



# White Paper

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## **DIGITECH SYSTEMS AND THE GOVERNMENT MARKETPLACE**

February 2007

The Federal Government is the nation's largest customer. The good news is they do business with both large and small businesses; and to sell electronic content management systems to government agencies, one must know how the government purchases goods and services.

Digitech Systems' Enterprise Content Management (ECM) software addresses government document management needs, and Digitech Systems' Value Added Resellers should position themselves for success in the government marketplace.

**Digitech Systems**



## Overview

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Whether it's expanding electronic processes or building interoperable and automated systems to accurately account for taxpayer dollars, the government puts information processing and records efficiency at the top of the IT priority list. Government provisions direct agencies to implement total information management systems so they have the tools to make data-driven decisions and control operational costs.

Digitech Systems enables government agencies of any size to more effectively and securely manage, retrieve and store corporate information of any kind. By converting paper records to electronic formats, agencies can trade manual document systems for instantly accessible, safely archived electronic systems that provide valuable business tools and save both time and money.

## The Government Market

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### A \$970 Million Opportunity by 2009

Since 2001, the government has pressed its agencies to eliminate paperwork and conduct business electronically. Several government priorities are intended to carry out these goals. The President's Management Agenda on Expanded Electronic Government and the E-Government Initiative make it easy for citizens to interact with the federal government and to improve government process efficiency. The E-Government Initiative encourages agencies to use and publish electronic documents on websites, and improve customer service, and the Government Paperwork Elimination Act requires federal organizations to use, when possible, electronic forms, electronic filing and electronic signatures to conduct business with the public.

Additionally, federal and state regulations dictate how government entities and departments must manage records systems. For example, the Gramm-Leach-Bliley Act and Health Insurance Portability and Accountability Act require government-run healthcare and financial agencies to instate policies, practices and infrastructure for proper records privacy and security. The Freedom of Information Act now covers electronic records and emails and requires that electronic records be more easily and readily available to the public. Many other regulations govern industries and content management. Information security breaches and non-compliance can come with steep legal risks and fines. Compliance has become a business concern and is driving the IT software market.

Electronic content management systems are viewed as multifaceted solutions that address compliance, enable electronic business, increase processing efficiency and generate financial savings. "Government end users (especially state, local and provincial), see ECM technologies as a vehicle to stretch budget dollars, satisfy constituent demands, and stay out of trouble with the courts," 2007 AIIM Guide to ECM Purchasing.

Government agencies are allocating more funds to IT and E-government budgets. Federal IT spending will grow from \$71 billion in 2005 to \$92 billion by 2010, according to the latest five-year Federal IT Market Forecast from INPUT. Protecting homeland security, securing information system vulnerabilities and increasing government operational efficiencies are the major reasons for increasing IT spending.



Software needed for E-government solutions will be the fastest growing segment of E-government spending. According to INPUT, the E-government software market will increase from \$680 million in 2004 to nearly \$970 million in 2009, a 42 percent increase.

## Purchasing Trends and Issues

Strict policies, regulations and best practices direct government purchasing procedures. To be eligible to do business with the government and to participate in contracting programs and matchmaking events, vendors must be pre-approved. Government entities typically use the proposal procurement process or sealed bidding purchasing approach. Navigating the government's purchasing systems can be a challenge for small business owners and salespeople, but the opportunities are there. By law, federal agencies are required to award 23 percent of all government buys to small businesses.

Being included on federal, state and local approved vendors lists is a recommended place to start doing business with the government. The General Services Administration (GSA) coordinates long-term contracts to provide discounted supplies and services for government agencies. GSA Schedules, also known as Multiple Award Schedules and Federal Supply Schedules, are contracts that allow federal customers to acquire more than 10 million services and products directly from commercial suppliers.

GSA Schedules are broken down by generic descriptions including commercial items. To become a GSA Schedule contractor, a vendor must first submit an offer for a GSA Schedule solicitation and be awarded a contract.

Contracting officers determine whether prices are fair and reasonable by comparing the government prices and discounts with commercial customer prices and discounts. The negotiation objective is commonly known as "most favored customer" pricing. To make this comparison, GSA requires bidding companies to provide commercial pricelists and disclose information regarding their pricing and discounting practices. For more information, please visit the US Small Business Administration at [www.SBA.gov](http://www.SBA.gov).

## State and Local Government Purchasing

Each state has individual procurement laws to ensure fair and open competition. Common and ongoing state agency purchases are generally standardized and developed into state term contracts. An Invitation for Bid (IFB) or Request for Proposal (RFP) process establishes state term contracts and identifies approved vendors and prices. These contracts are typically available for county or municipality use. Procurement procedures usually vary by purchase price. Larger, unusual or one-time purchases are carried out with a formal IFB process. Contact your state's purchasing department to learn how to do business with state and local government agencies.

## Finding Success in the Purchasing Process

Unfortunately, Request for Proposals, Requests for Quotation, Requests for Information, and Invitations for Bid, collectively referred to here as IFBs, can incur high costs for Digitech Systems' resellers who invest considerable time in responses and receive few awarded contracts. The good news is there are techniques resellers can use to succeed while working within these systems.

CustomerCentric Selling<sup>®</sup> experts, John Holland and Michael T. Bosworth agree that unsolicited IFBs are typically dead-end sales leads. Salespeople who initiate the interest nearly guarantee their own success because they have the ability to shape the IFB

***“Government end users (especially state, local and provincial), see ECM technologies clearly as a vehicle to stretch budget dollars, satisfy constituent demands, and stay out of trouble with the courts.”***

***~2007 AIIM Guide to ECM Purchasing***

requirements with a bias toward their own product and organizational strengths. According to CustomerCentric Selling, where an unsolicited IFB is in place, a win rate of less than five percent for outsider companies is generally the result. With such a low win rate, it is difficult to justify the time and effort needed to prepare a response.

So, how should resellers position themselves for selling ECM to the government?

CustomerCentric Selling says it's best to get in early, create the opportunity and be the salesperson who writes the IFB! Get a head start—preferably 90 days or more before the current contract expires. Try to define the criteria in the IFB, and make sure you create capabilities that help the buyer fully understand how offerings satisfy their needs and goals.

### Writing Effective IFBs

IFBs define business problems and provide technical information for vendors to recommend a solution and a price. The AIIM *Guide to ECM Purchasing* provides guidelines for writing IFBs.

First, an IFB should identify the basic business needs. To identify problems or needs, resellers must analyze the current document process and how it is used to perform duties. Investigate what other departments use, receive and distribute information. Study document names, types, pages, quantities and conditions. The current work process serves as a baseline of information to develop the functional requirements for the IFB.

Next, define IFB requirements by what is needed to fulfill expectations and automate a manual process or make systems more efficient. These should remain functionally stated and shouldn't mandate a solution to the vendor.

Defining technical requirements is the core of the IFB. Technical requirements provide amounts and types of work that a solution must offer and sometimes include minimal requirements, but shouldn't communicate to readers that a solution has already been chosen. Technical requirements identify capability, characteristic and quality and must be measurable in some manner. They serve as a list of specific items vendors should address. Avoid broad or ambiguous terms such as "system shall be intuitive."

This section could contain:

- description of current process
- description of proposed work environment
- system technical requirements (communications, security, compatibility, etc.)

### When You're Not the Favored Vendor

Any experienced salesperson knows writing the IFB is the best situation, but not the easiest or most common practice. Responding to IFBs is attractive because much of the research is complete and winning these contracts usually results in very short sales cycles. If Digitech Systems resellers receive an IFB they feel is worth their time, CustomerCentric Selling says they should qualify the IFB.

Unqualified IFBs are characterized by their unique ability to lose a sale quickly. The following IFB scenarios are typically NOT worth your time:

**The Stray Bullet:** Beware when the IFB sender doesn't know the requirements and therefore has not established a favored vendor. These are rare occasions and most often turn out to be expeditions for companies to discover what is available on



the market, or opportunities for IT departments to receive a free education on in-house projects under development.

**Stirring a Price War:** IFBs are sometimes sent to six or more vendors with the intent of stirring a price war. Don't get sucked into this losing battle.

To test the potential of winning a contract, Digitech Systems' resellers should negotiate an IFB response in exchange for access to a key player, champion or decision maker. If the organization is not willing to give a reseller access to a key player before the reseller authorizes the resources needed to compete, success is not likely to follow. Walk away.

In some government bids, responding vendors are not allowed to meet with staff members within the issuing organization. In most of these cases, you can request a bidders' conference that all vendors will be invited to attend. Vendors are forbidden to do any selling during these sessions, but are allowed to **ask** whatever questions they want.

In preparation for a bidders' conference, consider taking the time to determine your strengths or differentiators and then build questions designed to determine if they may be needed by the issuing agency. Often you will be able to tell you were successful in introducing new capabilities if an addendum is issued to all vendors specifying some of the features or capabilities you offered should be included in all bids.

One advantage you have over commercial RFP's is that you can elect to "no bid" if you were unable to influence the requirements during the bidders' conference.

When the buyer has an idea what they want, it's possible that they have a favored vendor and are feigning interest or satisfying the organization's bid procedures with the intent of using your process as a lever to negotiate the best deal from the favored vendor. In these situations, CustomerCentric Selling says resellers should ask questions to encourage the buyer to tell you what type of offer they have settled on thus far. Shift your questions from, "How do you do business today?" to "As it relates to your business goals, what specific ECM capabilities are you looking for?" or "How would you use an ECM system to do business?" These questions may elicit an answer that tells you the favored vendor has not helped the buyer fully understand how their offering could be used.

The mission is to clarify what capabilities are needed and potentially expand the list of requirements by adding a capability the competitor doesn't have or didn't address. Build a case in the buyer's mind for a capability that was initially dismissed or overlooked. Doing so makes a better offering and can transition a reseller to the favored vendor.

## ***Digitech Systems' Solution***

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### **Product and Functionality**

Whether it's increasing processing efficiency, reducing records costs, complying with regulations, enabling disaster recovery or increasing records security, Digitech Systems' products enable users to securely store and efficiently retrieve information, saving both time and money.

PaperVision<sup>®</sup> Enterprise (PVE) is a scalable ECM solution that securely retrieves, displays, distributes and tracks all stored documents. PaperVision Enterprise allows system administrators to choose security settings, audit user activity, automate complex business processes and organize unlimited amounts of information. ImageSilo<sup>®</sup> is a secure, on-demand ECM service uniquely positioned for government agencies. ImageSilo

allows multiple departments secure access to a central records system and provides secure web-based access anywhere, anytime for an unlimited number of system users. Digitech Systems operates and maintains the storage hardware and server access, so IT departments aren't burdened by data storage management.

The table below matches government agency concerns with PaperVision Enterprise and ImageSilo key features and benefits.

<b>Government Concern</b>	<b>PaperVision Enterprise/ ImageSilo Feature</b>	<b>Advantage/Benefit</b>
Paper records processes are laborious and costly	Provide a single, searchable, information storage system	Streamline and automate work processes to increase efficiency and employee productivity
Records storage is costly and takes up valuable office space	Convert paper records to electronic records	Reduce off-site and in-house storage space Cut costs on storage, paper, postage and distribution
Unified records system or centralized records department	Single and scalable repository	Unlimited entities and project creation capability allows government to implement per department or expand to an enterprise-wide ECM system
Disaster protection plan	Data Transfer Manager Data Delivery Service  ImageSilo	Preserves identical copies of live information Package and encrypt information for delivery and back-up to any media location of your choice  Ultra-secure, offsite storage supplies power redundancy, internal and architectural redundancy, firewalls, caching technology and 24/7 monitoring

<b>Government Concern</b>	<b>PaperVision Enterprise/ ImageSilo Feature</b>	<b>Advantage/Benefit</b>
<p>Improve records security</p>	<p>Document Grants</p> <p>Protected Data Storage</p> <p>AES 256 Data Encryption</p> <p>Document-level, Project-level and Field-level Security</p>	<p>Securely disclose information to outside parties, post documents to a secure, password protected, web-accessible location</p> <p>Never fully expose information to an end-user—configure secure, airtight document storage to allow database access only via SSL encrypted caching technologies</p> <p>Encrypt data during processing, at rest and for transmission</p> <p>Control user access by project, document or field. Restrict users to view only the information necessary for the task</p>

Government Concern	PaperVision Enterprise/ ImageSilo Feature	Advantage/Benefit
Comply with regulations	<p>System Operations/Queries and Utilization Reports</p> <p>Enhanced Auditing</p> <p>PaperVision Message Manager</p> <p>Revision tracking</p> <p>Redaction</p>	<p>Tracks all user activity including successfully completed, attempted or suspicious activities, such as trying to open protected records</p> <p>Filters activity reports by user or by date/time stamp</p> <p>Forces user to track disclosure methods, recipients and reasons</p> <p>Creates a log for every document operation a user performs</p> <p>Capture, organize and store all email messages into a single information management system for immediate retrieval</p> <p>Provide non-repudiation—emails are stored with unique values to ensure original versions are not changed</p> <p>Track document changes and different document versions</p> <p>Hide specific document fields</p>
Retain data in native file formats	Non-proprietary data storage	Save and retrieve documents in their native format and retrieve them with no costly conversions

<b>Government Concern</b>	<b>PaperVision Enterprise/ ImageSilo Feature</b>	<b>Advantage/Benefit</b>
<p>Make ECM systems a seamless part of everyday operations</p>	<p>PaperVision Enterprise Tools</p> <p>Integration definition and enhanced API integration</p>	<p>PVE Tools allows users to access PVE files without leaving Microsoft Office applications already in use</p> <p>Create interpretability using point-and-click integration with virtually any Windows application</p>
<p>Automate and collaborate document processing</p>	<p>PaperVision Enterprise WorkFlow</p>	<p>Procedural steps and conditions route documents automatically</p> <p>Enhance processing efficiency and collaborate easily with multiple departments</p>
<p>Reduce records retrieval time</p>	<p>Imaging and retrieval</p> <p>Full-text search</p> <p>Specific word search</p>	<p>Quickly and easily find documents in a readily-accessible format from any location, anytime, anywhere. Enable a mobile workforce and improve customer service</p> <p>Full-text searching instantly finds references in context</p> <p>Find the document you need from a single word or passage</p> <p>Locate files in seconds and handle incoming requests quickly and efficiently</p>

Government Concern	PaperVision Enterprise/ ImageSilo Feature	Advantage/Benefit
Reduce records costs	PaperVision Enterprise Report Management	Automatically index and store computer-generated files, eliminating the need for paper storage and reducing distribution costs
	PaperVision Enterprise Tools	PVE Tools allow users to access files without leaving Microsoft Office applications already in use. Make ECM systems a seamless part of everyday work.
	PaperFlow™	Automatically scan and index documents containing handwriting, machine print and barcodes
	ImageSilo	Outsource data storage to ImageSilo and trade capital expenditures for monthly operating costs Make information access available anywhere, anytime
	PaperVision Enterprise Directory Manager	Enable unattended document capturing with automated file uploading and indexing
	PaperVision Distribution Assistant	Unlimited external media distribution saves printing and postage

## Vocabulary and Terminology

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The following are some terms and concepts to be familiar with when speaking to a prospect from a government agency.

### E-Government Initiatives

In 2001, the Office of Management and Budget and Federal agencies identified 24 E-government initiatives to improve how the government provides services internally and to citizens, businesses, and state and local governments. Operated and supported by agencies, these initiatives are providing high-quality and well-managed solutions for tax filing, federal rulemaking and e-training among others. The 24 initiatives are divided among four key portfolios: Government to Citizen, Government to Business, Government to Government plus Internal Efficiency and Effectiveness. For more information on E-government go to [www.whitehouse.gov/omb/egov/](http://www.whitehouse.gov/omb/egov/).

### Freedom of Information Act (FOIA)

The FOIA was enacted by Congress in 1966 to give the American public greater access to the Federal Government's records. The Electronic Freedom of Information Act Amendments of 1996 expanded the scope of the FOIA to encompass electronic records and require the creation of "electronic reading rooms" to make records more easily and widely available to the public.

### Government Paperwork Elimination Act (GPEA)

The GPEA requires Federal agencies to allow individuals or entities that deal with the agencies the option to submit information or transact with the agency electronically when practical and to maintain records electronically when possible. The Act specifically states that electronic records and their related electronic signatures are not to be denied legal effect, validity or enforceability merely because they are in electronic form.

### General Services Administration (GSA) Schedule

These long-term, government-wide contracts provide government agencies with access to over 10 million commercial supplies and services. The schedules are a service of the General Services Administration, an independent executive agency of the US Government that works to improve government efficiency.

### Invitation for Bid (IFB)

An Invitation for Bid is the method used for a sealed bidding process. Typically, an IFB includes a description of the product or service to be acquired, instructions for preparing a bid, the conditions for purchase, packaging, delivery, shipping and payment, contract clauses to be included and the deadline for submitting bids. Each sealed bid is opened in public at the purchasing office at the time designated on the invitation. A contract is then awarded to the lowest bidder who is determined to be responsive to the government's needs. Government IFBs are available daily for review at the Federal Business Opportunities website [www.FedBizOpps.gov](http://www.FedBizOpps.gov).



### **The President's Management Agenda (PMA)**

President George W. Bush's Management Agenda was launched as a strategy for improving the management and performance of the Federal Government. The PMA is helping departments and agencies adopt new disciplines to ensure their focus on effective and enduring results. Key agendas include process efficiency, cost control, goal achievement and improvement, ensuring information technology investments are secure and significantly improve the government's ability to serve citizens.

### **Sealed Bidding**

Sealed bidding is the government's approach to maintain fair and equal competition for contracts. Sealed bidding is used when government requirements are clear, accurate and complete. An invitation for bid is the method used for the sealed bid process.

### **Small Business Administration (SBA)**

The SBA was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. The SBA provides information on the various programs that can help position businesses for contracting opportunities throughout the Federal Government. The SBA provides a step-by-step process to register small businesses for various contracting programs and help businesses prepare bids.

### **State Term Contract**

State Term Contracts are mandatory purchasing agreements between state agencies and vendors. Specific vendors permit state agencies to purchase goods or services at a predetermined price or discount. Contracts and procurement laws vary from state to state.

## **Government Agency Case Studies**

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For real-world applications and testimonials on how the government agencies are using Digitech Systems' software to comply with regulations and increase operational efficiency, please see the case studies at MyDSI. <http://MyDSI.DigitechSystems.com>



### **The City of Baton Rouge, LA**

Sixteen departments from the City of Baton Rouge are using PaperVision® Enterprise to store and manage their electronic records and PaperFlow™ to convert paper documents into an electronic format. Their PVE system helps the city generate more income from printed report sales.



### **The City of Charlotte, NC**

With critical city documents now housed on ImageSilo®, the City of Charlotte's geographically diverse offices share information across departmental lines in a timely manner and make documents available to the public on the City's website.



## SBA Guide to Getting Listed on the GSA Schedule

### Getting Started:

**Identify** the GSA Schedule Solicitation that covers your services or products.

Review the list of [GSA Schedule Solicitations](#) to determine the applicable GSA Schedule and corresponding solicitation number under which your services or products may be offered. A point of contact is provided for each Schedule solicitation. ([www.gsa.gov](http://www.gsa.gov))

Search [Schedules e-Library](#) by keyword to identify services or products covered by GSA Schedules. Each GSA Schedule has a point of contact that can provide specific information about individual GSA Schedule items. ([www.gsaelibrary.gsa.gov](http://www.gsaelibrary.gsa.gov))

**Review** the [FSS Contractor Guide](#). This document will provide valuable information regarding the GSA Schedules Program. ([www.gsa.gov](http://www.gsa.gov))

**Visit** [FedBizOpps](#) to obtain a copy of the GSA Schedule solicitation. From the FedBizOpps website-- Click on "go" next to the "Find Business Opportunity" on the left side of the screen. Scroll down to the "Search by Solicitation/Award Number" bar, and type in the applicable solicitation number for the services or products you are interested in offering. Scroll down to the bottom of the screen and click on "Start Search."

(<http://www.fedbizopps.gov/>)

For additional assistance in using FedBizOpps to find GSA Schedule solicitations, please see [Helpful Hints for Using FedBizOpps](#). ([www.gsa.gov](http://www.gsa.gov))

### Other helpful hints to assist you in obtaining a GSA Schedule contract:

Obtain an Open Ratings Inc. reference check (see Past Performance Evaluation form in solicitation) and make sure you are financially sound. Complete all information in the solicitation and be ready to negotiate your best offer.

### Training:

The **Federal Supply Service** offers training sessions on "**How to Prepare a Quality Offer.**" Details regarding these sessions are available at the following websites:

Information Technology [fss.gsa.gov/it](http://fss.gsa.gov/it) ([www.gsa.gov](http://www.gsa.gov))

Services [fss.gsa.gov/services](http://fss.gsa.gov/services) ([www.sba.gov](http://www.sba.gov))



# Digitech Systems

## ABOUT US

Digitech Systems, Inc. enables businesses of any size to more effectively and securely manage, retrieve and store corporate information of any kind. By significantly reducing the cost of electronic document and content management systems (ECM), Digitech Systems has moved ECM from a luxury to an essential element of a well-managed business.

Delivering the industry's smartest suite of ECM products and services, Digitech Systems is known by its customers as the trusted source for managing, storing and providing immediate, secure desktop or Web-based access to any and all corporate information. ImageSilo, PaperVision Enterprise, and a variety of document and content capture products are available from Digitech Systems as a fully integrated suite, or as process specific components to match the individual needs of small businesses to major corporations.

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