

The ASCDI and NATD Position:

Joseph Marion represented the ASCDI and NATD. Mr. Marion prefaced his remarks by introducing the ASCDI and NATD as trade associations representing the interests of those who manufacture, buy, sell, lease and maintain new and used technology products. Mr. Marion pointed out that the secondary IT market is a \$312 billion dollar market consisting of thousands of legitimate businesses and an estimated 100,000 tax paying Americans.

Mr. Marion opined that sales to the federal government account for as much as 15% of secondary market industry revenues. He reminded the rule makers that this market place has been and continues to provide huge costs savings on refurbished and new IT products and services to the federal government.

Mr. Marion followed these remarks by expressing a number of concerns with the proposed rule change beginning with the belief that sole sourcing governmental acquisition is not the best solution to the avoidance of counterfeit products. Sole sourcing eliminates competition and is guaranteed to maximize price and reduce quality. Mr. Marion argued that competition from the secondary market acts as a check and a balance against the effects of sole source procurement.

Marion explained that most manufacturers provide product inspections (sometimes called "maintenance agreement qualification inspections") which can identify counterfeit products and components. He pointed out that the federal government is in the best position to require, as a condition to bid, **ALL** manufacturers to offer a maintenance agreement qualification inspection upon request. "Mandating such an inspection will allow secondary markets to compete for government acquisition contracts and afford the government the salutary benefits of competition while avoiding counterfeit products," Marion said.