

## **GPO SPAs Provide Agencies a New Way to Buy Printing**

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Earlier this year, 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 its agency customers.

As of the end of September, 2000, there were seven agencies with active SPAs, but numerous other agencies are making arrangements for their own SPAs with GPO.

What is an SPA? SPAs are a revolutionary change in the way GPO buys agency printing from the private sector. The SPAs are a type of blanket purchasing agreement, under which a number of different vendors can submit “proposals” to do specific types of work. Not only are the SPA prices not fixed – but there is no request from the GPO that the printer submitting a proposal furnish 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. The lack of pricing is a major departure from any other type of GPO contracting.

A second major departure is that orders on the SPAs are placed by the agency customer and the agency – not GPO – interfaces directly with the printer. The third, and perhaps most striking difference between the SPAs and traditional GPO contracting is that 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, and may have already done so by the time you read this article.

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 simply submit a proposal 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 its action. Invoicing is sent to GPO, and is paid by GPO, the same as existing GPO contracts. In practice, many of the SPA quotes are taken over the phone or by fax, the same as GPO small purchases.

How will the new system affect GPO printers? Assuming, as both GPO and many of its agency customers predict, that within the next year SPAs will be common for many agencies, GPO SPA vendors will be competing against each other almost the same as

they would compete in the commercial marketplace. Since the SPAs are not governed strictly by low price, other factors such as timely delivery, high quality 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 request for proposal 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. After placement on an SPA, many GPO printers are considering sending out their standard information packages to the agency personnel who are likely to be placing orders on the SPA. A cover letter introducing your company and the individuals at your company who would be the direct contact for the agency personnel is also appropriate.

SPAs bring new volume to GPO market. In our analysis of a number orders placed on SPAs, we determined that some 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. Although no one really knows how much small purchase volume will shift to SPAs over the next 2 years, given the glowing report from agency SPA users thus far, and the GPO’s satisfaction with the program, more and more small jobs will be placed by agencies, directly to printers, through the GPO SPA contracting vehicle.

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