

Congress of the United States
Washington, DC 20515

May 7, 2013

The Honorable Howard P. "Buck" McKeon
Chairman
House Armed Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Adam Smith
Ranking Member
House Armed Services Committee
United States House of Representatives
Washington, D.C. 20515

Dear Chairman McKeon and Ranking Member Smith:

We respectfully request your support for a report from the Secretary of Defense pertaining to the current use and opportunities for enhanced electronic contracting.

Doing business with the federal government should not be a burdensome or daunting task. Thanks to technological advancement in recent years, including the development of FedBizOpps, the Federal procurement process has been greatly improved. While FedBizOpps currently provides universal access to contract opportunities and solicitations electronically, the public should also be enabled to respond to the solicitations electronically.

Congress recognized the need to adapt federal procurement policy to 21st century realities when it adopted Section 850 of Public Law 105-85 – the National Defense Authorization Act for FY1998. This Act placed the responsibility on government agencies to establish, maintain and use, to the maximum extent practical and cost effective, procedures and processes that employ electronic commerce in the conduct and administration of its procurement system.

The NDAA not only directed federal agencies to provide universal access to contract opportunities and solicitations through a single, Government-wide port of entry (FedBizOpps) but also directed the agencies to **"permit the public to respond to the solicitation electronically."**

The attached legislative and report language would require the Secretary of Defense to submit a report outlining the Department's plans to address the requirement in Section 850 of the NDAA for FY1998 regarding the use of electronic commerce in federal procurement. We respectfully urge you to include language to this effect in the NDAA for FY2014.

Sincerely,



Bob Gibbs
Member of Congress



Tom Rice
Member of Congress

Proposed Title

Report on Current Use and Opportunities for Enhanced Electronic Contracting

Proposed Language (Bill)

- (a) Report – Not later than 180 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the congressional defense committees a report outlining the Department’s plans to address the requirement in Section 850 of the National Defense Authorization Act for FY1998 regarding the use of electronic commerce in federal procurement.
- (b) Matters Included. – The report submitted under subsection (a) shall include, with respect to the two fiscal years before the fiscal year in which the report is submitted, the following information:
1. An enumeration of the number, type, and dollar value of Department solicitations in which the public was permitted to respond to the solicitation electronically. This enumeration shall differentiate between solicitations that allow full or partial electronic submissions.
 2. An analysis of the ability of the data collected through electronic submissions to be used for broader reporting and data usage by the Department.
 3. An analysis of the potential benefits and obstacles to implementing fuller use of electronic submissions, including cost savings, reduction in errors, paperwork reduction, broader bidder participation, competition, and the enhanced use of data collection for management and timely reporting to Congress.
 4. An analysis of the available options and technologies for broader implementation and the suitability of each option, by contract type and size, for implementation.

Proposed Accompanying Report Language

The Committee has long been involved in and successful in improving the federal effort to modernize the contracting process. In fact, the statutory language creating FedBizOpps was included in the Fiscal Year 1998 National Defense Authorization Act.

The Committee recognizes the efforts made government wide and by the Department to make contract postings more accessible to a larger section of the public, encouraging competition, small business participation, and securing best value for the taxpayers.

The Committee is aware that the Department does receive electronic submissions for some portion of its solicitations, and that the amount of data received electronically varies. It also is aware that many contract solicitations still require a paper only submission.

More than 15 years ago, Congress included language in the FY1998 National Defense Authorization Act that effectively initiated the FedBizOpps program as a single government-wide venue for federal agencies to advertise business opportunities. In addition to establishing a single, Government-wide port of entry, that same Act also required “permitting the public to respond to the solicitation electronically.”

The Committee is aware of the experience of many local and state jurisdictions in allowing the electronic submission of responses to solicitations, and is interested in the potential for cost-savings, enhanced use of data for management and timely reporting to Congress, the reduction of data errors and completeness of responses, and for enhanced competition and reduced thresholds for broader small business participation.

The Committee seeks a report from the Secretary on the number, type, and dollar volume of electronic submission availability on solicitations posted over the past two fiscal years, as well as the Secretary’s analysis of the potential benefits, challenges to implementation, and potential technological solutions to broader implementation.

Proposal Justification

Section 850 of Public Law 105-85, also known as the National Defense Authorization Act for Fiscal Year 1998, detailed the requirements for the use of electronic commerce in Federal procurement. This Act placed the responsibility on government agencies to establish, maintain and use, to the maximum extent practical and cost effective, procedures and processes that employ electronic commerce in the conduct and administration of its procurement system.

Other key elements of the FY988 NDAA included:

- Applying nationally and internationally recognized standards.
- Facilitating access for small businesses to Federal Government procurement opportunities.
- Providing agency requirements or solicitations for contract opportunities in a form that allows universal access through a single, Government-wide port of entry.

Over the course of the next few years, FedBizOpps became the recognized single government-wide venue for federal agencies to advertise business opportunities.

The NDAA not only directed federal agencies to provide universal access to contract opportunities and solicitations through a single, Government-wide port of entry (FedBizOpps) but also directed the agencies to **“permit the public to respond to the solicitation electronically.”** This was done with the goal of providing an easier way to access and respond to federal solicitations and contract opportunities and to encourage greater participation in the federal procurement process, thereby making it more user-friendly, more competitive and cost-effective. Electronic submissions also reduce errors, facilitate bidding, and allow for data to be more easily reviewed, tracked, and assessed by the agency.

FedBizOpps is now the gold standard in terms of providing the “entry” into the federal procurement marketplace, as Congress intended. However, the ability to respond electronically is limited. In most cases, interested vendors must submit proposals and bids on paper requiring mail, courier or other delivery methods. Or, they can electronically submit information via document attachments to e-mail. In neither case are submissions being truly delivered electronically.

Based on the experience of local and state governments implementation of true electronic submissions, significant benefits have accrued to both those governments and their counterparts in the contracting community. With the ability to submit bid information over the internet, federal contractors could streamline their workflows and reduce their cost of submitting and delivering bids. Online bidding also benefits public agencies resulting in a win-win situation for all parties involved. Benefits may include:

- *Simplifies and Standardizes*
 - online bidding allows an agency or buying command to standardize and simplify the bidding or grant submission process through a secure online format
 - Submissions can be configured to not mark a bid form as complete unless designated areas are checked, or without an appropriate calculation.
- *Simplifies Contract Planning and Management, Reduces Overhead, Reduces Paperwork & Simplifies Review Process*
 - Grant/Bid review teams would be able to seamlessly receive and review electronically applications/proposals and compare apples to apples.
- *Reduces Errors, Protects the Agency Buyer*

There are options available to online bidding would include the ability to provide math computations and checks for bid completeness to alert the user before they submit an incorrect or

incomplete bid that might get rejected as unresponsive. At the same time, to protect the taxpayer, technology is available that also would not allow incomplete or inaccurate calculations, or calculations outside a preset range. This important feature would protect the federal buyer from potential cost overruns and will reduce the possibility of bid protests based on technical miscalculation.

- *Empowers Small Business*
 - Accessible simple online bidding process allows more small businesses to access federal procurement easier.
- *Encourages Competition*
 - Online facilitation of the RFP process will increase bidding and weed out unresponsive proposals.
- *Greater Transparency*
 - For all parties to protect the taxpayer and to honor full and open competition requirements.
 - The Committee has asked, required, and otherwise encouraged the Department to do more fulsome tracking of contracted items