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TESTIMONY OF ANNE E. RUNG
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BEFORE THE SUBCOMMITTEES ON
INFORMATION TECHNOLOGY AND ON GOVERNMENT OPERATIONS OF THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES

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Chairman Hurd, Ranking Member Kelly, Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittees, thank you for the opportunity to appear before you today to discuss how the acquisition and information technology (IT) communities are working together to implement the Federal Information Technology Acquisition Reform Act (FITARA) in support of more effective agency mission performance. I want to thank you for your thoughtfulness, vision and hard work on FITARA to help my colleagues and me drive greater efficiencies and effectiveness in IT acquisitions.

As the Administrator for Federal Procurement Policy, I especially appreciate how FITARA will help address some of the complexity of the federal acquisition system, which often leads to ineffective and inefficient use of taxpayer funds especially in IT contracting. In December 2014, my office established a blueprint[1] to simplify the acquisition system that will help advance some of FITARA's key provisions, such as those calling for maximizing the benefits of strategic sourcing, developing Government-wide software licenses, and expanding workforce training and the use of IT cadres. Today, I would like to highlight some of the work that the Office of Federal Procurement Policy (OFPP) is doing to implement FITARA in partnership with the Federal CIO, Tony Scott, and the Federal IT community in support of these important principles.

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[1] Transforming the Federal Marketplace: Simplifying Federal Procurement to Drive Performance, Drive Innovation, and Increase Savings - https://www.whitehouse.gov/sites/default/files/omb/procurement/memo/simplifying-federal-procurement-to-improve-performance-drive-innovation-increase-savings.pdf

Each year, the Government spends over $80 billion for IT, including common commodities – like hardware and software – and complex systems development acquisitions. However, the complexity of the Federal contracting process, with its extensive contract duplication, Government-unique requirements, and excessively prescriptive contract language, can drive up transactions costs, slow the acquisition cycles, and even stifle innovation. In the commodity space, contracting officers are not always aware of – or often do not use – existing vehicles that could meet their agencies' needs. Even when they award new contracts, they generally do not have access to critical prices-paid information, so they risk overpaying for many common commodities. Both of these challenges lead to a reduction in the Government's buying power and diminish the Federal Government's market profile. The IT and the acquisition communities are working more closely than ever to find opportunities to overcome these challenges and provide greater value to the taxpayer, and FITARA will drive better alignment of agencies' IT and acquisition functions. Below are some of the steps we are taking to simplify the acquisition process that support key elements of this important legislation.

Maximizing our Position as the World's Largest Buyer

With over 3,300 contracting offices and often thousands of contracts for the same goods and services – many with the same vendor – the Federal Government buys like many small, separate entities. Our early strategic sourcing efforts helped us save money by reducing unit prices, applying effective demand management strategies, and avoiding duplicative administrative costs, and we have saved $467 million since 2010 as a result of these initiatives. Now, we are taking these important first steps even further through implementation of category management (CM), an approach successfully used widely in the private sector and by other governments, and builds on the success of strategic sourcing by managing entire categories of common purchases across the Government and utilizing teams of experts to manage those specific categories. By bringing common spend under management (SUM) through the collection and analysis of prices paid and other key performance information, agencies will be better positioned to get the same competitive prices and performance quality that their colleagues in other agencies are getting. Strategic sourcing will continue under CM, and will be one of the many tools that a category team can use to drive down total cost and improve performance.

OFPP and the General Services Administration (GSA) have mapped the more than $275 billion of common spend into ten super categories, such as IT, transportation, and professional services, and are doing our deepest dive in IT. The Category Management Leadership Council (CMLC), which includes the Chief Acquisition Officers and Chief Information Officers from the largest agencies, is helping us prioritize our FITARA implementation and other IT improvement efforts. For example, we are:

- *Developing more Government-wide software license agreements* – The Government spends about $5.5 billion on IT software, and although a majority of this spend flows through two major avenues – the GSA Schedules and NASA SEWP contract – there are over 41,000 transactions with an average spend per transaction of $126,000, which suggests a largely inefficient and fragmented system. Further exacerbating the problem is that agencies buy and manage their licenses in a decentralized manner, are challenged to get accurate inventories of existing licenses, often purchase bundled software packages that are underutilized, and do not share pricing and/or terms and conditions to allow for better purchasing. FITARA[2] addressed these challenges directly, and called for GSA to establish an enterprise software program on behalf of civilian agencies to reduce life cycle cost and improve asset management practices.

  To implement this section, CIO Tony Scott and I chartered the Enterprise Software Category Team (ESCT) to serve as the category management lead for IT software; the team includes representatives from the Office of Management and Budget (OMB), GSA, and the Department of Defense. The ESCT is tasked with developing and implementing a strategic plan to increase the number of enterprise license agreements, recommending policy changes to OMB to improve the acquisition and management of software, and monitoring agency progress.   We will then use the existing PortfolioStat process to hold agencies accountable for moving to these shared solutions, as appropriate.

- *Establishing a preference for leveraged acquisitions* - The FITARA provision[3] for establishing a preference in the Federal Acquisition Regulation (FAR) for strategically

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[2] Section 837 of the National Defense Authorization Act (NDAA) for Fiscal Year 2015
[3] Section 836 of the NDAA for Fiscal Year 2015

sourced vehicles will help OFPP raise the visibility of these solutions, promote their use, and better leverage the Government's buying power. Later this summer, the Federal Acquisition Regulatory Council will issue a rule to implement this preference for public comment. This rule will complement other strategies that OFPP is developing with the CMLC to better manage our spend and improve results for the taxpayer.

- *Measuring our progress* - The CMLC recently approved new Cross Agency Priority Goals for Category Management; the new goals will be announced publicly soon. One of the key metrics to measuring success of CM is increasing SUM through better interagency collaboration and understanding of user requirements, market dynamics and purchasing patterns.

Giving our Workforce the Tools to Drive Innovation

Building the skills of our acquisition workforce is the single most important way to ensure that the Government gets what it needs on time, and within budget, and we were pleased to see this principle reflected in FITARA. With agencies facing increasingly complex requirements each year, however, the federal acquisition professionals need new tools and new training to help them get their work done more efficiently and effectively. Working with OMB's Office of E-Government and Information Technology, the U.S. Digital Service, and the Office of Science and Technology Policy, we have taken bold steps in the last year to drive innovation in the workforce, and FITARA will drive us to take additional steps to better support our workforce. Examples include:

- *Promoting the use of IT cadres* – FITARA codifies several of our existing efforts to improve IT acquisition, such as OFPP's July 2011 guidance for building specialized IT acquisition cadres[4] and the December 2013 introduction of IT specialization for the civilian agency Project and Program Manager certification[5]. According to the civilian agency Acquisition Human Capital Plans received in April 2015, about half of the CFO Act civilian agencies have already implemented some form of IT acquisition cadres and

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[4] https://www.whitehouse.gov/sites/default/files/omb/procurement/memo/guidance-for-specialized-acquisition-cadres.pdf
[5] https://www.whitehouse.gov/sites/default/files/omb/procurement/memo/fac-ppm-revised-dec-2013.pdf

many others are either planning to do so or have implemented other strategies to improve IT acquisition.

- *Developing Certified Digital IT Acquisition Specialists* - OFPP and the U.S. Digital Service are working with industry to develop and pilot the Government's first cadre of certified digital IT acquisition specialists. The contracting professionals who complete the program will be assigned to agency digital services teams to further develop these skills within their agencies.

- *Creating Tools* - To ensure our workforce has the tools it needs, we issued the *TechFAR Handbook* last summer to help agencies leverage existing regulatory flexibilities to acquire development services using strategies in the *Digital Services Playbook*, such as agile software development, that are routinely used in the private sector to successfully deliver digital services.   More recently, we launched a new podcast series, "Behind the Buy," where procurement and program offices can hear how their colleagues have used agile and other strategies in the *Digital Services Playbook* and *TechFAR Handbook* to meet everyday needs, such as for web management systems, software application platforms, and cloud services.

This work is complex and requires commitment from the most senior agency officials to the newest members of their acquisition and technology teams, and FITARA has helped to catalyze our efforts significantly. Tony Scott and I will continue to work together with our respective councils to strengthen and reinforce our efforts to reduce the cost and increase the value of our IT acquisitions.

I appreciate the opportunity to be here today, and look forward to any questions you might have.