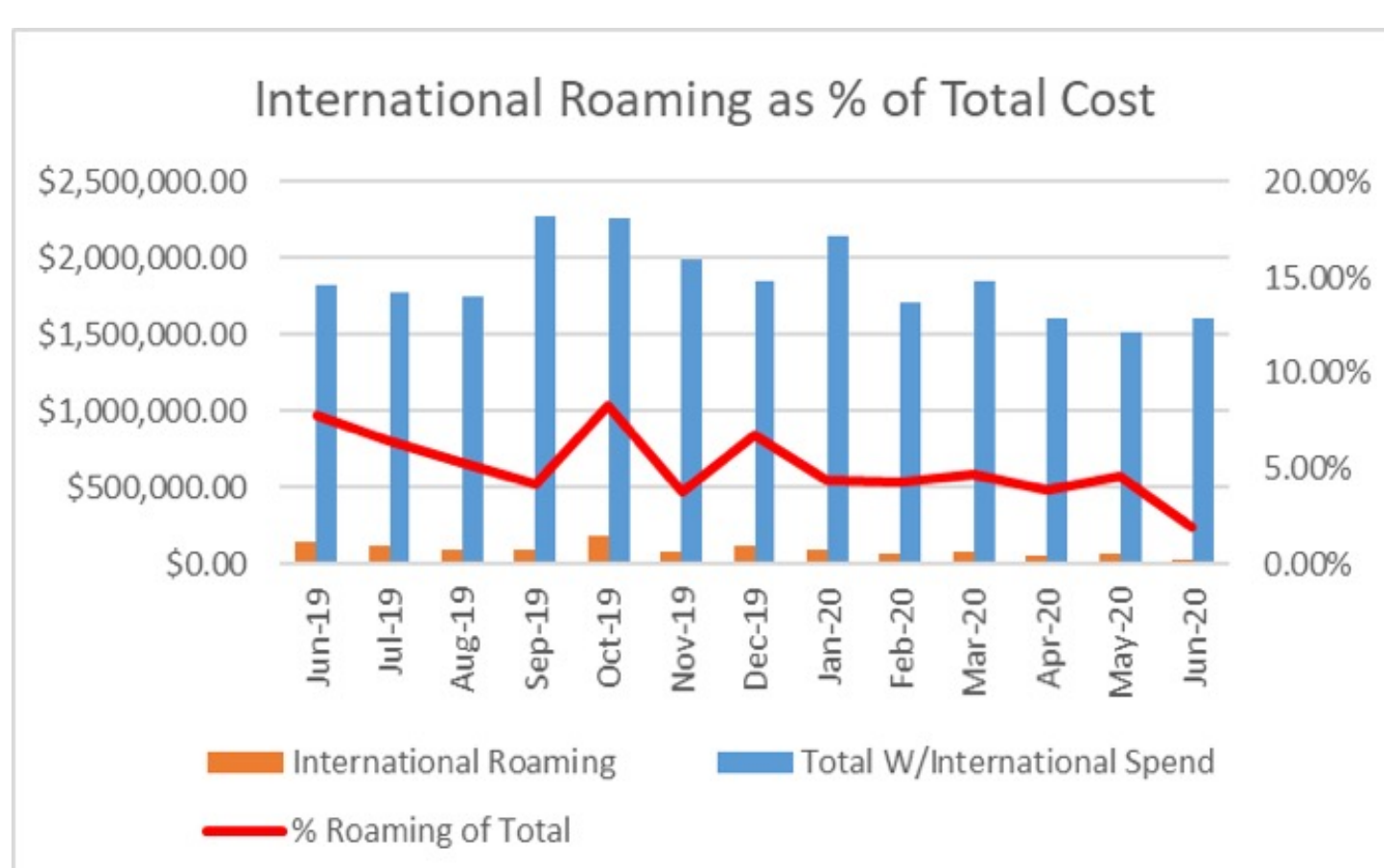


### Abstract

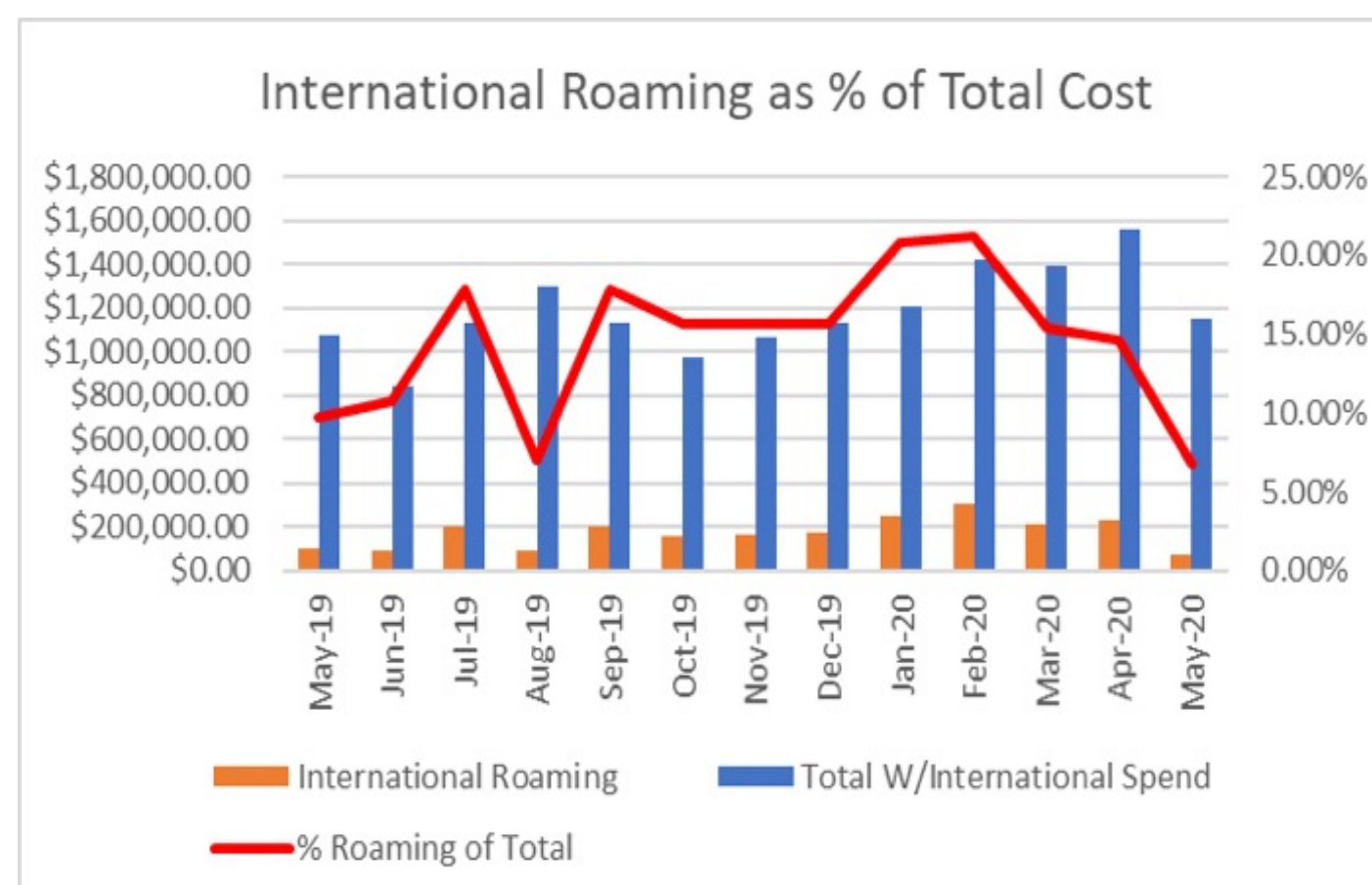
The Navy, along with other Department of Defense (DoD) entities, use a contracting vehicle called the Spiral 3 Multiple Award Contract (MAC) that provides cellular and other handheld wireless services to Navy commands within all 50 states. Broadly, the Spiral 3 contract is set up with three participating vendors: AT&T, Verizon, and T-Mobile. For any given Navy command, commands submit to their local NAVSUP FLC contracting officer (hereafter referred to by their departmental code of Code 200) a list of their cellular and wireless requirements. These requirements are then solicited to the Spiral 3 vendors. A task order against the Spiral 3 contract is then awarded to the vendor that came in with the lowest-priced, technically acceptable offer. This contract model has consistently been able to keep domestic cellular costs down from older contract vehicles. However, costs have remained high for international services, with frequent cost overruns occurring due to overages in international service by various Navy commands. From our research, we have found that the prices of roaming services have generally not moved downward in line with national pricing patterns, resulting in an increasing gap between national and roaming mobile call charges.

### Methods

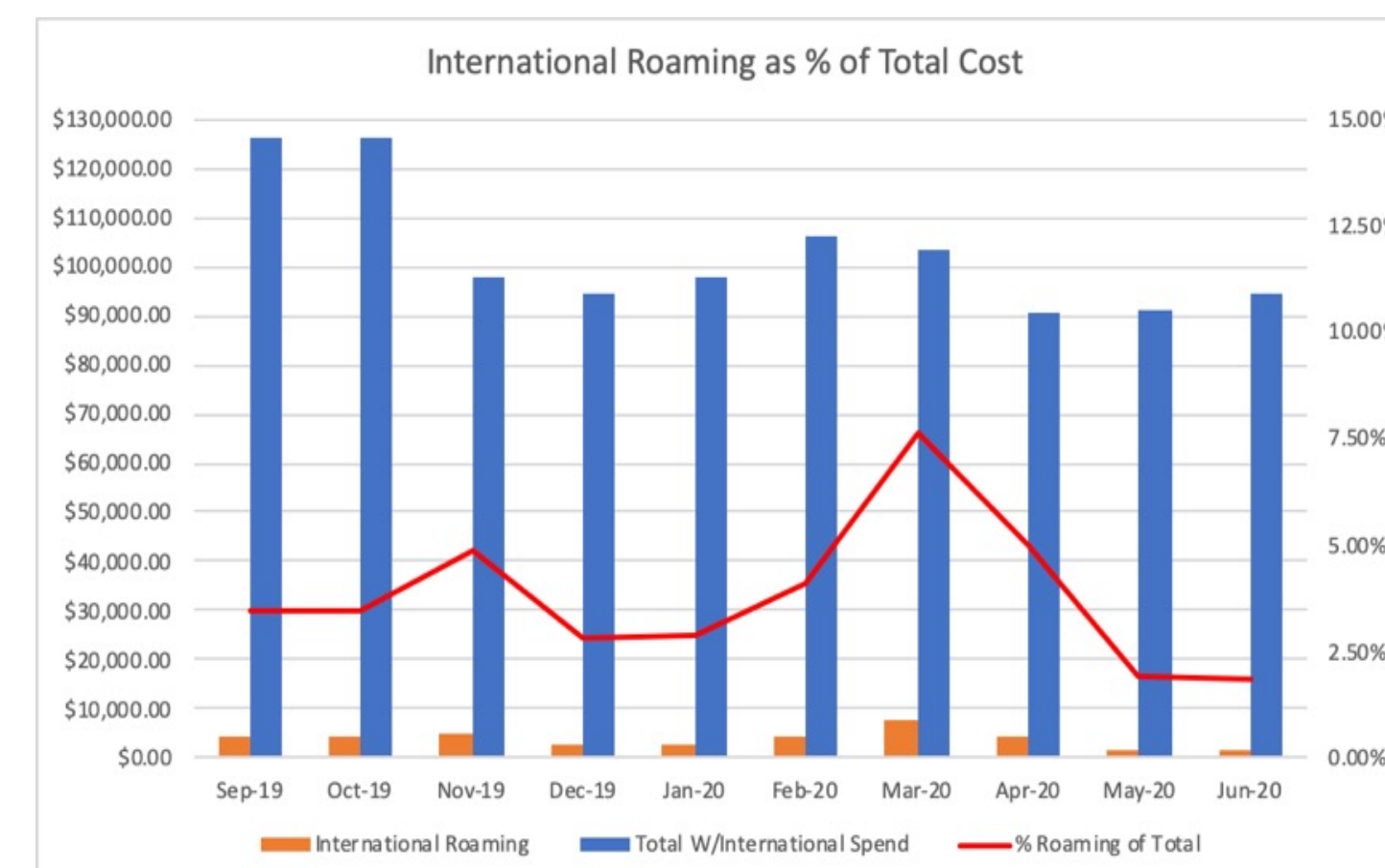
By analyzing international data rates under the Spiral 3 contract, we attempt to leverage innovation in both technology and the commercial world to determine a solution for DoN that might result in lower prices for international services than what are provided currently.



Verizon International Costs



AT&T International Costs



T-Mobile International Costs

### Results

#### 1. How can the Navy better acquire international cellular and wireless services than it does currently?

DoN Should standardize all international rates into the next iteration of the Spiral contract rather than solicit pricing from vendors at the time of solicitation. Additionally more competition should be brought in to include MVNO providers that offer better pricing for international services.. Finally, the DoN should ensure that end users better define their international requirements so that vendors with a more competitive international services rate structure have a better chance of winning those contracts.

#### 2. What are the gaps in international service currently, and how can the Navy fill them?

The main gaps in international service are a direct consequence of how international services are to be acquired in the Spiral 3 contract. While all wireless and cellular services for domestic services have set prices in the ELIN structure for all vendors that are negotiated and incorporated into the contract at the time of its award from which task orders can then be written, requirements for international services are not formulated with set prices. DoN needs to address this gap by negotiating all ELIN price structures up front to ensure costs can be controlled.

#### 3. Why is it so costly for the Navy to acquire international cellular and wireless service?

The major vendors of the cellular industry that all compete for task orders under the Spiral 3 contract operate in an oligopoly. Consequently, the traditional benefits of competition for the buyer to help lower prices among qualified vendors do not work to the extent that would be seen in an environment of pure competition. This allows AT&T and Verizon to offer less competitive prices under the Spiral 3 contract than its other competitors, Sprint and T-Mobile. Additionally, DoN has not utilized their purchasing power to its full advantage in the way it did when negotiating prices for domestic services.