

# **ADVANCED SYSTEMS DEVELOPMENT, INC.**

## **STATEMENT OF**

**Mary Lou Patel  
Chief Financial Officer**

**BEFORE  
The Senate Government Affairs Committee**

**HEARING On:  
The Monitoring, Accountability and Competition in the Federal and Service Contract  
Workforce**

Mr. Chairman, and the members of the committee, my name is Mary Lou Patel of Advanced Systems Development. I am here today to discuss my perspective on “Who’s Doing Work for the Government?: Monitoring, Accountability, and Competition in the Federal and Service Contract Workforce.”

### **ASD Background**

- Advanced Systems Development, Inc. (known as ASD) is a small, disadvantaged company providing desktop IT support services to the government. These services include network administration and engineering, systems administration and engineering, web development, security, firewalls, and information assurance. Richard L. Bennett founded ASD in 1978. The company was approved by the Small Business Administration for the 8(a) program in 1982, graduated in 1992, with the 8(a) business ending in 1995. During most of the ten years in the 8(a) program, ASD maintained a stable revenue base in the range of \$4.3M to \$5M. In fiscal year 1995, the company recorded revenue in the amount of \$5.7M and completed fiscal year 2001 with revenue of \$14.9M. Currently, ASD has 193 employees with revenue projected for fiscal year 2002 at \$17.5M.

### **ASD Employees**

- ASD has earned a positive reputation with our customers including the Office of the Secretary of Defense and its components and the Department of Labor, Bureau of Labor Statistics. By having a reputation of outstanding past performance, ASD has grown over a period of twenty years at OSD from three (3) employees directly supporting the Office of Secretary of Defense to 133 employees today. This would not have been possible without the skills and commitment to quality of our employees. ASD had 73 staff members in the Pentagon on September 11<sup>th</sup> with all except 2 reporting back to work on September 12<sup>th</sup>. As our employees are our most important resource, ASD invited our staff to three crisis management counseling sessions in response to the trauma of September 11<sup>th</sup>.

For many years ASD provided mostly help desk support to Directorate of Programs Analysis and Evaluation, Acquisition Technology and Logistics, Directorate of Operational Test and Evaluation, Office of General Counsel, and the United States Court of Military Appeals. Four years ago, ASD added the Office of Personnel and Security, three years ago, the Office of Comptroller, two years ago, the Secretary of Defense, and this year Office of Legislative Affairs. The delivery order to support the Secretary of Defense was awarded under the previous administration and our support to Secretary of Defense Rumsfeld continues today. With a low attrition rate, the ASD employees enjoy their job and our customers receive the benefit of retaining the knowledge base. ASD has implemented a career ladder for our employees and developed an in-house technical training program augmented by professional organization training.

Recently, a banker asked to call several of our customers to assess ASD's performance. We provided him the names of four of our customers. Later, he called me and asked if they were all relatives. He indicated that their satisfaction rating with ASD was extraordinary, and he was unprepared to hear such a glowing report.

For more than 15 years, ASD provided almost exclusively help desk support and as the various training programs were implemented, the employees acquired more skills, and ASD expanded into network administration and engineering, systems administration and engineering, web development, security, firewalls, and information assurance. Now ASD has a wide range of expertise in the area of information technology. Our customers have benefited from the professional growth of our employees. With the explosion of the information age, the development of new computer equipment and software tools, ASD has worked hand-in-hand with the new developments to maintain a state-of-the-art capability for our government customers.

### **Government Customer Oversight**

- ASD works closely with our government customer to ensure accurate and quality service. Typically, our customers assign a Task Monitor or Installation Representative (IR) and require us to report monthly performance measurements. The performance is measured by "service level agreements" determined by agreement between the government customer and ASD regarding performance metrics based on Gardner Group guidelines. As an example, the performance measurements could include the following reports: first resolution report, time to close report, team scorecard, knowledge base reporting, narrative of end-of-month status, and monthly invoice charges. Additionally, a small business has the same requirements as a large business for administrative oversight with audits by DCAA for incurred costs, billing rates, provisional rates, accounting system audit. The Department of Labor has oversight under Title 7: Uniform Guidelines on Employee Selection Procedures, Training – Sexual Harassment, OFCCP – Affirmative Action Plan and EEOC Reporting, FMLA, ADA, and the Environmental Protection Agency with safety training.

### **2001 Challenges**

ASD's dedication to our customers and the efforts to maintain our reputation for past performance has

extended to the most recent experience of providing staff to the customer with no funding. The most recent delay in the passing of the Defense Authorization and Appropriation Bills caused a major dilemma for ASD. Of our \$1.5M of monthly revenue, the amount of monthly contract effort funded was \$700K leaving ASD \$800K short of payment for work we performed. We continued to perform work under a new contract with an existing customer because we were committed to providing uninterrupted service, but we could not be paid because the “continuing resolution” only covered payments to on-going, continuing, efforts. The agency had awarded the company a new contract vehicle on September 16, 2001 effective October 1, 2001.

In order to cover payroll costs, ASD sought assistance from our bank instead of cutting employees and service to our customers. ASD’s bank took the position that this work was being performed by ASD “at risk” and, therefore, would not permit ASD to borrow against this work. By early December with \$1.6M of work completed with a continued reputation of outstanding support services provided to our customer, ASD was in critical need of cash for payroll. In short we risked the company in order to maintain the customer relationship.

With an appeal to our customer and a visit to the Office of the Small and Disadvantaged Utilization Office, partial funding was provided for three (3) of the eight (8) delivery orders we service and providing a partial and temporary solution. After the passage of the Defense Authorization and Appropriation Bills, the contracts office released most of the funding dollars the last week of January. To meet the continuing need for operating capital limited by contract payments that had still not been received for work performed in October and November, ASD turned to a prime contract relationship for assistance. Twice ASD requested and received early payment to meet payroll from this prime contractor for which ASD was a long-time subcontractor. On March 1, 2002, we received payment from DFAS in the amount of \$1.3M for services performed in October and November.

### **Conclusion**

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In conclusion, I believe these events have highlighted ASD’s continued commitment to providing high quality services that meet the needs of our government customers. Should a problem arise with one of our contracts, we work with our government management to remedy the problem as soon as possible. It is this commitment to quality and ‘partnership’ approach to contract management that has allowed ASD to not only graduate from the 8(a) program, but to succeed in the government marketplace and continue to grow.

I will be happy to answer any questions you may have for me. Thank you.