

Distributed by DITCO/PL8 with permission of Acquisition Solutions, Inc



Implementing Seat Management

by Margaret Truntich

Federal agencies today are under a lot of pressure. They are faced with:

- ◆ Pressure from the Government Performance and Results Act (GPRA) and the Clinger-Cohen Act to improve performance;
- ◆ Personnel pressures resulting from downsizing, early outs, and the resulting decline in in-house IT expertise;
- ◆ Budgetary pressures, i.e., the need to do more with less — less staff *and* less money, and
- ◆ Pressure to outsource created by the Federal Activities Inventory Reform Act, the Clinger-Cohen Act, and OMB Circular A-76.

Along with this pressure comes a growing demand for more and improved technology to provide more and improved services for citizens.

Seat management has the potential to help agencies cope with all these pressures and, at the same time, improve service to the citizen. Many agencies either are exploring the feasibility of using this approach to acquire desktop computing services *or* (have decided to and) are exploring which contracting vehicle is appropriate for their use. To date, however, only a small number of Federal agencies have actually implemented a seat management program.

Last month's *Advisory* provided an overview of seat management issues and activities in the Federal government, including comparisons of the three primary, currently existing contracting vehicles:

- ◆ The National Aeronautics and Space Administration's (NASA's) Outsourcing Desktop Initiative for NASA (ODIN),

Seat management has the potential to help agencies ... improve service to the citizen.

Perhaps the most important consideration is to know what problem the agency wants to solve.

- ◆ The General Services Administration's (GSA's) Seat Management Services (SMS) Contract, and
- ◆ GSA's Federal Supply Schedule (FSS) contracts.

This *Advisory* addresses some of the more practical issues agencies should be aware of before moving to a seat management strategy. It also provides lessons learned from the ODIN and SMS contracts.

What are some of the first issues agencies contemplating a move to seat management should address?

There are a number of things an agency should consider before deciding to contract for seat management. Perhaps the most important is to know what problem the agency wants to solve. For example, is the intent to reduce costs, upgrade resources, improve service delivery, compensate for the lack of high-level technical support in the agency, increase productivity, or all of the above? Mission constraints also need to be considered, such as whether it is operationally feasible or desirable to turn over total desktop management and operation to an outside organization. Knowing its objectives and constraints will make it easier to determine if seat management is right for an agency and to evaluate contracting alternatives. It will also allow an agency to focus on making related internal changes that may be necessary to achieve objectives.

Other issues that must be dealt with relate to existing personnel and contracts. An agency must consider how it will reallocate or refocus civil service personnel currently performing the support services that will be contracted out. To ensure a problem-free transition, these personnel must be assured they will continue to have jobs after seat management is implemented. Consideration must be given both to their future organizational placement and to any necessary retraining.

Agencies must also review existing support or equipment contracts to determine if there is anything in them that could delay moving to seat management. When implementing seat management, agencies should coordinate the termination of these contracts both to facilitate transitioning to seat management and to prevent double billing for the same services.

What are the prerequisites for successfully transitioning to seat management?

Agencies need to take a number of important steps before implementing seat management. These include:

- ◆ Inventorying resources. As with any acquisition, developing an accurate inventory of existing IT resources is an important first step. An agency needs to have a good understanding of its baseline operation before it can contract for replacement resources. Chaos will ensue if users don't get the same (or better) desktop resources than they currently have. The inventory should contain detailed information, by location, of all hardware, software (application and COTS), and services currently used at the desktop and network levels, as well as the level of help desk and maintenance support provided for each user. The more complete the inventory is, the easier it will be for a future seat management contractor to do the site surveys after contract award and plan the transition to the new environment.
- ◆ Determining the total cost of ownership (TCO) for existing resources. Agencies must determine their existing baseline expenditures for both desktop computing resources and management overhead to assess whether moving to seat management will be cost effective. This information will also be invaluable later in assessing the cost effectiveness of the seat management programs that are implemented. These costs aren't trivial. They have been estimated to range from about \$4,000 to \$22,900 a year per seat in the commercial sector. Costs for special purpose seats and those requiring a high level of technical support can be much greater.

Determining TCO is a harder task than it first appears because every cost must be included, and some of these costs aren't readily apparent. Obvious costs to be factored in are equipment, help desk, and maintenance expenses. Less obvious are costs for wiring, training, and acquisition overhead. Finally, more hidden costs and expenses, such as those related to charge card purchases, non-IT personnel who provide technical assistance in lieu of help desk support, and funds not budgeted for IT that are used for IT support, must also be considered when calculating TCO. [Note: Such "overlooked" costs should also be considered and factored into total seat management costs when later comparing the cost effectiveness of the seat management program to the baseline (current) program.] GSA is developing a cost analysis model to help with TCO analysis. GSA also has a blanket purchase agreement with Harris Corporation to help agencies placing SMS orders compute their TCO.

- ◆ Preparing a good statement of need. Agencies need to assess current and future IT requirements for fulfilling the agency's mission. The statement of need should indicate what resources should be changed immediately to meet current requirements. It should also describe current and future workload; standardization and architecture requirements; network management functions; the level of maintenance support required; technology refreshment rates needed for both hardware and software; hardware performance

*Determining
TCO is a
harder task
than it first
appears ...*

... measure only those factors that are important and relate to performance or other strategic objectives.

standards; equipment repair and replacement standards; interoperability requirements; help desk service levels; and organizational and mission changes that will affect implementation. This type of information will be invaluable not only in deciding whether to use seat management, but also in communicating agency needs to prospective and actual contractors.

What type of performance metrics should be used to evaluate seat management contractors?

ODIN and SMS have performance metrics built into their contracts. Agencies that don't use these contracts will have to decide up-front how they'll determine if their seat contractor is performing successfully.

The metrics used don't have to be complex; in fact, the simpler they are, the better ... and, to an extent, the fewer there are, the better. This allows the agency to focus on and measure the truly important factors. Furthermore, fewer metrics means a lower contract cost since the contractor is the one gathering this information. Some have suggested limiting the number of metrics to about ten *or less*. The goal should be to measure only those factors that are important and relate to performance or other strategic objectives. Helpful metrics to use are:

- ♦ Availability of resources. Contractors should be required to provide statistics on a predetermined schedule regarding any unscheduled outages and the number of users affected. These statistics should be complete enough to show whether users always have available the full range of services contracted for. For example, inability to access e-mail should be considered an outage even though other services are available to a user.
- ♦ Service delivery. Contractors should be evaluated on their service delivery. The important measure is not necessarily how quickly they respond to requests for service, but how *successfully* they complete those requests and return the equipment to service.
- ♦ Customer satisfaction. Commercial or common industry practices should be used to determine whether customers are happy with the service they receive.

The contract should clearly specify both acceptable and unacceptable performance levels for each metric. The contract should also clearly spell out the actions that will be taken if the contractor fails to meet these performance standards. Positive incentives should not be overlooked, such as incorporating in the contract provisions for "rewards" should the contractor significantly exceed established performance standards.

How will technology refreshment work under seat management?

One of the purported advantages of seat management is that it ensures that agencies always have current technology. But how will it actually work? Is it an automatic occurrence? Are users forced to get new equipment at intervals decreed by their contractor whether they want it or not? Or do agencies have to cut new purchase or delivery orders or modify an existing purchase order whenever they want to upgrade resources?

The answer is that tech refresh under seat management works essentially the same as it does under a contract for any other resource. Agencies decide up-front which resources they want upgraded and the frequency of the upgrades and specify that in their requirements. Seat management contractors make the upgrades specified. This is true whether an agency uses an agency-specific contract or a government-wide contracting vehicle. The whole process is transparent to the end user.

Do ODIN and SMS handle tech refresh differently?

Yes and no. Differences exist, but they are more of scope than of substance. ODIN allows customers to select the level of tech refresh they want and adjusts prices accordingly for more frequent upgrades. For hardware, customers can select the tech refresh cycle to occur at from one and a half to five years. In practice, this means that for a typical three-year cycle, about one third of the machines are upgraded every year so that everybody has new equipment by the end of the third year. For software, whether applications or operating system, one year is the normal service level, and the enhanced level is six months. Thus, an agency willing to pay the price for new software and frequent user retraining, can get all new software for its users six months after the software's "release" under the seat management contract. The contractor coordinates both types of refresh with the agency. For example, NASA sets its own software standards, and so works closely with the contractor on when to schedule software upgrades. Agencies using ODIN also have other options depending on their requirements. As an example, HCFA requested that all its equipment be upgraded when it moved to seat management. In addition, ODIN's due diligence process allows agencies to identify up-front any hardware that needs upgrading at specific times; for example, agencies can require that their non-Y2K compliant equipment be upgraded first.

The SMS service model has the same type of flexibilities built into its process as ODIN. However, SMS allows agencies to select any time period from one to ten years — the SMS contract life — for the tech refresh cycle. Agencies can refresh whichever resources they specify

One of the purported advantages of seat management is that it ensures that agencies always have current technology.

It's important to get management's support at the very beginning and to keep them involved ...

in their initial requirements. As with the ODIN contract, more frequent upgrades mean higher costs.

Who decides what is current technology in a seat management contract?

A long-running debate in IT is ... what exactly constitutes "current" technology? Is it a vendor's latest release? Is it the latest and the previous release? Or should other releases also be included in the definition? Agencies with their own seat management contracts have the option of making this determination for their users. FSS BPA contractors usually add the newest technology to their contracts as soon as it is released.

ODIN and SMS have a different way of resolving this question. ODIN uses an independent testing company, National Software Testing Laboratories, to determine what is and isn't current technology. SMS plans to work with its contractors at least every six months to assess what is current technology.

What are the lessons learned?

Following are some of the lessons learned from the GSA and NASA implementations of seat management.

Involve senior management throughout the process. It's important to get management's support at the very beginning and to keep them involved during implementation. This includes not just headquarters management, but senior management at all the sites being implemented. They can smooth the way for implementation and stop problems before they occur. Their support is critical to the process.

Make sure the customers' needs are met. That means you have to listen to what they tell you when you're developing your service model. Don't assume that you know more than they do about applications they've spent their entire careers working on. If you do, you could find yourself involved in lengthy and costly contract modifications while you're still working on your initial installation. In addition, you could be seriously affecting mission needs.

Keep customers informed about what's going on. Don't expect that technicians can just show up one day to change out users' hardware or software for a technology upgrade without giving advance notice. Users can get more than a little upset when that happens, especially if completion of a project is interrupted. Advance notification keeps everyone happy and makes the transition (and long-term operation) go smoothly.

Form a partnership with the contractor. Cooperation is the key to any successful implementation. Open lines of communication are a must, as is establishing a level of trust, so that when problems occur, the agency and contractor can work together more easily to resolve them. With seat management contracts, however, agencies have to go farther than that. They have to treat their contractors as full-fledged partners. After all, the contractors are providing a critical agency function. This may mean involving contractors in agency activities that affect desktop computing, or providing the contractor with key agency documents. The contractor should reciprocate in kind.

Pay more attention to service levels when determining requirements. IT staff have traditionally focused on hardware when doing a requirements analysis, and continue to do this even when seat management is being contemplated. However, recent studies of agency TCO data indicate that hardware represents only 20 percent of total costs, while service costs account for the remaining 80 percent. It is imperative, therefore, for agencies to develop accurate figures for the level of support needed for resources they plan to buy.

Consider using portables with docking stations if you have a mobile staff. An agency that has a high ratio of computers to staff because their staff is highly mobile should consider using portables with docking stations as a standard configuration. This reduces acquisition costs since only one unit, not two, has to be acquired. It also reduces costs to service the equipment.

Do a pilot. Don't rush headlong into the process. Go slowly. This is a long-term commitment. Pick one organization, one site, or one type of equipment and do a pilot. This allows you and your contractor to have a chance to work out all the kinks before you transition the whole agency.

Don't plan to transition too quickly. Allow the contractor and your customers sufficient time to move to seat management. Especially during the initial installations, problems will occur and delays will undoubtedly be the eventual result. The problems can be the agency's or the contractor's fault. Whichever the case, having too aggressive an installation schedule will only exacerbate the problems and could cause lack of confidence in the implementation if they result in delays.

Implement a flexible contracting vehicle. Don't try to be so specific about configurations that you are limited in the changes you can make when your requirements change. Plan for the possibility of changes or additions in the levels of service you receive.

Develop administrative procedures up front. Roles and responsibilities for administering the contract need to be established early. Seat

... hardware represents only 20 percent of total costs, while service costs account for the remaining 80 percent.

Using seat management involves adopting commercial best practices that improve service delivery.

management contracts require a great deal of coordination. In many instances, IT is not centralized in an agency. More often than not, the IT office has no authority over buying organizations. This makes contract administration even more difficult, and mandates the development of administrative procedures before contract or task order award.

Allow sufficient time to develop catalogs before installation. It doesn't take long after implementation before users find they need to add or upgrade services. Without the catalogs to order from, progress is stymied, users are unhappy, and mission needs aren't met.

Change is hard. Employees develop an emotional attachment to their desktop resources, and don't want them disturbed. You should allow them some flexibility in customizing their computers, even if it's just keeping their wallpaper. This will make them much more amenable to accepting the change.

What are the best practices?

Using seat management involves adopting commercial best practices that improve service delivery. Some of these best practices are:

Resource standardization. In the past, there was great diversity in the types of equipment and software found throughout an organization. This increased the difficulty and cost of maintaining those resources. The higher level of standardization afforded by seat management contracts results in a decrease in both costs and the level of difficulty in resource maintenance. An added benefit is that employees on travel or training, or those who relocate, have no learning curve when they have to use computing resources: The resources are the same as those they left behind.

Electronic software distribution. Requiring the use of specific service configurations that include the type of application and operating software to be used allows better tracking of agency software. This usually entails automated distribution to users' desktop computers of software when the software is first acquired, when it is upgraded, and when it is replaced. Electronic software distribution ensures that users use *only* the software authorized by, and licensed to, the agency or site; all other software is removed. This eliminates problems associated with users having different versions of software, and it facilitates the work of the help desk.

Scalable client architecture. Architecture should be planned so that you don't have to reengineer your LAN whenever you add to or change it. Consolidate your LANs so that you'll only have several large LANs in the agency. Besides economies of scale, this will facilitate

information sharing in the organization, which is becoming increasingly more important.

High-level help desk support. A scalable service infrastructure serves multiple customers and results in economies of scale that benefit the contractor and users. Even though an agency may no longer have an on-site help desk, the help desk support it receives may be of far better quality than it had in the past. Contractors usually are able to staff their help desks with more technically knowledgeable personnel than an agency could. They also use automated help desk software (which results in a higher resolution rate with the first call), and they integrate asset management software with the help desk software so that time need not be wasted while the help desk compiles a user profile for each call. The result is that users receive a higher level of support and agency managers have better statistics on the type and frequency of problems.

Change control. One way to ensure the cost effectiveness of a contract is to monitor vendor changes. Policies and procedures should be established to make this happen. The use of a Configuration Control Board is another way to do this. These boards should be at site level, and include technical and customer representatives as well as the contracting officer. The boards should be required to agree to any vendor-proposed change before the change is implemented.

Is contractual help available for agencies considering a move to seat management?

GSA doesn't have any dedicated contracts to assist agencies that are considering implementing seat management. However, as mentioned earlier, GSA is developing a cost analysis model to help with TCO analysis, and the agency has a blanket purchase agreement with Harris Corporation to help agencies placing SMS orders compute their TCO. Other options are that agencies can use GSA's FSS schedule or FEDSIM contracting vehicles to obtain assistance with such preliminary analytical activities as inventorying resources or determining TCO.

Conclusion

Seat management provides the impetus agencies need to turn over to IT experts in the commercial sector the time-consuming and ever-changing functions of acquiring and managing desktop computing resources. It also offers the potential of reducing support costs for these resources, which have been rapidly increasing in recent years.

Agencies should do all the necessary analyses to determine whether seat management is right for them. The analyses must include not just technical and management considerations, but also cost. After all, it is

Agencies should do all the necessary analyses to determine whether seat management is right for them.

Developing an accurate figure for current TCO is critical in making the decision to adopt seat management.

likely that the Federal budget process will drive *cost* as a primary factor, if not *the* primary factor, in whether an agency moves to seat management. Developing an accurate figure for current total cost of ownership of desktop resources is, therefore, critical in making the decision to adopt seat management.

Once the decision is made to proceed, agencies should select the appropriate contracting vehicle. They must balance the benefits of using an existing contracting vehicle against developing their own agency-specific contract. Each of the three contracting vehicles discussed in last month's *Advisory* provides a viable alternative depending upon an agency's individual situation. For example, ODIN and SMS were designed as fully integrated, service-level, performance-based seat management contracts. Use of these contracts won't require as much up-front work as tailoring an FSS BPA (or a Governmentwide Agency Contract) would. By the same token, ODIN and FSS offer somewhat more flexibility in allowing an incremental or partial approach to adopting seat management if an agency is unwilling or operationally unable to accept a total seat management approach. SMS and FSS, on the other hand, allow greater customization of services. Agencies should carefully evaluate each of these contracting vehicles to determine which best meets their needs.

Careful attention to agency mission and objectives is required throughout the analysis and selection process to ensure that the solution adopted will be the one that most benefits the agency. Further information about seat management strategies and solutions is available from Acquisition Solutions or the points of contact listed below. ✧

Points of Contact:

FSS: Chuck Popelka, FSS Information Technology Acquisition Center, 703-305-7573, charles.popelka@gsa.gov.

ODIN: Mark A Hagerty, ODIN Program Manager, 301-286-4311, Mark.A.Hagerty.1@gsfa.nasa.gov.

SMS: Christopher Wren, SMS Program Director, 703-605-9811, christopher.wren@gsa.gov.