



Improving Federal Procurement: The Benefits of Vendor-Neutral Contract Specifications

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The Finding: Exclusionary Language in Federal Procurement Contracts Costs U.S. Taxpayers Up to \$563 Million

- Economic analysis shows that exclusionary language damages competition, leading to higher prices that needlessly cost U.S. taxpayers between \$281 million and \$563 million.
- Exclusionary specifications narrow the field of alternative suppliers and constitute artificial restrictions to competition. Anticompetitive procurement language increases prices and reduces quantities, product variety and quality, hurting government agencies and American taxpayers. These restrictions are unnecessary and should be eliminated.
- Intel® and AMD are the only two significant producers of x86 microprocessors. When a brand-name specification eliminates AMD, buyers in federal agencies effectively have their choices reduced to a single firm's products.

The Cause: Brand Name Specifications in Government Procurement Contracts Are Flagrant

- In 2004, approximately 69 percent of the applicable solicitations for computer systems and technology contained language that either required specific name brand microprocessors or specified that the processor should be equivalent to a particular brand microprocessor.
- Until 2005, the U.S. Air Force (USAF) specified Intel microprocessors for all its computer purchases. The agency has since modified its policy and the study reveals that open procurement practices could save the USAF approximately \$2.2 million each year.

- Many government purchases are made through vehicles that are not posted on FedBizOpps.com, making it difficult to track down these transactions and raising questions about the transparency and public accountability of purchases made “off the radar.”

A Viable Solution: Use of Third-Party Benchmarking

- For some products, the variety and complexity of items compel contracting agents to use brand names rather than to detail specific technical requirements and product characteristics. In the case of microprocessors, third-party benchmarks represent a solution to such a procurement specification issue.
- Benchmark scores in computer contract solicitations describe the physical, functional and performance characteristics of products while remaining brand neutral and objective.

For more information regarding fair and open procurement best practices, please visit <http://www.amd.com/breakfree>.

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