



Share-in-Savings Program Office
General Services Administration

Share in Savings: "From Theory to Application"

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Why Ultimate Form??

- Measures are Clear and Objective
 - Payment comes from accrued savings/revenue
- Shifts Risk to Industry
- Incentive for Industry to:
 - Deliver Quality Solution
 - Meet or Exceed Established Schedule





Criteria for SIS Projects

- Clear baseline data;
- Large potential benefit pool;
- Enough funding to cover potential termination costs;
- High level support within the agency;
- Very high NPV, IRR, & ROI;
- A-11 submissions with highest ROI.





Where SiS Is Being Applied?

1. Improving the efficiency of agency systems

- Systems Consolidation
- E-Gov (E-Manifest, E-Clearance, E-Payroll, E-Merge)

2. Recovery auditing

- Telecommunications/Cell Phone auditing
- Solid Waste Management (RCRA)





Where Can SIS Be Applied?

3. Enhanced Revenue (products and services)*

- NMCI- Software Certification Center
- Defense Commissary Agency (point of sale)
- Federal Asset Management (GSA)

* *Except fees associated with monies owed to the federal govt.*





Key Factors for Success

- Culture of Innovation and Collaboration;
- Finance, Budget, Procurement, Legal, Program IPT;
- Non-traditional relationship with industry:
 - They must have control and access given high risks.
- Special budget accounts must be established;
- **MUST** work closely with Appropriations/OMB.





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- Blanket Purchase Agreements (BPAs)
- Business Case Decision Tool
- Proposal Evaluation Tool
- Training





BPA_s

- Multiple Award
 - Accenture, AMS, CSC, IBM, SAIC, SRA
- Scope:
 - Improvement of operational efficiency;
 - \$500 million each;
 - Systems Consolidation, e-Gov, BPR;
 - Order must be issued by September 2005.





Business Case Tool

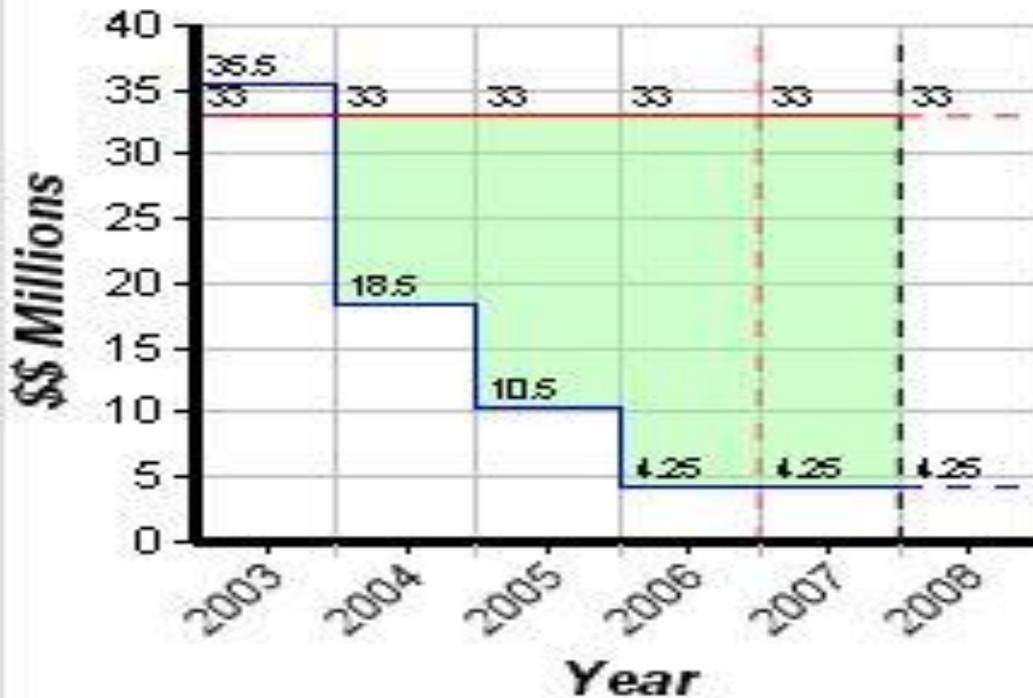
- Required by FAR Rule;
- Required by A-11 guidance;
- Assesses risk factors of prospective project;
- Produces a graph that defines:
 - Old baseline/New Baseline
 - Benefit Pool
 - Payback period
 - Risk Score





Risk Graph for

Share-in-Savings



Risk Score – 80/100
Payback Period- 4.5 yrs.



Proposal Evaluation Tool

- Summarizes all cost proposals;
- Required by FAR Rule;
- Provides following information:
 - NPV return to government;
 - Fixed Share ratios;
 - Projected Benefit Pool.





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GSA Share in Savings Offeror Summary Sheet

Discount Factor: 0.07

Offeror Number	Offeror Name	Technical Score	Duration (months)	Entity	Savings Share		Constant Dollar			Financial Statistics			
					Max	Min	Cost	Benefit	Net Constant Dollar Benefit	NPV	IRR	ROI	Payback Period
1	Offeror A	85	60	Gov't	90%	20%	\$59,899,992	\$82,505,002	\$22,605,010	\$9,720,945	-	37.74%	55
				Vendor	80%	10%	\$17,046,400	\$22,595,006	\$5,548,606	\$4,781,423	8%	32.55%	17
				Total	N/A	N/A	\$76,946,392	\$105,100,008	\$28,153,616	\$14,502,367	N/A	N/A	N/A
2	Offeror B	65	60	Gov't	90%	10%	\$41,578,788	\$93,545,152	\$51,966,364	\$35,854,661	-	124.98%	39
				Vendor	90%	10%	\$18,000,000	\$30,876,061	\$12,876,061	\$10,974,470	9%	71.53%	14
				Total	N/A	N/A	\$59,578,787	\$124,421,212	\$64,842,425	\$46,829,131	N/A	N/A	N/A
3	Offeror C	95	60	Gov't	90%	10%	\$44,303,030	\$90,100,000	\$45,796,970	\$30,464,723	-	103.37%	43
				Vendor	90%	10%	\$22,750,000	\$30,596,970	\$7,846,970	\$8,182,746	13%	34.49%	12
				Total	N/A	N/A	\$67,053,030	\$120,696,970	\$53,643,940	\$38,647,468	N/A	N/A	N/A





GSA Program Office

- Infrastructure in place to assist with:
 - Identifying “right” opportunities
 - Developing requirements/SOW
 - Developing and validating baselines
 - Negotiating contracts
 - Independent Validation and Verification (IV&V)
 - Coordination with Hill/OMB
 - Web based tools

