IMPROVING SOFTWARE LICENSING MANAGEMENT

HEARING

BEFORE THE

SUBCOMMITTEE ON TECHNOLOGY MODERNIZATION

OF THE

COMMITTEE ON VETERANS' AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

MONDAY, MAY 19, 2025

Serial No. 119–22

Printed for the use of the Committee on Veterans' Affairs

Available via http://govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE

61–164 WASHINGTON : 2025

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C O N T E N T S

MONDAY, MAY 19, 2025

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SUBCOMMITTEE ON TECHNOLOGY MODERNIZATION,
COMMITTEE ON VETERANS' AFFAIRS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC.

The subcommittee met, pursuant to notice, at 3:02 p.m., in room 360, Cannon House Office Building, Hon. Tom Barrett (chairman of the subcommittee) presiding.

Present: Representatives Barrett, Luttrell, Budzinski, and Cherfilus-McCormick.

OPENING STATEMENT OF TOM BARRETT, CHAIRMAN

Mr. BARRETT. All right. Good afternoon, everyone, and thank you all for being here today. The subcommittee will come to order. We are here today to talk about software license management, an issue that affects every veteran who expects the U.S. Department of Veterans Affairs (VA) to function efficiently, securely and transparently, while also keeping costs in mind.

The VA spends over $1 billion on software licenses every year and the Department has never done a good job of managing it all or knowing how many they have. Without good data the VA has no way of knowing how much money they are wasting on duplicative or unnecessary licenses.

In some ways, software licenses are a lot like library cards. Just like a library card allows you to check out a book from a library, a software license gives you access to the software product. Each library represents a different software product, and VA purchases software licenses, or library cards, for their employees to use that product. We would have used to call these Blockbuster cards back in the day, but those are no longer applicable.

VA purchases hundreds of thousands of library cards for thousands of different libraries every year. VA simply cannot make smart decisions about how many software licenses they buy if they do not have complete and accurate data. At the fundamental level, VA needs to understand what licenses they own, and whether they are being used.

Government Accountability Office (GAO) published a report last year with several alarming findings about the state of software license management at the VA. VA could not explain what they paid for specific software products that are bundled into a single license agreement because the cost for each individual product are not broken down.

VA could not track whether the licenses they purchased for their most widely used software licenses are actually being used. They can track some of them, but not all.

VA is not able to compare software license usage to purchase records so they can have the information they need to negotiate better deals and identify cost savings. This basic information that any organization needs to make sure they are buying the right licenses for the right number of people at a fair price.

I understand that VA has made some progress resolving these issues, and I expect to hear more about that from our VA witnesses during this hearing.

GAO and other organizations have been calling out the Federal Government's problems with software license management for over a decade. As long as this problem is unresolved, there will be waste and inefficiencies to be realized.

Earlier this year, the Federal Chief Information Officer (CIO) asked each agency to submit inventories of the software licenses they purchased from the five largest software vendors in the Federal Government. I reviewed the VA's response last week. For tens of millions of dollars worth of licenses, VA wrote that the license usage in quantities were unknown. It is clear that VA still has a long way to go.

VA was supposed to produce a full inventory of all software licenses by the end of April, but we have not seen that yet.

I recognize that this problem was not created in 1 day, and will not be solved in a single day either. I believe that the VA wants to get this right, and I am committed to working with the new administration to finding a solution to do that.

I applaud the Trump administration's effort to put a stop to this wasteful spending on software licensing by reviewing VA and other software—other agency's software inventories.

President Trump's executive order consolidating aspects of Information Technology (IT) procurement into the general services administration is another step in the right direction. Let me be clear, consolidation alone will not solve the problem. Agencies must be responsible and accountable.

The VA must maintain an accurate software inventory to keep track of what licenses are being used. They must track license usage in real time, analyze performance data and hold vendors accountable. These are not lofty ideals. They are basic good business practices.

Today I want to focus on three things: First, what is preventing VA from keeping and a full and accurate inventory of their software licenses that has clear price breakdowns and tracks the usage by user?

Second, how has software mismanagement impacted broader technology and modernization efforts at the VA?

Last, what can Congress do to help make sure that the VA is not wasting valuable resources on software licenses that could be spent on veterans?

At the end of the day, every unused or duplicative software license that VA pays for is not just a line item, it is a waste of taxpayer dollars and a missed opportunity. An upgrade that never

happened, a fix that got delayed, a veteran waiting longer for the care they earned. Let us change that.

I can tell you I know that this is not a unique issue alone to the VA, but this is the committee that I have jurisdiction over and want to work with my committee members to fixing, and that is why we are here today working on the VA.

With that I yield to Ranking Member Budzinski for her opening statement.

OPENING STATEMENT OF NIKKI BUDZINSKI, RANKING MEMBER

Ms. BUDZINSKI. Thank you very much, Mr. Chairman. Thank you for holding today's hearing about software licensing concerns at the Department of Veterans' Affairs. I do look forward to working with you to address this issue and coming up with appropriate and commonsense solutions for the employees of the VA, and our Nation's veterans. We owe it to them, and we do owe it to the American taxpayer.

I also want to thank our witnesses for attending today's hearing to discuss the future of how VA manages its catalog of software licenses and how it will procure them in light of the recent executive order that could centralize all Federal acquisitions of IT services under the General Services Administration, GSA.

As I have said many times, pretty much everything VA does have some relationship to a computer, whether it is documenting in a medical record, reviewing a veteran's benefits' claim, or tracking staff schedules. VA's catalog of software is an essential tool for the provision—for the provision of healthcare and benefits to our Nation's veterans.

I am concerned about VA's inability to account for the number of software licenses they currently have, how many are in actual use, and how much money has been wasted by the lack of this accountability.

A January 2024 Government Accountability Office report identified several issues with 24 Federal agencies, including the VA, where they observed wasteful spending—wasteful spending of taxpayer funds on software licenses and systems that at a time were not needed.

In the report, GAO made two recommendations to the VA. One, VA should track all licenses in its portfolio that are currently in use; two, VA should compare the number of licenses in use with the number of licenses VA actually paid for to identify waste.

As I understand it, VA Office of Information Technology (OIT) leadership has acknowledged GAO's recommendations, and is working diligently to implement solutions by the end of Fiscal Year 2025. I am happy to hear the VA is making progress, but I am curious if VA has looked at the higher-order processes. It is easy to treat inspector general and GAO report findings like a punch list, but is VA looking at the processes that contributed to this mess?

Shadow IT is a struggle that many major organizations contend with. What is VA doing to get a handle on it? Software is only part of the solution, how is VA addressing the policy and process issues that have allowed it to explode?

Also, in many—in my short time on this committee, I have heard many times that poor requirements development has contributed to almost every IT modernization failure at VA. How is VA refining that process to ensure that the software end user receive meets their needs? We need to stop playing whack-a-mole and start thinking strategically.

Finally, I am concerned about a recent executive order from President Trump that will consolidate the procurement of all common goods and services, including IT products under GSA. The intent is to reduce waste and improve efficiencies. I fully support making sure that VA is more efficient, but we must be sure that any changes to IT procurement do not create downstream disasters.

I think we can have a conversation about how this can be done with software like Microsoft and Adobe, but I am concerned that this executive order does not take into account the unique mission VA provides to our veterans.

Most of the software used at VA is not commercial off-the-shelf, or COTS products, but unique to VA because—I am sorry—unique to VA providing care and benefits to veterans. This executive order would remove VA's oversight in the purchasing of the software and increase the risk of wasteful spending on software that does not meet the VA's needs. Not to mention that the Trump administration shuttered GSA's tech unit and plans to cut its budget in half. How are we supposed to trust that GSA can handle taking on VA's IT purchasing?

The focus should be on serving our veterans and empowering VA to make its own software purchasing decisions while accounting for the number of software licenses it currently has, and if they are being used. The focus should be on VA using GAO's recommendations to improve its accountability over its software licenses, and future purchasing of software licenses. We owe it to our veterans and to the VA employees to get this right. Thank you, Mr. Chairman, and I yield back.

Mr. BARRETT. Thank you so much. I will now introduce our witnesses. From VA's Office of Information Technology, Mr. Jeff VanBemmel, Executive Director of End User Operations. Thank you for being here, sir.

Mr. Don Carter, Executive Director for Contract and Operations Management. Thank you.

A familiar face to this committee is Ms. Carol Harris, Director of Information Technology and Cybersecurity at the Government Accountability Office. Thank you for being here as well.

I will now ask the witnesses to please stand for your oath, and we will swear you in. Please raise your hand, right hand.

[Witnesses sworn.]

Mr. BARRETT. Thank you. Let the record reflect all witnesses have answered in the affirmative.

Mr. VanBemmel, you are now recognized for 5 minutes to deliver your opening statement on behalf of VA.

STATEMENT OF JEFF VANBEMMEL

Mr. VANBEMMEL. Chairman Barrett, Ranking Member Budzinski, and distinguish members of the subcommittee, thank

you for the opportunity to testify regarding the software asset management (SAM) program at VA. Your long-standing support of veterans and their families is greatly appreciated.

I am accompanied today by Mr. Don Carter. He is our executive director for contract and operations management, the Office of Information Technology, OIT.

OIT recognizes that software is a critical component in delivering the care and services our veterans deserve. This recognition has led to substantial investments in both commercial and VA developed software solutions.

The increase in software solutions has required VA to constantly review and update its management policies and practices, especially in areas such as decentralized procurement and license oversight.

In this vein, OIT has launched a strategic initiative to address the recommendations documented in GAO's report, "Federal Software Licenses: Agencies Need to Take Action to Achieve Additional Savings."

OIT software asset management program mitigates risks, such as decentralized software procurement, lack of product ownership, loose license and data management. OIT will identify existing capability gaps in software and asset visibility, especially establishing a single source of truth for all software data usage data and developing and implementing new SAM policies and formal governance procedures.

The SAM program is building a centralized software repository to streamline software management and stakeholder communication. OIT is also working to automate tasks within the SAM lifecycle framework, where feasible, and leveraging existing tools and systems for efficient implementation, integration and reporting.

This comprehensive approach allows VA to effectively plan for future software needs, manage updates and ensure proper disposal of outdated or unused software. OIT's recent progress in the deployment management and retirement phases of software asset lifecycle has realized significant software license cost avoidance across its top 15 most widely used titles.

OIT recognizes that software procured or deployed outside of approved channels poses security, compliance and financial risks. VA is working to mitigate those risks by establishing this program, by providing training and facilitating a culture of change, through continuous improvement and metrics, and by rigorously applying policies on procurement and oversight. We are strengthening governance mechanisms, improving software visibility, and working with VA business owners to rationalize requirements and minimize unauthorized software acquisitions.

OIT is issuing guidance for all related—relevant staff, focusing on requirements definition, acquisition planning, software lifecycle management, and the risks associated with unauthorized software procurement. Training staff on SAM processes and policy compliance is a crucial aspect of the program. By educating staff early in the acquisition process, we aim to foster a culture of accountability and proactive software management.

VA is committed to refining our policies and practices to ensure the most efficient use of resources and the best possible outcomes for our veterans.

VA's way forward includes improvements to VA directive 6008, which governs all IT acquisitions and enforces the chief information officer oversight for software purchases ensuring compliance with Federal laws. These procurements also go through the Federal Information Technology Acquisition Reform Act, FITARA, review processes.

VA is also working on new guidance for product service codes used in procurement and medical devices that have a software component that are connected to the VA network, or standalone medical devices that store persistent patient information. These updates close many previous gaps that allowed licenses to be purchased without centralized review.

OIT is also establishing ways to measure the effectiveness of the SAM program, including capturing our cost savings, assessing compliance rates, utilization efficiency, and resolving audit findings.

OIT is committed to continuing our progress, strengthening our governance, and fully optimizing our software portfolio, but effective software management is not just the responsibility of a single office, rather a collective effort across VA's entire enterprise.

Through OIT's ongoing efforts in the SAM program, VA aims to ensure that every dollar spent on technology supports the critical mission of serving America's veterans with excellence.

Thank you for your continued support, and for the opportunity to testify here today.

[THE PREPARED STATEMENT OF JEFF VANBEMMEL APPEARS IN THE APPENDIX]

Mr. BARRETT. Very good. Thank you, sir. Mr. Carter, do you have testimony, or were you guys joined together?

Mr. CARTER. We are joined together.

Mr. BARRETT. Okay. Very good. Ms. Harris, you are now recognized for 5 minutes.

STATEMENT OF CAROL HARRIS

Ms. HARRIS. Thank you. Chairman Barrett, Ranking Member Budzinski, and members of the subcommittee, thank you for inviting us to testify today on VA's software license management.

As requested, I will briefly summarize our prior work on the Department's effort to track software license usage and manage restrictive licensing practices.

As you know, the use of IT is crucial to helping VA effectively serve our Nation's veterans. The investment in IT is substantial. In Fiscal Year 2025, VA plans to spend roughly $985 million on software, including commercial software licenses. I appreciate this subcommittee's attention on this topic, because software licenses has been problematic across the Federal Government for a long time, and especially at VA. With more effective management, the potential for cost savings could be huge.

This afternoon I will highlight two key points. The first is that VA lacks the ability to know if it is purchasing too many or too few licenses. Last January we reported that VA did not track software licenses currently in use, nor did it regularly compare the inven-

tories of those licenses to purchase records. These are key activities needed to effectively manage software licenses.

While the Department was able to report to us its 5 most widely used software vendors at that time, officials could not demonstrate that they were tracking the appropriate number of licenses for each item of software currently in use.

In contrast, vendors perform these activities all the time to ensure that customers are adhering to contract terms, and can apply true-up penalties when customer use exceeds those stated terms. Without data of its own, VA cannot verify whether the vendor's information is accurate.

Moreover, VA will continue to miss opportunities to reduce costs on duplicate or unnecessary licenses. As such, we made two recommendations to VA to fully address these key management activities.

In response to our recommendations, the VA has told us it has implemented new procedures for its most widely used software licenses, and will implement a centralized approach to ensure software is tracked throughout the entire lifecycle. The Department fully expects to address our recommendations by the end of the year. We will continue to monitor VA's actions to do so.

My second point relates to work we did this past November on restrictive software licensing practices which adversely impacts agency's cloud-computing efforts, including those at VA.

According to VA officials, some of the restrictive practices that they have encountered, including a vendor requiring the agency to pay additional fees to use the vendor's software on infrastructure from third-party clouds, making the agency repurchase the existing software licenses being used on its on-premise systems for use in the cloud, and also requiring or promoting vendor lock-ins, such as not allowing another vendor's software to be used with its own hardware.

VA officials reported that the restrictive licensing practices generally impacted the cost of cloud computing and the choice of cloud service provider. However, the Department had not established guidance for effectively managing the impacts from these restrictive licensing practices.

Further, VA had not assigned responsibility for managing such practices.

Accordingly, we made two recommendations to VA to address these gaps. VA has concurred and stated it will provide actions it plans to take to address both of these recommendations.

Moving forward in the two areas I noted, it will be critical for VA to fully implement our recommendations as soon as possible. Doing so will present the VA with opportunities to reduce costs on duplicate or unnecessary licenses, and also take action to mitigate the impact of restrictive licensing practices.

As I mentioned earlier, the cost savings potential is tremendous. The Department had previously reported it had saved about $65 million over 3 years due to analyzing just one of its software licenses. You can imagine the possibilities when you apply that across the entire inventory of licenses.

That concludes my statement, and I look forward to addressing your questions.

[THE PREPARED STATEMENT OF CAROL HARRIS APPEARS IN THE APPENDIX]

Mr. BARRETT. Thank you. The written statement of both Ms. Harris and Mr. VanBemmel will both be entered into the record, so thank you.

We will now proceed to questioning, and I am going to recognize myself first for 5 minutes for questions.

Ms. Harris, when you were saying that in your testimony, vendors know very carefully if any contract that they are under, if there is a level of usage in excess of the terms of the contract, if they buy 10,000 licenses and 10,001 people try and use it, they are going to know that and they are going to charge the agency for that additional usage, it sounds like, based upon your testimony today?

Ms. HARRIS. That is right. It is called a true-up penalty.

Mr. BARRETT. Okay. It is not also the case that we are being noticed if we bought 10,000 licenses and only 6,000 are being used over the last, you know, 6 months to a year, some period of time that we can get a pretty good indication whether or not it was ever going to get used.

Ms. HARRIS. Well, given that vendors do track the usage, they most likely do know if the licenses are being underutilized, but most likely they are not going to present that information to the government.

Mr. BARRETT. Do we know if any of the terms that the contract has would require that notice to be given back to—specifically to the VA, or any other Federal agency that you may have come across?

Ms. HARRIS. We have not seen those terms stated in the VA contracts during the course of our audit.

Mr. BARRETT. Okay. Is there a best practice that would call for that type of awareness with a vendor contract, if you go out and buy a number of licenses, to know how many are being utilized?

Ms. HARRIS. I would consider that to be a leading practice, to have that included in the contract, but it is also important for the government to do its own tracking of usage——

Mr. BARRETT. Sure.

Ms. HARRIS [continuing]. because we need to be able to verify that the vendor information is accurate.

Mr. BARRETT. Okay. Thank you. Then Mr. VanBemmel, you said that this—back at the end of—or sometime in 2024, the SAM office, right, remind me again what that stands for, the . . .

Mr. VANBEMMEL. Software Asset Management program.

Mr. BARRETT. Okay. That is sort of designed to be an office that really takes this into account; is that correct?

Mr. VANBEMMEL. Yes, sir, that is correct.

Mr. BARRETT. If that is the case, I know we have got still some lingering findings from Ms. Harris' review of this, can you give us an update on the progress that is been made in that effort to kind of true up what needs we have versus what we are actually using?

Mr. VANBEMMEL. Yes. On the two recommendations, we are close to getting ready to close out with GAO formally the tracking of the top 15 titles. That was one of their first recommendations. We are now able to do that and reliably take that inventory against our acquisition records and do true-ups in real-time, as she indicated.

The second one is a much larger recommendation. Getting beyond the 15 titles you start—you know, we have very good visibility on more than 80 percent of that. We can see almost all of the software today, and we have made some investments in visibility on the endpoints. We can actually not just see the licenses assigned to this user, but we can actually tell if that user is using that license, and that is a piece of software that we did not have even a year ago.

That improved visibility is really getting that visibility, and then tying that together with the acquisition data is the work that we still have together with us for all of those larger——

Mr. BARRETT. To me, it is less about who is being granted the license and more about whether or not they are using it. There may be a portfolio of things as a basic package that an employee may get, but if they do not need one of those licenses, that is where I think the rub comes from is where do you split out, yes, they need this, this, and this, but do they need this enhancement of other products available?

The other question I had for you is if I work at a local VA hospital, say, perhaps in Michigan, not far from where I live even, just to use an example, what—if I were working there and I thought, Hey, I need this additional software program, what is the process that is used by the VA to determine if that is already under contract, and if I can just add onto that contract, or are we duplicating efforts where the VA facility close to my home is buying the exact same product that a VA facility 500 miles away is purchasing and we have not bundled that into a more efficient purchasing agreement?

Mr. VANBEMMEL. That is right. That is one of the, I think, longer term challenges that we are facing with the SAM program, getting visibility on what is in use today and being able to track license usage in real time and reconciling that so we are not overbuying, underbuying, and that people are really using the software that they have asked for.

The second one is being able to rationalize requirements with our business stakeholders. The hospital, for example, has——

Mr. BARRETT. You said rationalize——

Mr. VANBEMMEL. Requirements. When somebody asks for a product, we often look at that as a requirement. In a software category, we might have already purchased software that fulfills that same requirement, and they could use one of the existing softwares available in the catalog today, or it might have—it might be part of a new requirement.

Having a discussion with the stakeholders on the business side and asking them about the requirements and making sure that we buy smartly, and then to your point, this is a submission from Michigan, how pervasive is this across the entire enterprise? How common is this practice? Making sure that we buy once and we do an enterprise approach to a solution.

I think that is really where the challenge is for this program stem from, is the historical legacy of the way VA was organized. That hospital in Michigan, for example, 5 or 10 years ago was an independent operating unit within the Department of VA, and they made their own local procurement decisions on software like that

if it was related to the care of veterans. Now we are trying to get a business side to look at an enterprise approach as IT has been centralized over the last 5 or 6 years, and taking those independent titles that are out there—we have—a lot of our software catalog titles are comprised of those individual titles and rationalizing them down into a subset of softwares.

Mr. BARRETT. Okay. Thank you. Ranking Member Budzinski for 5 minutes.

Ms. BUDZINSKI. Thank you, Mr. Chairman. Mr. VanBemmel, the VA's Software Access Management policy, VA Directive 6403, outlines the roles and responsibilities of VA leadership, OIT leadership, IT acquisition professionals and service legal agreements, SLA, concerning VA OIT operations, this policy was initially issued back in July 2015. Has the policy been updated since then?

Mr. VANBEMMEL. We are staffing changes that we are—we have really learned a lot over the last year. This GAO report, as you mentioned, in January 2024 prioritized software asset management for the OIT. We put a lot of effort into it, and we are learning a lot of things. We think that policy, along with 6008, and some of our other policies, and the processes that stem from policy, need some updating.

Ms. BUDZINSKI. It is not updated yet, but it sounds like you are working——

Mr. VANBEMMEL. That is part of the overall plan of establishing this program, updating that document, as well as others.

Ms. BUDZINSKI. Okay. Great. Then maybe just to follow up a little bit on what you were just discussing about kind of the tracking system for the current user licenses. So what, I think from what I understood, you are saying that currently it is kind of tracked at the local level, but that you are trying to move it more toward the enterprise where the enterprise is tracking it, moving it out of the local kind of jurisdiction; is that accurate?

Mr. VANBEMMEL. Yes, for the most part, I would say that we have good visibility now across the entire enterprise. The real challenge is putting all of that into a central repository and tying it to acquisition data so that we do not have to do a manual reconciliation across different systems.

Ms. BUDZINSKI. That was going to lead to my next question. What offices within the VA are going to be responsible, if they are not already fully responsible for the enterprise, you know, view of this work, what offices will be or are in charge of understanding and storing the list of user licenses currently?

Mr. VANBEMMEL. End user operations is the lead for this effort, but we are doing it in partnership with several different groups within OIT. Don's office, Office of Strategic Sourcing which does a lot of the acquisition work is another partner in that. Then we have a team that does a lot of the cloud software development, platform management, those types of product offerings. Software as a Service (SaaS) is largely in their footprint. That is why we have these different repositories because different groups had different responsibilities. We are going to pull all of that into a central system. My organization will be the lead for that aggregation of data, and then pulling all of that together as a corporate process.

Ms. BUDZINSKI. Am I understanding this correctly, there are like 3 entities within the VA——

Mr. VANBEMMEL. Largely, yes.

Ms. BUDZINSKI. Then eventually that is all going to be consolidated into your kind of purview?

Mr. VANBEMMEL. Right.

Ms. BUDZINSKI. Okay. Who has currently access to all of this different—these different sets of information?

Mr. VANBEMMEL. Can you clarify what you mean? Like people in OI&T or——

Ms. BUDZINSKI. Well, the people in OIT, who in the VA, outside of the VA, might have access to this type of data?

Mr. VANBEMMEL. Okay. All of these repositories are internal use really for the IT staff.

Ms. BUDZINSKI. Okay.

Mr. VANBEMMEL. Our intention when we get into the central repository is to be able to expose the software catalog to our population of supported users. To your point about the user in Michigan, when they have a software request they can look it up and say, Hey, have we already bought this thing, and they could see, oh, we do have this, we have 10 licenses we purchased, we have five available.

That is the overarching intent is that it is internal for VA use. Right now, that data is really just the IT operators, but we would like to be able to share that in a request-type way with our end users.

Ms. BUDZINSKI. Am I understanding this correctly, using the Michigan example, currently they kind of make that decision locally, but eventually what is going to happen is they are going to go to the VA, to your office specifically and kind of inquire whether there is a license or a contract already—

Mr. VANBEMMEL. Yes.

Ms. BUDZINSKI. They do not duplicate, basically, a contract or recreate a license that exists.

Mr. VANBEMMEL. That is correct.

Ms. BUDZINSKI. Thank you. Ms. Harris, my question, your recent reports identified the need for clear roles and responsibilities for effective software license management. What steps has the VA taken to create, kind of speaking, I think, a little bit to these earlier questions, better ownership around these processes, what does the VA still need to accomplish in this space from GAO's perspective?

Ms. HARRIS. We are still waiting for information from the VA in terms of what steps they are going to take to implement our recommendations.

You know, to Mr. VanBemmel's point, you know, I think he did a really good job of laying down the groundwork for the culture at VA of the decentralization of the software licenses, and so now this movement to centralize is a very positive step that is essential to effective license management. Then having, you know, a single point of accountability is also something that is going to be important. It sounds like it is going to be funneled through his office, the buck will stop with him.

It sounds like all the key, you know, the key things that they are doing all sounds good. We are going to, you know, have more dialog

with VA and verify those activities, and then come back to you with what we think.

Ms. BUDZINSKI. It looks like. Okay. Thank you. I will yield back.

Mr. BARRETT. Thank you. Mr. Luttrell, 5 minutes.

Mr. LUTTRELL. Thank you. Just for absolute clarification for myself, Mr. VanBemmel, off the chair and the ranking member, so I have DeBakey in my district, or in my area, excuse me, Michigan, each of the 170-plus VA facilities will now have to come directly to your office to get a software update, upgrade or enhancement for their facility instead of going to Microsoft or Oracle or Adobe or ServiceNow or Splunk, is that a fair statement?

Mr. VANBEMMEL. All of those procurements already come through OI&T. The difference is that we are going to start having a requirements discussion instead of, you know, we talked about this one software for this one local hospital, we will be looking at that as an enterprise approach. All of—in terms of the large titles, the Microsofts, the Oracles, all of those kinds of things, those are already under enterprise license agreements. We already have a process in place by which they request those licenses. We manage all of that software inventory for them.

Mr. LUTTRELL. When that request comes into your office, how many people are responsible for making the decision for DeBakey? Is it one person? Is there like a representative inside your office that is speaking directly to me and—proverbial me, and saying, Hey, you have got the green light on this?

Mr. VANBEMMEL. This is the part, when we talked about governances processes and updating policies, establishing a correct mix of stakeholders that can do those software reviews and make those decisions—it will not be me all by myself. We want to have representation from the business. We—you know, this is relatively new construct in VA. Oftentimes we took, you know, the Veterans Affairs Medical Center (VAMC) director's request and we fulfilled that request if we had the software dollars available. If we did not have the software dollars available we worked on, you know, the tradeoffs there.

In the future, what we really want to do is have a collective conversation, and so, that also means that on the stakeholders side of the house, for Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), those sorts of entities, that they have representation on these titles.

The first thing we want to be able to do in this central repository is expose the total—the totality of licenses in use today.

Mr. LUTTRELL. Is this something—forgive me. I need to interject.

Mr. VANBUMMEL. Yes.

Mr. LUTTRELL. Is this something that we are going to have to purchase more software to do? If you are going to have to build out an internal VA enclave infrastructure or something to process what we are asking, will it be more money that we are going to have to spend, or does something like this currently exists?

Mr. VANBEMMEL. Currently exists.

Mr. LUTTRELL. Then how are we in this problem?

Mr. VANBUMMEL. How did we get into this problem?

Mr. LUTTRELL. How are we here? If this already exists, how are we here? I mean, we are $33 million on Oracle,

$438—annually, $438 million for Microsoft every year.

Mr. VANBEMMEL. Yes.

Mr. LUTTRELL. $12 million on Adobe. Splunk, I have never even heard of that, but it apparently search and makes excessive large amounts of data, obviously it is not doing a very good job, I mean, what are we missing here? If it already exists currently inside the VA and we have this problem—how long have you been in this position?

Mr. VANBEMMEL. Two and a half years. The investment that I am talking about was made very recently. In the last year, we made two major investments that are improving our visibility. One is a piece of software that gives us visibility across all 600,000 end points for VA, so I can see real-time usage of the software. That is a different——

Mr. LUTTRELL. Who is doing that?

Mr. VANBUMMEL. We have already done that.

Mr. LUTTRELL. No, no, no. What is the name of the——

Mr. VANBEMMEL. The vendor?

Mr. LUTTRELL. Yes.

Mr. VANBUMMEL. The project is called Tachyon, it is from a company called 1E.

Mr. LUTTRELL. How much did that cost us?

Mr. VANBEMMEL. It is about $12 million for the entire fleet.

Mr. LUTTRELL. We need to add that on to this list?

Mr. VANBEMMEL. It was already paid for last year.

Now, the other piece that we bought is a repository software asset management module that goes on to our existing IT Enterprise Resource Planning (ERP) that we use for all of our incident and problem management. This is a place where we are—we also have a module for hardware asset management, we will now have a software asset management, again, it is a place to store inventory. It is a place to——

Mr. LUTTRELL. Is this in every single VA or specifically in the VA department?

Mr. VANBEMMEL. No. It is managed at the OIT centrally. All those endpoints now will report back to the central repository and be able to do reconciliations against that repository.

Mr. LUTTRELL. I still do not understand why if that is the case—then why cannot our hospitals talk to each other? I am——

Mr. VANBEMMEL. I am not sure I understand.

Mr. LUTTRELL. I know you are not—I am just kind of throwing that out there. It seems that with the large amount of money that we are spending on all these different software profiles, you would think like one could do it alone. I am assuming that is just not the case?

Mr. VANBEMMEL. No, sir.

Mr. LUTTRELL. I yield back, Mr. Chairman. Thank you, Mr. VanBemmel.

Mr. BARRETT. Thank you. Mrs. Cherfilus-McCormick for 5 minutes.

Ms. CHERFILUS-MCCORMICK. Thank you so much, I think both sides will agree that there is a lot of money being wasted based on the mismanagement of the software, and I do have some concerns

on how we are going through and streamlining the process, so please indulge me as we go through these questions.

Ms. Harris, how much money is wasted because VA does not aggressively manage its licenses?

Ms. HARRIS. We do not know that figure because VA does not have the information available in terms of what they are tracking because they are just unable to track the full inventory at this time.

Ms. CHERFILUS-MCCORMICK. Now, Mr. VanBemmel, who is the executive in charge of the software assets management?

Mr. VANBEMMEL. That is me.

Ms. CHERFILUS-MCCORMICK. You are responsible for it?

Mr. VANBEMMEL. Yes.

Ms. CHERFILUS-MCCORMICK. Okay. This is a $7 billion a year management system, correct?

Mr. VANBEMMEL. No. Are you talking about the service asset—the software asset management module in our ERP?

Ms. CHERFILUS-MCCORMICK. Yes.

Mr. VANBUMMEL. Service now?

Ms. CHERFILUS-MCCORMICK. Yes.

Mr. VANBUMMEL. No.

Ms. CHERFILUS-MCCORMICK. How much is it?

Mr. VANBEMMEL. I would have to take that back for the record. I do not know, to be honest with you.

Ms. CHERFILUS-MCCORMICK. How much would it cost to catalog and maintain the catalog of all VA assets to include staff and other costs?

Mr. VANBEMMEL. How much would it cost to maintain this entire program?

Ms. CHERFILUS-MCCORMICK. Uh-huh.

Mr. VANBEMMEL. Let me take that back for the record. It is probably an evolving picture.

Ms. CHERFILUS-MCCORMICK. Are you engaging in any use of Artificial Intelligence (AI) to help manage?

Mr. VANBEMMEL. Yes.

Ms. CHERFILUS-MCCORMICK. How many are you actually using at this current moment?

Mr. VANBEMMEL. Again, let me take that back for the record. There are a potential for AI involved in this process.

Ms. CHERFILUS-MCCORMICK. Now, how long have you been using any of these AIs?

Mr. VANBEMMEL. In terms of the software asset management system, that is a relatively new investment, and we have not finished the work on fully fielding that. It will not be done until the end of this year. Our intention is to be able to get real-time feeds from the field, and then reconcile that data against other data feeds. We do see an opportunity on the platform to introduce AI to help with that work, but we have not today integrated AI because we have not fully deployed the system.

Ms. CHERFILUS-MCCORMICK. Have you found any promising information showing that it is actually going to identify any costs, or help you with cost management?

Mr. VANBEMMEL. Yes. We have already made—we have already had some significant cost avoidance just in the top 15 titles. To

date, I think the number is somewhere about $136 million that we have had in terms of getting better visibility.

Ms. CHERFILUS-MCCORMICK. Have they done a good job in identifying any redundancy or idle contracts in licensing?

Mr. VANBEMMEL. I think the bigger issue that we have in terms of redundancy is not duplicative software, but in a software category, we have 4 or 5 titles that do the same types of things just in a different way. Then the question would be, what is the best value for VA in terms of reducing those four or five titles to, say, one or two different options.

Ms. CHERFILUS-MCCORMICK. Well, my question——

Mr. VANBEMMEL. That is the work that we have ahead of us, even after we get the asset management system in place, that is a long term effort to try to go through all of those titles today.

Ms. CHERFILUS-MCCORMICK. My concern, and the reason I am asking these questions is because I am wondering if we would be better suited by having an actual executive, like people in place to go through, or is AI a better way for us to actually find these and identify these redundancies, especially since we are limiting how much money you are going to have access to, and the impact of those cuts into making sure that we can identify.

That is why I was asking to see what is actually promising, or should the funding actually be put toward having individuals there to actually map out how we can actually find those costs, and have you found any AI programs that actually are working.

To that extent, could you also provide us at a later time a full list of all the AIs you have been using so we can actually be watching that to see what is working and what is not?

Mr. VANBEMMEL. Yes. Let me clarify, we are not in full operation today, so we are not currently. We do have our eye on some opportunities in this space.

AI will help us with the aggregation of large datasets and help us understand what is in use and what are the most likely choices. Ultimately, conversations with the business, people conversation, and then actually doing the work to migrate to do an acquisition for, say, one to two titles versus the four or five that we have in that product category, and then migrating people from one set of softwares to those one and two titles instead of the three or four that they may have. That is a people-led issue. I would say that the investment in at least the near term is going to be a people-led issue.

Ms. CHERFILUS-MCCORMICK. If you do not have that investment with people-led issues, how do you think the whole process and really bringing down the cost that we are seeing, do you think that is going to be successful, or will we have another year where we are fighting the same problem?

Mr. VANBUMMEL. I also think that there is a lot of opportunity here for us to do more with less. When you start to get the information coming back from all of the endpoints and you put it into a great repository there—right now that process is very manual. We have to do manual reconciliations on some of these products, and so that is much more labor intensive. I think the automation piece and the ability, then, to see data in one place is going to really reduce the overall manpower requirements.

Ms. CHERFILUS-MCCORMICK. Thank you so much. I yield back.

Mr. BARRETT. Thank you. I appreciate it. I will recognize myself again for 5 more minutes.

We have, Mr. VanBemmel, we have 170 independent VA hospital facilities; is that correct?

Mr. VANBEMMEL. I manage it by areas, and there are 137 areas, and within that we have a couple of hospitals—there are a few areas that have more than one hospital in it, but yes, it is 137 areas.

Mr. BARRETT. Well over a hundred.

Mr. VANBEMMEL. Yes.

Mr. BARRETT. You know, more than 150 even.

Mr. VANBEMMEL. Correct.

Mr. BARRETT. Prior to this establishment of the office that you described, they were all kind of independent autonomous agencies within VA, almost as if they were their own department to a degree, more or less, purchasing their own software and all of those things on their own. Through the formation of your office, that IT purchasing should be consolidated through your efforts; is that correct?

Mr. VANBEMMEL. That is correct.

Mr. BARRETT. We are not quite a year and a half into this now?

Mr. VANBEMMEL. Well, so centralization in IT has been ongoing for more than 6 or 7 years. We wrote VA Directive 6008 to help clarify what they could spend their non-IT acquisition appropriations on, and what we would spend the IT appropriation on. That regulation is evolving as we move forward. Yes, essentially, you know, in the past, they were all operating as independent units, and now we are managing IT centrally, and software is one of those.

Mr. BARRETT. Yes. I see a little parallel to a degree between this electronic health record rollout that we have been dealing with on this committee, as well as some of this other stuff where we had independent systems, and to Mr. Luttrel's point, they could not even then send files directly to one another because they had evolved separately over time, and then you have IT systems that are procured in different ways, and you may not know if the agency across town or across the State or across the country is purchasing that same IT equipment. There is not currently a catalog that you could go to to see if another agency is already purchasing software through this particular vendor that you could then add on to. Is that correct?

Mr. VANBEMMEL. That is correct. From the end user perspective, there is not.

Mr. BARRETT. Then do you manage the contracts themselves, or just the purchasing of them?

Mr. VANBEMMEL. Just the purchasing of them.

Mr. BARRETT. The license?

Mr. VANBEMMEL. Yep. Don's team does a lot of the acquisition work. We have another team that does the software—the software has a service, this cloud-based software.

Mr. BARRETT. Mr. Carter, then, perhaps this question is best to you, is there anything that is standard boilerplate in our contracts as we are going out for large scale acquisition, not a 1s and 2s kind

of acquisition of very, you know, something irregular, but a large portfolio that would require feedback to the VA as to actual license usage so we would know if we are over purchasing or not.

Mr. CARTER. Thank you, Congressman, for that question. We actually do look at that when we develop the vehicle. A lot of times, and I think there is a misconception, all software purchased has to be reviewed. They have to use a correct product service code. That is what we have been harping on through the FITARA process since 2015. When the product is requested, it has to go through the process, reviewed, and then it is tracked from that point on.

The issue we have had is that at times, some of the medical folks purchase this, it might be for a medical device, and they focus on it as a medical device not letting us know that—or using the correct product service code, and that is when you get that IT purchase that we miss. The CIO does not have an opportunity to review it or add it into the catalog only until after the maintenance time comes around.

Mr. BARRETT. Would that be a medical device like the program where people have a pacemaker that relays information to their cardiologist and there is an interfacing on the cardiologist's side, a piece of equipment that receives that information?

Mr. CARTER. Yes, sir.

Mr. BARRETT. Okay. Then, would it be also the case that sometimes there is a projection made where we buy, you know, a bulk number of licenses expecting them to get filled out over time, like we are not just going to buy for the 10 people that want it now, we are maybe going to buy more than that expecting it to be a greater need and that thing goes underutilized, are we over time calibrating that to the appropriate usage?

Mr. CARTER. I can only speak to the ones that we have done. A great example is our award of the Microsoft contract recently. In the contract, what we have added in that contract is a clause that allows us, if the amount goes below 10 percent, we see an adjustment, then we are allowed to go back and readjust that contract. That was something that we did not have in before.

Mr. BARRETT. Below 10 percent, so if 90 percent are going unused?

Mr. CARTER. No. I mean, sir, 10 percent usage.

Mr. BARRETT. Okay.

Mr. CARTER. Below 10 percent usage of the total. We have over 570,000 license, so if 10 percent is not being used, we can go back and readjust that contract. During that contract, the award of that contract this past year, over the lifecycle of that contract for 5 years, we avoided $136 million.

Mr. BARRETT. By calibrating it more precisely.

Mr. CARTER. Overall cost avoidance on that contract.

Mr. BARRETT. Okay. Thank you. I will have a few more questions, but I am going to yield to Ranking Member Budzinski for 5 minutes.

Ms. BUDZINSKI. Thank you, Mr. Chairman. I think picking up on questions that some of my colleagues have had,

Mr. VanBemmel, if I could ask you, we are talking about how we are dealing with what is a largely decentralized licensing process,

and so, how do we eliminate duplications and how do we coordinate, a local coordinate with the VA enterprise.

I am curious, the VA's business integration and outcome service, BIOS, what role would they play in getting at these questions and issues?

Mr. VANBEMMEL. The BIOS' office is an office within OI&T that essentially does that stakeholder engagement and management and has representatives from business on the other side of that conversation.

Ms. BUDZINSKI. They are useful to this process as far as eliminating redundancies, being a resource to the local VAs that are looking for additional software support?

Mr. VANBEMMEL. In some way we need to manage those conversations with our business partners, yes.

Ms. BUDZINSKI. That makes sense to me. They seem like an important—they play an important role.

I do want to ask you, what is the current status of BIOS? We have heard that BIOS, the BIOS team has been told that their work is not mission critical, that they are expecting to be a part of the reduction in force (RIF) plan. Do you know of any—are they included in the RIF planning?

Mr. VANBEMMEL. I am not managing that for larger OI&T. I have to take that back for the record.

Ms. BUDZINSKI. Okay. Would Mr. Carter know?

Mr. CARTER. No, ma'am. We would have to take that back for the record.

Ms. BUDZINSKI. Okay. I would be very interested to know because I think there has been a lot of conversation around who is helping local VAs and how are they—they seem to be an entity that could be helpful moving forward.

Mr. VanBemmel, can I also ask, so going back to your testimony, you stated that when centralized data repository is completed at the end of the year, OIT will be able to establish clear key performance indicators to measure the effectiveness of the SAM program. Have those key performance indicators already been established?

Mr. VANBEMMEL. They have not. We are learning a whole lot over the course of this install, and as we get visibility on the software, and we want to start setting some goals. One of those questions is, to your point, what opportunities do we have for consolidation? We are looking at the totality. Now that we can see the totality of the endpoints and the software, breaking those down into the software product categories, and then saying is it reasonable to expect that we could get down to one or two titles per software category, and what does that timeline look like? Those would be the kinds of metrics that we are looking for.

Ms. BUDZINSKI. That you are looking for. Okay. Thank you.

I would like to switch gears, Mr. VanBemmel, and ask you, I have read President Trump's executive order calling for the consolidation of common goods and services acquisition under the General Services Administration. I do have some concerns about how that would impact software purchasing at VA. How does the VA plan to respond to President Trump's executive order requiring GSA to take over IT procurement for the entire Federal Government?

Mr. VANBEMMEL. I am going to refer to Don, since he does acquisitions.

Ms. BUDZINSKI. Sure. Yep.

Mr. CARTER. Ms. Congresswoman, when we work with GSA, we have been involved in their category management, as well as conversations for the past year. Obviously, we still use the vehicles that are available, and when they come with a plan, we will be ready to support. We still go for the best value for the government when we are looking at contracts.

Ms. BUDZINSKI. Okay. Do you think that GSA is equipped and capable of taking over all of VA's IT purchasing in addition to the rest of the Federal Government's? My second follow up would be, where would you draw the line between what GSA is allowed to take over versus what VA should maintain?

Mr. CARTER. I think I would have to agree with what plan they come with, and we have to work through it. Again, it goes to the best value to the government. I think we have used GSA vehicles before, but we have also gone with other vehicles that show the best value and we have proved in the business case, so we are allowed to work that way.

Ms. BUDZINSKI. Have you already started to engage in conversations, then, with the GSA over what this—what this would potentially look like?

Mr. CARTER. No, ma'am, we have not gone down that road yet.

Ms. BUDZINSKI. Not yet. Okay. I would love to keep in touch on that. I just, you know, want to make sure that the VA's, you know, ability I think to procure IT is not hurt in that process taking over such a big endeavor as GSA taking over all Federal Government's procurement.

How would GSA's goal of cutting its budget in half impact their abilities to carry out the VA's IT purchasing?

Mr. CARTER. I cannot answer that question, ma'am.

Ms. BUDZINSKI. Okay. Okay. I just remain concerned that this administration seems poised to move forward with this plan to restructure Federal IT acquisitions, but it is not clear how the impact—how that is going to impact, as I said, the VA's acquisition process.

Several articles have noted that they are losing too many key people, including some Senior Executive Service (SES) in the Federal acquisition service, so I just wanted to note that.

Mr. VanBemmel—well, actually, I am going to—I will yield since I only have 20 some seconds left. Go ahead.

Mr. BARRETT. Do you have something quick?

Ms. BUDZINSKI. That is Okay.

Mr. BARRETT. Okay. All right. Mr. Luttrell.

Mr. LUTTRELL. Thank you, Mr. Chairman. This may be a question for you, Mr. Carter. Mr. VanBemmel, you said some software—we may have three or four of the same software profiles inside of an organization, so we are duplicating efforts, correct?

Mr. VANBEMMEL. In a product, software product category, I will give you a good example, Zoom and Teams, they both do video conferencing, but they are different. In our legal community very much uses Zoom, not a lot of Teams. Across Federal Government we use a lot of Teams. The question becomes, do we support one or both.

Mr. LUTTRELL. Or both. Right.

Mr. VANBEMMEL. There is probably two or three other titles in that same product category.

Mr. LUTTRELL. That is I am sure every single VA facility has a different argument.

Mr. VANBEMMEL. Correct, sir.

Mr. LUTTRELL. Mr. Carter, can we, when we are dealing with our business—do we have the opportunity to—I am assuming this is like bundling, we are saying, Hey, can we put this—can the VA put this together themselves, or does Microsoft or Adobe say, Hey, this is what we offer you and this is what you have to go with?

Mr. CARTER. Sir, we work with the third-party resellers, so at times we do have an opportunity to speak to Microsoft so we tell them what our priorities are, what we are looking for, and then the price that we get back is what they offer the third-party resellers to sell to us.

Mr. LUTTRELL. How do we—how do we—this may seem—this seems like it may turn into a larger problem. Teams and Zoom is a great point. When we start to upgrade software and the expansiveness of technology starts to run, but our smaller facilities stay with Zoom and everyone else goes something different, we will always have to purchase Zoom for that smaller facility because that is what they want. As this starts to play itself out, even antiquated or dated software will continue to remain—correct me, I may be wrong on this, I am talking out loud to you. It seems to be that once the software at any particular level is inside the VA it is going to have to remain, and we are just going to start stacking things on top of it, or am I——

Mr. VANBEMMEL. No. I think our strategy is probably the opposite direction. There are a lot of local choices that were made that were maybe appropriate to their budget at the time. We are managing the IT software spend for VA now, and so it is really more about requirements. Then as to your point, as we bundle those requirements together, we do better buying and we pick better products.

Mr. LUTTRELL. If each facility makes the argument, Hey, we are a Teams facility, or we are a Zoom facility, is there going to be a point in which the VA says, Hey, look, we are going with a clean slate——

Mr. VANBEMMEL. Correct, sir. We are going to have to choose an every product category, the best value of that—best value for VA, and then we would reduce—and there is a lot of hidden costs in supporting so many titles per product category, and so reducing that really does not only make a standardized VA, which reduces operational costs, it also reduces our IT costs.

Mr. LUTTRELL. It is the challenging part with what we are dealing with with the electronic filter, each facility is different and they are making a different argument whether or not, Hey, look, we do not have the body count or we do not have the expertise to implement this system, so—it is a challenge because every single institution is its own institution underneath the VA umbrella.

Mr. VANBEMMEL. I would say that if you ran this as a business you would not want to have every one of your hospital to be totally different. It is not cost effective.

Mr. LUTTRELL. True statement. Yes, sir. Thank you, Mr. Chairman. I yield back.

Mr. BARRETT. I will recognize myself for a minute. I would say that while that may be how we would have designed it from the beginning, we also woke up in the America of today this morning, so we have to confront what we have, and I find myself saying that more often as I am here longer.

To the ranking member's point about the GSA consolidating some of the large scale purchasing, I know that there was a report with Adobe where we achieved a 70 percent discounted procurement based on the overall bundled nature of the software license. I am pretty sure Adobe does not care whether you are doing work at the VA or whether you are doing work in the Internal Revenue Service (IRS), like, they are software is going to operate the same in both, and that license holder is insignificant to them, and if we are achieving a much more bundled, you know, the Costco model of buying software licenses versus the one off retail model that you would otherwise get, should we expect to see more of that cost savings as this effort is continued?

Mr. VANBEMMEL. Again, it is more of an acquisition question for Don.

Mr. BARRETT. Sure.

Mr. VANBEMMEL. I would only say that we definitely—and Don and I spoke about this before, we agree that there is better buying power in consolidating requirements, and in commodities software, there is an opportunity to do that. It really is devil is in the details, what does GSA get as a price versus what we have negotiated on previous agreements. We really want to look at that.

To the Congresswoman's point, that really rings true in the commodity space, but as you start to get into specialized software for the mission that VA does, that is probably not true.

Mr. BARRETT. Yes, the cardiologist program not the same as Adobe.

Mr. VANBEMMEL. There is a lot of specialty software for medical and benefits delivery that is unique to VA.

Mr. BARRETT. Sure. Okay.

Mr. Carter, I do not know if you have anything you want to add to that.

Mr. CARTER. Oh, yes, sir. Yes, Congressman. This past year, even about eight of our contracts, our larger contracts, we had a cost savings—cost avoidance of over $230 million.

Mr. BARRETT. Was that through GSA or was that through your own negotiating?

Mr. CARTER. Through our own negotiating.

Mr. BARRETT. Okay.

Mr. CARTER. I think the biggest thing of that was looking at what we are buying and really going down to where the need is, even lot pricing on some of the software, but also looking at the usage level of that software. We have been working toward that the past year and a half of looking a lot closer when we come in.

Also understand that when we purchase software, when it comes over the requirement, it goes through a governance board, so all users get an opportunity to review and have comments before it

gets to the FITARA area, and we look at it to ensure that we are getting the best value before it goes out for solicitation.

Mr. BARRETT. Thank you.

Mr. VanBemmel, I mentioned in my opening remarks that the Federal CIO asked VA to submit software inventories for the five vendors that GAO identified in their report. Now, for nearly $30 million worth of licenses, VA said it was unknown whether the licenses were being used. Does that mean that we did not know if part of that was being spent on licenses, or we did not know that the licenses being procured were actually being used by the end user that is assigned to that computer that it was installed on?

Mr. VANBEMMEL. I do not have that data call in front of me, so I would have to take that back for the record, but we can certainly help with that.

Mr. BARRETT. Okay. We look forward to your response and appreciate you looking into that.

Ms. Harris, in Michigan, I spent time in the State legislature before coming here, and there was kind of a department that managed a lot of this procurement for a lot of different things, whether it was hardware, software, a lot of different aspects of that. Not unlike—it seems to me a lot like what the GSA is looking to do with software licensing on a bigger scale in the Federal Government. Do we have anything like this through the VA, or is really this GSA model the closest thing that would somewhat resemble that?

Ms. HARRIS. I mean, the GSA model is probably the closest for the Federal Government. I think within VA, I would say that probably OIT purchasing software on behalf of the enterprise is probably the closest—next closest at the Department level.

Mr. BARRETT. Do you look at all at the best practices of other governmental agencies like, you know, how States do it? I understand that is obviously a much smaller scale than Federal Government would be, but maybe some lessons learned can come from whether or not you have autonomous agencies buying their own, and then from there subautonomous agencies like the VA has had through the medical, you know, hospitals for so long to where you are really kind of diminishing your purchasing power through that whole chain of, you know, chain of command basically.

Ms. HARRIS. Sure. We have not done any work at the State level to identify best practices, at least as it relates to managing software licenses. We do it in other areas of work, like in unemployment insurance systems, for example, but we have not done that. That would be a very interesting review for sure. We do intend to evaluate GSA's work to consolidate that the buying power across the Federal Government, we do intend to start that work toward the end of the year, so that is something that we do—that I think the results of that will be very interesting in terms of how they intend to implement that executive order.

Mr. BARRETT. Thank you. Appreciate it. Member Budzinski.

Ms. BUDZINSKI. Thank you, Mr. Chairman. Ms. Harris, actually, can I just follow up on my questioning around GSA kind of taking over VA's IT procurement. Could you give, just from GAO's perspective, any kind of concerns or opportunities you see in that, just any reflections on that happening?

Ms. HARRIS. I mean, I think that certainly we have done a lot of work in the telecommunication space as it relates to, you know, GSA having this large government vehicle for the government to utilize, and typically what we have seen are, you know, cost overruns, and delays and agencies implementing, you know, and moving off of one legacy contract to the new contract. I think that, you know, in terms of how GSA implements this, I think Mr. VanBemmel was very correct that, you know, when it comes to the commodity IT, Microsoft, Adobe, Salesforce, those are probably the areas where you can get that economy to scale, but the devil is going to be in the details, as he said. I agree with that.

Ms. BUDZINSKI. Okay. That is helpful. Thank you.

Mr. VanBemmel, can I—I have heard some concerning stories about Department of Government Efficiency's (DOGE) impact at the VA. For example, we have heard that a DOGE employee Sahil Lavingia has been using AI to write code and has been integrating that code into some of VA's existing systems. What government structures are in place to ensure that any code added to VA's system is not going to have unintended consequences?

Mr. VANBEMMEL. I have to take that one back for the record. That is a complicated software engineering question I would not be able to answer right here.

Ms. BUDZINSKI. Okay. Has DOGE been required to abide by any governing structures that you—governance structures that you have as it relates to IT?

Ms. HARRIS. I would have to take that one back for the record, ma'am.

Ms. BUDZINSKI. Okay. Do you know what qualifications Mr. Lavingia has—have to be modifying VA systems, any qualifications he has to be dealing with the system is the question?

Mr. VANBEMMEL. I am not aware, but I would have to take that one back.

Ms. BUDZINSKI. Okay. I just have obviously some grave concerns about these special government employees who have no experience working in government, or the programs that they are toying with having unfettered access into the VA's IT systems. The committee has sent several Request For Information (RFI) about this, and we have really received zero response. While you take it back, I appreciate that. We really would like to see responses to these questions.

Mr. VanBemmel, I am going to switch gears. It is my understanding that the software used by VA employees is only a portion of the software VA purchases. Does your office also monitor IT resources provided to veterans by the Office of Connected Care (OCC)?

Mr. VANBEMMEL. No, ma'am.

Ms. BUDZINSKI. Okay. Do you know how OCC tracks the software that they provide to veterans?

Mr. VANBEMMEL. I do not.

Ms. BUDZINSKI. Okay. Ms. Harris, when GAO did its evaluation of software licenses at VA, did it include software provided to veterans as well as a software purchased for employee usage?

Ms. HARRIS. My understanding is that it was just employee usage of the inventory, so I do not believe it included that universe of software.

Ms. BUDZINSKI. If we are going to focus on all this effort on centralizing software license management as discussed, why would we create a whole separate process for software provided to veterans?

Ms. HARRIS. Yes. I mean, I think that, to your earlier point about shadow IT, it is important for VA to have full visibility into all of the software that is being purchased for the Department, whether it is for the VA users or for veterans.

Ms. BUDZINSKI. Okay. My last question, Mr. VanBemmel, what would it take for the VA to adopt a more enterprise-like approach to assistive tech procurement for veterans?

Mr. VANBEMMEL. Can you help me with assisted tech, what you mean?

Ms. BUDZINSKI. Blind and low vision veterans, excuse me, yes.

Mr. VANBEMMEL. Okay. We do procure software for our employees. A distinction on a question there, our appropriation is for VA to provide for VA employees on the VA network, so not to provide services or software to veterans directly. This is the corporate internal VA usage. The Office of Connected Care, for example, that software is procured through a different appropriation, and it is not on the VA network, and so it is separate. Any of those assistive technologies for veterans that are not on the VA network, I do not manage that, but if you are a VA employee and you need assistive technology, we do manage that and we have the responsibility for procurement.

Ms. BUDZINSKI. Okay. Great. Thank you. I yield back.

Mr. BARRETT. Thank you. I will now recognize myself again.

Mr. VanBemmel, what is the breakdown in spending between VA's 15 largest software titles and the rest of the VA software spending?

Mr. VANBEMMEL. Can I take that one back?

Mr. BARRETT. Sure.

Mr. VANBEMMEL. We manage the——

Mr. BARRETT. I know there is quite a few, but I know the top several account for the largest share of the total pie, but then there is a smattering of many others beyond that.

Mr. VANBEMMEL. Yep.

Mr. BARRETT. Does the Department know exactly how many total software licenses they have purchased, and what they are using currently, or is that inventory still being done?

Mr. VANBEMMEL. We now have 100 percent visibility. I can tell you that we are managing about 4,400 titles, 4,433 commercial off-the-shelf titles, and about another 224 SaaS offerings.

Mr. BARRETT. Okay. Sorry. 300 some off-the-shelf. You are talking, like, Microsoft Word, something like that?

Mr. VANBEMMEL. 4,433, and those are all commercial off-the-shelf offerings, and so it goes to—you know, it is everything that runs that gamut now. Microsoft Office 365 would be a SaaS offering. That is in our other titles.

Mr. BARRETT. What is—sorry. I can go get Microsoft 365——

Mr. VANBEMMEL. Right.

Mr. BARRETT [continuing]. at Best Buy right now or I can go online and download it.

Mr. VANBEMMEL. Right.

Mr. BARRETT. How is that not a commercial off-the-shelf product?

Mr. VANBEMMEL. Yes. The distinction is if you install it locally on the machine, commercial off-the-shelf product, that is a different category of management. SaaS is a cloud-based offering, and so if you get Office 365, it is not actually installed on your machine.

Mr. BARRETT. Okay. What does SaaS stand for?

Mr. VANBEMMEL. Software as a Service.

Mr. BARRETT. Okay. That is the cloud-based——

Mr. VANBEMMEL. Yes.

Mr. BARRETT. The shift from when you used to get Microsoft on a disk.

Mr. VANBEMMEL. Yes.

Mr. BARRETT. You know, office products on a disk to now getting it where you pay a subscription——

Mr. VANBEMMEL. Correct.

Mr. BARRETT. Per year or something and it stores your information on the cloud.

Mr. VANBEMMEL. Yes.

Mr. BARRETT. Okay. Now, that commercial off-the-shelf, that is still basically downloaded, or disk-installed on it on an actual individual device?

Mr. VANBEMMEL. Yes.

Mr. BARRETT. Okay. We have thousands of those and hundreds of SaaS?

Mr. VANBEMMEL. Correct, sir.

Mr. BARRETT. Okay. All right. Then the Federal CIO asked for that information by the end of April. Have you provided that to them already?

Mr. VANBEMMEL. We are largely, I would say, 90, 95 percent through with that entire inventory.

Mr. BARRETT. Okay.

Mr. VANBEMMEL. The gaps that we have on the inventory are not on the identification of the software or even the licenses in use, but it is really down to who owns the software in VA, who is the person accountable for that license. That really is the work that we have going forward to identify the accountable person for every software title, and then, you know, working with that requirements owner on the way ahead for their product.

Mr. BARRETT. Okay. Then from there, how many different organizations within VA are currently purchasing software licenses? Is it all now consolidated through your office?

Mr. VANBEMMEL. Yes. It all comes to our office.

Mr. BARRETT. Battle Creek VA, you know, 40 minutes from my house, they want to download or install something, it is got to go through your office now.

Mr. VANBEMMEL. That is right, and we are reviewing every one of those acquisitions.

Mr. BARRETT. Okay. Then how many different vendors is VA currently buying software licenses from? I assume in that thousands and hundreds, some of those are the same vendor with different products.

Mr. VANBEMMEL. Correct, sir. I would have to take that one back to get you the correct answer.

Mr. BARRETT. Okay. Thank you. I believe I had a question for Ms. Harris, if I am not mistaken. Actually, Mr. Carter. I apologize.

GAO's recommendation on comparing data on software license usage to purchase records is still open. What is VA currently doing to compare what they are buying to what they are using?

Mr. CARTER. We are actually looking at what we buy. A couple software titles like Oracle and Oracle Java, those are unlimited license agreements that we have.

Mr. BARRETT. Okay.

Mr. CARTER. Also what we are doing is we are trying to measure out what we have. It was not for the best value. When Oracle Java, which is strictly for development, we can do that and recheck that. This is a better value to go with unlimited license, and we are able to prove that. Oracle is a little bit different only because Oracle has about 190 products, so that is an ongoing effort.

Mr. BARRETT. It is not everything Oracle. It is just that product you can buy on an unlimited basis and then if you want to buy something else, it is a different contract.

Mr. CARTER. Correct.

Mr. BARRETT. Okay.

Mr. CARTER. Microsoft, we are down to who is using what on all that license.

Mr. BARRETT. Okay. With Microsoft, we are not buying all-you-can-eat buffet of Microsoft like we are with Java. It is a different system that we have.

Mr. CARTER. Correct. Just like when you buy 365, you also have to buy a virus protection. That is included as well and that is per license, per software, per individual user, and it goes as well on virtual machines and everything.

Mr. BARRETT. What—this will be my last question before I yield again. What—would you say is it common or uncommon to have the—as many as you want enterprise-wide unlimited license versus a per user license? It feels to me like the per user is more common.

Mr. CARTER. Yes, sir. Per user is more common.

Mr. BARRETT. Okay. Thank you.

Ranking Member Budzinski, you have any more questions?

Ms. BUDZINSKI. No.

Mr. BARRETT. Okay. I just have a couple more that I will run through and then we can close out. Mr. Carter, once VA has a complete inventory in one system and is able to compare data on whether a license is being used to purchase records, how long will it take to VA to go through each software title to figure out if they are overspending?

Mr. CARTER. I will have to let Mr. VanBemmel answer that, but for the Microsoft in our new agreement, we used to do a reclamation every 90 days.

Mr. BARRETT. Okay.

Mr. CARTER. We now have a written where we do it every 30. We go back and review. If it is not being used, we can pull it back to inventory.

Mr. BARRETT. Okay. Thank you. All right. I think we are good. Appreciate both of you being here today. Before I close out, I will yield to the ranking member if you want to give your closing.

Ms. BUDZINSKI. Thank you, Mr. Chairman, and thank you again to the witnesses for being here. I am glad to hear that the VA is making progress in getting its software asset management systems

in order. I agree that it is important to be able to track what the Department owns and what it is being used to minimize waste and unnecessary cost. I am concerned, though, that the Department is not looking strategically at ways this program can be expanded to cover all assets purchased by the Department. Until the Department is tracking all its assets to include those utilized by veterans as well as employees, we can never be totally sure that it is preventing waste.

I am also seriously concerned about the potential of moving, especially the specialized software of VA's IT acquisition to what I believe will be a gutted GSA. If the Trump administration were serious about this executive order, they would be fortifying GSA to handle the onslaught of requirements from across the Federal Government. Instead, they are bleeding it dry just like other agencies. There is no other way—there is no way that an anemic GSA is prepared for this. VA employees and veterans should not have to wait in line behind other agencies to get their resources they need, especially when they have fully functional processes to get these resources in-house.

Also, I want to be real clear that we cannot allow the Department to continue to obscure the activities of DOGE in the VA. It is unacceptable that these people are given unfettered access to VA, access to contracts and its IT systems with zero transparency and zero oversight. If these actions are in the best interest of veterans, then I ask why is the Department hiding them? I am terrified of what kind of damage they are doing and what the lasting impacts will be for our veterans. We must do better and I look forward to working with the chairman to do the necessary oversight to ensure that our veterans are protected.

Thank you, Mr. Chairman. I yield back.

Mr. BARRETT. Thank you, Ranking Member Budzinski, and I want to thank our witnesses again for appearing today to discuss VA software licensing and management practices. Thank you for your candor with your answering of questions, and for those that are being taken back, we look forward to your response. I have made this point before, but information technology is the backbone of every service and benefit that VA delivers to veterans, whether you are filing a claim, whether you are going in for an exam, whether you are receiving your health benefits or your disability claim payment, everything runs on information technology right now. We all understand that.

This is not the VA of 40 years ago and software is an essential aspect of VA operations. Mr. VanBemmel, to your point, a generation ago, each of these VA facilities were very autonomously operated and run, and now we are trying to do the hard work of having some standardization. We are seeing that with electronic health record rollout. We are seeing it with other software licensing as well, so I am encouraged by that desire to get that done.

As VA and the Federal Government's technology footprint has grown over the years, it has clearly led to inefficiencies in waste of over purchasing and underutilization, and not right-sizing what every product would be designed for. It would be hard-pressed to find any expert on software licensing that would disagree with this. As I said, I know this is not unique to the VA, but this is the com-

mittee that, you know, has oversight of the VA and that is why I want to leave this effort here.

VA employees need software to do their job, but there is no good reason why VA cannot do better at cutting waste and negotiating prices. Part of House Republicans' mission and why the American people gave us the majority is to root out inefficiencies and waste where they exist in government to make it work better.

Software licensing is a clear example of this that has been acknowledged for years by both side of the aisle. To the VA witnesses, as I said, I appreciate your candor today, but now this subcommittee needs a commitment, a commitment to transparency, timelines, and accountability. We are ready to support you, but we will also hold you accountable as well. Let us cleanup the mess and stop the waste and keep our focus where it belongs: Providing good, forward-thinking care and services to veterans who earn them.

I ask unanimous consent that all members have 5 legislative days to revise and extend their remarks and exclude extraneous—include extraneous material. Without objection, so ordered. This hearing is adjourned.

[Whereupon, at 4:21 p.m., the subcommittee was adjourned.]

A P P E N D I X

PREPARED STATEMENTS OF WITNESSES

Prepared Statement of Jeff VanBemmel

Introduction

Chairman Barrett, Ranking Member Budzinski, and distinguished Members of the Subcommittee, thank you for the opportunity to testify regarding Software Licensing at VA. Your longstanding support of Veterans and their families is greatly appreciated. I am accompanied by Don Carter, Don Carter, Executive Director for Contract and Operations Management, OIT.

VA's Past Software Asset Management State

OIT recognizes that software is a critical component in delivering the care and services our Veterans deserve. This recognition has led to substantial investments in both commercial and VA-developed software solutions. The increase in software solutions has required VA to constantly review and update its management policies and practices, especially in areas such as decentralized procurement and license oversight.

Current Efforts of the SAM Program

In January 2024, OIT established the Enterprise Software Asset Management (SAM) program to address the two GAO recommendations made in GAO–240105717 including issues such as decentralized software procurement, lack of product ownership, loose license management, and data management. The core aspects of this program are:

1. **Centralization and Standardization:** Establishing a centralized data repository for software inventory, deploying modern tools for tracking software usage, and assigning clear product ownership across the enterprise. Previously, software was managed in a decentralized manner. The SAM program will assign product ownership to enhance communications with software stakeholders and streamline management.

2. **Automation and Efficiency:** Automating tasks within the SAM lifecycle framework where feasible while leveraging existing tools and systems for efficient SAM implementation and improving the integration of tools, systems, and reporting mechanisms. The process includes managing licensing, data migration, configuration, and other related services.

3. **Continuous Improvement:** The SAM program incorporates Continuous Process Improvement to meet future software needs, manage updates, and ensure proper retirement of unused software. OIT has implemented tools to improve software visibility and data management, and to consolidate data on software usage into a singular centralized enterprise repository for better oversight and management.

OIT's comprehensive approach involves planning for future software needs, managing updates, and ensuring proper disposal of outdated or unused software. The software management lifecycle comprises six phases: plan, request, procure, deploy, manage, and retire. Notable progress has been made in the area of Centralization and Standardization noted above including managing the software asset lifecycle from deployment to retirement, particularly in license management, software reclamation, and repurposing.

Current Challenges

Starting with the top 15 most widely used software titles across VA, these improvements in license management tools and practices have already led to over $136M in software cost avoidance but challenges remain. Identified key challenges include:

- **Business Led Information Technology (IT):** Software procured or deployed outside approved channels poses security, compliance, and financial risks. We

are strengthening governance mechanisms, improving software visibility, and working with VA business owners to rationalize requirements and minimize unauthorized software acquisitions.

- **Training and Culture Change:** Training staff on SAM processes and policy compliance is crucial. OIT is rolling out guidance for all relevant staff, focusing on requirements definition, acquisition planning, software lifecycle management, and the risks associated with unauthorized software procurement. By educating staff early in the acquisition process, we aim to foster a culture of accountability and proactive software management.
- **Improving IT Visibility and Governance:** Identifying existing capability gaps in software and asset visibility, establishing a "single source of truth" for software usage data, and developing and implementing new SAM policies and formal governance procedures.

Way Forward

VA has accomplished the first recommendation made in GAO 24–10571 to track software for its most widely used titles. This improved management has produced the cost avoidance outlined in the testimony above. VA has made substantive progress on the second recommendation in GAO 24–10571. All software in use on the VA network has been identified and VA will complete the population of the centralized SAM data repository by the end of the year. This will enable VA to compare licenses in use against purchase records and make better informed investment decisions. VA's way forward includes:

- **Strengthening Governance and Oversight:** VA Directive 6008, Acquisition and Management of VA Information Technology Resources, governs all IT acquisitions and enforces Chief Information Officer oversight for software purchases, ensuring compliance with Federal laws. We also track IT procurements through product service codes and medical devices that have a software component. These procurements also go through our Federal Information Technology Acquisition Reform Act review process. This closes many previous gaps that allowed licenses to be purchased without centralized review.
- **Metrics and Performance Measurement:** When the centralized data repository is completed at the end of the year, OIT will be able to establish clear Key Performance Indicators to measure the effectiveness of the SAM program, including cost avoidance, compliance rates, utilization efficiency, and audit findings. These metrics can be included in the Annual Performance Plan.
- **Ongoing Improvement:** Effective software management is not the responsibility of a single office but a collective effort across VA's entire enterprise. The OIT team is committed to continuing our progress, strengthening our governance, and fully optimizing our software portfolio.

Conclusion

Through OIT's ongoing efforts in the SAM program, VA aims to ensure that every dollar spent on technology supports the critical mission of serving America's Veterans with excellence. Thank you for your continued support and for the opportunity to testify here today.

Prepared Statement of Carol Harris

United States Government Accountability Office

Testimony

Before the Subcommittee on Technology Modernization, Committee on Veterans' Affairs, House of Representatives

For Release on Delivery
Expected at 3:00 p.m. ET
Monday, May 19, 2025

VETERANS AFFAIRS

Actions Needed to Address Software License Challenges

Statement of Carol C. Harris, Director,
Information Technology and Cybersecurity

GAO-25-108475

GAO

Highlights

Highlights of GAO-25-108475, a testimony before the Subcommittee on Technology Modernization, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

VA depends on critical underlying IT systems to manage benefits and provide care to millions of veterans and their families. VA obligated about $21 billion in fiscal years 2022 through 2024 for a range of IT products, systems, and services.

In 2015, GAO identified the management of software licenses as a focus area in its High-Risk report. GAO has also previously reported on the need for federal agencies—including VA—to ensure better management of software licenses.

GAO was asked to testify on VA's software licensing practices. GAO summarized its government-wide January 2024 and November 2024 reports specific to VA's efforts to track software license usage and manage restrictive licensing practices. GAO also compiled information from its past reports on leading software license management practices and summarized VA's actions in response to recommendations made in those reports.

What GAO Recommends

GAO made four recommendations in its two recent 2024 reports for VA to improve its management of software licenses and mitigate the effects of restrictive software licensing practices. Although VA concurred with the recommendations, it has not yet implemented them. Implementation of the recommendations is essential to minimizing costs and mitigating restrictive licensing impacts.

For more information, contact Carol C. Harris at harriscc@gao.gov.

May 2025

VETERANS AFFAIRS

Actions Needed to Address Software License Challenges

What GAO Found

The Department of Veterans Affairs (VA) spends billions of dollars annually for IT and cyber-related investments, including commercial software licenses. In a January 2024 government-wide report, GAO noted that while VA identified its five most widely used software vendors with the highest quantity of licenses installed, VA faced challenges in determining whether it was purchasing too many or too few of these software licenses. Specifically, VA was not tracking the appropriate number of licenses for each item of software currently in use. Additionally, the department did not compare inventories of software licenses that were currently in use to purchase records on a regular basis (see table).

GAO January 2024 Report Assessing the Department of Veterans Affairs' Management of Widely Used Software Licenses

Key Activity	Assessment
Track software licenses that are currently in use	Not met
Regularly compare the inventories of software licenses that are currently in use to purchase records	Not met

Source: GAO analysis of agency data. | GAO-25-108475

Until VA adequately assesses the appropriate number of licenses, it cannot determine whether it is purchasing too many licenses or too few. GAO recommended that VA track licenses in use within its inventories and compare them with purchase records. VA concurred with the recommendations and is taking preliminary actions to track software license usage. Implementation of these recommendations would allow VA to identify opportunities to reduce costs on duplicate or unnecessary licenses.

In a November 2024 government-wide report, GAO found that restrictive software licensing practices adversely impacted federal agencies' cloud computing efforts, including those of VA. These practices either increased costs of cloud software or services or limited VA's options when selecting cloud service providers. VA had not established guidance for effectively managing impacts from restrictive practices for cloud computing or determined who is responsible for managing these impacts.

Until VA establishes guidance and assigns responsibility for mitigating the impacts of restrictive software licensing practices, it will likely miss opportunities to avoid or minimize these impacts. GAO made two recommendations to VA to mitigate the impacts of restrictive software licensing practices. VA concurred with the recommendations and stated that it would provide the actions it plans to take to address both recommendations in its update to the final report.

Chairman Barrett, Ranking Member Budzinski, and Members of the Subcommittee:

Thank you for the opportunity to discuss our prior work on the Department of Veterans Affairs (VA) management of software licenses. As you know, VA depends on its IT systems to manage benefits and provide care to millions of veterans and their families.

The department spends billions of dollars annually on its IT and cyber-related investments, including for purchases of commercial software licenses.[1] According to the Federal Procurement Data System (FPDS), VA has obligated approximately $21 billion on contracts to procure a range of IT products, systems, and services between fiscal years 2022 and 2024.[2] For fiscal year 2025, the department plans to spend about $985 million on software including commercial software licenses.

Effective management of commercial software licenses can help organizations avoid purchasing too many licenses that result in unused software (which we refer to as over-purchasing). In addition, effective management can help avoid purchasing too few licenses (which we refer to as under-purchasing), which may result in noncompliance with license terms and cause the imposition of additional fees.

As early as 2014, we reported on the need for agencies—including VA—to ensure better management of software licenses. We noted that, to maximize the value of these investments, agencies should effectively manage them by, among other things, regularly (1) tracking and maintaining a comprehensive inventory of software licenses, and (2) analyzing agencywide software license data.[3]

[1]Commercial software is software that is ready-made and commercially available to the public. According to the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS), software licenses specify the government's legal rights to use software in accordance with terms and provisions agreed to by the software copyright owner. FAR § 52.227-19(a) and DFARS § 227.7202-3(a).

[2]FPDS is the federal government's central database of information on federal procurement actions. Agencies are generally required to report contract actions to FPDS. See 41 U.S.C. § 1122(a)(4), 1712(d)(2). See also, Federal Funding Accountability and Transparency Act of 2006, Pub. L. No. 109-282, 120 Stat. 1186 (Sept. 26, 2006) 31 U.S.C. § 6101 note. According to the August 2024 FPDS *Government User's Manual*, FPDS can identify who bought what, from whom, for how much, when, and where.

[3]GAO, *Federal Software Licenses: Better Management Needed to Achieve Significant Savings Government-Wide*, GAO-14-413 (Washington, D.C.: May 22, 2014).

We also first identified IT acquisitions and operations as a high-risk area in our 2015 High-Risk report.[4] In that report, we identified the management of software licenses as a focus area, in part, because of the potential for cost savings. Since 2014, agencies have reported about $4.6 billion in cost savings related to better management of software licenses.

In this statement, I will summarize the results of our two prior reports that include details on VA's software licensing practices.[5] In developing this testimony, we summarized these two 2024 government-wide reports[6] that included VA's efforts to determine the appropriate number of licenses for its five software vendors[7] with the highest quantity of licenses installed[8] and the impacts of restrictive software licensing practices.[9] We also compiled information from our past reports on leading software license management practices. Detailed information on the objectives, scope, and methodology of this work can be found in each issued report. For this statement, we also reviewed VA documentation related to the status of efforts to implement our recommendations since the two reports were issued.

We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[4]GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015).

[5]GAO, *Federal Software Licenses: Agencies Need to Take Action to Achieve Additional Savings*, GAO-24-105717 (Washington, D.C.: Jan. 29, 2024) and *Cloud Computing: Selected Agencies Need to Implement Updated Guidance for Managing Restrictive Licenses*, GAO-25-107114 (Washington, D.C.: Nov. 13, 2024).

[6]GAO-24-105717 and GAO-25-107114.

[7]For the purposes of this statement, we use the term vendor to also include original equipment manufacturers and publishers.

[8]Installed licenses are software licenses deployed for use on department or agency owned or controlled computers. For purposes of this report, we used the terms "installed" and "deployed" interchangeably.

[9]We defined restrictive software licensing practices as any software licensing agreements or vendor processes that limit, impede, or prevent agency efforts to use software in cloud computing.

Background

Software licenses specify the government's legal rights to use software in accordance with terms and provisions agreed to by the software copyright owner.[10] Rights to use software are separate from the legal rights to the software itself, which are normally kept by the software manufacturer or other third party. Licenses may be purchased and are normally required whenever externally acquired software is used, which will typically be when the software is installed on a computer (or when executed on a computer even if installed elsewhere, such as on a server). Licenses may be purchased in bundle packages, which are multiple software products offered under a single license agreement. They may also be defined in enterprise terms, such as number of workstations or employees, in which case a license is required for each qualifying unit or individual regardless of actual usage.

Many software products are commercial-off-the-shelf, meaning the software is sold in substantial quantities in the commercial marketplace. Commercial software typically includes fees for initial and continued use of licenses. These fees may include, as part of the license terms, access to product support and/or other services, including upgrades.

License models and definitions may differ significantly depending on the software product and vendor. For example, the basic types of licenses vary by duration and measure of usage.

Duration

- *Perpetual licenses:* use rights are permanent once purchased.
- *Subscription or rental licenses:* are used for a specific period of time, which can vary from days to years and may or may not include upgrade rights.
- *Term licenses:* are used for a limited period of time and are not owned in perpetuity.

Measure of Use

- *Per copy, by workstation/seat/device, name used:* Historically most licenses sold have been on a per-copy-used basis, with several

[10]See, for example, FAR § 52.227-19(a) and DFARS § 227.7202-3(a). Note that while the DFARS does not itself apply to VA, its language about commercial software is instructive here.

different units of measure possible. Sometimes multiple users will be allowed per license.

- *Concurrent usage:* This type of license allows agencies to permit a specified number of users to connect simultaneously to a software application.
- *Per server speed or per processor:* These licenses are linked to the speed or power of the server on which they run, or the number of processors.
- *Enterprise or site:* These licenses are sold on an enterprise or site basis.
- *Other complexities:* Other, more complex situations related to usage also exist with regard to licensing and the use of techniques such as cloud computing.[11] For example, software can be used as part of different cloud service models (e.g., software as a service, platform as a service, and infrastructure as a service).[12]

We have previously reported that software license management is intended to manage, control, and protect an organization's software assets, including management of the risks arising from the use of those assets.[13] Proper management of software licenses helps to minimize risks by ensuring that licenses are used in compliance with licensing agreements and deployed in a cost-effective manner. It also ensures that software purchase and maintenance expenses are properly controlled.

[11]According to the National Institute of Standards and Technology (NIST) guidance, cloud computing is a means for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction. National Institute of Standards and Technology, *The NIST Definition of Cloud Computing,* Special Publication 800-145 (Gaithersburg, MD: Sept. 2011).

[12]According to NIST guidance, infrastructure as a service delivers and manages the basic computing infrastructure of servers, software, storage, and network equipment; platform as a service delivers and manages the infrastructure, operating system, and programming tools and services that an agency can use to create applications; and software as a service delivers one or more applications and all the resources (operating system and programming tools) and underlying infrastructure, which an agency can use on demand. National Institute of Standards and Technology, Special Publication 800-145.

[13]See GAO-24-105717.

Federal Laws and Guidance and GAO's Leading Practices Call for Agencies to Manage Software Licenses

In December 2014, Congress enacted IT acquisition reform legislation (commonly referred to as the Federal Information Technology Acquisition Reform Act or FITARA) as part of the Carl Levin and Howard P. 'Buck' McKeon National Defense Authorization Act for Fiscal Year 2015.[14] FITARA provides a mechanism for Congress to monitor covered agencies' increased efficiency and effectiveness of IT investments, as well as holding agencies accountable for reducing duplication and achieving cost savings.[15] FITARA contained specific requirements related to seven areas, including expanding government-wide software licensing that is available for use by agencies.[16]

Additionally, the Making Electronic Government Accountable by Yielding Tangible Efficiencies (MEGABYTE) Act of 2016 further enhanced management of software licenses by requiring agency CIOs to establish an agency software licensing policy and a comprehensive software inventory to track and maintain licenses, among other requirements.[17]

In June 2016, OMB issued a memorandum that provided software license management guidance to federal agencies.[18] Specifically, the guidance required, among other things, that agencies:

- move to a more centralized and collaborative software management approach that includes appointing a software manager to be responsible for managing software licenses;
- maintain an agencywide inventory of software licenses; and

[14]Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291, division A, title VIII, subtitle D, 128 Stat. 3292, 3438-50 (Dec. 19, 2014).

[15]The provisions apply to the agencies covered by the CFO Act, 31 U.S.C. § 901(b). However, FITARA has generally limited application to the Department of Defense.

[16]The government-wide software purchasing program, to be led by the General Services Administration, is to be available for use by all executive agencies. FITARA also included requirements for covered agencies to enhance agency CIO authority and transparency, improve risk management in IT investments, and advance portfolio review and the federal data center consolidation initiative.

[17]Pub. L. No. 114-210, 130 Stat. 824 (2016).

[18]Office of Management and Budget, *Category Management Policy 16-1 Improving the Acquisition and Management of Common Information Technology: Software Licensing*, M-16-12 (Washington, D.C.: June 2, 2016).

- analyze inventory data to ensure compliance with software license agreements, consolidate redundant applications, and identify other cost-saving opportunities.

We have previously identified leading practices that federal agencies can follow for managing their software licenses. Table 1 describes these practices.

Table 1: Leading Practices for Managing Software Licenses

Leading practice	Description
Centralize management of software licenses	Employ a centralized software license management approach that is coordinated and integrated with key personnel (e.g., the acquisition and IT management personnel responsible for software purchases and decisions). Such an approach allows for centralized recordkeeping of software licensing details including the terms of the licenses. Further, agencies should centralize the governance and oversight of specific enterprise and commercial software licenses consistent with agency policy (e.g., software licenses reflective of the majority [80 percent] of agency software license spending and/or agency enterprise licenses) in order to make department-wide decisions.
Establish a comprehensive inventory of software licenses	Establish a comprehensive inventory of the software licenses consistent with agency policy (e.g., an inventory representative of the majority [80 percent] of the agency's software license spending and/or enterprise licenses). This inventory should incorporate automated discovery and inventory tools that provide easy search and access to software license information (e.g., contract terms and agreement records). Such a repository allows managers to monitor performance (e.g., how many employees are using software compared to the amount of software purchased) and conduct analysis reporting needed for management decision-making. A comprehensive inventory will better ensure compliance with software license agreements and allow for agencywide visibility that consolidates redundant applications and identification of other cost-saving opportunities.
Regularly track and maintain comprehensive inventories of software licenses using automated discovery and inventory tools and metrics	Regularly track and maintain comprehensive inventories of software licenses using automated discovery and inventory tools and metrics (e.g., metrics related to employee usage and number of licenses purchased) to ensure that the agency has the appropriate number of licenses for each item of software in use. Agencies should track inventories and compare software licenses purchased with licenses installed regularly (e.g., at least annually) and consistent with their policies.
Analyze the software license data to inform investment decisions and identify opportunities to reduce costs	Make decisions about software license investments that are informed by an analysis of department-wide software license data (e.g., costs, benefits, usage, and trending data). Such an analysis helps agencies make cost-effective decisions, including decisions about what users need.
Provide appropriate agency personnel with sufficient software license management training	Provide appropriate agency personnel (e.g., legal, acquisition, technical, and user) with sufficient training on managing software licenses, including training on contract terms and conditions, negotiations, laws and regulations, acquisition, security planning, and configuration management. Sufficient training allows organizations to develop the skills and knowledge of employees so they can perform their roles effectively and efficiently.

Source: GAO-14-413 | GAO-25-108475

VA Has Previously Faced Challenges in its Efforts to Manage Software Licenses

In May 2014, we reported on federal agencies' management of software licenses and stressed that better management was needed to achieve significant savings government-wide.[19]

Regarding VA, we noted that the department did not have comprehensive policies that included establishing clear roles and central oversight authority for managing enterprise software license agreements, among other things. We also noted that it had not established a comprehensive software license inventory, a leading practice that would help the department to adequately manage its software licenses.

The inadequate implementation of these and other leading practices in software license management was partially due to weaknesses in the department's licensing management policies. We therefore made six recommendations to VA to improve its policies and practices for managing licenses. For example, we recommended that the department regularly track and maintain a comprehensive inventory of software licenses and analyze the inventory to identify opportunities to reduce costs and better inform investment decision-making.

Since our 2014 report, VA has taken actions to implement all six recommendations. Among these actions, the department created a solution to generate and maintain a comprehensive inventory of software licenses using automated tools for the majority of agency software license spending and/or enterprise-wide licenses. Additionally, the department implemented a solution to analyze agencywide software license data, including usage and costs; it subsequently identified approximately $65 million in cost savings over 3 years from analyzing one of its software licenses.

VA's Role for Managing IT and Fiscal Year 2025 Budget Request

Since 2007, VA has operated a centralized organization, the Office of Information and Technology, which performs most key functions intended for effective IT management. This office is led by the Assistant Secretary for Information and Technology, also known as VA's Chief Information Officer (CIO). It is responsible for providing strategy and technical direction, guidance, and policy related to how IT resources are to be acquired and managed for the department. It also is responsible for working with its business partners—such as the Veterans Health Administration—to identify and prioritize business needs and requirements for IT systems. Further, the Office of Information and

[19]GAO-14-413.

Technology is responsible for managing the majority of VA's IT-related functions including the purchase of software licenses.

VA's budget request for fiscal year 2025 was about $6.2 billion in total for the Office of Information and Technology, which included over $4.5 billion for operations and maintenance, nearly $1.7 billion for staffing and administrative support, and about $960,000 for new development.[20] The 2025 budget request included several key areas related to software licenses:

- $476.7 million for end user software;[21]
- $47.5 million for the IT Enterprise Agreement platform investment;[22] and
- $17.5 million for the Office of Strategic Sourcing software maintenance.[23]

Recent GAO Reports Highlighted VA's Challenges with Managing Software Licenses and Restrictive Practices

In January 2024, we reported that agencies faced challenges managing licensing agreements and that certain agencies—including VA—did not address the two key activities that can assist agencies' software license management efforts and enable them to assess whether they purchased the appropriate number of software licenses. Accordingly, we made two recommendations to VA to consistently assess the appropriate number of software licenses for its most widely used software licenses. In addition, in November 2024, we reported that restrictive software licensing practices adversely impacted federal agencies' cloud computing efforts—including VA—and that the department had not established guidance for effectively managing impacts from restrictive practices for cloud computing. We therefore made two recommendations to VA to mitigate the impacts of restrictive software licensing practices.

[20]Department of Veterans Affairs, *U.S. Department of Veterans Affairs FY 2025 Budget Submission, Information Technology Programs and Electronic Health Record Modernization Vol. 5 of 5,* March 2024.

[21]The VA's End User Operations Software project outcome is intended to provide sustainment and maintenance of existing software licenses for ongoing operations across the department.

[22]The VA IT Enterprise Agreement Platform investment provides platform IT solutions and resources through enterprise agreements for VA. This investment supports the Oracle Enterprise License Agreement and Oracle Java Enterprise Agreement.

[23]The enterprise agreements within the Office of Strategic Sourcing software maintenance provide software licenses, subscriptions, and associated services and support capabilities as part of the core Office of Information and Technology infrastructure.

VA Did Not Determine Over- or Under-Purchasing of Widely Used Software Licenses

As previously noted, our prior 2014 report and OMB guidance identify leading practices for effectively managing software licenses.[24] These leading practices include two key activities that can assist agencies' software license management efforts and result in assessing the appropriate number of software licenses:

- tracking software licenses that are currently in use; and
- regularly comparing the inventories of software licenses that are currently in use to purchase records to determine if licenses have been over- or under-purchased.

As noted earlier in this statement, VA has implemented our six prior recommendations to improve its software license management practices. However, our recent report highlighted current challenges the department faces in assessing its software licenses.[25] In alignment with the key activities described above, sound software license management includes a regular reconciliation review by agencies to ensure they have the appropriate number of licenses for each item of software in use. Vendors also perform reviews to assess the number of licenses in use to ensure that the legal agreements associated with procured software licenses are adhered to and that organizations avoid purchasing unnecessary licenses. These reviews are called true-up and true-down. The more common true-up review compares the current software deployment to the software purchase data to revalidate and reconcile software utilization with historical software procurement data and terms and conditions. On the other hand, the true-down review determines if fewer licenses are required. These reviews generally occur prior to software license renewals or exercising of options under a software license agreement.

While VA reported its five most widely used software vendors with the highest quantity of licenses installed[26], as of July 31, 2022,[27] VA did not track software licenses that are currently in use for all five of these

[24]GAO-14-413; and Office of Management and Budget, *Category Management Policy 16-1 Improving the Acquisition and Management of Common Information Technology: Software Licensing*, M-16-12 (Washington, D.C.: June 2, 2016).

[25]GAO-24-105717.

[26]For the purposes of this statement, the phrase "most widely used software licenses" refers to the licenses that come from a specific vendor and means the aggregate number of software licenses an agency uses that originate with a particular vendor.

[27]According to VA, the five most widely used software vendors with the highest quantity of licenses installed, as of July 31, 2022, include Microsoft (identified twice by VA), HCL Technologies, 1E, and Raytheon Technologies.

software licenses. For the five most widely used licenses, the agency provided screenshots of count data by product, but it did not provide documentation tracking the appropriate number of licenses for each item of software currently in use.

In addition, the agency did not compare the inventories of software licenses that are currently in use to purchase records on a regular basis. Specifically, it did not analyze usage of its five most widely used software licenses per its defined process. For example, VA officials stated that the department had established varying processes with each vendor to analyze usage and purchasing of its most widely used software licenses. VA also stated that in fiscal year 2022, the agency reviewed its licenses and reported an increase of 10,000 licenses at a cost of $678,610.40 for one of its most widely used licenses, HCL Technologies. However, VA did not provide documentation as evidence of these analyses.

VA officials stated that they had not developed and implemented procedures for tracking software licenses in use and comparing inventories of these software licenses with known purchases. Officials provided various reasons, including that in most software contracts, the Office of Information and Technology has a contract line item to allow for purchasing of additional licenses on an as needed basis. Additionally, officials stated that the Office of Information and Technology utilizes the features within software products to track licenses and monitors the historical data and trends to determine if usage is increasing or decreasing. However, VA did not demonstrate how it utilizes these tools to compare software licenses purchased with licenses currently in use for any of its five most widely used licenses on a regular basis.

As a result, in our January 2024 report, we made two recommendations to VA to consistently track software license usage and compare its inventories with purchased licenses. At a minimum, VA should develop and implement procedures for tracking license usage and comparing the inventories of licenses in use to purchase records. VA concurred with our recommendations, but it has not yet implemented them.

As of February 2025, VA reported it had implemented new procedures for 12 of the top 15 widely used software licenses and will implement a centralized software approach to ensure software is tracked throughout its entire lifecycle by June 30, 2025. However, it is unclear why VA selected these 12 licenses or whether these licenses are part of the five most widely used licenses VA reported during our review. Additionally, it has yet to demonstrate that it has developed and implemented

procedures to track license usage and compare the number of licenses in use with the number of licenses purchased, in line with this recommendation. We will continue to monitor VA's actions to fully implement these recommendations.

Until VA consistently tracks software licenses and compares its inventories to known purchases for each of its five most widely used software licenses, it will not be able to readily determine whether its software licenses were over- or under-purchased. As a result, the department is likely to miss opportunities to reduce costs on duplicative or unnecessary software licenses. If implemented, the potential savings could be significant. The agency has previously reported that it had realized approximately $65 million in cost savings over 3 years due to analyzing just one of its software licenses. Additionally, by developing and implementing procedures that define the steps to be taken to determine over- and under-purchasing, VA can better ensure it is consistently reviewing usage of what it purchased to optimize costs. As a result, VA would be better positioned to negotiate with vendors regarding user needs when analyzing the purchasing of licenses.

VA Is Not Effectively Managing the Impacts of Restrictive Software Licensing Practices

In our November 2024 government-wide review, we reported on the impacts of restrictive software licensing on VA.[28] Cloud computing can often provide access to IT resources through the internet faster and for less money than owning and maintaining such resources. However, as agencies implement IT and migrate systems to the cloud, they may encounter restrictive software licensing practices. Restrictive software licensing practices include vendor processes that limit, impede, or prevent agencies' efforts to use software in cloud computing.

Effectively managing software licenses for cloud computing involves, among other things, applying industry best practices for acquisition and risk management.[29] Key activities for managing impacts of restrictive software licensing practices for cloud computing include (1) identifying and analyzing impacts of restrictive practices during the acquisition

[28] GAO-25-107114.

[29]ISACA, CMMI Model V3.0 (Pittsburgh, PA: Apr. 6, 2023). CMMI Model and ISACA ©[2023] All rights reserved. Used with permission.

process and for established IT investments or projects, and (2) developing plans for mitigating adverse impacts.[30]

Our government-wide review of federal agencies—including VA—found that restrictive software licensing practices adversely impacted VA's cloud computing efforts. According to VA officials, the restrictive practices that they encountered included, among other things, a vendor

- requiring the agency to pay additional fees to use the vendor's software on infrastructure provided by other cloud service providers;
- charging more for (e.g., a conversion fee) or requiring the agency to repurchase the existing software licenses that the agency had been using in its on-premise systems for use in the cloud;
- requiring or promoting vendor lock-in via the cloud service provider's terms and conditions or acquisition practices; and
- lacking accurate or sufficiently detailed cost data to support agency planning for moving on-premise licenses to the cloud.

Officials reported that the restrictive practices generally impacted the (1) cost of cloud computing and (2) choice of cloud service provider or cloud architecture.

VA did not establish guidance for effectively managing impacts from restrictive practices for cloud computing. Officials stated that they would manage restrictive practices as risks, but the department did not provide supporting documentation demonstrating that such practices are to be managed as risks. Officials also stated that VA's existing IT and acquisition management policies and procedures could be used to help identify and manage restrictive practices and their potential impacts. However, the agency was not able to identify parts of these policies and procedures that specifically addressed identifying, analyzing, and mitigating impacts from such practices.

Further, VA had not assigned responsibility for managing such practices. Specifically, officials reported they had encountered restrictive licensing practices, but that managing impacts from such practices was either the responsibility of the agency CIO or was a shared responsibility among

[30]ISACA, CMMI Model V3.0 (Pittsburgh, PA: Apr. 6, 2023). CMMI Model and ISACA ©[2023] All rights reserved. In particular, we reviewed and selected relevant practices from the CMMI practice areas of supplier agreement management, service delivery management, risk management, and causal analysis and resolution.

multiple offices that manage IT and acquisitions or provide legal counsel. However, VA had not specifically assigned or documented this responsibility. As such, it was unclear who was accountable for ensuring the consistent implementation of the two key activities for managing restrictive practices.

Additionally, according to officials, they had not focused on how to address restrictive licensing practices because, as of July 2024, VA had not encountered many instances of such practices. The officials also stated that the impacts from such practices had not been a significant issue impacting their cloud computing services. As such, the officials stated that they either did not consider it necessary or did not consider it a priority to develop or update agency guidance to specifically address the management of such practices and their impacts. However, until VA focuses on managing restrictive practices, the full extent of impacts from such practices on the department will remain unknown.

Without implementing comprehensive guidance for managing the impacts of restrictive software licensing practices, VA is not well positioned to identify and analyze the impact of such practices or to mitigate any risks they present in an efficient and effective manner. In addition, without consistently implementing the two key activities for managing restrictive licensing practices, VA will likely miss opportunities to take action to avoid or minimize the impacts.

Accordingly, we made two recommendations to VA to (1) update and implement guidance to fully address identifying, analyzing, and mitigating the impacts of restrictive software licensing practices; and (2) assign and document responsibility for identifying and managing such practices across the department. VA concurred with our recommendations and stated that it would provide the actions it plans to take to address both recommendations in its update to the November 2024 final report.

In conclusion, fully assessing software licenses and effectively managing impacts from restrictive licensing practices at VA is an issue of vital importance. It presents VA with opportunities to reduce costs on duplicate or unnecessary licenses and take action to mitigate the impact of restrictive practices.

We have made four recommendations to VA in the reports summarized in this testimony. As of today, VA has not implemented them. If the department continues to experience the challenges we have previously identified and does not take actions to address our recommendations, it

may jeopardize its ability to effectively manage its software licenses that provide critical services to veterans.

Chairman Barrett, Ranking Member Budzinski, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions that you may have at this time.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Carol C. Harris at harriscc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

GAO staff who made key contributions to this testimony include Niti Tandon (Assistant Director), Jacqueline Mai (Analyst-in-Charge), Amanda Andrade, Robert Bullock, Jess Lionne, Andrew Stavisky, Adam Vodraska, and Merry Woo.

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