

**ORAL TESTIMONY  
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BEFORE THE COMMERCIAL ACTIVITIES PANEL  
AUGUST 15, 2001**

Chairman Walker and distinguished Members of the Commercial Activities Panel, thank you for inviting me to testify today on the applicability of A-76 to outsourcing transformational information technology solutions. I am Stephen Rohleder, the managing partner of the USA Government Market Unit of Accenture, a \$9.75 billion provider of management and technology consulting services and solutions.

Today, Accenture recommends that the Panel consider more innovative outsourcing partnerships than those elaborated in the Office of Management and Budget's Circular A-76, which we believe unnecessarily pits the government against industry in the fast-paced information technology environment, rather than focusing on performance.

Let me provide some brief background. In both government and industry, some executives still use outsourcing as a blunt instrument to offload and wring the costs out of non-core activities. But many have moved to a much more sophisticated approach. Our most innovative clients engage in collaborative relationships with IT outsourcing partners to create high-performance support operations that keep pace with industry best practices. A few have taken the concept one step further. They are partnering not just to re-engineer support processes, but to drive enterprise transformation.

Those companies report greater savings than the 20 percent savings reported in the mid-1990s. And they gain access to competitive skills, improved service levels and increased ability to respond to changing business needs.

Those lessons are equally applicable to the Federal Government, which is seeking to transform itself from an industrial age government to a knowledge-based, information age government.

Accenture believes there are numerous reasons why the A-76 public-private competition framework is not the right one to achieve transformational outsourcing objectives.

- It does not provide a model that adequately accounts for the value of providing an agency a total solution. It does not contemplate the enterprise benefits. It tends to encourage the agencies to do things just marginally different than before, with fewer people. This should not be the objective of IT transformations.
- The Most Efficient Organization Process does not make sense when the existing workforce does not have the “right” skills to transform the agency.
- The public-private competitions take 18-36 months to complete – a cycle time in which a private sector organization may have already reorganized and upgraded its technology once or twice.

- The Process Places too Much Emphasis on cost, rather than enterprise value.

Accenture believes alternatives to A-76 should be considered. Those alternatives include exempting IT outsourcing from the A-76 process, allowing such transformation activities to be per se eligible for an A-76 waiver and encouraging more innovative financing arrangements, such as joint ventures.

Finally, Accenture believes that the government can measure cost savings, value and performance. We offer two examples of contracts where our contract fees are contingent on the government receiving defined benefits.

In conclusion, if the Federal Government wants to transform itself into a 21<sup>st</sup> Century eGovernment, it is going to have to partner with the IT private sector in new and innovative ways to achieve its goals. Accenture believes the contentious, laborious and painful A-76 process will not serve either government or its employees well in transforming itself. Thank you. I would be happy to answer any questions.