative solutions to the Government's networking needs.
- ***The Government is seeking a broad range of services and providers.*** Increasing the range of suppliers and offers will provide multiple service options for the agencies as well as some assurance of business continuity.

- ***Small business participation is actively solicited.*** This goal is implicit in the support of the other objectives of maximizing competition and providing choice to the users of the Network contract.

The past five years, since the FTS 2001 procurement, have witnessed pervasive changes in the telecommunications and information technology marketplace. Many events have created significant challenges for the current program, not least of which have been the duress on the telecommunications industry due to market conditions and corporate scandal. The comments contained in this document highlight Level 3's contention that the marketplace will continue to change and evolve over the coming years. Profound changes in the Government's mission, technology evolution and regulatory structure will influence every player, large and small, in the marketplace. In each section following we summarize key areas of evolution which drive our observations and recommendations.

## ***RFI SECTION 2 – BACKGROUND AND STRATEGY***

### **Level 3 Discussion**

#### **Market Drivers**

- **The regulatory environment continues to evolve.**

Just as the Telecommunications Act of 1996 influenced the FTS 2001 procurement, Network will be impacted by the actions of the FCC and the state regulatory commissions. Currently pending before the FCC are rule-making procedures that provide ILEC Relief and a decision on the Voice over IP data/voice controversy. The Network procurement must anticipate further disruption and evolving service definitions.

- **Technology and competition continue to compress prices.**

In the last three years, there has been a dramatic compression in the price of telecommunications services, resulting from advances in fiber and electronics design, as well as market factors. Despite some industry claims, we expect this price compression to continue, especially by those who have most recently invested in upgradeable network architecture and IP-centric service platforms. Such new generation infrastructures provide a fundamental base upon which better services can be delivered as well as the means to continually price benefit their customers. Just as 'CrossOver' provides competition within the FTS20001 program, Network should continue to

explicitly encourage and allow continual competition, and make provisions for new entrants throughout the program life.

- **Market forces will continue to disrupt the communications industry.**

The dramatic economy disruptions in the years 2001 and 2002 pushed many technology companies to the edge of viability. The telecommunications marketplace will remain a challenging environment for many years, even as the economy improves. Only the companies with strong operating models and financial discipline who have invested in upgradeable infrastructure will thrive. Networx should closely examine the qualifications of its providers, including their financial resources, history of financial/management responsibility and their operational ability to keep pace with long term competition and technology evolution.

- **Homeland Defense has become a critical national priority.**

The events of September 11, 2001 created a profound and pervasive understanding of the importance of the nation's infrastructure. Disruption of the infrastructure, indeed, just the *risk* of disruption imposes great costs. The Federal Government has dramatically reorganized itself in many ways, most prominently by creating the Department of Homeland Security and the unified command, NORTHCOM, within the Department of Defense. Through their new missions and responsibilities these new organizations have generated a great appreciation for the importance of our national infrastructure. Networx should be sensitive to their missions and responsibilities by explicitly anticipating their problems, by including provisions for the continuity of operations in a crisis. These provisions should include redundancy and allow for physical and logical diversity of facilities, systems, access, transport and providers to every department and agency in the federal Government.

### **Level 3 Observations**

Level 3 has carefully read GSA's Request for Information and has a number of observations that identify RFI elements contrary to the stated objectives:

- **The scope of the procurement is too broad.** No single company is able to provide all that is required and yet the current scope would require every 'Universal' bidder to provide every service. By forcing bidders to provide services that are not in their core offerings, they impose upon industry an approach that will create excessive product cross-subsidization and unnecessary cross-industry relationships. This environment will have deleterious effects upon service delivery, management risks and costs—all of which will hinder GSA's ability to attain their goals and support their customers. **Notes 1, 2**

- **The Universal procurement mandates the delivery of declining services.** The requirement for the provision of declining legacy services by every “Universal” bidder will dramatically reduce competition. Companies will be reluctant to invest and build services for which the general market is declining, such as Internet fax, content delivery, and very low speed analog/digital services. Consequently, bidders will be unwilling to meet the restrictive requirements of the RFI and competition will be reduced. **Note 6**

### **Level 3 Recommendations**

1. A fundamental recommendation to GSA is to depart from the format of past procurements, where a few of the largest players were selected to provide the bulk of services to the Government and all but the largest players were practically locked out (despite the successes of Crossover) for the duration of the program. Ongoing qualification and entry of new providers should be instituted to augment the acknowledged success of the contract modification process.
2. There should be a single procurement that allows each bidder to offer those services for which they have core competencies. GSA will ensure a level playing field for all, including small businesses, and maximize competition. **Note 1, 11**
3. To minimize the risk of ‘stranded services’--the possibility that no viable bids will be received for some legacy technologies, or services whose overall demand is too small to justify investment-- the Government should establish a minimum revenue guarantee, for any services considered at risk.
4. A single procurement may generate a multitude of voluminous offers. GSA’s proposal evaluation efforts can be reduced through the institution of a two-phase proposal process. In the first phase, bidders would be ‘pre-qualified’ by being evaluated on their overall technical capabilities, financial strength, operational support systems and past performance. Those bidders who pass this first phase would then be invited to submit service and price proposals.

## **RFI SECTION 3 – NETWORK SERVICES**

### **Level 3 Discussion**

#### **Market Drivers**

- **IP-centric technology is the predominant force in communications technology.**

The competitive market has confirmed that IP is the preferred service platform for communications. In just a few years, the economics of IP and its continual technology development have pushed it to every desktop computer, and into every large service provider's fundamental platform. At the time of the FTS2001 procurement the Internet was still in its infancy, and it could not have been anticipated that it would become the fundamental building block of all data networks, but soon, of all voice networks. Networkx must anticipate future evolution of the IP model of technology and economics by describing its service requirements as end-to-end requirements. ATM, Frame Relay, IP, Ethernet and VoIP services delivered over a single common IP-oriented (i.e., multi-protocol label switching – MPLS) framework are already proven technologies. Networkx should acknowledge and prepare for an even broader range of services (such as video and private line) to be carried on the same common MPLS transport backbone.

### **Level 3 Observation**

**Some services or features are over-specified in the RFI.** The procurement should specify service requirements rather than the method of delivery. For example, the RFI requires that voice services be delivered via circuit switching technology. The successful delivery of voice services no longer requires circuit switching. Allowing offerors to address requirements instead of infrastructure will increase competition. **Notes 2, 3, 4, 5, 9**

### **Level 3 Recommendations**

1. Requirements for services should be technology neutral. The Government should specify service features and performance requirements, not infrastructure attributes. **Note 2, 3, 4, 5, 9**
2. The portfolio of services to be offered by each bidder should be at the bidder's discretion. Allowing the service providers to 'self-group' the services in which they can

most economically compete will facilitate the Government's goals of strong competition, best value, and a broad range of services and providers.

## ***RFI SECTION 4 – PRICING***

***No comment at this time***

## ***RFI SECTION 5 – MANAGEMENT & OPERATIONS SUPPORT***

### **Level 3 Discussion**

#### **Market Driver**

Level (3) understands that the Government must have specific information in order to order, verify and re-bill its own customers. Commercial customers often have the same general requirements and communication companies are able to satisfy those requirements with their commercial-off-the-shelf systems. Attachment B of the RFI however dictates the manner in which offerors satisfy the general requirements and does not allow flexibility in the offerors solution. This inflexibility forces offerors to then unnecessarily develop unique support systems and pass the costs incurred in the effort on to the Government.

### **Level 3 Observation**

- **The Management and Operations Support requirements are onerous.** MOPS requirements are driven by past FTS implementations. By embracing COTS solutions and the established best practices of industry for its MOPS requirements, GSA could reap the benefits of lower costs, faster implementations, and simpler systems. **Notes 8, 10,**

### **Level 3 Recommendation**

1. The Government should seek to simplify its pricing, billing, and MOPS requirements to incorporate the best practices and COTS solutions. Simplification will ensure constant technology refreshment as well as lowest price and best value.

## ***RFI SECTION 6 – TRANSITION***

***No comment at this time***

## ***SUMMARY***

In summary, we believe the GSA is poised for success in acquiring communications services under the Networx program. However, GSA's current approach merits careful consideration and revision. Level 3 has made several recommendations that will enable GSA to achieve all of its goals and objectives, and to ultimately achieve the greater goal of delivering the best communication services at the best prices to Government agencies.

## **APPENDIX A - EXPLANATION OF NOTES**

### **NOTE 1**

The RFI requires services that are typically provided by separate and distinct industries. Communication companies focus on the delivery of Network and Managed services, while consulting firms and/or integrators focus on Applications and Business Operations Solutions. The strength of the communications industry is its relentless pursuit of competitive advantage in a capital-intensive business. The strengths of the consulting services industry come from its pursuit of labor productivity. Therefore the two industries operate under significantly different management priorities. By implementing this model, the Government will unnecessarily increase the cost to deliver these services.

### **NOTE 2**

One example of excessive scope is Satellite services. Every Network bidder is capable of subcontracting to provide satellite services to the Government. Since these arrangements come with management, technical, and financial risk for the prime contractor, the prime will pass his added business costs on to the Government. The Government could secure the same services by allowing the satellite provider to bid directly.

### **NOTE 3**

The past five years, since the award of FTS2001, have witnessed the continued drive toward IP-centric technologies and services in the telecommunications and IT industries. This true paradigm shift has created a profound and pervasive change as new, more cost efficient technologies and services have overtaken the economics and technical capabilities of legacy services. The Network RFI has not embraced this shift; indeed, it appears to reflect the period leading up to the FTS 2001 awards, where the Internet and IP-centric approaches were still in their infancy. The RFI's focus on Circuit Switched Services offers clear evidence of this inaccurate reflection of the current technological/service landscape. Beyond the basic service requirement, the RFI uses circuit switching terminology to define contract requirements including service measurement, feature requirements, billing, provisioning, and management/operations., all of which are based upon the economics and technical constraints of legacy Circuit Switched Products.

### **NOTE 4**

The communications industry already understands that today's technology for Voice over IP (VoIP) is less expensive than circuit switched services. This is true for network backbone, for 'switches', for software, for access, and, by eliminating the local PBX, is becoming true behind the service delivery point. Many federal Government offices have already deployed VoIP telephone handsets. Extending them to the wide area is an obvious next step. Adding features

and new services to a VoIP system is also cheaper, faster, and easier on a well-crafted VoIP platform—because data centric network technology sees ‘voice’ as merely an application that runs on a more powerful data network. The economics of VoIP are so strong that the new, competitive companies are not and will not invest in costly and inefficient legacy ‘Switched’ Services. They will and are building VoIP-based network services. Consequently, they will be unable to participate in the Universal procurement as it is currently written and the Networkx procurement will experience less competition and innovation from the start.

#### **NOTE 5**

A second example of the ongoing paradigm change is data services. GSA has defined a set of services oriented to traditional data services such as ATM, Frame Relay, and Ethernet, which legacy providers have deployed through separate infrastructures tailored to the specific characteristics of the user interface. The RFI then dictates complex support requirements to support each service, catering to the foibles of each protocol. Meanwhile the communications industry has begun to coalesce around the deployment of a single unified transport that supports a broad set of user interfaces to support both legacy services as well as emerging service needs. The deployment of MPLS (multi-protocol label switching) in provider core networks offers an extremely efficient, class of service-capable infrastructure that fully embraces the evolution to IP-centric services. Level 3 believes the use of a common core network, and its ability to greatly reduce provider operational complexity and network expense, will continue to evolve and expand to include services such as private line. This emerging infrastructure also greatly simplifies and reduces the costs of the networks for customers, while facilitating the addition of new features and capabilities, and migration from legacy services. The Networkx procurement should reflect this evolving environment, specifying data service requirements as interfaces to customers rather than specifying the internal infrastructure.

#### **NOTE 6**

GSA’s RFI requires that all legacy and declining services be provided under the Universal approach. Instead of encouraging a broad range of suppliers, this requirement will have the effect of restricting the bidders to the few companies that have built and continue to maintain those services. New entrants will be unable or unlikely to bid Universal as there will be limited incentive to invest. The option of subsidizing the legacy/declining services with other elements of a bid similarly offers little help as such subsidization would be unlikely to lead to a winning bid. Therefore the current Universal requirements that include legacy and declining services is likely to limit new competition and it is often these new competitors who bring lower prices and the most innovation. Agencies will be compromised in the post award environment because the “Universal” provider will not be anxious to offer services that cannibalize existing product offerings—even though it may be in the best interests of the Government

#### **NOTE 7**

The concept of awarding Select subsequently to Universal will put all Select awardees at a considerable competitive disadvantage. Universal contract holders will have a significant lead time in marketing to federal agencies and consequently, Select contract holders will be left without a meaningful market to penetrate. Eliminating the segregation of the two procurements would establish a larger competitive field and provide agencies with greater choices.

**NOTE 8**

If Government agencies require specific unique information, they should be able to negotiate on an individual case basis with contract holders for a solution that meets their individual needs. Otherwise the Government unnecessarily burdens all contract holders with requirements that perhaps only a few users require.

**NOTE 9**

Several examples exist in the current RFI where the Government has specified infrastructure rather than a service requirement. Level 3 believes the Government should specify an end-to-end requirement for services. Consider satellite services, we recommend that the Government, if desired, specify a requirement for end-to-end service with appropriate characteristics that would allow satellite to be included. Providers can then determine the best way to provide end-to-end service without regard to the type of infrastructure supported.

**NOTE 10**

Commercial services are commonly sold in simplified units to ease billing requirements. For example commercial wireline service (including all local, long distance, and DSL) is now commonly being sold to residential customers for a flat monthly fee. Some initiatives in the IP voice arena have suggested selling service on a “seat” basis rather than traditional minutes of voice and it concomitant requirement to report extensive usage data. This is not a pricing ‘gimmick’ but reflects the underlying economics of the industry—generating a traditional complex bill, with its concomitant costs, is far more costly than the value added by the detailed bill.

**NOTE 11**

House of Representative Wide Area Network. This single procurement described all the capabilities required to build a nationwide communications network. Bidders were encouraged to bid, via one proposal, any and all piece parts that they were prepared to offer. The contracting officer then chose the cost minimizing combination of offers that maximized value to the Government.

DISA Global Information Grid Bandwidth Expansion. This procurement anticipated the changing marketplace for optical infrastructure based solutions. DISA analyzed the bandwidth requirements associated with the DoD network-centric warfare strategy and the latest product offerings in the telecommunications marketplace. Rather than staying the traditional course of acquiring managed “lit” service offerings, DISA realized an optical fiber acquisition would enable their goal of removing bandwidth as a constraint. Similarly, Networx must anticipate the changing landscape of voice/data services and the underlying MOPS.

GSA Connections The Connections procurement demonstrated the value of a multiple award, IDIQ procurement in which bidders were able to propose single or multiple categories. Awards based on the service groupings ensured best value to the Government because the offerors were able to propose only those services categories that fit their organizational models. Different types of organizations were able to participate in the procurement because of this flexible structure, resulting in awards to carriers, system integrators, and small businesses.

GSA Metropolitan Area Acquisition The (MAA) procurements utilized the notion of ‘pre-qualification’. Bidders were evaluated on their general capabilities, management systems, and business worthiness. Those ‘making the gate’ then developed technical proposals specific to the geographic areas in which they were strongest, accompanied by price offers. This process also helped ensure best value to the Government while also reducing industry’s overall proposal costs.

These examples of successful programs illustrate that accomplishing the goals and objectives of GSA while supporting a flexible and creative procurement are not mutually exclusive. In fact, it is quite attainable.