



Feds tap tech startups to cut contract costs

By: [Steve Friess](#)

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The feds are finding that new technology aimed at getting more tech startups to vie for work can yield big savings.

An experimental, easy-to-use system for receiving low-dollar federal contract bids saved as much as 44 percent on tech-related projects and prompted 270 new companies to sign up as potential bidders, according to a Small Business Administration analysis.

The exact savings in dollars is unclear because the contracts haven't been finalized, but the [average bids](#) from companies vying for the business under the new "RFP-EZ" process were overall about 30 percent lower than the average bids on the same projects that came through the normal FedBizOps channels.

The pilot project took place earlier this year and involved four contracts posted in both systems that each were expected to cost less than \$150,000. The contracts are expected to be finalized in June, said Pravina Raghavan, director of innovation and technology for the SBA's Office of Investment and Innovation.

"They are real bids, real contracts being awarded and real savings for the government," Raghavan said. "We're trying to reach companies who are looking at government contracting from an innovative way."

For instance, the average bids to build an email system came in at \$83,385 under the RFP-EZ system but \$115,819 under FedBizOpps. The SBA fielded 70 bids via RFP-EZ and 53 via FedBizOpps, with almost all of the RFP-EZ companies making their first federal contract bids.

RFP-EZ is the result of work by Obama 2008 digital director Clay Johnson, Chicago software developer Jed Wood and GovHub founder Adam Becker, each part of the first class of [Presidential Innovation Fellows](#). The short-term program involves inviting tech innovators to Washington to work on specific projects pitched by various federal agencies. In this case, the SBA hoped to reduce costs and help more small businesses compete for government business.

The code for RFP-EZ is open source and available on GitHub.

Securing reasonably priced tech services and encouraging more companies to bid for the business has been a big, sometimes embarrassing, challenge for the federal government. A [2012 report](#) from the Government Accountability Office estimated, for instance, that the government spent \$181 million on sam.gov, a hub for the General Services Administration that tracks federal contractor information. Recovery.gov, the site created to allow public scrutiny of the fate of money from the 2009 stimulus package, has cost about \$18 million, according to published reports.

The problem, Johnson said, is that smaller and newer companies are scared off by the

byzantine and clunky interface of FedBizOpps, which is now used for all government contracts regardless of size. The exhaustive, complicated amount of information often necessary for million-dollar deals can chase off startups intimidated or annoyed by cumbersome hurdles.

In the RFP-EZ system, Johnson said, the SBA has “forced the government to speak the language of technology.”

“If you go to fbo.gov and try to find a website contract to bid on, you can’t,” said Johnson, a co-founder of the prominent Democratic digital campaign consultancy Blue State Digital. “It’s nearly impossible. It takes a lot of work to do that. With RFP-EZ, we’ve made it so stuff is more understandable, more shareable and marketable. You get a lot more businesses to bid, and that brings down the price.”

Savings of tens of thousands of dollars is modest in the grand scheme of a trillion-dollar federal budget. Yet the government let out \$10.4 billion in contracts of less than \$150,000 in fiscal 2011, so the potential to reduce costs is significant if RFP-EZ can be scaled up across the vast bureaucracy, Raghavan said. For now, though, she said the program will stick to tech-related contracts, although “we’d love to see it expand into other areas.”

“We’re always trying to find ways to streamline and get innovative entrepreneurs involved with the government,” she said. “They’re nimble and have different ways to get the project done.”

The SBA plans to name a new crop of fellows next month and then have them test the RFP-EZ process again with changes made based on feedback. Johnson and Becker, meanwhile, have formed a company called the Department of Better Technology and are seeking five local or state governments willing to try something like RFP-EZ on that level for a pilot program.

“It’s preposterous how much money the government spends on information technology,” Johnson said. Given that modernizing is intended to improve efficiencies, he said, “they spend more money than they’re saving.”

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