



Federal Contracting

Why Pursue the Federal Market?



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Why Pursue the Federal Market?

Federal Government: Large Market

- Consistent Demand – The US Federal Government is one of the largest buyers of goods and services in the world.
- In 2024 the procurement budget is estimated to be more than \$700B

Stable Market

The Federal Market is enormous, with a steady stream of contracts across all sectors – ranging from technology and infrastructure to healthcare and defense.

This creates a long-term, stable market for companies that can navigate the process.

Scalable Market

The government typically has large-scale needs, which can translate into large contract values, often much higher than what we might find in the private sector.

Why Federal Contracting?

Prompt and Reliable Payment

- The government has strict rules about paying contractors on time.
- Established budget and trustworthiness: Low-risk customer in terms of defaulting on payments.
- Many contracts requirement payment within 30 to 60 day, which is an attractive feature for businesses that might face delayed payments from private sector clients.

Variable Contracting Opportunities

- Federal contracting offers a wide range of opportunities for businesses in all industries.
- Contracts can vary from short-term, one-off tasks to long-term projects worth millions or billions of dollars.
- Subcontracting opportunities with larger prime contractors for small businesses offers and set-aside contracts

Legal Protections

- Clear rules and regulations – the Feds operate under established laws, rules and guidelines.
- Dispute Resolution – Established channels for resolving disputes, i.e. the Government Accountability Office (GAO).
- The Federal Acquisition Regulation (FAR) provides clarity and consistency across contracting processes. This offers more predictability compared to the private sector where terms can vary widely.

Support for Small Businesses

Set-Aside Programs

- 8(a), HUBZone, Woman-Owned and Veteran-Owned business set-Asides offers a level of opportunity for smaller firms to compete.
- Mentorship and Resources: A variety of mentorship programs, like the 8(a) Business Development Program or Mentor-Protégé Programs offered by various federal agencies providing smaller businesses with the opportunity to build experience and capacity while receiving guidance from larger contractors.

High-Quality and Impactful Work

- Prestige and Reputation – Working with the federal government definitely adds prestige to your company's portfolio.
 - Securing a government contract can serve as a valuable reference for attracting other clients.

Long-Term Relationships

Repeat Business

- Successful performance on government contracts leads to follow-up contracts or long-term relationships.
- The government values contractors who deliver on time and within budget, and they tend to favor companies that demonstrate consistent performance over the years.
- Access to Multi-Year Contracts: Some federal contracts are awarded on a multi-year basis, providing a reliable stream of revenue over the course of several years.

Potential for Innovation and Research Opportunities

- R&D funding – The Federal government invests in innovation and technology development.
- Contract Vehicles for Innovation – Agencies issue specific contracts for innovative solutions including Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Programs. These provide opportunities for small firms to develop new technologies and solutions.

Conclusion:

- For companies that successfully navigate the complexities of the federal contracting process, the benefits of working with the federal government are substantial.
- From reliable and timely payments to long-term, high-value opportunities, the US federal government is one of the most stable and profitable customers a company can have.
- Federal contracts offer a significant revenue stream and opens the door to various growth opportunities.



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