

GovWin
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FREE REPORT

VA Strategic Outlook for 2023-2024





Table of Contents

- » A Look Back: FY 2022 Contract Spending Trends
 - » Opportunities to Watch
 - » FY 2024 Budget Outlook
 - » Conclusions
- 

A Look Back: FY 2022 Contract Spending Trends

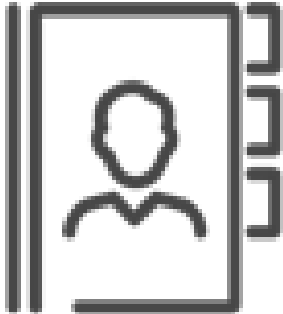


Veterans Affairs at a Glance



442K

Number of Federal Employees



285K

Professional and Technical Role



1354

Number of Active GovWin IQ Opportunities



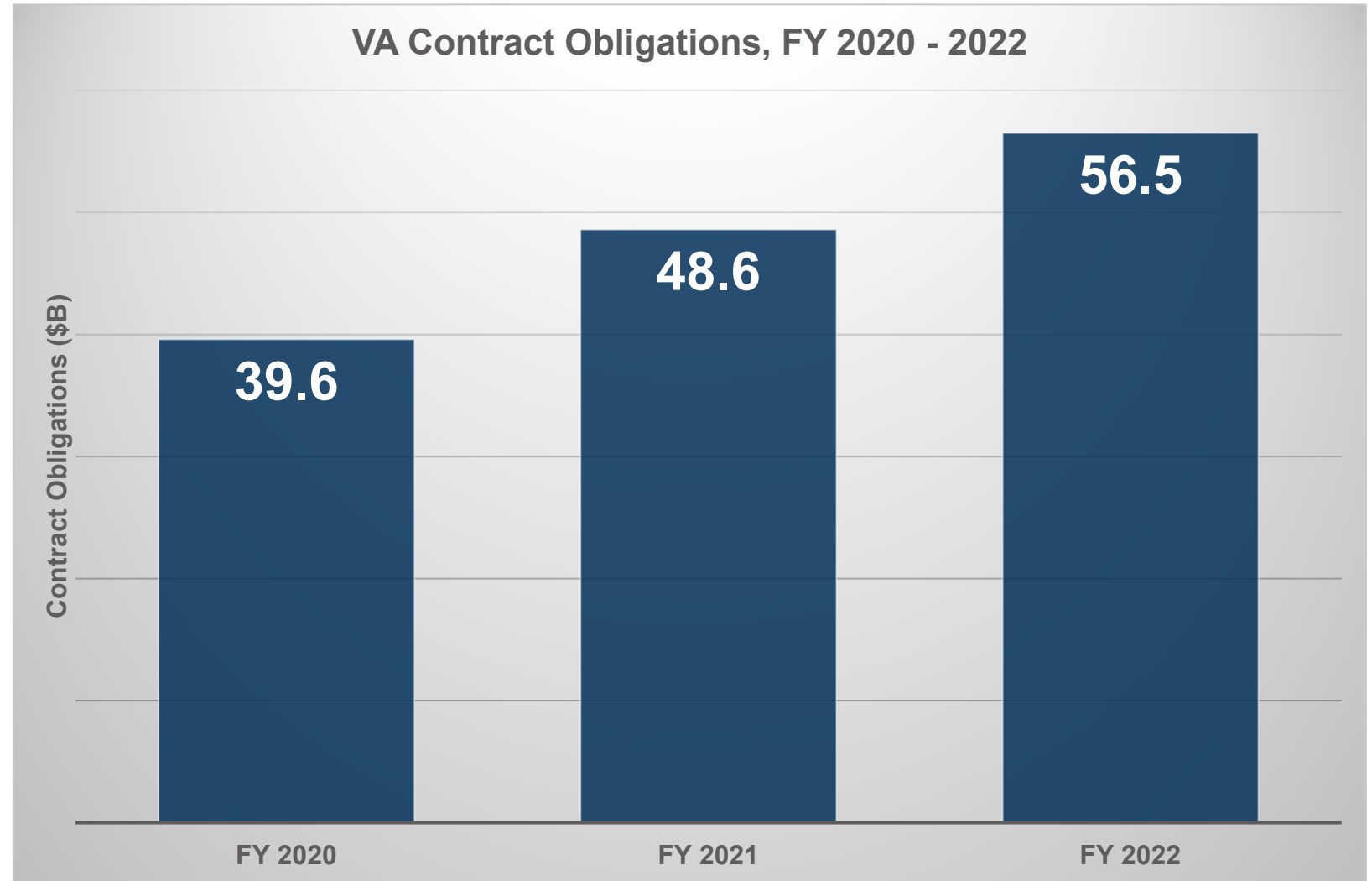
\$48.2B

Average Annual Contract Obligations (Three-Year Average)

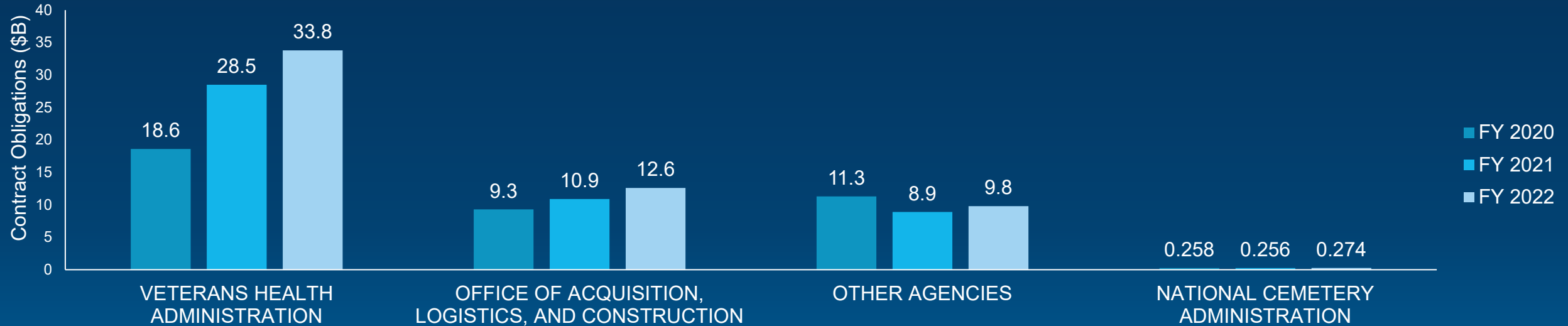
VA Contract Obligations, FY 2020 – 2022

Observations:

- » VA Spending continues to steadily increase year over year.
- » Spending has increased 42.6% from FY20 to FY22.
- » Fiscal Year Spending Increases:
 - » FY20 to FY21: 22.7%
 - » FY21 to FY22: 16.2%
- » Based on early reporting, FY23 spending may be decreasing slightly.



VHA Remains the Top VA Buying Organization



Observations:

- » The Veterans Health Administration made up almost 60% of all spending in FY2022.
- » Increase of 81% from FY 2020 to FY 2022.
- » 56% of all spending between FY20 to FY22.
- » The majority of spending out of the Veterans Health Administration is for Health Services making up about 52% of Contract Obligations for FY22.

Top Agency Spending Categories

Top PSCs

Q201

Medical- General Health Care

6505

Drugs and Biologicals

Q999

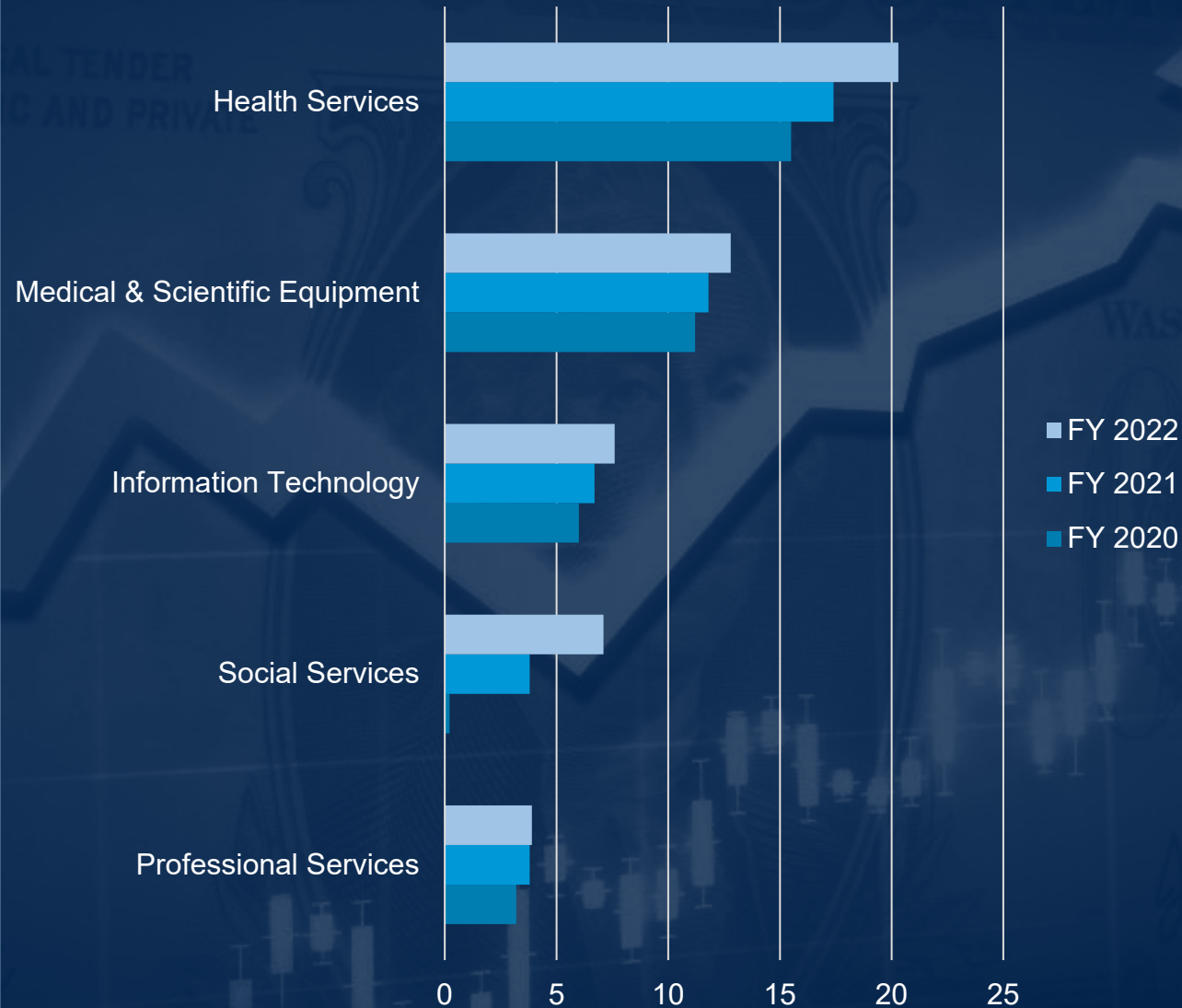
Medical - Other

G007

Social- Government Health Insurance Programs

6515

Medical and Surgical Instruments, Equipment, and Supplies



Top NAICS

524114

Direct Health and Medical Insurance Carriers

325412

Pharmaceutical Preparation Manufacturing

621111

Offices of Physicians (except Mental Health Specialists)

541512

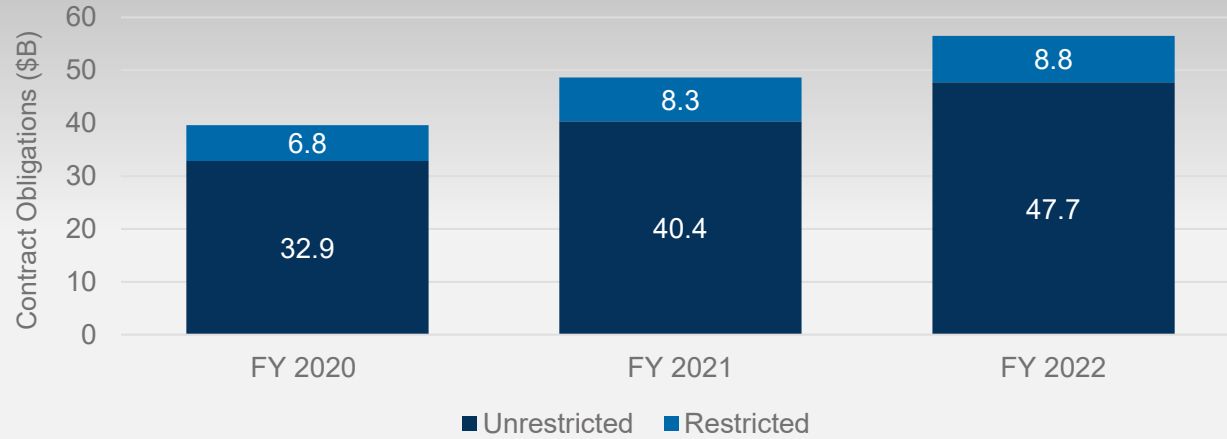
Other Computer Related Services

541519

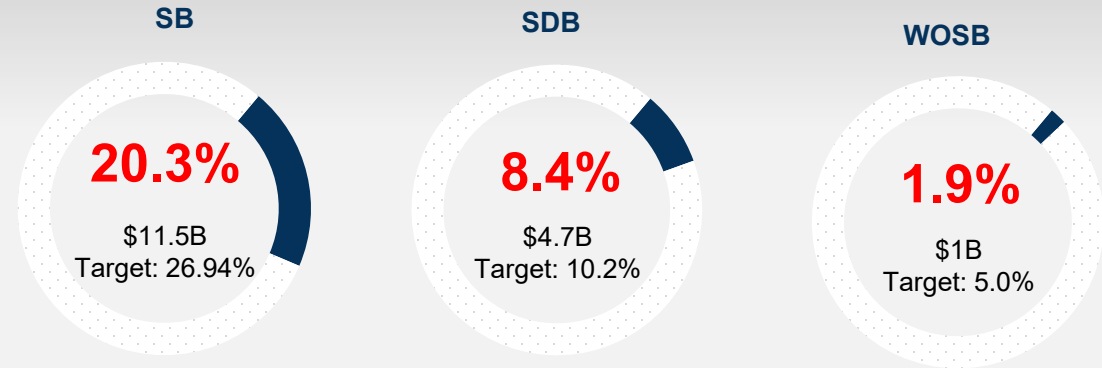
Administrative Management and General Management Consulting Services

Small Business Contracting

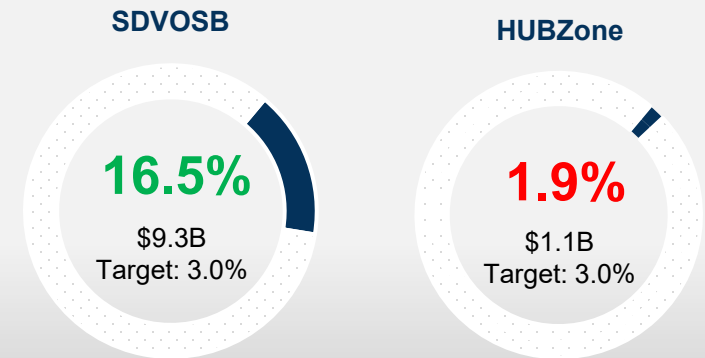
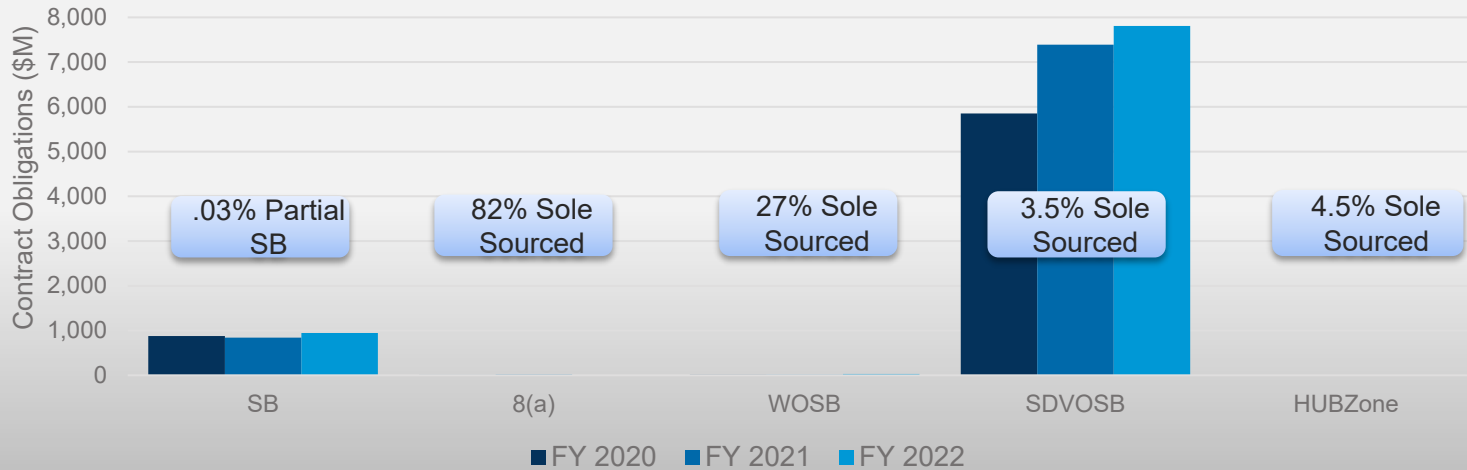
Unrestricted vs. Restricted, FY 2020 - 2022



FY 2022 Set-Asides: Target vs. Actual

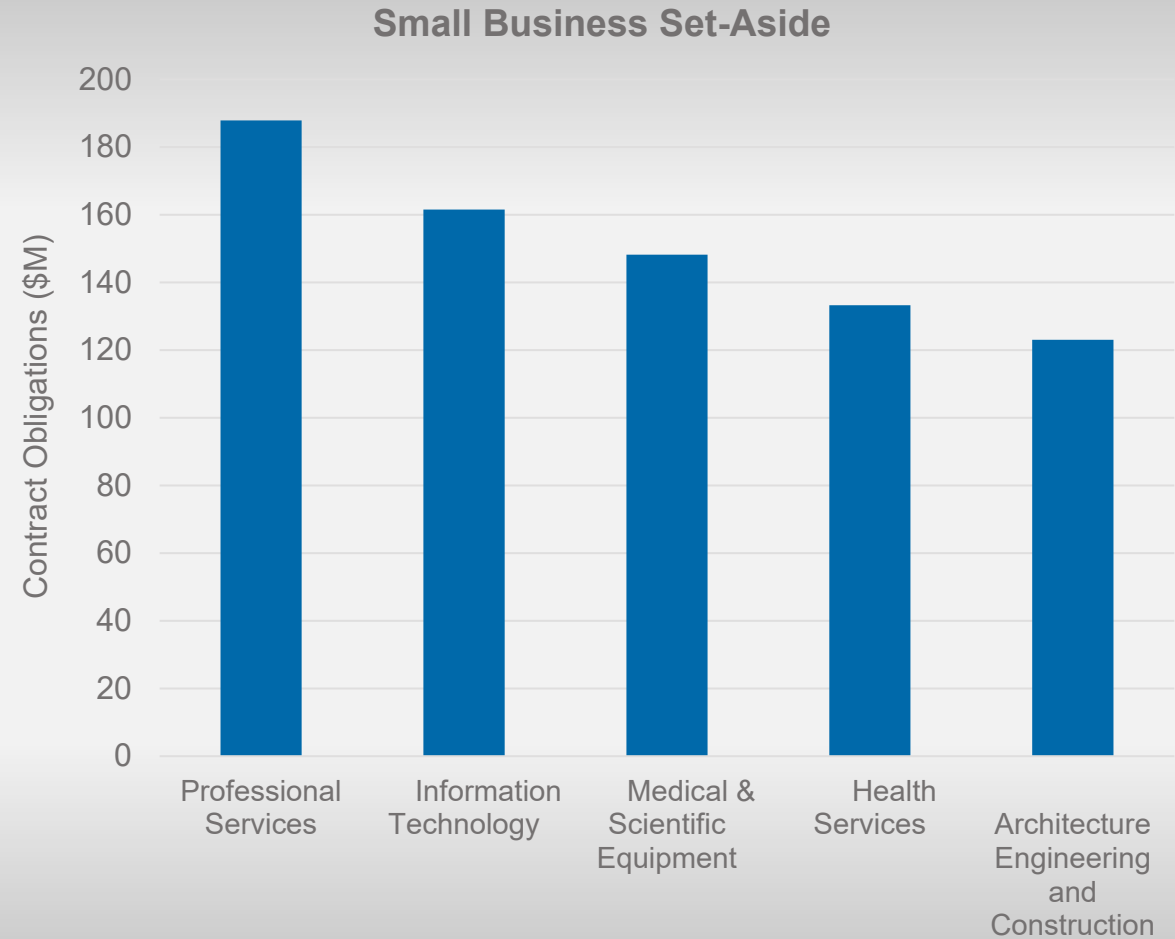
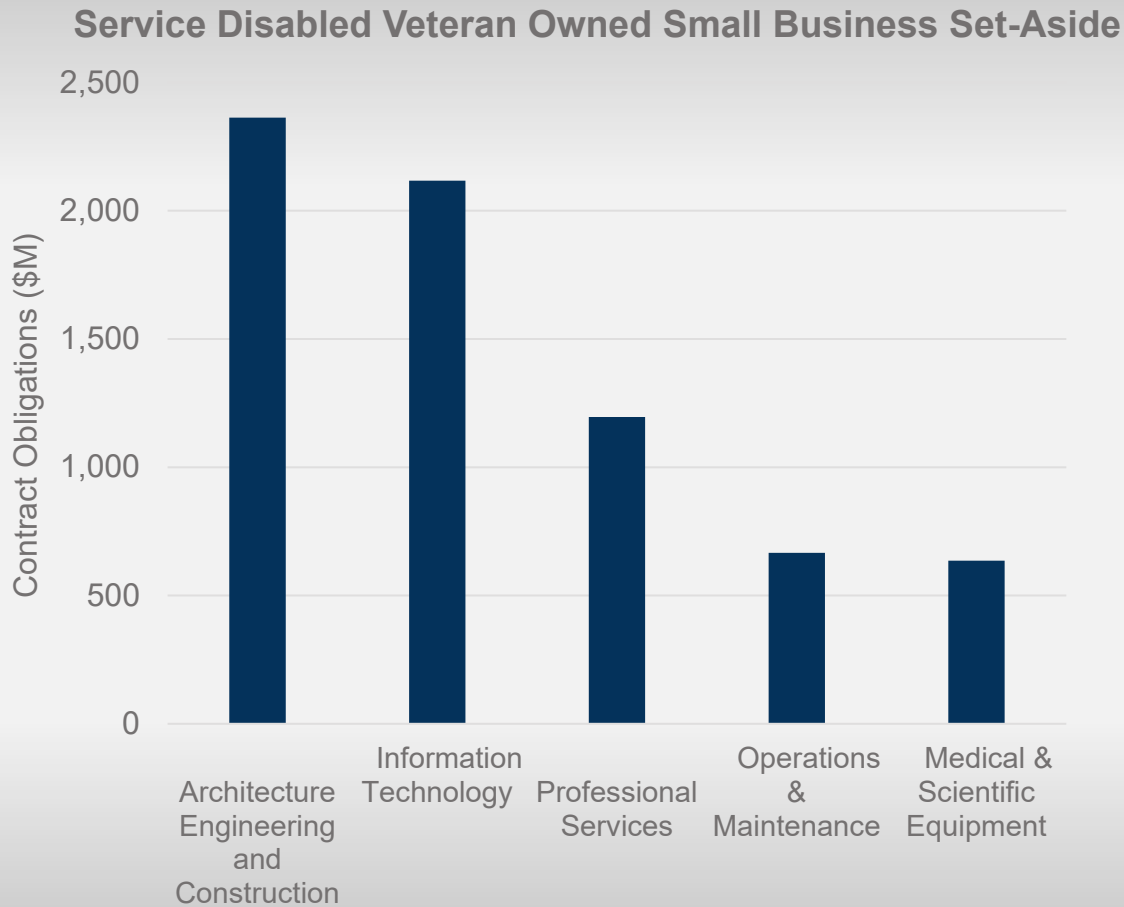


Restricted Awards by Set-Aside Type, FY 2020 - 2022



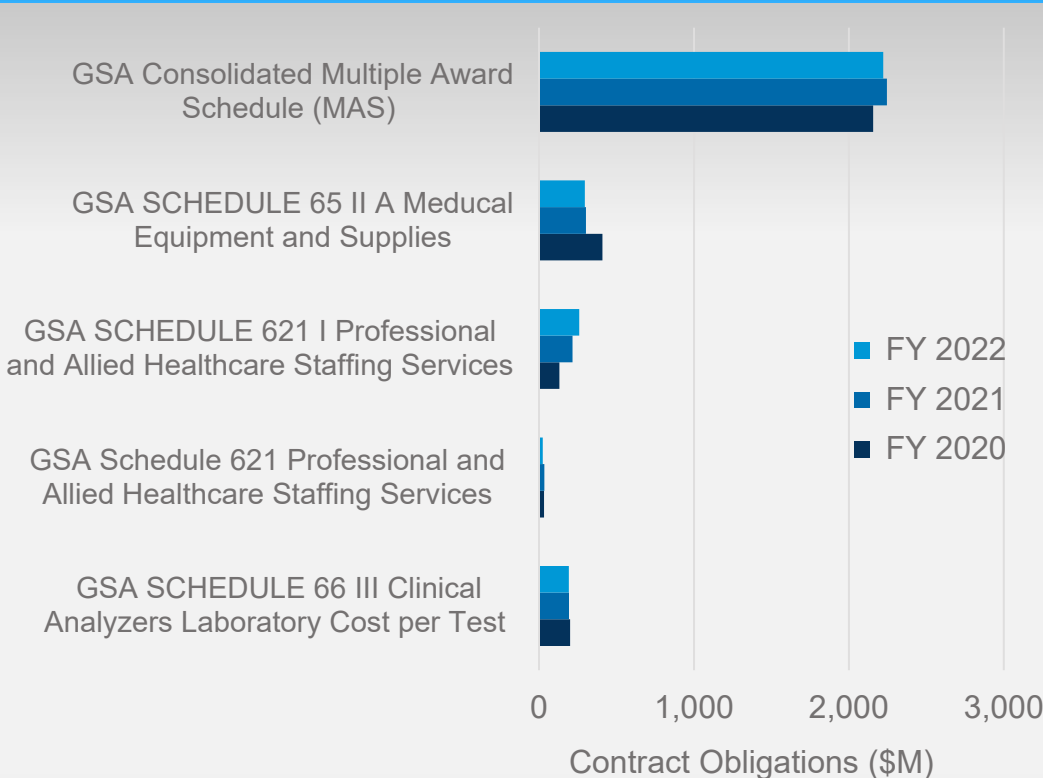
Industry Categories vs Set Asides

Top FY 2022 Set-Aside Contract Spending by Industry

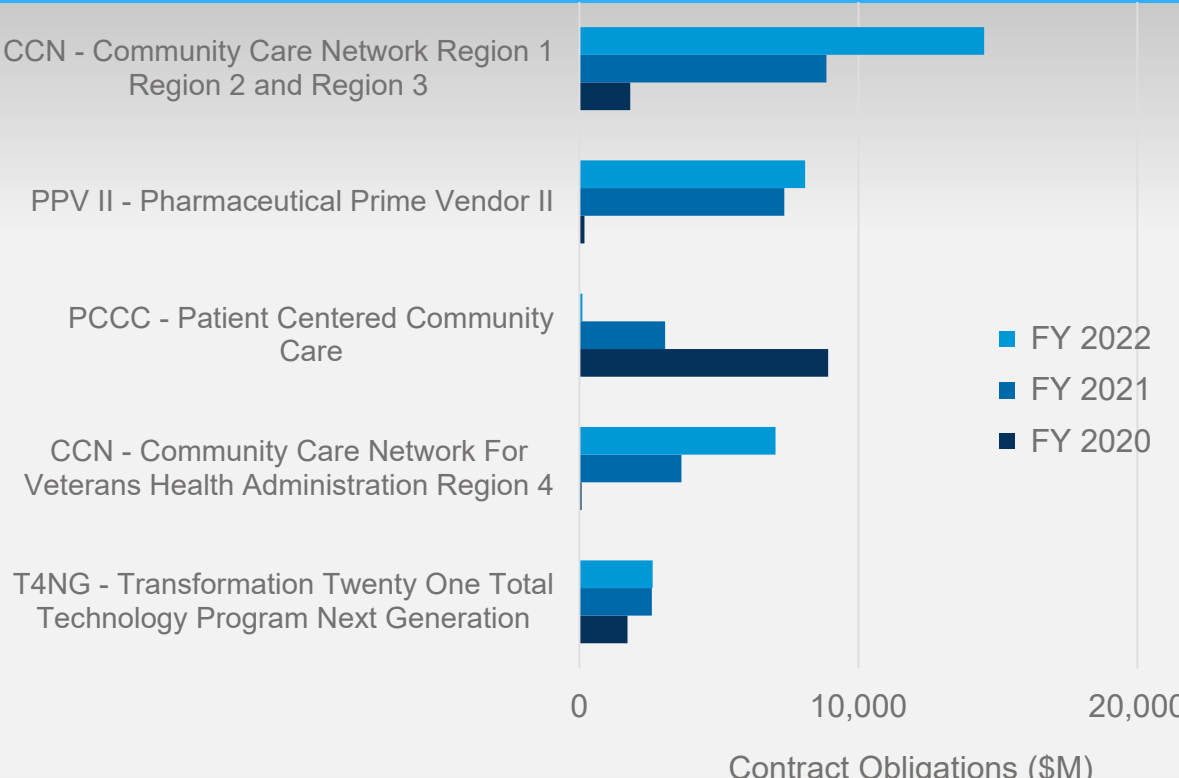


Preferred Contract Vehicles and GSA Schedules

Top GSA Schedules



Top Contract Vehicles

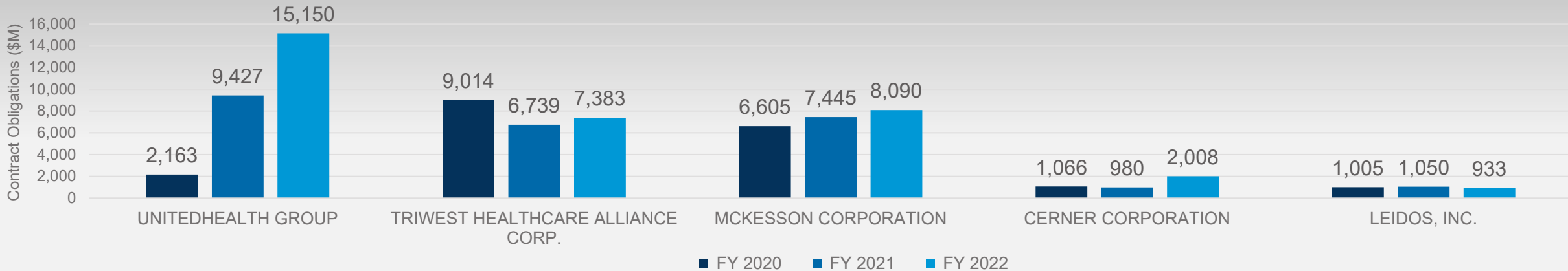


Observations:

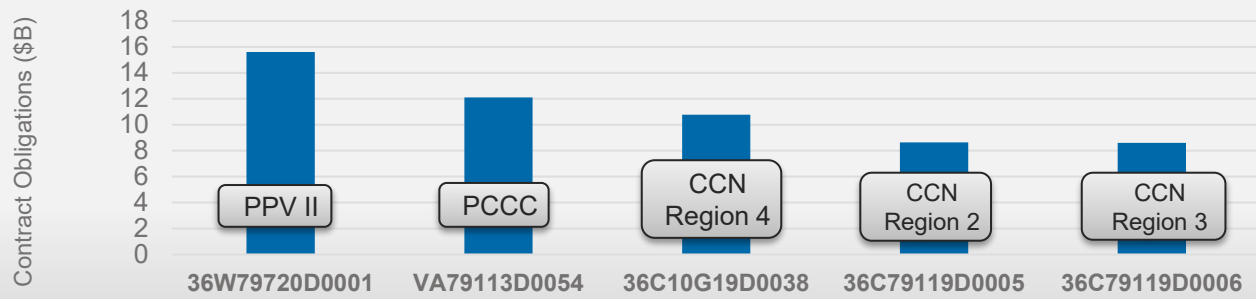
- » From FY 2020 to FY 2022, a total of \$98.9B was obligated through the use of contract vehicles – 68% of total spending.
- » GSA Consolidated Multiple Award Schedule saw a slight drop from FY21 to FY22 – Accounts for 71% of GSA Schedule spending.
- » CCN Region 1,2 & 3 made up 28% of all Vehicle spending – 695% increase from FY20 to FY22, \$25B total spent.

Major Contractors and Contracts

Top Contractors, FY 2020 - 2022



Top Contracts, FY 2020 - 2022

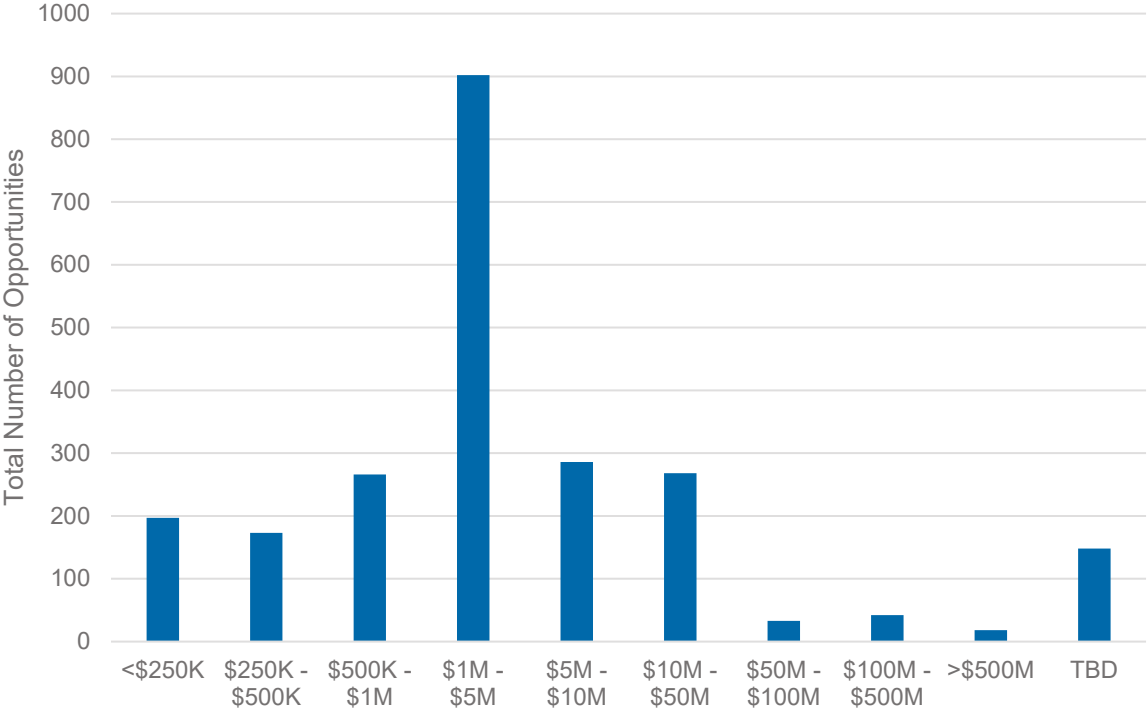


Observations:

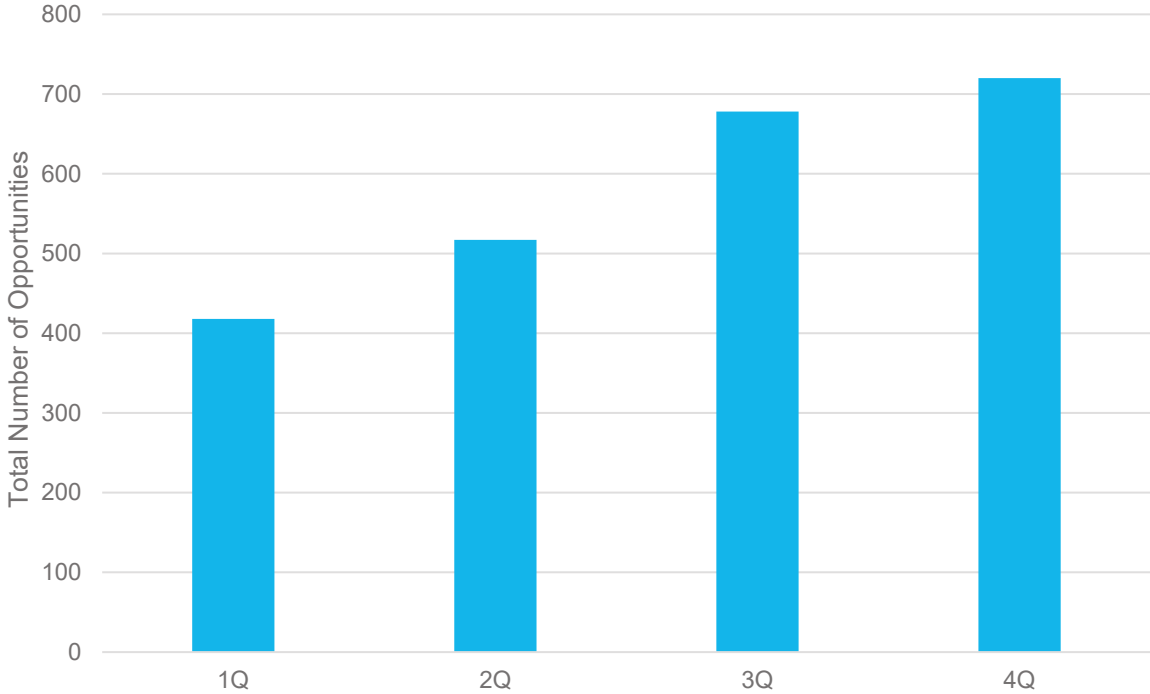
- » The Top 3 Contractors accounted for about 50% of all VA spending.
- » UnitedHealth Group reported 27% of FY22 VA Spending.
- » The Top 5 contracts accounted for 38% of all spending in FY 20 through FY 22.

FY20-FY22 GovWin IQ Procurement Trends

GovWin IQ Tracked VA Opportunities by Values
FY 2020 - 2022



GovWin IQ Tracked VA Opportunities RFP Release Quarter
FY 2020 - 2022

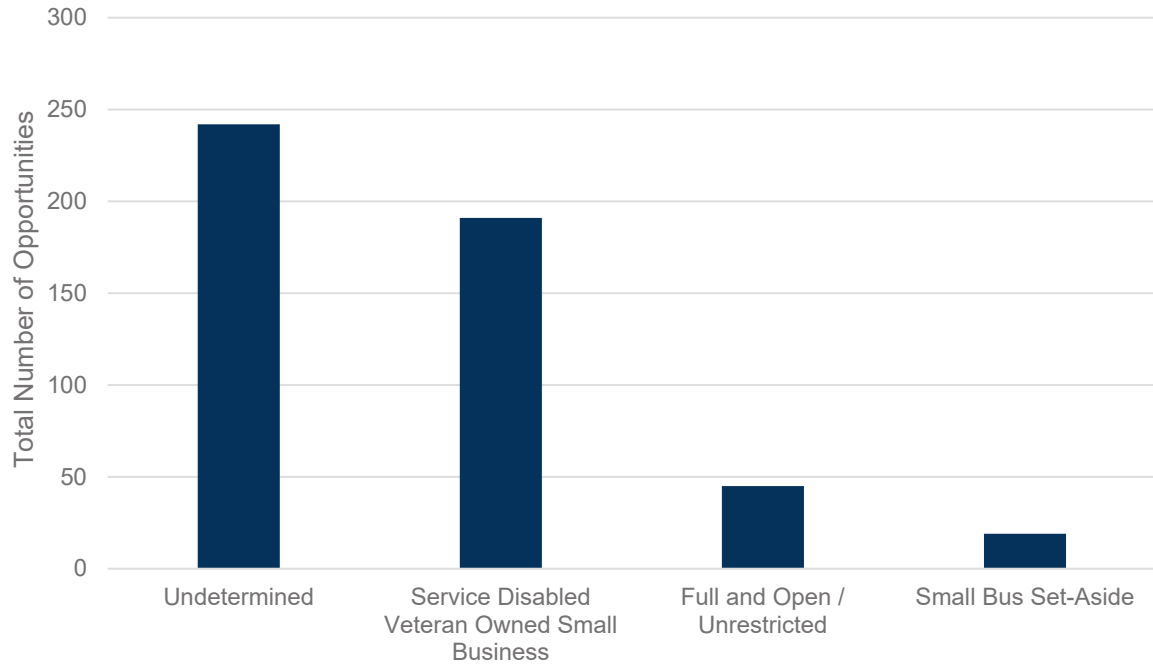


Historical Procurement Observations:

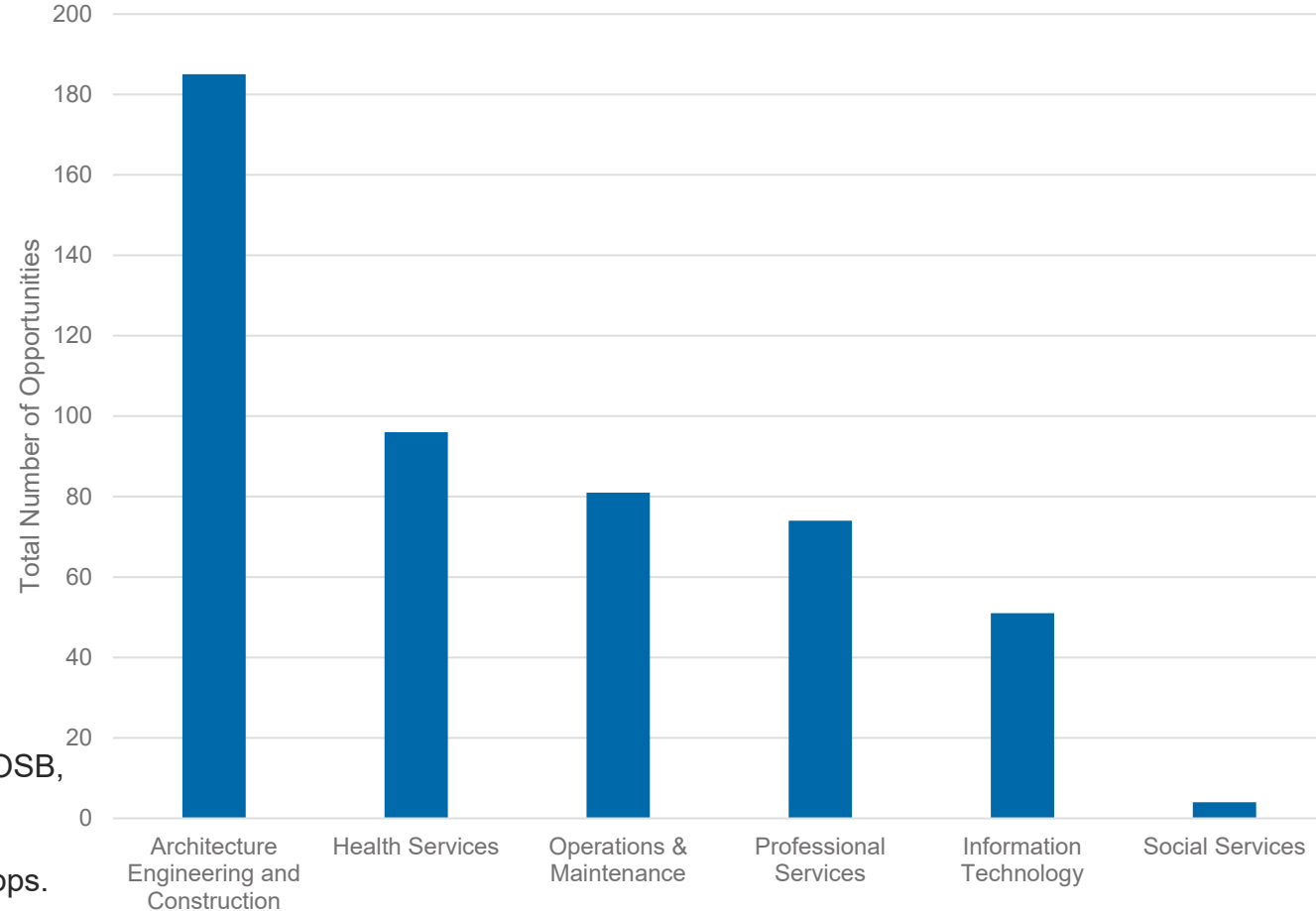
- 38% of tracked Opportunities between FY20 and FY22 were between \$1M and \$5M in value.
- About 90% of tracked Opportunities were below \$50M.
- Solicitation release peak near the end of Fiscal Year with 60% advertised in 3rd or 4th Quarters.

Potential FY2024 Tracked Opportunities

GovWin IQ Tracked FY24 VA Opportunities:
Estimated Competition



GovWin IQ Tracked FY24 VA Opportunities:
Categories



Good to know:

- 498 Pre-RFP or Forecast Pre-RFP Tracked Opportunities, 38% marked SDVOSB, 49% marked “Undetermined”.
- AEC Opportunities account for 37% of FY24 Tracked efforts.
- Health Services and Professional Services make up 34% of FY24 Tracked Opps.

Opportunities to Watch



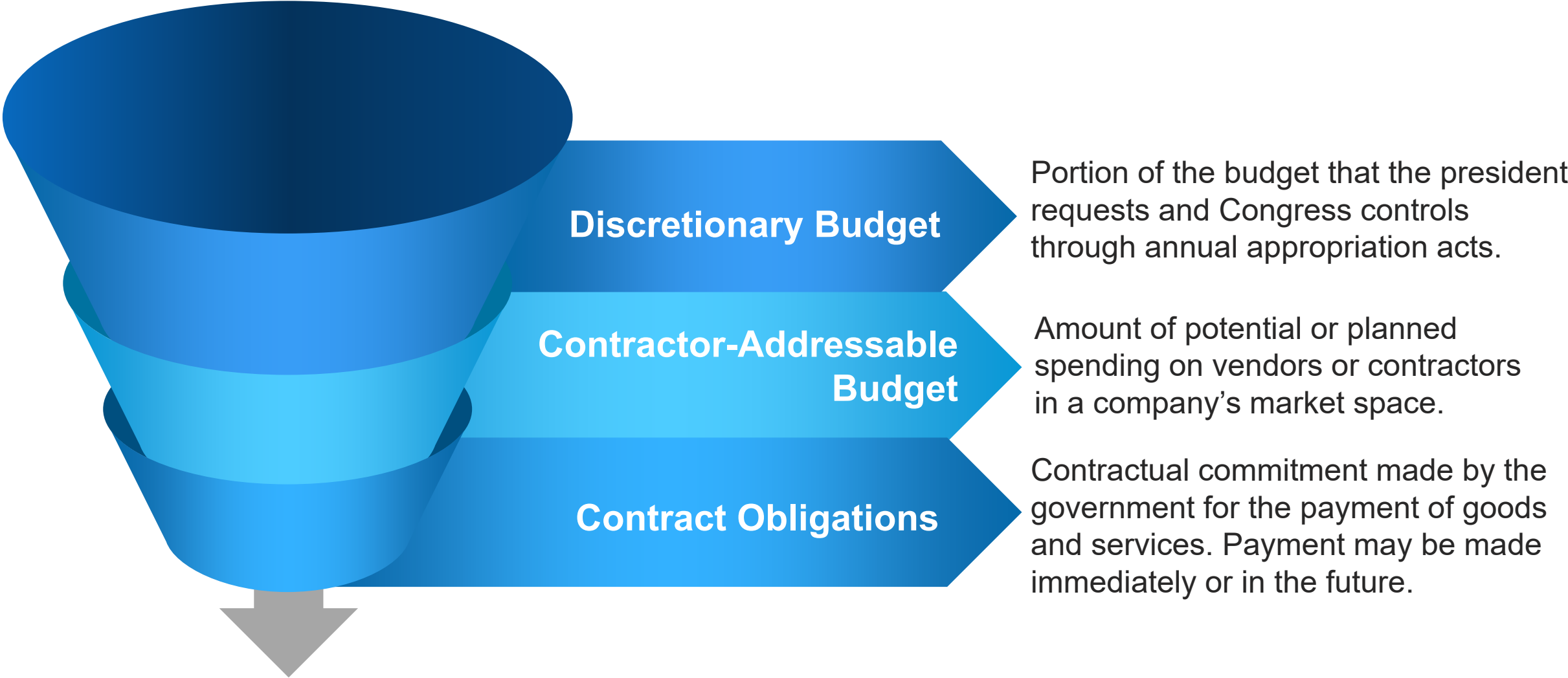
Opportunities to Watch

Requirement Type	Program Name	Value	Solicitation	Competition Type	GovWin IQ Opportunity ID
Information Technology	VETERANS INTAKE CONVERSION AND COMMUNICATION SERVICES (VICCS)	\$5.4B	4QFY2024	Full and Open	223015
	VA SECURE PERFORMANT RELIABLE AND USER CENTERED EXPERIENCES IDIQ (SPRUCE)	\$2.7B	1QFY2024	Service Disabled Veteran Owned Small Business	230782
Architecture Engineering & Construction	DESIGN BUILD SERVICES WESTERN REGION	\$3B	2QFY2024	Undetermined	217281
	DESIGN BUILD SERVICES EASTERN REGION	\$3B	2QFY2024	Undetermined	217282
	DESIGN BUILD SERVICES CENTRAL REGION	\$3B	2QFY2024	Undetermined	217284
Professional Services	COMMUNITY CARE NETWORK NEXT GENERATION (CCN)	\$88.8B	4QFY2024	Full and Open	209521
	VHA INTEGRATED HEALTHCARE TRANSFORMATION 2 (IHT 2.0)	\$1B	1QFY2024	Full and Open	230219

FY 2024 Budget Outlook

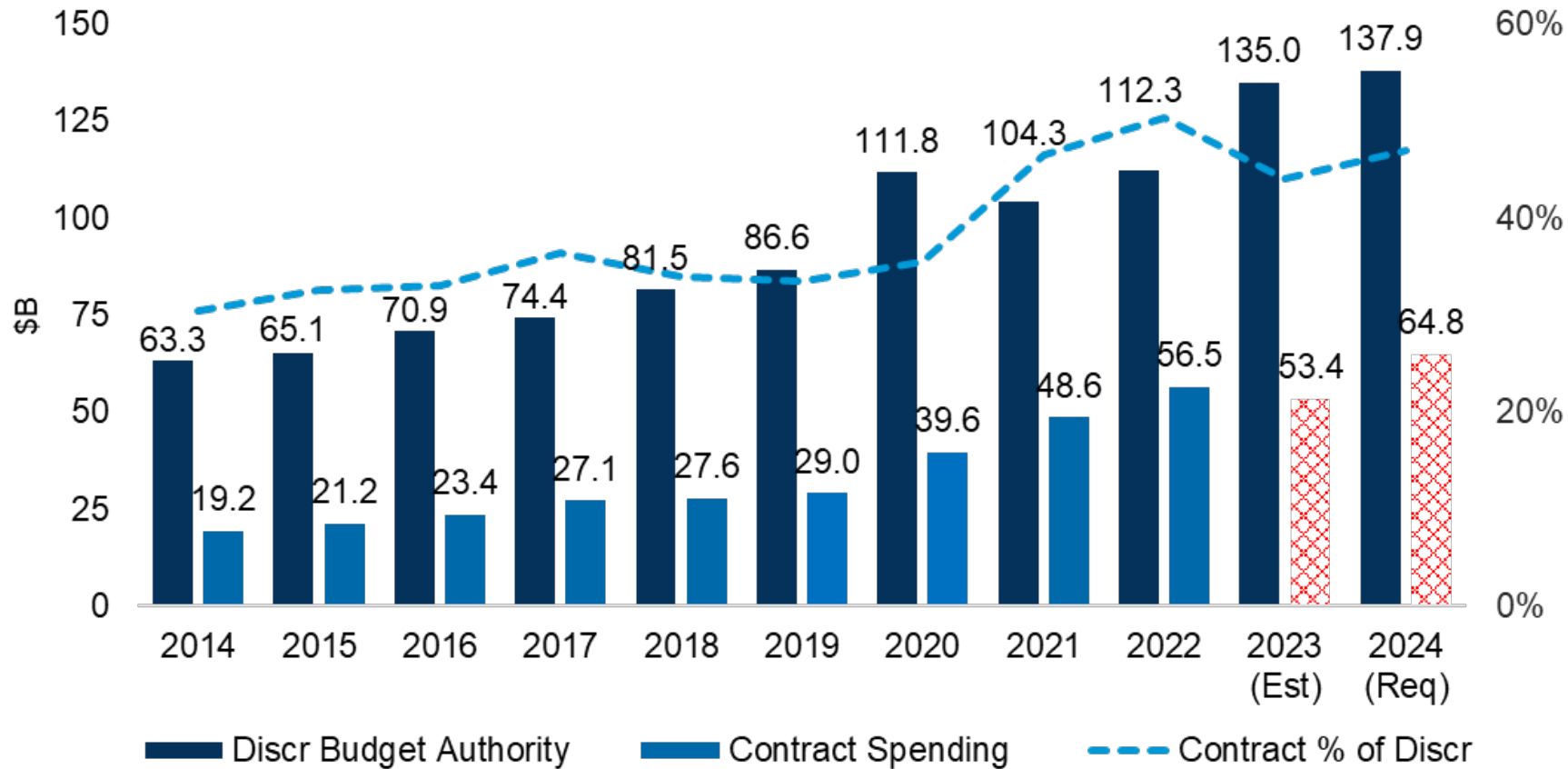


Budget and Contracting



Discretionary Budgets and Contracting

A 10-Year View

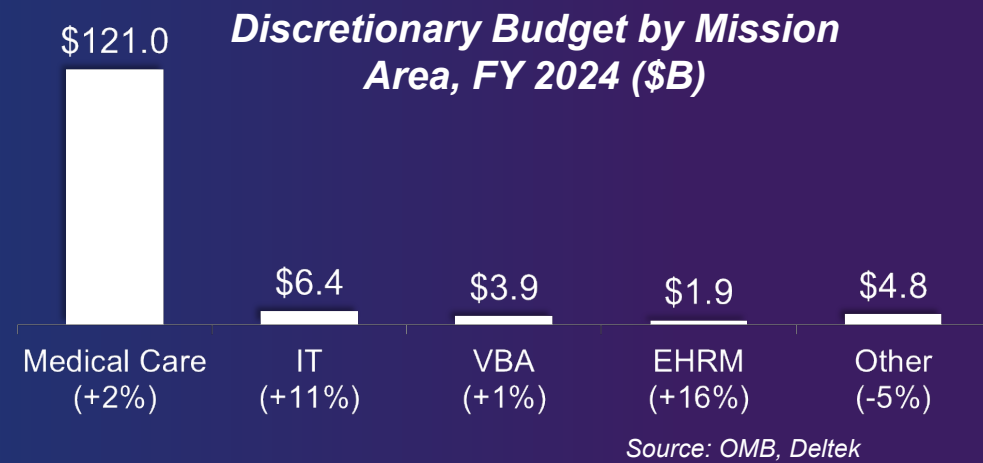


Observations:

- » Climbing budget request, estimated to reach \$139.1B by FY 2028.
- » Contract spending averages 38% of discretionary budget over the last 10 years.
- » FY 2023 and FY 2024 contract spending represent Deltek estimates.
- » VA's reliance on contracted good and services is increasing overall, continued to be driven by factors such as increased number of veterans, expansion of services and IT modernization.

FY 2024 Discretionary Budget Veterans Affairs

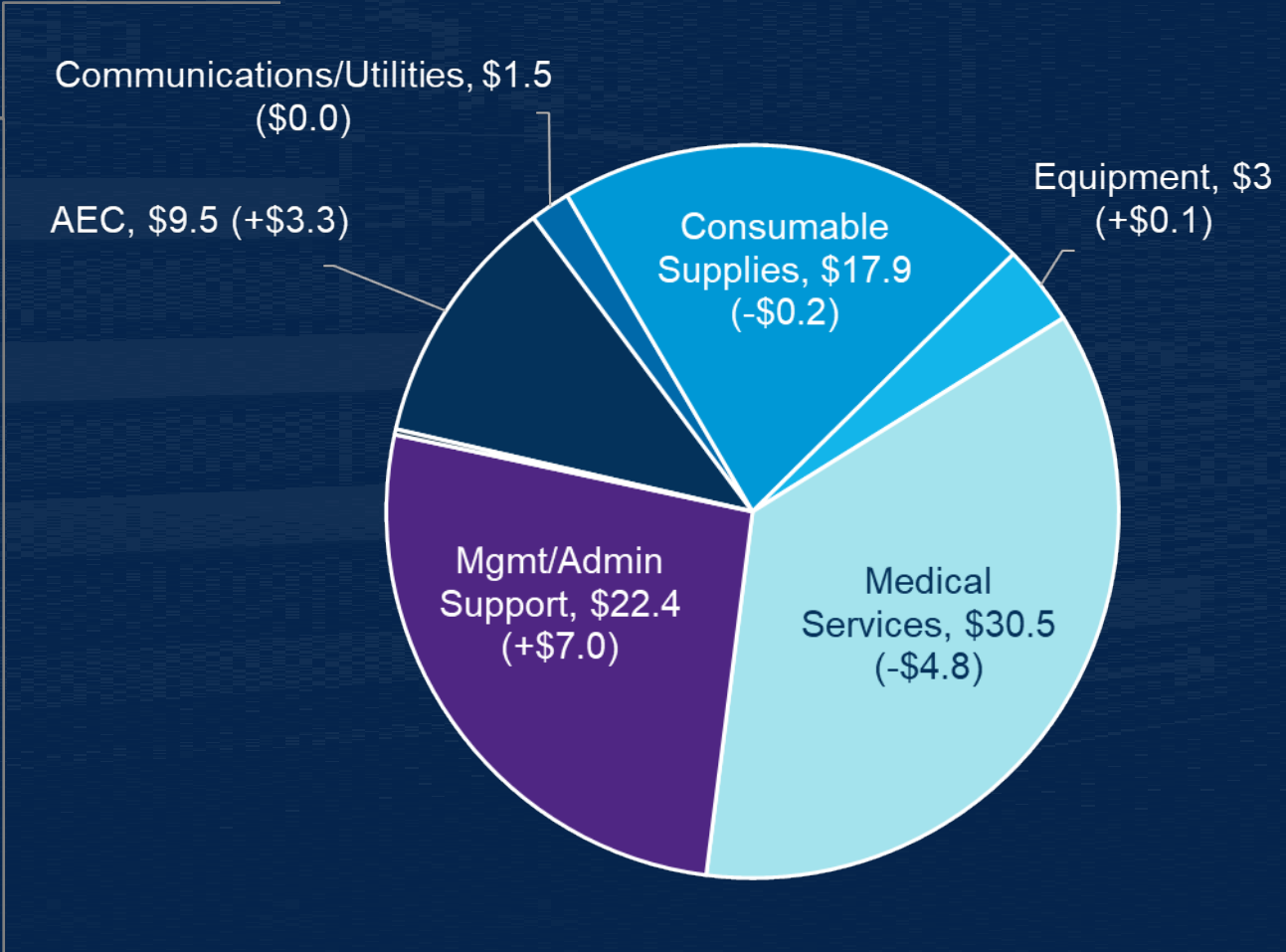
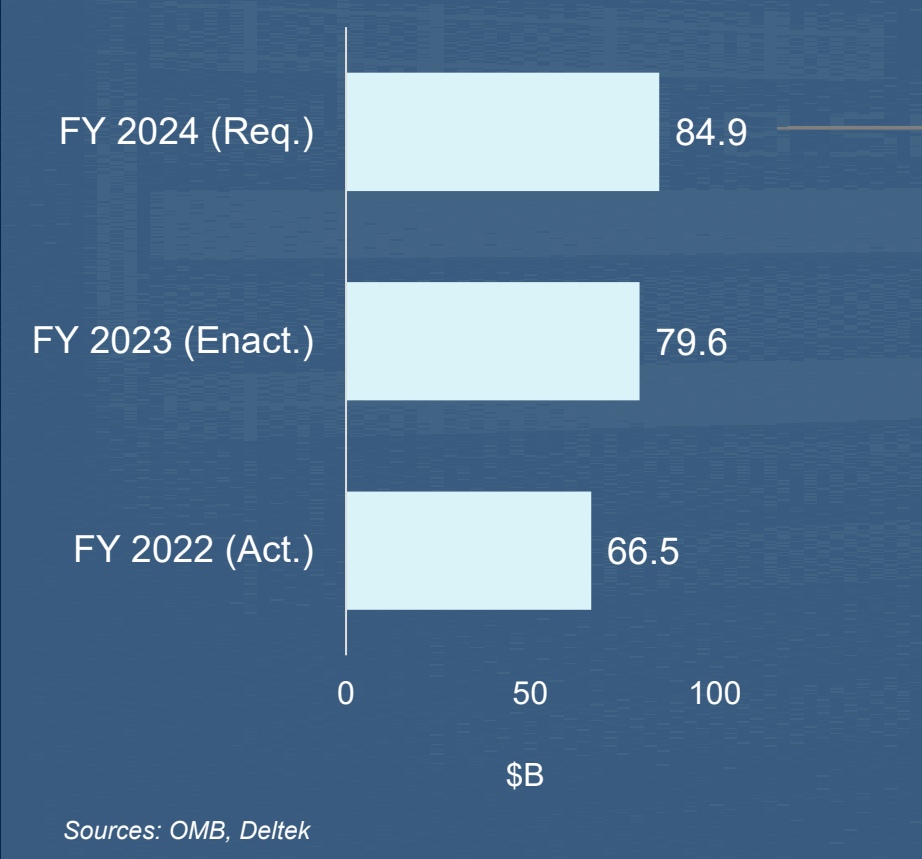
FY 2022 (Act.)	FY 2023 (Enact.)	FY 2024 (Req.)
\$113.3B	\$135.0B	\$137.9B



- » Provides \$137.9 in discretionary budget authority for Veterans Affairs (not including medical collections), representing a 2.2% increase from FY 2023.
- » Provides \$121B in discretionary medical care investments to fully fund inpatient, outpatient, mental health and long-term care services and support and maintain medical facility infrastructure with \$5B.
- » Proposes \$1.6B in discretionary funding and \$1.9B in mandatory funding for construction and expansion of critical infrastructure and facilities.
- » Supports veterans' homelessness programs with \$3.1B to ensure veterans have permanent, sustainable housing with access to healthcare and other supportive services.
- » Allocates \$10.1B for all VA information technology including enhancing and improving the veteran experience, bolstering cybersecurity and providing \$1.9B to continue modernizing VA's Electronic Health Record.
- » Includes \$20.3B in mandatory funding in the Toxic Exposure Fund to support the PACT Act as follows: \$17.1B for medical care; \$1.8B for disability benefits claims processing and automation; and \$1.2B for information technology support.

Contractor-Addressable Budget Outlook, FY 2022-2024

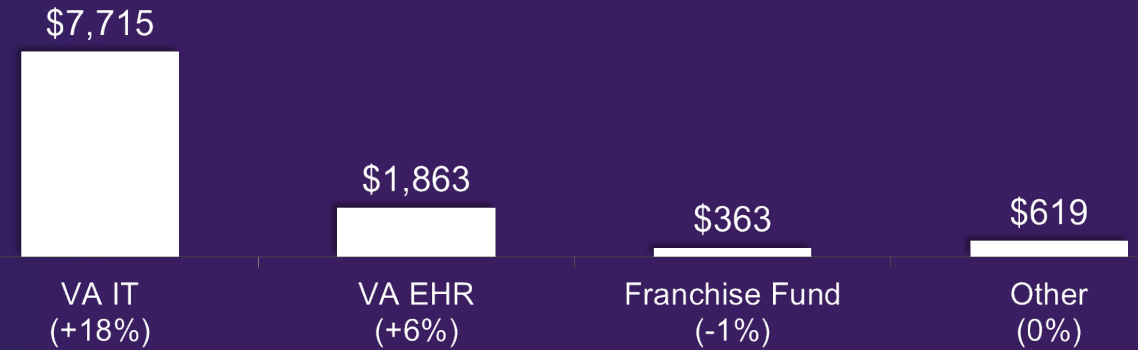
Contractor-Addressable Budgets by Segment, FY 2024 (\$M)



FY 2024 IT Budget Veterans Affairs

IT Budget by Mission Area, FY 2024 (\$M)

FY 2022 (Act.)	FY 2023 (Enact.)	FY 2024 (Req.)
\$9.1B	\$9.7B	\$10.1B



Source: OMB, Deltek

- » Requests \$10.1B for VA IT, up 4.9% over FY 2023.
- » Includes \$927M to support cybersecurity efforts, a 51.7% increase over FY 2023 levels.
- » Provides \$6.4B for the Office of Information and Technology to enhance and improve the veteran experience through automating healthcare outcomes and timely access to benefits, accelerating investment in digital telecommunications and continuing business transformation.
- » Invests \$1.9B in deployment of the electronic health record solution (EHRM) to include training facilities, enterprise integration, operations and sustainment and site support at VISNs 19, 21, 22.
- » Top increasing programs include Enterprise Security Services (+\$316M) and Enterprise Data Services (+\$294M). Top decreasing programs include EPMO Enterprise Support (-\$381M) and IT Operations Platform (-\$106M).
- » VA investments containing the most DME funding include IT Operations End User (\$275M), Enterprise Security Services (\$263M) and Other Benefits IT Systems (\$265M).

Contractor-Addressable IT Priorities

Cloud Computing

Migrating systems to the cloud and maturing cloud capabilities are foundational for the VA's IT modernization efforts.

Big Data

VA is focused on data management, data science and data analytics. VA plans to take advantage of tools in the cloud to help harness the power of its data.

Artificial Intelligence

VA is using AI to improve the veteran experience, speed benefits delivery, improve healthcare, and automate operational and IT tasks.



Cybersecurity

Cybersecurity is a cornerstone for VA's IT modernization and digital transformation efforts.

Telehealth and Connect Care

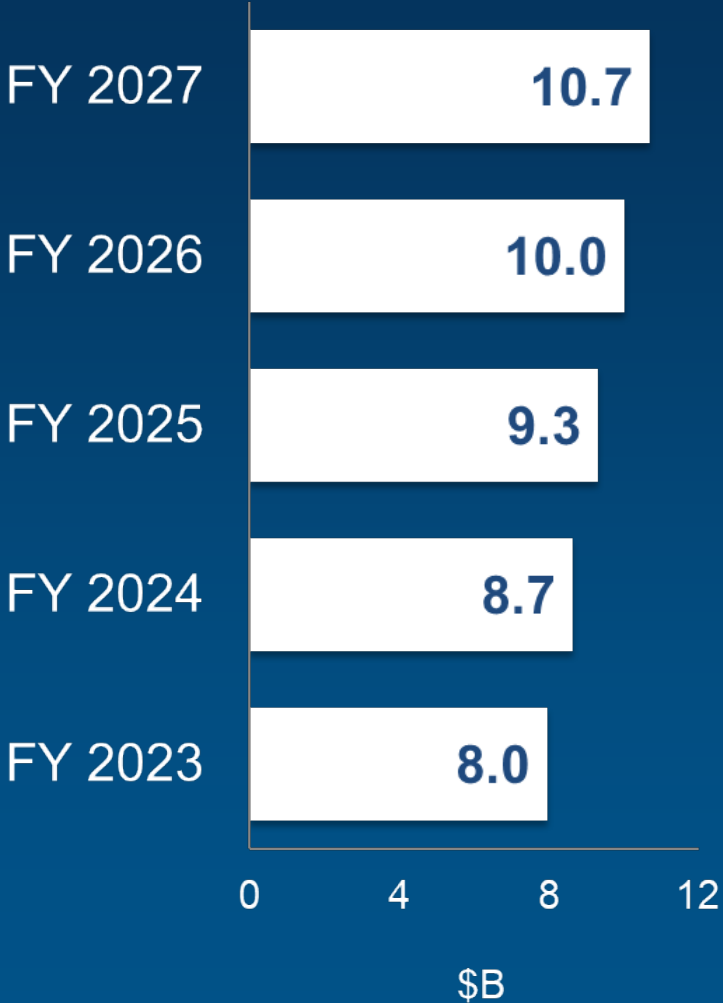
VA's telemedicine program is the largest in the U.S. and expanded exponentially during the pandemic.

Electronic Health Record Modernization (EHRM)

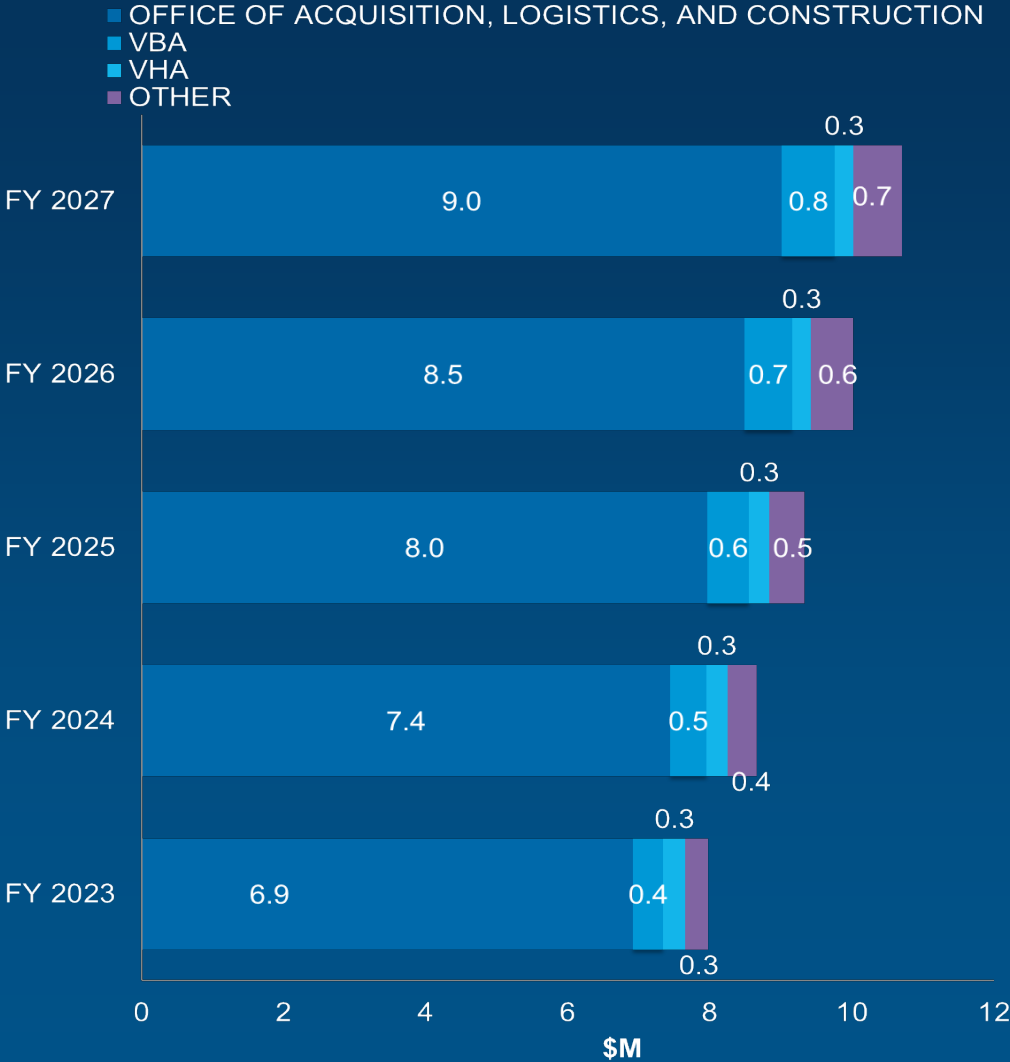
VA's EHRM program is implementing Cerner's EHR solution to align with DOD's installation of MHS Genesis.

Veterans Affairs: Contractor Addressable IT Market, FY 2023-2027

TOTAL IT MARKET



TOP BUREAUS



Conclusions



Conclusions

- » **Procurement Trends.** The majority of solicited VA opportunities in GovWin IQ value \$10M or less, and 60% of tracked VA RFPs are released in Q3 or Q4 of the fiscal year.
- » **Service-Disabled Veteran-Owned Small Business (SDVOSB) Spending.** The VA marketplace is ripe for SDVOSBs, as the set aside's spending trends continue to increase year over year at the department.
- » **Budget and Contract Spending Patterns.** VA's discretionary budget and contract spending trends are driven by an increased number of veterans, expansion of medical and benefits services, and IT modernization.
- » **VA IT Priorities.** VA initiatives in cyber, big data, cloud, AI and more helps achieve the department's IT priorities including vision-driven execution, operational excellence, delightful end user experience. and people excellence.
- » **Veterans Integrated Services Networks (VISNs).** Entities looking to do business with the VA are encouraged to start locally – at VA's VISNs – which hold most of the contracted funding at the VA.



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