



# THE VALUE OF FEDERAL PAYMENT PLANS

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## Overview

Agencies are inundated with modernizing legacy systems to meet the demands of today's technology. The federal government spends roughly 80% of its \$81 billion annual IT budget on maintaining existing or aging IT systems. At the same time, they are forced to complete critical projects with limited budgets and annual budget cycles.

According to the Government Accountability Office (GAO), about 75% of the total amount budgeted for IT in 2016 was spent on operations and maintenance (O&M). For some agencies, the picture is even worse. The Army Corps of Engineers spends 96% of its IT budget on O&M, while the Housing and Urban Development Department recently came under fire from the GAO for spending 95% of its IT budget on aging legacy systems.

NTS teams with primes to structure creative and flexible payment options over multiple fiscal years for technology and services. Our solutions are FAR compliant, accelerating your ability to get the job done today.

# NTS Guide to Federal Payment Plans

## The Current State

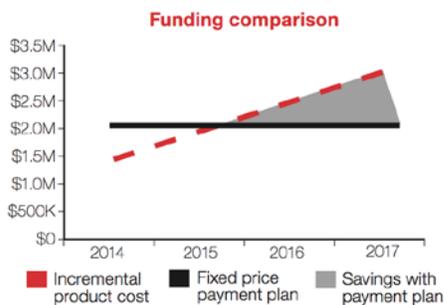
Bundled solution plus maintenance, installation/training, on-site support:

- Fragmented buying schedules result in higher costs and less efficiency
- Short-term rather than long-term strategies
- Shrinking budgets, less buying power
- 10-20% year-over-year price increases

## Payment Plan Solution

Bundled solution plus maintenance, installation/training, on-site support:

- Base plus option year contract
- Captures entire requirement/mission
- Optimizes base-year budget as initial payment
- Tangible savings: Reduced costs and maintenance renewals with best discounts
- Soft savings: Reduced administrative, budgeting and planning expenses



This example illustrates the amount of savings using a fixed payment plan.

## Federal Agency Benefits

- Realize your complete project now—A payment plan allows you to receive the benefit of implementing your entire project now instead of overtime as budgets permit. Leverage a portion of your existing budget to get the technology you need now.
- Conserve Budget—With a payment plan, your budget is not tied up in in one project. A payment plan frees up budget for more strategic investments, or for the innovation required to support your agency’s mission.
- Total Solution Financing—With NTS, you can finance up to 100% of your equipment costs in addition to soft costs such as maintenance, software, and services.
- Fixed Predictable Payments—A fixed monthly, quarterly, semi-annual or annual payment helps you to predict and manage cash flows across fiscal years. To not conflict with the Anti-Deficiency Act, payments plan solutions are structured in accordance with the FAR/federal procurement policy addressing annual funding requirements and obligations.
- Match Payments to Benefits—Pay for the equipment as the revenue or productivity benefits derived from the equipment are realized, not before.
- Flexibility—Structure payments to fit your budget. NexTech Solutions offers a variety of traditional and customized structures to meet your needs.
- Avoid Technology Obsolescence—Using a payment plan allows you the flexibility to upgrade and align lifecycle technology with your current and future needs. A lifecycle management approach to technology acquisition coupled with a NexTech Solutions payment solution ensures your equipment is always current

at an affordable predictable cost. As products are replaced or upgraded NexTech Solutions arranges for their removal and disposal saving you both time and budget.

- **Purchase Renewal Options**—End of term options include the flexibility to return, purchase, or upgrade your equipment as your mission requires.
- **Deferred Payments and Other Benefits**—Payment deferral options and further financing offers and programs are available to ensure that acquiring the technology you need is as straightforward as possible.
- **Address Unfunded Requirements**—Use a payment plan solution to address unexpected requirements or unfunded mandates without sacrificing your other technology requirements.

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### Common Concerns

“We can’t commit funds past the base year, only annual appropriations (Anti-Deficiency Act).”

- NTS assumes this risk and recognizes option years are subject to availability of funds. (FAR 52.232-18)
- We undertake FAR termination rights, including non- appropriation, non-renewal and termination for convenience.

“We have limited funds for the project.”

- NTS customizes a structured payment option, enabling you to acquire all technology and services needed for the entire project implementation.
- We can leverage your existing budget to accelerate the project requirements.

“Can we leverage CapEx or OpEx funds?”

- Yes, we can craft payment solution that

enables the use of either funding requirement.

“To whom are the contract and payment plan awarded?”

- The technology vendor/contractor is always prime; NTS will broker an assignee to the transaction.

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### Contracting Items

Indicative terms should be incorporated into the order by reference:

FAR 52.232-23	Assignment of claims (Jan 1986), Alternate 1 (Apr 1984)
FAR 52.232-19	Availability of Funds for the Next Fiscal Year (Apr 1984)
FAR 52.217-9	Option to Extend the Term of the Contract (Mar 2000)
FAR 52.212-4	Termination for Convenience (Feb 2012) at paragraphs (l) and (m)
FAR 52.229-1	State and Local Taxes (Apr 1984)

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*To learn more about Federal Payment Plans, NexTech Solutions, a service-disabled veteran-owned small business information technology systems integrator, value added-reseller and engineering services provider that is at the forefront of the as-a-service movement. Along with its best-of-breed technology partners, NexTech Solutions is focused on systems and network engineering to support application delivery, voice/video web collaboration, cybersecurity and more – all of which is available through easy-to-use as-a-service contracting.*

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