

# BUSINESS **2** GOVERNMENT

Excerpts from "Business 2 Government" by David C. Wyld

## A BUSINESS 2 GOVERNMENT

INTERVIEW WITH:

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To date, CISglobal ([www.cisglobal.com](http://www.cisglobal.com)) is the only minority/woman-owned small business that has successfully developed and implemented procurement, inventory visibility, auction, catalog, e-commerce, and exchange solutions for the government and private industry. In an extremely competitive environment, CISglobal won a contract for General Services Administration's Buyers.gov to provide on-line reverse and forward auction and e-commerce solutions compliant with government procurement regulations. CISglobal is also partnered with, Booz-Allen & Hamilton's defense team in developing on-line procurement projects for the Federal Aviation Administration.

**Q.** A recent Accenture study showed the US ranked only third worldwide in terms of its progress on e-government efforts. How would you assess where we stand in terms of the movement to electronic government?

**A.** The ARPANET was the precursor to the Internet. It started as a large wide-area network created by the US Defense Advanced Research Project Agency (ARPA). Established in 1969, ARPANET served as a test bed for new networking technologies, linking many universities and research centers. Its useful function was intended purely for government scientists. Later, when the technology was made available to the commercial sector of the economy, competitive market forces grabbed hold of its potential and provided a continuous stimulus for innovative improvements. The new Internet became a commercial product, largely governed by market-based management rules.

Market-based management seeks to divide up decision making, so that the person or the organization with the right knowledge, and more importantly, the correct incentives, makes each decision and bears total responsibility for the outcome. In other words, competition demands and promotes the efficient use of available resources. At the very beginning of the Information Age revolution, most US government agencies weren't organized and didn't operate under these principles. Rather, most of them used a central planning economic model that generally substituted political expediency and bureaucratic tradition for market forces. Their initial efforts, therefore, were largely insufficient with regard to progress on e-government.

However, things have radically changed. Many in the government have rightly acknowledged that competition is just as important in

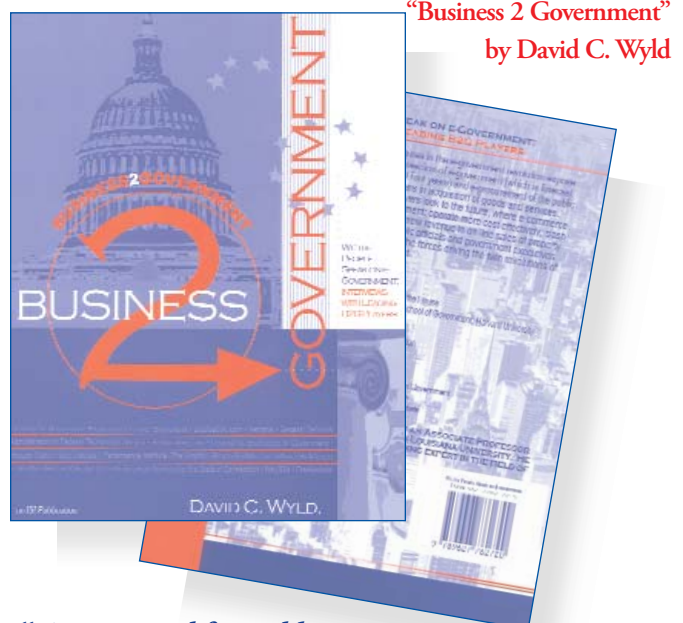
government as it is in markets. Competition among government units and, more importantly, between government agencies in attempting to bring their organizations to world-class levels, has helped to ensure recent and substantial progress. Many government managers are very busy channeling their organization's competitive capabilities into activities that strongly promote the common mission of government serving the needs of the citizen. In short order, any new study will reveal this progress.

**Q.** What is the principal benefit of e-government?

**A.** In theory, the major benefit of e-government would be to help managers envision and enable a government that is totally citizen-focused and exclusively results-oriented.

**Q.** How does e-procurement fit with the move to e-government?

**A.** A reduced government workforce, senior management retirements, and a strong desire to save taxpayers' money are the triple drivers moving government agencies to a more substantial e-procurement capability. Good e-procurement systems will allow government agencies to do sound market research, discover "best value", as well as find a low price. In addition, agencies have found it easier to comply with procurement laws, while at the same time substantially reducing the cycle time necessary for these same procurements. Systems like CISglobal's IMAD e-business solutions allow government customers to accomplish these objectives, and at the same time, greatly lower the cost of processing an order within government regulations. The grand result is that now an agency not only knows what it's paying, but also what it's buying.



*"A must read for public officials and government executives"...*

**Q.** Where should reverse auctions fit into the mix?

**A.** Reverse auctions are a real-time innovative method of lowering prices using secured internet technology. The proven results using this method usually afford savings of 18-22%. While reverse auctions can be an appropriate tool for many competitive procurements, they are not applicable in all circumstances. The government's use of reverse auction techniques has very important public policy questions attached to it. While getting a low and fair price is as important a goal as any, that objective must be legally balanced against other mandated legislative and policy objectives. These would include ensuring full and open competition, promoting opportunities for small businesses, and providing contractors in good standing with adequate remuneration for their commitments to honest public procurement.

**Q.** What are the principal advantages and disadvantages of using reverse auctions for public sector procurement?

**A.** The principal advantages of using a reverse auction procurement would, of course, be giving government managers the ability to do sound market research and discover "best value", as well as to find a low and fair price. By applying the same evaluation criteria to a reverse auction as a standard procurement, the procurement officer can apply the same discretion to select a contactor that offers the "best value" based on a combination of price, past performance, and service capability.

**Q.** Can auctions work with "best value" procurements?

**A.** Yes, they can! IMAD e-business solutions provide an electronic method for government managers to get a low price without having to sacrifice on "best value". To combat the problem of subjugating value to price, CISglobal has designed a reverse auction model that allows bidders to be evaluated on a number of subjective quality factors, not just the bottom line. IMAD allows government buyers to incorporate such variables as warranties, quality guarantees, discounts, past performance, and other measures into its buying equation.

**Q.** What are the major issues for small business in working with reverse auctions?

**A.** The major issues for small business with regard to working with reverse auctions fall into two categories. First, is the small business fully capable of participating in a reverse auction with regards to its own IT capability and its own trained people? Secondly, can they be price competitive against larger companies? Assuming that the first problem can be corrected and managed, let's address the second. A reverse auction can greatly help a small business to keep posted on prices while the bidding process is in progress. Here, there are no surprises - the small business can, at any time, choose to "opt-in" or "opt-out". Not only that, the best part is that, in a reverse auction, they have a last chance to change their price; a luxury not afforded

them in a sealed bid competition. As regards the issue of thinning margins, that problem is as old as business itself, and will be settled by market forces or by the small business's ability to search out government set-asides for which they qualify.

**Q.** Do you see forward auctions working for the public sector?

**A.** Most assuredly. This is one area where the government has true expertise and experience. For decades all levels of government have auctioned surplus property and goods in open, public, and fair markets. Government agencies have managed to greatly increase their cash flows, lower their storage and handling costs, and make space by selling these items as they became available. Really, all that's left to do is to place these efforts on-line and begin selling to a national audience. For over four years, CISglobal, using its IMAD e-business solution suite, has given government this capability. In fact, we were one of the first on-line government auction vendors - even preceding eBay!

**Q.** How can CISglobal help companies do business with the government?

**A.** A new policy framework is pushing government agencies and their suppliers towards a brand-new procurement and operating environment. This new environment emphasizes issues that relate to contracting, infrastructure, and collaboration.

CISglobal has, over the past five years, dedicated itself, through its investment in its Emerging Technologies Division, to designing, building, and making available in the marketplace a suite of products that easily, inexpensively, and quickly allows a business to begin operating in this new environment. IMAD e-business solutions offer, at a very low cost, the ability for any business regardless of size, to immediately begin selling its products and services to the government in this new Information Age environment. IMAD has been around for over four years and was constructed from the ground up, with the goal of being able to quickly allow businesses to conduct commerce with the government using state-of-the-art software at a low price, while at the same time allowing Federal Acquisition Regulations (FAR) compliance, even if the business has had little experience of doing business with a government agency. The suite enables an enterprise to convert its inventory immediately into XML code so that it can interface with any existing government system. It allows an organization to do any kind of procurement with the government, including forward and reverse auctions, requests for quotations, proposals, or information, and unsolicited proposals. It allows for quick and easy payment as well as billing. The suite has the capability to encompass wireless technologies at any time the requirement presents itself. Since it is web-based, the user doesn't have to worry about maintaining the software and can use it with confidence, knowing that it's always current. If a business has a pressing need to outfit itself to do business with the government in this new environment, then CISglobal can have them "locked and loaded" within a week to do so.

**Q.** How is your solution unique?

**A.** IMAD has its DNA rooted in the government process. The IMAD e-business suite is the only enterprise-wide solution in the marketplace that can honestly make that statement. From the time a product or service is requisitioned, awarded, and closed out, IMAD e-business solutions act as a “hub” to link people, processes, and procedures throughout the procurement life cycle. CISglobal has been selling its products and services in the government arena for 17 years. The company knows how the government procurement system works and has built that experience into its software. Government procurement experts helped to test the software at every stage of its development. IMAD e-business solutions offer an immediate remedy that works within the government environment, its procedures and policies, to link government application processes and systems. It provides government suppliers with an easy, cost-effective solution to interface with an agency’s procurement process. It also allows the implementation of web and wireless technology with an agency’s current system investment.

IMAD e-business solutions allow FAR and Defense Federal Acquisition Regulations compliance. Its interface is designed specifically for ease of use so that the government employee will feel totally comfortable using it the first time. Training time for IMAD e-business solutions is literally minutes for the government, as well as for the supplier.

**Q.** How do we get more small and minority-owned business participation in the government marketplace?

**A.** As with anything worthwhile, a good and honest effort has to be made by all concerned. Each agency is tasked with the obligation to make opportunities available to small and minority-owned business. It is, therefore, incumbent upon them to make every effort to find these enterprises and market these opportunities to them. At the same time, it’s equally important that these small and minority-owned businesses ferret out as many opportunities for themselves as possible by constructing very clever approaches to agencies looking to meet their obligations and other small business programs such as Hub Zones, 8 (a), and minority/women-owned businesses.

**Q.** Where do you see all of this heading in the next few years?

**A.** We are all heading into the Information Age future together. Government, citizen, consumer, contractor, employee, and businessman will all be tied together in one “Wide Area Network”, not unlike the original ARPANET when you really think about it! Toward that end, each of us is going to have to examine just how our personal lives and our business lives are going to be reshaped by digital technology and new business methodologies. Specifically, governments and the enterprises that do business with them will have to become aware of significant changes that will bear down on them as they go about their work. Government agencies also have a mandate to have their systems web-compliant within the next few years.

Applications will move from program-specific to enterprise-wide systems. Commercial solutions, such as IMAD e-business solutions, will replace customized implementations and many important functions will be outsourced. Government managers will begin to feel tremendous pressure to attract and to build an effective knowledge-based workforce, and to place much greater emphasis on IT human capital. The Internet will continue to pressure government to change the way it does business with its citizens. Look for consumer-centric service delivery models to take center stage. National security and public safety concerns will become mission critical issues for e-government. In this regard, look for benefits management as it interfaces with e-government to raise its profile as well. And pervading all of these issues, remember that privacy and security remain the public’s leading concern in the drive toward e-government.

I suppose that, in the end, the challenge of establishing effective and efficient e-government won’t depend so much on the technology per se, but rather on changing the way that public agencies do business. With that in mind, government managers would do well by themselves to create a vision of where they need to be, and then making the business case to get there. With regard to e-procurement, CISglobal has already done the “heavy lifting” for them. It simply remains for the manager to work closely with CISglobal to iron out the policies, procedures, and program management requirements. With that out of the way, managers can then concentrate on their real task - making e-government essential in people’s lives.

## About Michele Dyson

Michele H. Dyson ([mdyson@cisglobal.com](mailto:mdyson@cisglobal.com)) is the CEO and President of CISglobal, a web and wireless systems solution integration company in Silver Spring, MD, incorporated in 1985. She has 25 years’ experience in small business, management, business banking, public speaking, inventory and auction applications development, government and commercial procurement, and emerging technical solutions. Ms. Dyson has served as the President for the National Business League of Montgomery County, Chairperson for the Montgomery County Black Republican Council, Co-Chair for the National Policy Forum on Small Business with Jack Kemp, Past Chairperson for Montgomery County Political Congress of Black Women, Best Friends Foundation Board Member, Member for Montgomery County Economic Development, and Board Member of the Washington Adventist Hospital. Ms. Dyson is the founder of the Industry Model SHARP program to assist minority students in college and careers in science and engineering. She ran for public office in 1992 and 1994 for the US House of Representatives, and was appointed Commissioner to the State Administrative Board of Election Laws in 1996. She added an Emerging Technology division in 1995, which was tasked to develop and integrate a comprehensive suite of web and wireless e-government and e-business solutions.



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