

Alaska Procurement Connection

A Monthly Newsletter From Your Procurement Technical Assistance Centers

Understanding the HUBZone Program

Contributed by A. Brunstetter (anamb1@uaa.alaska.edu)

The U.S. Small Business Administration (SBA) currently provides government contractors with certification options for their small business that may offer access to additional federal contracting opportunities. The HUBZone (Historically Underutilized Business Zone) program, one of those programs, encourages economic development in distressed areas. To qualify for the HUBZone program, the applicant concern must meet the following criteria:

- Must be a small business;
- Principal office must be located within a HUBZone;
- 35% of employees must reside within a HUBZone (does not have to be the same HUBZone as the applicant concern);
- Must be at least 51% owned by U.S. Citizens.

To find out if your business is located within a HUBZone, go to <http://map.sba.gov/hubzone/init.asp#address>.

Different types of contracting methods are available for HUBZone certified firms such as: competitive set-aside, full and open competition with price preference, and sole source. A competitive set-aside contract can be issued if the contracting officer has a reasonable expectation that at least two or more qualified HUBZone small businesses will submit offers and that the contract can be awarded at a fair market price. Competitive set-aside HUBZone contracts are restricted to competition by HUBZone certified firms only.

Full and open competition contracts with price preference for HUBZone firms are open for any firm to submit a bid, but a price preference may be applied to HUBZone certified firms. The offer of the HUBZone firm will be considered lower than the offer of a non-HUBZone/non-small business, providing that the offer of the HUBZone small business is not more than 10 percent higher.

Lastly, a sole source HUBZone contract can be awarded directly to a HUBZone firm if the contracting officer does not have a reasonable expectation that two or more qualified HUBZone small businesses will submit offers, determines that the offeror is responsible, and that the contract can be awarded at a fair price. The government estimate cannot exceed \$5 million for manufacturing requirements or \$3 million for all other requirements on sole source contracts. Additionally, government agencies and prime contractors have established goals for HUBZone participation on contracts. The federal goal for HUBZone certified firms on prime contracts is 3%.

For more information about this program or to apply online, go to www.sba.gov/hubzone/ or phone your Alaska PTAC office for assistance.

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Check out the PTAC
Calendar of Events for
Upcoming Opportunities!

www.ptacalaska.org



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A Program of:



University of Alaska
Small Business
Development Center

DSBS Quick Market Search Tool

The Dynamic Small Business Search has added a new search tool to its website. The Quick Market Search tool is designed to assist contracting professionals in conducting market searches quickly and easily. It allows the user to search by NAICS or keyword, along with designating a geographical area. Then, based on the search criteria selected, the Quick Market Search returns an aggregate number of firms in the following socio-economic categories: HUBZone, 8(a), Small Disadvantaged Business (SDB), Woman-owned, Veteran owned, and Service Disabled Veteran-owned in a randomized order. It is also possible to drill down to the specific firms identified in the search results.

To view DSBS' newest tool, visit <http://www.ccr.gov>. Click on Search, then Dynamic Small Business Search. Then click on Quick Market Search at the top of the page.

PTAC Clients Report Increase in Award Money

Alaska PTAC clients were awarded in excess of \$254,463,031 in contract dollars from April 1st thru June 30th of this year. This information was obtained via PTAC's quarterly client survey. Also, we recorded our highest client response rate ever, an impressive 99.2%. Congratulations, and thanks for participating!

GSA Offers 2007 Procurement Forecast

A link to GSA's Region 10 Procurement Forecast for 2007 is available on PTAC's website (www.ptacalaska.org), under What's New. Check out the latest opportunities.

PTAC Staff Update

Robert Brunett has left the PTAC program to take a position as the Director for the Mat-Su Small Business Development Center in Wasilla. We wish Robert luck in his new endeavor. Our Anchorage and Mat-Su area clients can continue receiving government contracting assistance by contacting Katherine Anderson or Alison Brunstetter at 907-274-7232.

What Is Disruptive Technology?

Contributed by Carolyn Pratt (ancap1@uaa.alaska.edu)

There is a new field of business theory among economic professors, venture capitalists, business leaders, and tech-based analysts about disruptive technology. It sounds like something evolving in the 21st century, but has actually been around for decades. Disruptive technology is a technology innovation, product, or service that eventually overturns the existing dominant technology or status quo product in the market. That's Harvard Business School professor Clayton Christensen's definition that came out in 1995.

Ten years later, *PC Magazine* writer John Dvorak explains, "A disruptive technology is defined as a low-performance, less expensive technology that enters a heated-up scene where the established technology is outpacing people's ability to adapt to it. The new technology gains a foothold, continues to improve, and then bumps the older, once-better technology into oblivion."

Regardless of the definition, we have witnessed a number of disruptive technologies. Horses and humans for powering machines were replaced by steam engines and internal-combustion engines. Mainframe computers were replaced with minicomputers. And, the record player was replaced by the eight track which gave way to the cassette tape that morphed into the compact disc and now the digital audio player.

One discussion among the theorists is whether small businesses have a golden opportunity here. Typically, a disruptive technology requires a company to drastically change manufacturing processes, invest in new equipment, undergo organizational change, and develop new employee expertise. This is a core business strategy for a large corporation and easily managed, though sometimes expensive. Yet many large corporations have failed at this. Small businesses, however, say the others, are harbingers of change and able to make these kinds of business adaptations at much lower costs, with fewer resources, and ironically, with less disruption.

While the theories evolve and we wait for the next disruptive technology to change our lives, take a look at your business plan. Is there a disruptive innovation waiting to emerge?

SBA Increases Access to Bonds

Contributed by K. Anderson (anksa@uaa.alaska.edu)

The U.S. Small Business Administration (SBA) recently announced new rules increasing access to bonds for small and emerging businesses under their Surety Bond Guarantee Program. The rules, which took effect July 25, 2007, establish a more flexible pricing structure, allowing Preferred Surety Bond Sureties to charge current state rates rather than being locked into rates that, set under and required by the former regulations, had become outdated and unwieldy over time.

The new rules were designed to improve operation of SBA's surety bond guarantee program and make it easier for sureties and small business concerns to participate. They also reduce the frequency of audits previously required of Preferred Surety Bond (PSB) sureties; obligate SBA to guarantee 90 percent of the loss incurred by a prior approval surety on bonds issued on behalf of small businesses owned and controlled by veterans, and service-disabled veterans; impose a 60-day deadline for the submission of surety fees to SBA; allow PSB sureties to charge premiums in accordance with applicable state ceilings; delete an existing reference to the expiration of the PSB Program; and allow affiliates of a PSB surety to participate in the prior approval program.

Additional upcoming changes to the Surety Bond Program include a new electronic bond application process. Small businesses and surety companies participating in the SBA prior approval program will be able to transmit application forms electronically to expedite the review and approval processes. In the past year SBA re-engineered the claims reimbursement process to shorten the cycle time between submission of a claim for reimbursement by a surety company and payment by the government.

SBA assistance in locating a participating surety company or agent and completing application forms is available online. For more information on SBA's Surety Bond Guarantee Program, go online to <http://www.sba.gov/osg/> for a list of area office contacts and SBA offices near your business or call 1-800-USA-SBA.

The Final Rule for changes to the SBA Surety Bond Guarantee Program can be found at <http://frwebgate4.access.gpo.gov/cgi-bin/waisgate.cgi?WAISdocID=2889122058+0+0+0&WAISaction=retrieve>

VA's Contracting Program Kicks Off

Contributed by Wesley Dalton (fswrd1@uaf.edu)

On December 22, 2006, the president signed Public Law (PL) 109-461 which became effective June 20, 2007. This law gives guidance to contracting officers by prioritizing contract procurement preferences specifically for the Department of Veterans Affairs (VA). According to the law, it is now a priority to place service-disabled veteran-owned small businesses (SDVOSB) first in-line, and secondly, to place Veteran-owned small businesses (VOSB) next in order to satisfy VA acquisition requirements.

The guidelines used to enact VA's Veterans First program are summarized as follows:

1) VA Contracting officers may use non-competitive procedures for acquisitions which do not exceed the simplified acquisition procedures threshold when awarding SDVOSB's or VOSB's. Awards must be "fair and reasonable," and the awardee must be "responsible." Acquisition procedure thresholds must not exceed \$5 million when non-competitive procedures are used by a contracting officer when determining whether a SDVOSB or VOSB is awarded a contract.

3) Contracts will be restricted to SDVOSB's or VOSB's when there is a reasonable expectation there will be at least two offers with fair and reasonable prices.

4) SDVOSB's will have precedence before VOSB's in VA set-aside contracts. Contracting officers must have a reasonable expectation that there will be two or more SDVOSB's competing and that an award can be made at a fair and reasonable price which is in best interest of the government. If there is only one offer from a SDVOSB, the contract will be awarded to that SDVOSB. If the contracting officer receives no acceptable offers from eligible SDVOSB concerns, the set-aside shall be withdrawn and the requirement, if still valid, shall be set-aside for VOSB competition.

5) To have set-aside restricted competition for VOSB's, there must be an expectation of two or more reasonable offers from VOSB's. If there is only one offer from a VOSB, the contract will be awarded to that VOSB. If there are no offers from a VOSB, the award will filter into other set-aside business programs.

6) All SDVOSB's and VOSB's must be registered in the VetBiz.gov VIP database in order to be eligible for this program.

More information can be found at www.vetbiz.gov.



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Homeland Security Announces New Regulations on ‘No-Match’ Letters— More Changes to Come

Contributed by K. Anderson (anksa@uaa.alaska.edu)

On August 10, 2007, the Department of Homeland Security (DHS) issued new regulations intended to assist employers with ensuring their employees are legal U.S. citizens and to assist the government in identifying and punishing employers who knowingly hire illegal workers. The new guidelines will not take effect until 30 days after the notice has been published in the Federal Register.

The new rules focus on proposed procedures for employers responding to a “no-match” letter, which is a notice from the Social Security Administration or DHS that an employee’s name does not match the Social Security number that has been provided. The regulation clarifies that employers may be held liable if they ignore the “no-match” problems by failing to take specified steps within 90 days of receiving the letter.

The amended regulation also describes “safe harbor” procedures that the employer can follow in response to such a letter and thereby be certain that DHS will not use the letter as any part of an allegation that the employer

had constructive knowledge that the employee referred to in the letter was an alien not authorized to work in the United States.

Future changes on the immigration front can also be anticipated. The administration will begin a rulemaking process to require all federal contractors and vendors to use E-verify, the Federal Electronic Employment Verification System, to ensure their employees are authorized to work in the U.S. As there are currently more than 200,000 companies doing business with the federal government, this will significantly expand use of E-Verify, and make it more difficult for illegal immigrants to obtain jobs through fraud.

More information regarding immigration changes can be found at http://www.dhs.gov/xnews/releases/pr_1186757867585.shtm. Complete text of the new regulations can be found at http://www.dhs.gov/xlibrary/assets/ice_safeharbor_no-match_finalrule_2007-08.pdf