

VA's IT Service-Disabled Veteran-Owned Small Businesses Strategy

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Of their total FY2013 IT budget of \$3.2 billion, the Department of Veterans Affairs plans to spend over \$2.5 billion with federal contractors and a large percentage of that will go to Service-Disabled Veteran-Owned Small Businesses, according to VA CIO, Roger Baker, at Deltek's VA Industry Forum on August 15.

A large percentage of that \$2.5 billion will be procured through the VA's Technology Acquisition Center (TAC) run by Associate Executive Director Wendy McCutcheon. Last week, Baker and McCutcheon also announced that 50% of all acquisitions through the TAC in FY2013 will be awarded to Service-Disabled Veteran-Owned Small Businesses (SDVOSB). While that sounds like a huge percentage, in FY2012, the TAC's awards to SDVOSB stands at about 45%.

Baker made it clear that the SDVOSB goal would not come at the expense of the discounts and the quality of service the VA expects and the VA is interested in strategic partnerships that go both ways, where both parties are fully invested and share risks.

The VA's overall goal is to contract 10% of their total spending (not just IT) with Service-Disabled Veteran-Owned Small Businesses (SDVOSB). Given that, it appears that an inordinate share of the SDVOSB goal will be borne in the area of IT procurement.

When questioned about the potential impact of the 50% SDVOSB goal on large businesses, McCutchen implied that there would be no major impact beyond what vendors are already experiencing and there would be no work stoppages with large business. However, at least one vendor from the audience challenged McCutchen based on with their own experience.

The Technology Acquisition Center successfully awarded \$2 billion in contracts in FY2011, plus the \$12 billion multivendor Transformation Twenty-One Total Technology contract that seeks to modernize IT systems across the department. Half of the 14 vendors chosen for that program are small, veteran-owned businesses. It stands to reason that VA will strive to funnel a good deal of spending through that vehicle to those small, veteran-owned businesses.

Given the strong reiteration of these goals by VA last week, partnering for business at VA will continue to be a key strategy for large businesses well into the future.