

The 7 Deadly Sins of IDIQ Contracting

- Pride** – The customer likes us so much that they will find a way to get to us, regardless of which vehicles we have
- Envy** – Why did our competitors get slots on CIO-SP3 and we didn't? Doesn't the NITAAC know how much better it would be in our hands?
- Wrath** – We didn't win a slot on that IDIQ, so we will just protest our way onto it; if we don't win task orders (TO), we will protest those too
- Sloth** – We can't put the effort into these IDIQ bids for no certain gain; if any catch on, we will join a team later as a sub
- Greed** – We've decided to build a portfolio of every single GWAC and IDIQ, so customers can always reach us
- Gluttony** – Don't even talk to us about another IDIQ, we are too busy trying to win every single TO on this one
- Lust** – OASIS is life; if we do not buy an existing award, we may not live to see the recertification and on-ramp in two years; winning it is our strategic vision

IDIQ Purgatory and Paradise

- Starting in 2005-2007, there was a major proliferation of IDIQ contracts as each agency sought to have its own vehicles
- A second generation of these contracts was awarded from 2010-2015, increasing the number of awardees several-fold
- As we enter the third generation of these agency-specific IDIQs, most are consolidating or sun-setting them entirely
- In their absence, GSA is aggressively taking back share, with Alliant 2, OASIS, VETS, and other planned vehicles
- The NITAAC is also gaining share via its coveted CIO-SP3 vehicle, which is in its third iteration and still going strong
- Success in the current federal market requires both a portfolio of IDIQs and a proven ability to win the underlying TOs

IDIQ Purgatory

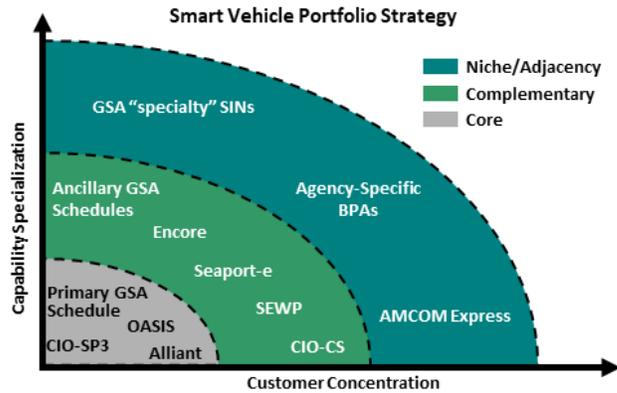
The proliferation of IDIQs escalated as agencies sought easier, faster methods to procure goods and services. It is relatively easy to amass many IDIQs, each a hunting or fishing license for a particular customer or mission scope. In order to maximize return on those efforts, however, it is critical to have an effective IDIQ strategy. Too often companies chase IDIQs without first contemplating their desired end state. This chase is exhausting and unlikely to lead to the Promised Land. Similarly, winning a slot on the vehicle guarantees you nothing. It takes hard work at the TO level to cross through limbo and climb the mountain of purgatory. This requires a strong IDIQ PMO function with a mix of vehicle marketing expertise, adept teaming, and the capacity to respond to short turnaround times on TOs.

The Avaricious

A common refrain is that IDIQs have no value. While this is technically right – the initial vehicle typically does not come with any bookings – IDIQs are very valuable, especially for maintaining customer intimacy and TO visibility. Those who hoard B&P dollars by choosing to participate as subcontractors, rather than pursue a strong portfolio of IDIQs, are doomed to labor incessantly. Subcontractors are beholden to prime contractors' decisions, both good and bad, and can only control their own destinies when bringing work to the vehicle. Additionally, the dependence upon a prime will cap enterprise value in an eventual sale to anyone who is not already a prime on those vehicles. Lastly, investing in priming too few IDIQs exposes companies to sudden changes in procurement strategies. For example, the Department of Defense (DoD) is now eschewing civilian IDIQs, with their lower protest thresholds, in favor of their own IDIQs.

The Prodigal

Today, many IDIQs have minimum standards for TO bidding activity, with triggers for off-ramping inactive awardees. Additionally, at initial award, IDIQ program offices are looking for awardees with successful track records in vehicle management and marketing. Squandering resources on too many vehicles to manage is a recipe for IDIQ damnation. A healthy IDIQ portfolio also needs balance that comes from purposefully preserving multiple paths to reach customers. Reflexively bidding IDIQs can leave companies vulnerable to change. By way of example, consider how many T4NG winners were blind-



Wolf Den's approach is to create a Smart Vehicle Portfolio strategy. A blend of core, complementary, and niche/adjacency vehicles provides an optimal mix of breadth of reach and degree of specialization to create a robust portfolio.

Source: Wolf Den Associates, LLC

sided by the Kingdomware decision. Modulate spending to build the right portfolio of vehicles, with deterministic strategic focus, while preserving enough resources to make downstream investments.

IDIQ Paradise

So how can companies optimize their IDIQ portfolios? First, establish foundational contracts, usually one or two

Government-Wide Acquisition Contracts (GWACs) and/or GSA Schedules that reflect core business competencies. These contracts maximize customer reach and can accommodate a wide scope of activities. From there, companies should broaden the aperture to include complementary contracts such as the ancillary GSA Schedules and major Multiple Award Contracts (MACs). Finally, companies should round out their portfolios with agency-specific IDIQ contracts and Blanket Purchasing Agreements (BPAs) that are strategic to their specific customers and cover niche competencies. Through careful planning and hard work building these concentric IDIQ bands, companies can maximize customer reach, minimize the risk from contract concentration, and achieve a state of IDIQ beatification.