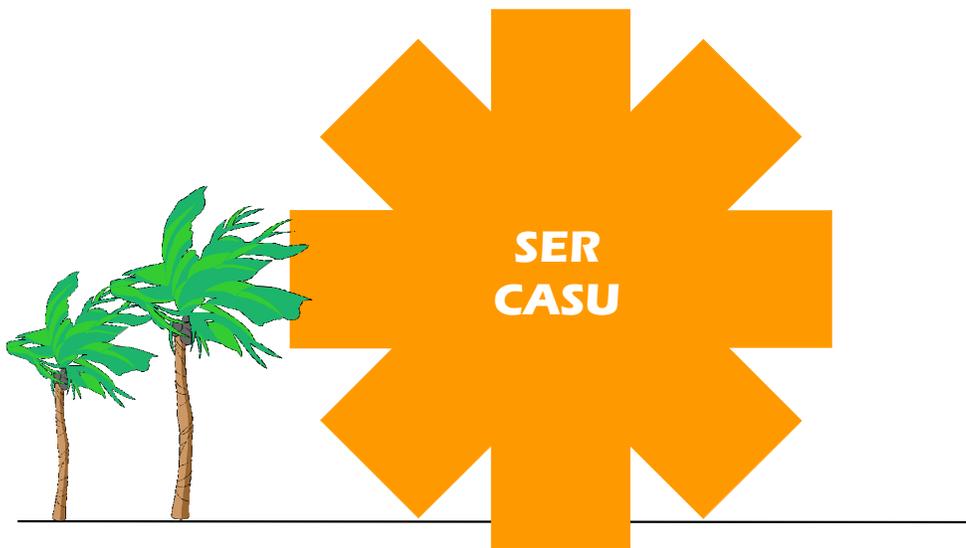


ANNUAL REPORT

Fiscal Year 2003



**Southeast Regional
Cooperative Administrative Support Unit
Lynn Haven, Florida**

Excellence in interagency and intergovernmental services

To Participating Customers of the Southeast Regional Cooperative Administrative Support Unit

In Fiscal Year 2003, the Southeast Regional Cooperative Administrative Support Unit completed an extraordinarily successful year of solid growth, a year of substantial increases in business revenues, and a practical and productive expansion of the geographic areas in which support is offered. This has been a year of notably effective delivery of goods and services to the many customers of the SER CASU.

Revenue Growth. FY 2003 has been a year of record breaking business revenues, with the achievement of a total that is more than double the revenue levels attained in the previous year. Including the SER CASU branches, the combined total of revenues for SER CASU last year approximated \$158M dollars.

New Branches. The new SER CASU branches completed their first full year of operations in FY2003. Under the guidance and oversight of the local Board and the Executive Director, the three branches achieved a highly successful first year, with effective delivery of needed goods and services to numerous Government customers. Business revenues for the three branches totaled approximately \$14M dollars.

Customer Units. The past year also brought SER CASU service to a record number of customers, with discrete customer units having increased to a total of **211**.

Administrative Fee. During FY 2003 SER CASU provided customers one of the lowest administrative fees in the program, namely 2.5%. The Board is extremely pleased that business efficiencies resulted in the announcement by the Executive Director that the administrative fee was further reduced, effective at the beginning of FY 2004, to **2.0%**, the lowest in the CASU Program.

On behalf of the local Board of Directors, I take great pleasure in extending our appreciation to participating customers of SER CASU, thanking each of you for your continued business, confidence, and loyalty. We also wish to recognize the effective and valuable support of the Lead Agency, as well as the hard work and diligence of the SER CASU staff personnel, including HQ and branches, in bringing about the positive results related in this annual report.

For the Board,


Mary Dayton, Chairperson
Board of Directors, SER CASU

Message from the Lead Agency



DEPARTMENT OF VETERANS AFFAIRS Central Texas Veterans Health Care System

Austin Satellite Outpatient Clinic
2901 Montopolis Drive
Austin, TX 78741

Olin E. Teague Veteran's Center
1901 Veterans Memorial Drive
Temple, Texas 76504

Thomas T. Connally Medical Center
1016 Ward Street
Marlin, TX 76661

Waco VA Medical Center
4800 Memorial Drive
Waco, TX 76711

In Reply Refer To: 674/00

NOV - 3 2003

Mrs. Mary Dayton, Chairperson
SER CASU Interagency Board
Bay County
Panama City, FL 32402

Dear Mrs. Dayton:

On behalf of the Central Texas Veterans Health Care System (CTVHCS) and of our Lead Agency Support Team, I am pleased to extend our warmest congratulations on the completion of another extraordinarily successful year for the Southeast Regional Cooperative Administrative Support Unit (SER CASU).

During Fiscal Year 2003, we have observed the unprecedented growth in the delivery of goods and services by your organization. This has included the striking and successful establishment and growth of three new SER CASU branches. This organizational initiative has contributed effectively to the availability and timeliness of cooperative services in a truly nationwide reach. The continuing and substantial increases in business revenues provide convincing indication of your capability to deliver best value goods and services to your government customers.

We take pride in the industrious, cooperative, and successful efforts by our personnel, both in the SER CASU and in the Lead Agency. We believe that the working interfaces, financial and administrative, are strong and continue to serve us well.

Congratulations on your achievements in Fiscal Year 2003, and we wish the SER CASU staff and Board of Directors continued success in the coming year.

Sincerely yours,

Dean S. Billik, FAAMA
Director

SER CASU Board of Directors

Mrs. Mary Dayton, Chairperson

Bay County
P.O. Box 1818
Panama City, FL 32402

Mr. Jerry Sewell

Dept. of Children and Families
State of Florida
2697 Jenks Avenue
Panama City, FL 32405

Dr. Peter Sheridan

National Marine Fisheries Service
Department of Commerce
3500 Delwood Beach Road
Panama City, FL 32408

Mr. Ken Gaby

Logistics Manager
Central Texas Veterans Health Care System
Department of Veterans Affairs
Temple, TX 76504

Ms. Gail Carmody

U.S. Fish and Wildlife Service
1601 Balboa Avenue
Panama City, FL 32405

Lt. Colonel Bernie Still

USAF
445 Suwannee Avenue
Tyndall Air Force Base, FL 32403-5426

Mr. John Holdnak

Gulf Coast Community College
5230 West Highway 98
Panama City, FL 32405

Mr. Ken Hammons

City Manager
City of Panama City, FL
9 Harrison Avenue
Panama City, FL 32405

Mr. John Harrison, Vice Chairman

Bay District Schools
P.O. Drawer 820
Panama City, FL 32402

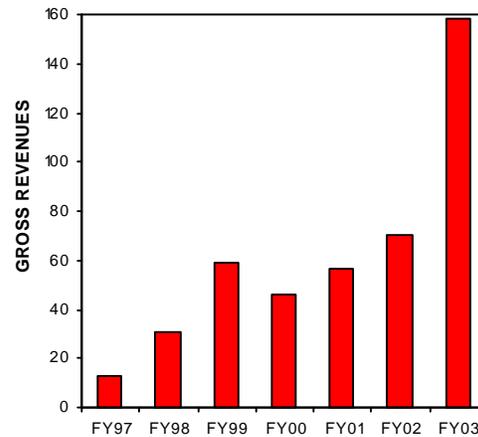
Major Actions Taken by the Board in Fiscal Year 2003

- The Southeast Regional CASU Board provided oversight, advice, and guidance to SER CASU during FY 2003, a year of unprecedented growth for the organization. Business revenues more than doubled, to an all time high of \$158M dollars, including revenues achieved by the new SER CASU branches.
- The SER CASU Board also provided guidance and oversight for the newly established branches at Atlanta, Dallas, and Los Angeles during this past year, pending establishment of their Local Advisory Boards at each location. The Board observed with pleasure the superb progress recorded during this first full year of operations, with the branches attaining a combined total revenue of approximately \$14M dollars.
- Reviewed, approved, and forwarded to National CASU the Annual Self-Assessment and Business Indicator Report for SER CASU and its branches.
- Participated in, and provided guidance for, a second successful year of sponsorship of the Bay County Area Purchasing Agent Forum.

Business Revenues

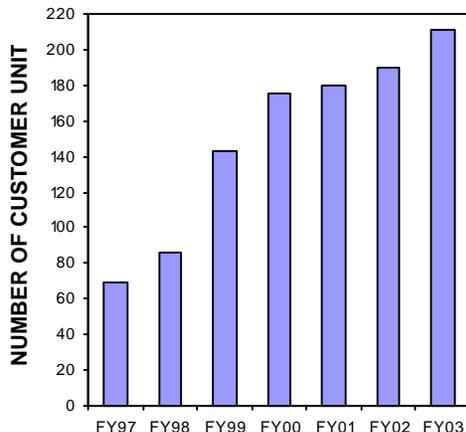
During Fiscal Year 2003, the Southeast Regional CASU achieved an extraordinarily successful year of growth in services and support to its customers. This growth was on a nationwide basis. The revenues achieved by SER CASU HQ and its branches at Atlanta, Dallas, and Los Angeles more than doubled the SER CASU totals for the previous year, to a new total of \$158M. We believe that this growth is indicative of the timely, reliable, and overall best value service that is being delivered by the SER CASU and Branch staff personnel.

SER CASU GROSS REVENUES



Customer Units

SER CASU CUSTOMER UNITS

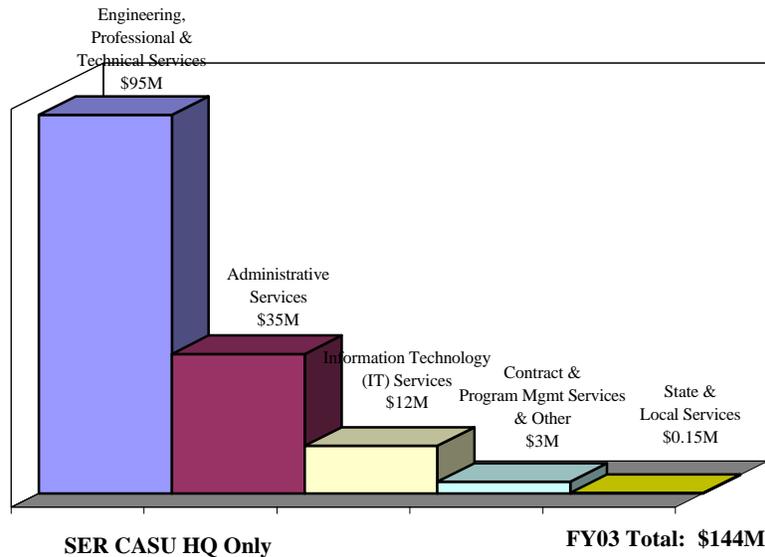


This chart illustrates the consistent and positive growth in the number of SER CASU customers over the years. It indicates a record breaking 211 customer units in Fiscal Year 2003. Customer units are those divisions, offices, or agency components who determine specific requirements, and who arrange for the timely and economical delivery of services or goods to satisfy those requirements.

The growth indicated in the above two charts reflects underlying factors that include the following:

- responsiveness and entrepreneurship of the SER CASU staff in meeting the needs of our participating customers
- demand for the range of services and products available through the SER CASU
- prompt and businesslike support by the Lead Agency in meeting customer requirements and in resolving administrative issues
- dependable support and encouragement of the Local Interagency Board of Directors

Services Provided to SER CASU Customers in FY 03 (by category and by dollar value)



The above chart displays the services provided to the customers of SER CASU in Fiscal Year 2003 by category and by dollar volume. This data is for SER CASU HQ only and does not include the figures for the SER CASU branches.

The demands for engineering, professional, and technical services continue to dominate the requirements of our customers. During Fiscal Year 2003, the revenues for this category totaled some \$95 million dollars, representing about two-thirds of total business for the year.

Requirements for administrative services constituted the second strongest category, with revenues approximating \$35 million for Fiscal Year 2003. This represented about one-fourth of total business for the year, a percentage almost identical to the previous year.

The category of Information Technology (IT) continues to show strength, with a healthy 50% increase in business over the revenue figure for the previous year. As indicated on the chart, the total revenue for Information Technology for Fiscal Year 2003 approximates \$12 million dollars.

The next category in business volume involves contract, program management support services, and similar requirements. This category has also shown a strong increase in demand, with approximately \$3 million in business in Fiscal Year 2003. This represents a 50% increase over the preceding year, and is seen as a continuing core area of support by SER CASU.

A Partial Catalog of SER CASU Products and Services

The range of products and services offered by the SER CASU is tailored to the needs of its customers. Those currently available include:

Accounting Services
 Administrative Services
 Common Needs Training
 Contract Administration Assistance
 Contract Specifications Development
 Copier Maintenance
 Data Collection
 Data Entry
 Data Transcription
 Database Management
 Design Engineering
 Digital Imaging
 Document Management Service
 Employee Assistance Program Support
 Employee Relations
 EPA Compliance Inspections
 Field Service Engineering
 General Clerical Assistance
 Human Resource Services
 Interactive Courseware Development
 IT System Operation
 Logistics Planning & Support
 Marine Exploration
 Payroll Services
 Photocopying
 Program Design
 Receptionist Services
 Requisition Preparation and Processing
 Research & Analysis
 Secretarial & Clerical Services
 Security Forces & Training
 Software Maintenance
 Specialized Technical Training
 Statement of Work Development
 Systems Analysis
 Technical Evaluation of Competing Bids & Proposals
 Technical Writing
 Video Production
 Word Processing

Engineering, Professional and Technical Services: Design and field service engineering; research and analysis; diving and marine exploration; library services; EPA compliance inspections; technical documentation and drawings; program management support; tracking of costs and deliverables; various professional staff functions.

Administrative Support Services: General clerical assistance; word processing; secretarial services; receptionist services; data entry; photocopying; human resource services; copier maintenance; employee relations; employee assistance program support; document management services.

Contract, Procurement, and Program Management Services: Accounting services; financial management assistance; contract administration services; contract management support; payroll services; procurement support services; proposal/bid evaluation; specification, SOW and RFP Development.

Information Technology (IT) Services: AV services and products; IT network solutions; IT systems development, installation, maintenance and support; database administration and management; system operation; LAN upgrades; video photography; web page development and maintenance; document imaging; word processing; data collection and transcription; graphic design.

Other: Professional training; interactive courseware development; human resources; personnel management; courier service; copier operation (cost per copy); printing and duplication; security forces/training services.

If the service you need is not listed above, please call us and inquire as to its availability.

Utilization of SER CASU Services

A representative listing

Services >	Engineering, Professional and Technical Services	Administrative Support Services	Contract, Procurement, and Program Management Services	Information Technology (IT) Services	Other
▼ Agencies					
Human Resource Service Center, DC	X	X	X		
Federal Job Corps, UT, ID, WA, OR	X	X	X		X
Department of Commerce					
NOAA National Marine Fisheries	X	X	X		X
Department of Defense					
U.S. Southern Command	X	X			
Tyndall Air Force Base	X	X			
Naval Surface Warfare Center, Dam Neck	X		X		X
Naval Surface Force, Atlantic	X				
Naval Training Center, Orlando	X		X	X	X
Naval Undersea Warfare Center, Newport	X				
Naval Undersea Warfare Center, Keyport	X		X		
Defense Finance and Accounting Service		X			
Defense Security Service	X	X			
Defense Automated Printing Service		X			
Hill Air Force Base, UT	X				
MacDill Air Force Base, FL	X		X		
USMC Camp Pendleton, CA	X				
Marine Corps Logistics Base, Albany, GA	X	X			
Fort Dix, NJ	X				
Armed Forces Staff College	X	X		X	
Uniformed Services University of Health Sciences	X	X			
Naval Base Norfolk, VA	X				
SPAWARSCEN Charleston, SC	X			X	
SPAWARSCEN San Diego, CA	X			X	
NAVSEASCOM	X				
Defense Logistics Agency	X				
NSWC Port Hueneme	X		X		
CNET, Pensacola	X		X		
TACOM	X				
DoD Polygraph Institute		X			
DoD Office of Secretary of Defense	X	X	X		
Department of Transportation					
U.S. Coast Guard	X			X	X
Department of Agriculture	X				
General Services Administration					
Salt Lake City Regional Office		X			
Department of the Treasury	X				
Department of Health & Human Services					
National Institutes of Health	X				X
Department of Homeland Security	X			X	
Department of Justice					
U.S. Attorneys' Offices	X	X			X
Environmental Protection Agency	X				
INTERNATIONAL					
U.S. Army Command Europe	X				
Defense Automated Printing Services	X	X			
DoD School System	X	X			

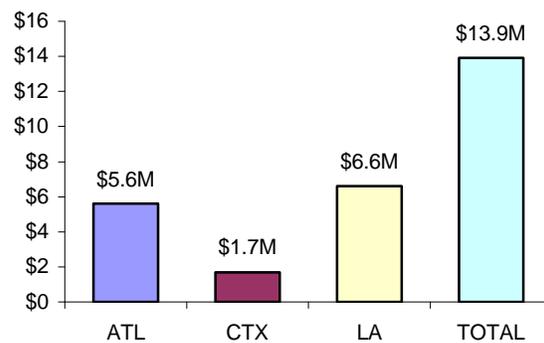
Note: The above is not an all-inclusive listing; it merely provides a representative listing of agencies which used SER CASU services in the past 2 years.

Branch Offices of SER CASU

With the expansion of its business base, and in its continuing efforts to provide more efficient and timely access by customers, the SER CASU initiated the establishment of branch offices in the latter part of FY 2002. The three new branch offices have now completed a full year of operations during Fiscal Year 2003, with superb first year growth.

The new branches, located in Atlanta, Dallas, and Los Angeles, achieved a combined business revenue total of approximately \$14 million dollars during Fiscal Year 2003. This beginning is further convincing indication of the high opinion of numerous government customers regarding the support and best value services made available through SER CASU.

The adjacent bar chart indicates the Fiscal Year 2003 revenues for the branches.



The following provides a directory of the three new branch offices of SER CASU:

SER CASU – Atlanta Region

Director's Name: Richard Dowling
 Office Address: 401 W. Peachtree St. NW,
 Suite 2450
 Atlanta, GA 30308
 Phone: 404-331-6555
 Fax: 404-331-1033
 e-mail: rickdowling@bellsouth.net
 website: www.outsourcing.gov

SER CASU – Los Angeles Region

Director's Name: George Newman
 Office Address: 23215 Charwood Place
 Diamond Bar, CA 91765
 Phone: 909-861-2342
 Fax: 909-861-0032
 e-mail: gnewmanco@aol.com
 website: www.outsourcing.gov

SER CASU – Central Texas Region

Director's Name: Charles Carter
 Office Address: A-Maceo Smith Federal Bldg.
 525 S. Griffin St.
 Box 105
 Dallas, TX 75202
 Phone: 214-767-8000
 Fax: 214-767-8020
 e-mail: chuck.carter@med.va.gov
 website: www.outsourcing.gov

Awards and Recognition



During Fiscal Year 2003, Superior Performance Awards for the following SER CASU staff members were recommended and approved:

- Ms. Suzette Allick
- Ms. Charlotte Dickey

The following is a partial quote from the award submission letter:

“...the remarkable growth (of SER CASU) simply could not have been accommodated without truly superior performance and responsiveness of Ms (Suzette) Allick and Ms. (Charlotte) Dickey. While successfully processing the huge increase in customer orders, they also provided substantial help to the directors of our new Dallas, Los Angeles, and Atlanta branches in setting up their office procedures.”

Recognition

The following is a brief summary of SER CASU accomplishments as promulgated by the National CASU Program office in their Fiscal Year 2002 Annual Report.

“The SER CASU, with management offices in Lynn Haven, Florida, has shown steady and reliable growth over many years. They achieved a 23% growth in revenue, 8% growth in services, and 7% growth in customer base in FY 2002. Forty-three percent of the SER CASU’s business is conducted through SBA 8(a) contracts. The lead agency, Central Texas Veterans Health Care System, is located in Temple, Texas. The SER CASU has initiated the establishment of three branch offices in Atlanta, Dallas, and Los Angeles. They also completed the first full year of sponsorship of the “Bay County Area Purchasing Agent Forum”. The SER CASU provided timely support to the Homeland Security Office and to the Centers for Disease Control. Critically needed services (security, IT, consulting, engineering, and logistics support) were provided in rapid response to the urgent needs of these agencies in the war against terrorism. Goals for FY 2003 include: maintaining the SER CASU’s record for high quality products and services, and for its superior responsiveness to the needs of its customers; maintaining extremely low service fees; enhancing the website by improving search engine links, incorporating secured credit card ordering, and obtaining professional marketing consultation; and development and growth of branch offices.”

Customer Savings through SER CASU



Since the inception of the CASU Program, the ability to deliver cost savings to participating customers has been a basic objective of the program.

Cost savings are brought about through economies of scale, reductions in contracting expenses, and higher utilization rates. The costs of services obtained via broad based, competitively-awarded contracts are in most cases substantively lower than the costs of equivalent services when acquired through agency in-house staffs or typical single-user contracts.

The savings accruing to customers who utilize CASU multi-agency support contracts have been generally estimated by

- ❖ Comparing the actual cost of CASU-contracted work to the estimated cost of identical work if performed by government employees; or by
- ❖ Comparing the actual cost of CASU-contracted work to the estimated cost of identical work and associated contract administration expenses, if performed by a contractor working under a current or recent single-agency contract (as opposed to the multi-agency contracts typically administered by CASUs); and
- ❖ Comparing the expense of developing, advertising, awarding and administering multiple, duplicative single-agency contracts, to the costs associated with functionally-equivalent contracts managed by CASU for the benefit of multiple agencies.

Savings estimates have most frequently centered on the figure of 30%. This savings approximation in the 30% range has been noted elsewhere, outside of the CASU Program, but through generally similar outsourcing initiatives. It has appeared in studies of other programs by the Center for Naval Analyses (CNA), in which the quoted savings generally represent the economic benefits derived from outsourcing, as compared to the cost of equivalent work by Federal employees.

Aside from direct cost benefits, there are a number of other qualities and characteristics of the business interface between buyer and seller that are significant, and sometimes decisive. The following are examples of CASU qualities and values that have been commented on favorably by customers: convenience, processing efficiency, responsiveness, dependability, reliable delivery, competitive approach, timeliness, and overall “best value”.

Agencies Served by SER CASU and its Branches

Federal Government Agencies

Department of Defense

U.S. Navy

Naval Surface Warfare Center, Dam Neck, VA
 Naval Surface Warfare Center, Port Hueneme, CA
 Naval Surface Warfare Center, Philadelphia, PA
 Naval Surface Warfare Center, Carderock, MD
 Naval Surface Warfare Center, Panama City, FL
 Naval Surface Force, Atlantic, VA
 Naval Surface Force, Pacific, CA
 Naval Training Systems Center, Orlando, FL
 Naval Undersea Warfare Center, Newport, RI
 Naval Undersea Warfare Center, Keyport, WA
 Naval Undersea Warfare Center, Hawthorne, NV
 Naval Base, Jacksonville, FL
 Naval Base, Norfolk, VA
 Naval Base, Puerto Rico
 SPAWARSSYSCOM, San Diego, CA
 SPAWARSSYSCEN, Charleston, SC
 SPAWARSSYSCEN, San Diego, CA
 Naval Air Station, Jacksonville, FL
 Naval Station, Pascagoula, MS
 Naval Air Station, Pensacola, FL
 Naval Air Station, Meridian, MS
 NAVSEASSYSCOM, Washington DC
 NETPDTC, Pensacola, FL
 Navy Recruiting Districts, Various locations
 Office of General Counsel, Navy, DC
 Fleet and Industrial Supply Center, Jacksonville
 Chief, Naval Education and Training, Pensacola
 Naval Facilities Engineering Command, VA
 SUPSHIPS, Portsmouth, VA
 NRISO New Orleans, LA
 Naval Research Laboratory, VA
 Naval Inventory Control Point, PA
 Naval Personnel Activity, FL
 CNATRA, Corpus Christi, TX

U.S. Marine Corps

Marine Corps Base, Barstow, CA
 Marine Corps Base, Camp Pendleton, LA
 Marine Corps Base, Cherry Point, NC
 Marine Corps Base, Quantico, VA
 Marine Corps Base, Twenty-Nine Palms, CA
 Marine Corps Logistics Base, Albany, GA

U.S. Army

STRICOM, Orlando, FL
 Ft. Buchanan, PR
 Ft. Belvoir, VA
 Ft. Detrick, MD
 Ft. Dix, NJ
 Ft. Hood, TX
 Ft. Meade, MD
 Ft. Monmouth, NJ
 Ft. Stewart, GA
 Army Corp of Engineers, TX
 Army Tank and Automotive Command, MI
 Corpus Christi Army Depot, TX
 Tobyhana Army Depot, PA
 Redstone Arsenal, AL

U.S. Air Force

Brooks Air Force Base, TX
 Eglin Air Force Base, FL

U.S. Air Force (Continued)

Hill Air Force Base, UT
 Hurlburt Air Force Base, FL
 Keesler Air Force Base, MS
 Kelly Air Force Base, TX
 Kirtland Air Force Base, NM
 Lackland Air Force Base, TX
 MacDill Air Force Base, FL
 Maxwell Air Force Base, AL
 Randolph Air Force Base, TX
 Robins Air Force Base, GA
 Scott Air Force Base, IL
 Shaw Air Force Base, SC
 Sheppard Air Force Base, TX
 Tinker Air Force Base, OK
 Tyndall Air Force Base, FL
 Wright-Patterson Air Logistics Center, OH

Other Department of Defense Agencies

U.S. Southern Command, FL
 Defense Finance & Accounting Service, FL
 Defense Security Service, DC
 Defense Automated Printing Service, FL, AL, GA, MS, KY & TN
 Defense Commissary Agency, DC & AL
 DoD School System, DC
 Uniformed Services Univ. of Health Sciences, DC
 Armed Forces Staff College, VA
 Defense Logistics Agency, DC
 Defense Information Systems Agency, DC
 DoD On-Site Inspection Agency, DC
 Defense Threat Reduction Agency, VA
 Defense Polygraph Institute, SC
 DoD Inspector General, DC
 DoD Office of Secretary of Defense
 Homeland Security Office
 Employer Support of the Guard and Reserve, DC

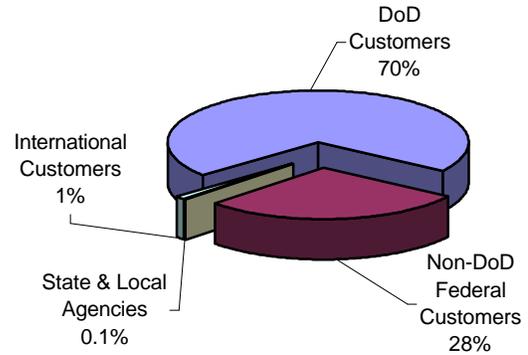
Federal Agencies Other Than Defense

Human Resources Services Center, DC
 Federal Job Corps, UT, ID, WA & OR
 Department of Commerce, DC & MO
 National Marine Fisheries, SC, NC, TX & FL
 General Services Administration, DC & TX
 Department of Transportation – U.S. Coast Guard, DC
 National Institutes of Health, DC
 Department of Veterans Affairs, DC, AL & TX
 Department of Justice, DC
 FEDSIM, DC, UT
 U.S. Attorneys Offices, DC, FL & AZ
 Department of Education, DC
 National Assessment Group, DC
 National Security Study Group, DC
 U.S. Fish and Wildlife Service, FL
 FAA, NJ, VA, AL
 NASA, TX, CA
 Office of Personnel Management, DC
 FEMA, DC
 U.S. Court of Appeals, DC
 Department of Health and Human Services
 Department of Energy
 National Archives and Records Administration
 Department of Agriculture
 Department of Treasury
 Department of Homeland Security
 Environmental Protection Agency

Customer Sectors Served by SER CASU in FY03

The accompanying chart illustrates our customer base percentages by Sectors for Fiscal Year 2003.

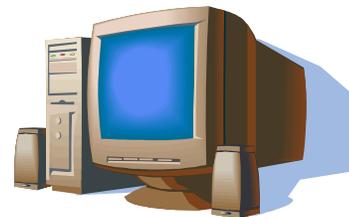
Various offices, divisions, or agency components of the Department of Defense continue to make up a high percentage of the SER CASU customer base. The total proportion represented by DoD components approximated 70% of the total SER CASU business revenues for Fiscal Year 2003. We greatly appreciate the opportunities to provide this significant support to DoD and continue to be encouraged by the growth and stability in this important sector.



In Fiscal Year 2003 SER CASU also experienced a substantial increase in the customer base for Non-DoD Federal customers. As the accompanying pie chart indicates, the percentage of the total business effort through SER CASU for Non-DoD Federal customers grew to some 28% of the total. This sector increased approximately 65% over the Non-DoD Federal customer base in Fiscal Year 2002.

SER CASU pays close attention to our valued customers in **all** sectors. A diversified, multi-agency customer base is highly desired. SER CASU proactively seeks to offer a broad range of commonly used products and services to eligible Federal customers. Several new agencies have availed themselves of SER CASU support in FY 2003, including the Department of Homeland Security, the Environmental Protection Agency, the Department of Agriculture, and the Department of the Treasury.

SER CASU Access via the Internet



To facilitate communications and inquiries from customers and potential customers, SER CASU makes every effort to utilize the most up-to-date and efficient means of communications. SER CASU maintains an active website on the Internet, and welcomes its use by those offices that may have an interest in our services.

Our Website may be visited at: www.outsourcing.gov

The Director Looks to the Future

Fiscal Year 2003 has been a year of extraordinary growth for SER CASU. During this past year, our total business revenues reached a record-breaking level of approximately \$158M dollars. The numbers of customers also reached a new high, increasing to some 211 discrete customer units. We deeply appreciate the confidence and loyalty of the many customers of SER CASU who have made this accomplishment reality. I also want to welcome enthusiastically those new customers who have joined us in the recent past, and who have also been so important in the sustained growth of our program.

In looking to the future, SER CASU has established a number of specific goals and objectives for Fiscal Year 2004:

Quality Service

- ✓ Maintain SER CASU's earned record for high quality services and products, and for its recognized, superior responsiveness to customer needs.

Affordability

- ✓ A goal was set to further reduce the 2.5% administrative fee of the recent past to an even lower fee for Fiscal Year 2004. This reduction in fee to 2.0%, the lowest in the National CASU Network, has in fact been placed into effect, beginning 1 October 2003.

E-Commerce

- ✓ Continue to improve the SER CASU website, www.outsourcing.gov, for the convenience and usability of our customers.

Training

- ✓ Continue to promote and improve staff training.

New Branch Offices

- ✓ A major goal is for the three new SER CASU branches to become financially self-sustaining as early as practicable

New Services and Goods

- ✓ A particular focus in FY2004 is to identify and offer new goods and services, to accommodate customers who may require new areas of support

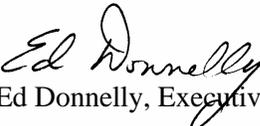
Business Development

- ✓ As demonstrated effectively during preceding years, a paramount goal will be continued orderly increases in business revenues and numbers of customers.

Customer Retention

- ✓ SER CASU, and branches, will continue our primary focus on retaining our valued customers.

I extend my personal thanks to our participating customers for your continued confidence. And our hope is that the SER CASU will continue to earn your business by providing **best value** service that precisely meets your needs.


Ed Donnelly, Executive Director

The CASU Success Story...

Concept and Implementation

Background

The CASU program was established in 1986 as an initiative of the President's Council on Management Improvement (superseded and rechartered in 1997 as the President's Interagency Council on Administrative Management), in the belief that provision of commonly needed administrative support services on an interagency, cooperative, competitive basis, wherever high concentrations of federal activities exist, would result in significant economies of scale, prompt responses to agency demands, and a generally high quality of service. These expectations have been borne out by experience, and approximately 50 Cooperative Administrative Support Units have been established since 1986, in various regions and localities throughout the United States. Some of these have transitioned to Government Franchise Activities, under provisions of Section 6 of the Government Performance and Results Act of 1993; some have closed up shop as the need for their services diminished; and a decreased number of CASUs continue to thrive, producing substantial benefits for their customers.

CASUs are chartered by the National CASU Board of Directors, a working group of the Interagency Council on Administrative Management, composed of executive-level representatives of DoD, State, GSA, Treasury, Commerce and other major departments of the Executive Branch. Legislative authority and Congressional encouragement for interagency purchases of services were first given to Federal agencies in the Economy Act of 1932 (31 USC 1535), which has since been updated and amended on several occasions.

The first CASUs included only Federal agencies, but during the late 1990's several CASUs expanded their customer listings to include agencies of State and local governments, in line with the stated objective of the then National Partnership for Reinventing Government (NPR) to explore the potential economies and efficiencies that could result from greater cooperation among Federal, State and local governments. The charter given the National CASU Board by the Interagency Council on Administrative Management, in fact, challenges the CASU program "to promote the effective use of government resources through reimbursable service arrangements among Federal agencies and, if appropriate, between Federal agencies and state and local government organizations, in the overall interest of the American taxpayer." The legislative foundation for intragovernmental cooperation is relatively weak, however. For this reason, CASUs are restrained from providing direct purchasing services to State and local agencies.

The Southeast Regional CASU was established in June 1994, as the Northwest Florida CASU. Its first "products" (in fact the only products through its first year of existence) were remanufactured laser printer cartridges. In late 1995 the Board of Directors made application to change the name to the Southeast Regional CASU, and initiated a more aggressive approach to marketing the benefits and advantages of CASU. The gross value of CASU orders increased to \$13.3 million in FY 1997, \$30.5 million in FY 1998, and \$58.9 million in FY 1999. As a result of organizational realignments, total revenues decreased to \$46.2 million in FY00, but then rebounded to \$56.7 million in FY 2001, to \$70M in FY 2002, and to \$158M in FY 2003.

Current Program Status and Outlook

Under continuing pressures to reduce government employment, CASU organizations are rarely able to meet other customers' needs through the use of in-house personnel. In-house resources are also not usually the least expensive alternatives available to government managers. Therefore continued success of the CASU concept is dependent on "outsourcing" for commonly needed administrative and other services and products. This modus operandi has been implemented on a wide scale, and positive results and documented savings are widely acknowledged.

Indications continue to point to a bright future for the CASU program. As government agencies are forced to focus their limited personnel ceilings toward their core functions, they are increasingly receptive to the idea of obtaining CASU contract support for non-core administrative support services and common technical functions. Implementation of inter-governmental agency agreements and cross-servicing relationships will open the way for further savings through expanded choice in sources of supply. The basic business strategy for the CASU program is to continue to emphasize the substantial cost savings, and the unexcelled responsiveness to customers' needs, that have become the defining characteristics of the CASU network.

For additional information regarding CASU products and services, ordering procedures, and methods of reimbursement, contact

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The logo consists of a light blue rectangular box with a darker blue horizontal bar at the bottom. The word "CASU" is written in a bold, blue, serif font, centered within the light blue area.

CASU