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Simplified Purchase Agreements (SPAs) Provide Agencies with a
New Way to Buy Printing

In April 2000, after a lengthy testing and analysis period, GPO gave its official blessing to the use of Simplified Purchase Agreements (SPAs) to meet the changing needs of their agency customers.

As of the end of July, 2000, there were only three agencies with active SPAs, but numerous other agencies are making arrangements for their own SPAs with GPO. On August 3, 2000 there were 2 new SPAs seeking "proposals" from printers.

What is an SPA? SPAs are a revolutionary change in the way GPO meets agency printing needs through the private sector. The SPAs are a type of blanket purchasing agreement, under which a number of different vendors can submit "proposals" to do different types of work. SPAs are different:

1. The SPA prices not fixed: there are no line item prices. Instead, the printer certifies that whatever price it charges for the work will be equal to or less than the most favorable price it gives to any other customer for the same work. The lack of pricing is a major departure from any other type of GPO contracting.
2. Orders on the SPAs are placed by the agency customer, who deals directly with the printer.
3. The agency does not have to make the award to the lowest supplier on the SPA, but rather, can make the award based on "**best value**", under which it can consider quality, service, price, and other factors.

Currently, there is a \$2,500 limit on individual SPA orders, although GPO has indicated its willingness to raise the limit to \$5,000.

How do the SPAs function? GPO issues a request for proposals on SPAs the same as it would issue a request for a quote or bid on any other type of job. Printers who are interested in producing work on the SPA for the agency customer fill in a proposal form and submit it to GPO. Assuming GPO finds the proposal acceptable (the printer has a good performance and timely delivery record and is proposing to furnish products the

agency needs) the printer is certified as a vendor on the SPA. On certain SPAs, GPO may limit the number of printers that can be placed on any SPA, in order to make the process efficient for the agency. Once the printers for the SPA have been chosen, their names and pertinent information are given to the agency. When the agency has a job, it can choose several or all of the printers on the SPA to quote that particular job. After it receives the quotes, it simply awards the job directly to the printer, and then provides GPO with notice of the award and price. Invoicing is sent to GPO, and is paid by GPO, the same as existing GPO contracts. Most SPA quotes are taken over the phone or by fax.

How will the new system affect GPO printers? Since the SPAs are not governed strictly by low price, other factors such as timely delivery, customer service, and a quality job will either help the printer get more work on a SPA, or limit work on that SPA. True sales efforts and customer service seem likely to make the difference in who gets work on an SPA.

How does a printer get started on the SPA program? GPO or your bid service can provide you with copies of any requests for proposals issued under the SPA program. You need to submit your proposal by the closing date listed in the SPA, the same as you would for any other quote or bid. You will then be notified by GPO whether or not you are being placed on the SPA. But a place on an SPA does not guarantee the printer any work. Sales and marketing efforts will play an important role. PIA is developing a program and seminar to help GPO printers maximize volume on SPA type contracts. (Call Meg at 717-261-0998 for more information).

SPAs bring new volume to GPO market. An analysis of a number orders placed on SPAs determined that much of the work being placed with GPO printers through the SPAs was not previously being sent through the GPO. Several of the new pending SPAs are also comprised of a substantial amount of work that was previously done by the agency in-house, or that was being procured directly from printing companies outside of the GPO. Since GPO only processes about half of all the printing produced by the federal government, it has a substantial possibility to grow its procured printing volume through the SPA programs. The reason that the SPAs will work where term contracts and small purchases have not is that SPAs give the agency the power to place orders, manage their own job, and make their buying decision based on “best value” instead of low-price-wins. If GPO and its vendors properly handle and promote the SPAs with the agency print customers GPO volume should increase.

Conclusion. No one really knows how much small purchase volume will shift to SPAs over the next 2 years. But, given the glowing report from agency SPA users thus far, and the GPO’s satisfaction with the program, it is a good bet that more and more small jobs will be placed by agencies through the GPO SPA contracting vehicle.

Call Meg at (717) 261-0998 for more information.