

Integrator Connection: How to Untangle the Federal Process

BY CURT HARLER ON AUG 12, 2015



Michael S. Rogers, left, and Dan Prochnow rely on partners to help them fulfill many of the contracts they land with the federal government.

To most security dealers and systems integrators, federal contracting is an arcane and mysterious art. Beyond the knowledge that there is a lot of paperwork involved and a ton of dreaded TLAs (three-letter acronyms) involved, Washington D.C., is a long way from home for most.

While Michael S. Rogers, PSP, CPP and CEO of Securityhunter — a top-five Fast50 company for several years — concedes that federal work is a different animal, he says it is definitely worthwhile to pursue those opportunities.

A few months ago, Securityhunter was awarded a multi-million dollar Multiple Award Task Order Contract (MATOC) Blanket Purchase Agreement (BPA) from the Department of Health and Human Services to provide physical security and security system integration support services to federal agencies, which includes state-of-the-art electronic and information security.

The MATOC, awarded by HHS through its Program Support Center (PSC), came through the General Services Administration (GSA) Multiple Award Schedules federal Supply Schedule (FSS) for the PSC, which is a fee-for-service agency.

The award is for a base year with four one-year options. It is an enterprise-wide physical security and security system integration support services BPA. Other government agencies can use this award through the GSA for schedules 70, 84, and 874; thus, Securityhunter may end up doing jobs for the Defense Department, Veterans Affairs and others under the contract. Several companies share in the overall award, each working different aspects of the business. Some are butts-in-seats staffing

firms; others are purely consultants; others work identity management or security logistics. Securityhunter designs and installs electronic security. All function under the BPA.

How BPAs Work

It is important to understand how a BPA works, as there are BPAs for all manner of things from food to furniture to fire systems. “When a BPA is awarded, there are specific terms and conditions,” Rogers explains. There are no more competitive bids required, only tasks. All of the tasks — or jobs — must follow the original rules. The integrator puts together a proposal and the agency moves forward with the project.

In essence, a BPA is like a hunting license — with a BPA in hand, an integrator can hunt for business. That said, nobody in government is going to come looking for a firm, any more than a deer is going to shoot itself and jump into the back of the pickup truck. “It took me years to understand that,” Rogers says. “Nobody cares about us in our little world of security — we are just providing a service. We take the drama out of their procuring big systems, we make it happen, and we perform on time, with a low-cost structure.”

The hunt can start with the federal buildings in just about every county in the country. Some are courthouses; some are post offices; some are under the National Parks Service or the Department of Agriculture; many are part of the U.S. Department of Health and Human Services (HHS). The total value of the MATOC is estimated at \$500 million, and the contract limits individual purchase orders to \$50M.

Divide and Conquer

This is a significant deal for a small security business located in Baltimore. The company's 25 employees will be doing big work for the government. "The government wants reliable small businesses to participate in these programs," Rogers says. For that reason, when teaming on a project, Securityhunter likes to find other smaller enterprises and bring them along. Founded in 1998, Securityhunter specializes in government jobs. This is its second go-around for them with a BPA. Rogers emphasizes that it takes at least five years to achieve journeyman status and have a feel for working with the system. Now they divide jobs into those where they actually perform with in-house staff on the job and those that they use partners on the jobs. Technical staffing is a consideration but not a concern, Prochnow says. While they may do some hiring, they are not about to double staff size. His answer for many jobs is to partner with other reliable companies. "We like to outsource the actual installation work — turning the screwdrivers," explains Dan Prochnow, Securityhunter's president. "With the challenges of contracts with sustainment or maintenance, where you need people all over the world — which we don't have — we have to rely on partners to help us." They form partner relationships and look at the long term. "We agree on the scope of work and they do that work — unlike some companies that end up trying to steal work from their partners," Prochnow adds.

Programs over Projects

Rogers may not have made every mistake in the book when he got started in federal work, but he admits there were many. He can laugh about it today, but it was truly discouraging 16 years ago when he was starting out. "We were like five-year-olds swinging a bat. We whiffed. We missed and missed and missed," he recalls. "We failed many more times than we succeeded — and we didn't know why," he says. Now he knows. "After a while, I gave up focusing on why we lost a job and started focusing on why we won," Rogers says. "When we focused on wins, we started winning more." The biggest mistake security dealers and others make when dealing with the federal government is to pursue projects, not programs. The difference is subtle but important. Projects are one-and-done jobs at a particular site; whereas programs let you get into the door and possibly participate in multiple opportunities. They require dealing with the person responsible for many buildings across the nation and even around the globe. Programs have taken Securityhunter to Afghanistan, Bahrain, Kuwait, Guantanamo Bay and, if all goes well, soon to Asia. IN fact, Rogers just expanded their offices from 10,000 to 16,000 square feet. "We learned this from experience early-on: Projects are a trap," Rogers says. "We don't bid projects. We bid programs." It takes just as much effort to win a program as a project, explains Prochnow, who joined Securityhunter in 2014 after spending more than six years in various roles guiding federal jobs for Johnson Controls. "When you bid a program and win, you no longer have the project-by-project competition to deal with," Prochnow says. Since programs usually involve multiple sites, there is consistency across projects. The same designs and

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equipment can be ported from place to place. "It allows you to become more efficient and effective. You get more bang for your buck when you win programs instead of individual projects, which can be very time consuming and not cost-effective." Even then, it is no slam-dunk. "When you go through the federal bid process, if you feel you have a realistic 50-50 chance (to win the deal), that's very good," Prochnow continues. "Usually, we are looking at a 20-30 percent chance." Part of that percentage is because the largest companies bidding for work have teams that put a lot of hours and dollars into winning the jobs. "Sometimes, you do everything right and you still lose," he adds. Many corporate clients actually have mentorship programs where they walk and talk potential contractors through their requirements. Commercial contracts are relationship-driven. You solve problems, establish credibility and reliability, and the client believes in you and your product. "If you think the same thing on the federal side, you will just fail," Prochnow warns. The Feds have no time for that kind of hand-holding. The federal government's BPA arrangement provides streamlined procurement processes and procedures, making securing security less cumbersome for government agencies. Prochnow notes that it helps greatly to have a presence in the D.C. area; however, being near any federal center will be an advantage. Prochnow also gives a tip of the hat to the Professional Services Council (PSC), a trade association of more than 370 businesses that provide services to federal agencies. In addition to helping its companies navigate legislative and regulatory issues related to government acquisition, business and technology, PSC helps companies like Securityhunter make the contracting process happen.

Partnerships and Other Considerations

Any integrator working with the federal government will have to make some adjustments to its own in-house staffing. For one thing, the integrator will need to have a Contract Manager on staff to deal with federal regulations. This person will have to be familiar with the government's way of doing things. Another difference is on the accounting side of the house. Any security service provider working with the feds will have to revamp its accounting system in a manner that meets the government's requirements — not necessarily their own. "The federal space is an excellent space to be in," Rogers adds. "But it takes a commitment — five or 10 years of experience. And I don't mean 10 years doing the same thing 10 times. If you want to stick it out and go through the learning process, then it's a great marketplace."