

Questions for Mr. Zielinski
Subcommittee on Government Operations
Hearing: "Making IT a Priority for the Federal Government"
Hearing Date: March 4th, 2020

Questions for the Record - Submitted by Representative Mark Meadows

1. GSA has stated that it will be moving forward with the "E-marketplace model" for a 3-year initial proof of concept "while continuing to assess opportunities to leverage the benefits of the other commercial ecommerce portal models."¹ Does GSA plan on assessing the other two models? If yes, please explain the rationale and the projected timeframe for any additional assessments.

A: GSA is taking an iterative implementation approach driven by an initial proof of concept with multiple e-marketplace platform providers. GSA will start small, test, and refine as lessons are learned. The e-marketplace model was deemed the best fit for this initial proof of concept as it enables GSA to implement more quickly while minimizing Government burden and costs. This model also relies on using existing commercial platforms rather than building a new platform. Moreover, it keeps the user experience as close to existing commercial practice as possible for the commercial e-marketplace platform providers, suppliers, and buyers. Meanwhile, GSA plans to assess the benefits of other models, such as the e-procurement and e-commerce models, throughout the implementation of the initial proof of concept. GSA will begin by determining a cost estimate of implementing each model, with the findings due to Congress one year after the award of the contracts for the proof of concept, as required in Section 827 of the FY20 National Defense Authorization Act (NDAA).² The information and lessons learned from the proof of concept, along with those cost estimates, will help to inform the best manner and/or approach to incorporate the other models.

2. Please explain the evaluation criteria methodology for the e-commerce portal proof of concept.

A: To adequately measure the effectiveness of the e-marketplace platform proof of concept, the program is employing both quantitative and qualitative measures to inform key performance indicators (KPIs). Quantitative measures allow GSA and agencies to take product and spend data and analyze it in relation to such program details such as price competitiveness, small business utilization, and AbilityOne compliance. At the same time, the user experience is an equally important measure as it speaks to the agency buyer's satisfaction in utilizing a managed channel for open market spend. Using

¹ <https://www.gsa.gov/about-us/newsroom/news-releases/gsa-and-omb-submit-phase-2-implementation-plan-for-commercial-ecommerce-portals-program-to-congress>

² House Report 116-333 clarified that the cost estimate would be a range of potential costs or a general order of magnitude for each model.

qualitative measures informed by a user experience framework, GSA will be able to organize analysis around areas such as satisfaction, adoption, retention, and task success. Overall, this data will inform program KPIs and will help determine how better buying strategies and decisions can be made through the use of these e-marketplace platforms.

3. With the E-Commerce portal pilot program, how has GSA assessed the micro-purchase threshold of \$10,000 in order to inform the legislative recommendation to “[i]ncrease the micro-purchase threshold from \$10,000 to \$25,000”?³ What kinds of additional commercial item purchases does GSA anticipate being purchased with the increase in the micro-purchase threshold?

A: GSA does not foresee new types of commercial items being purchased with the increase. GSA’s recommendation focused on the opportunity to shift the acquisition workload that occurs in the \$10,000 to \$25,000 range from the overburdened acquisition workforce to purchase card holders. Purchases in the \$10,000 to \$25,000 range account for up to 23% of all open market transactions, yet account for less than 1% of the Government spend. This is a significant burden on the acquisition workforce, and is a distraction from high-value, mission-oriented acquisitions. GSA believes this increase would yield a higher-value proof of concept if the micro-purchase threshold was raised to \$25,000 as it would increase visibility into spend. As enacted, Section 846 of the FY18 NDAA allows GSA to implement the program up to the \$250,000 Simplified Acquisition Threshold; however GSA opted to start at a more manageable level under the micro-purchase threshold where the Government rules and regulations are closest to the commercial terms and conditions.

4. Since micro-purchases are exempt from the Buy America Act, is there any preference in the e-commerce portal for domestic products?

A: GSA has asked portal providers to demonstrate their ability as part of the contract evaluation process to display Country of Origin information for products available to purchase within the platform as well as other key supplier information such as Small Business designations. All existing micro-purchase rules and Government Purchase Card rules continue to apply, which means buyers will need to follow mandatory source requirements, rotate their purchases amongst multiple vendors (including small businesses), and ensure best value for the Government is being followed. As such, portal providers are expected to support these buyer outcomes. Throughout the proof of concept, GSA will measure the effectiveness of the commercial capabilities associated with product designations and other buyer requirements.

³ <https://www.gsa.gov/about-us/newsroom/news-releases/gsa-and-omb-submit-phase-2-implementation-plan-for-commercial-ecommerce-portals-program-to-congress>

5. How does GSA plan on safeguarding proprietary third-party supplier cost data so that the portal provider does not use that information to favor certain suppliers or gain an unfair commercial advantage?

A: Congress enacted Section 838 of the FY19 NDAA directing GSA to ensure certain data protections were included in the commercial e-commerce portals program. This language dictates that portal providers shall not use supplier data for pricing, marketing, or competitive purposes, except as necessary to process the transaction. GSA has included this language verbatim in its acquisition package and is currently assessing how e-marketplace platform providers will meet these objectives. As part of the acquisition process, e-marketplace platform providers are required to address their approach to complying with Section 838.

GSA also intends to use the proof of concept and its associated spend data to monitor the impacts of the data protection requirements and to better understand and assess data concerns across portal providers and the supplier community.

6. Does GSA anticipate that a private sector e-marketplace portal will in fact result in lower prices for commercial items provided to the government. If so, what evidence supports this conclusion?

A: Prices on the e-marketplace platforms are expected to be highly competitive with purchases made through current open-market online purchasing channels. Agencies will have access to Business to Business (B2B) pricing as well as tiered discounts which may not be available via the open market. Prices will fluctuate on a regular basis given that suppliers are competing to be the fulfillment provider, which is reflective of their commercial practices.

GSA will monitor prices on the awarded e-marketplace platforms to ensure they are competitive (against a wide variety of available purchasing channels), while also recognizing there are other non-price attributes that might be of importance to buyers, such as delivery times.

7. How will GSA help ensure that items purchased by the government through a private sector e-marketplace portal will not contain counterfeit, illicit, or otherwise inferior products? Regarding agency cybersecurity and supply chain risk mitigation responsibilities, what special considerations have been given for including information technology products in the pilot?

A: Throughout its process, GSA has focused on challenges associated with cybersecurity and supply chain risk management, particularly in the information technology category. For example, GSA actively explored these concerns in dozens of meetings during the market research phase of the program, which included understanding how commercial e-commerce portals' existing cyber-related capabilities addressed cyber security concerns within their business practices. GSA also dedicated an entire section of the proof of concept acquisition package to needed cybersecurity

and supply chain risk management protections and will assess those capabilities as part of the contract evaluations. Assessment of these capabilities will continue throughout the implementation of the proof of concept.

In addition to utilizing existing commercial supply chain and counterfeit practices of e-marketplace platforms, the proof of concept also looks to leverage developed Governmentwide regulation and guidance. Agency access to program spend data will increase visibility into what is being purchased and will help to mitigate those same supply chain risks in the future. This insight will be an improvement over the current open-market buying options being used by agencies and will help to better mitigate supply chain risks.

8. Can you provide a list of the total number of protests regarding the e-commerce portal, including the contractor name, the level of protest (agency, GAO, USCF), the disposition, and any changes made to the procurement because of the protest?

A:

PROTESTER	PROTEST DATE	PROTEST OFFICIAL	RESOLUTION	CHANGES MADE
Protest 1 Amazon Business	Nov 15, 2019	Agency Protest Official	Withdrawn (Nov 26, 2019)	Solicitation updated for all offerors, asking portal providers to demonstrate how their commercial practices could achieve Government's stated outcomes
Protest 2 Overstock.com, Inc.	Jan 15, 2020	Governm ent Account- ability Office	Withdrawn (Feb 21, 2020)	No changes to solicitation
----- THE BELOW PROTESTS OCCURRED AFTER PHASE I EVALUATION DETERMINATIONS --				
Protest 3 Rite- Kem, Inc.	Feb 19, 2020	Contracti ng Officer	Dismissal (Feb 28, 2020)	No changes to solicitation
Protest 4 Tree3, Inc.	Feb 20, 2020	Contracti ng Officer	Dismissal (Mar 20, 2020)	No changes to solicitation
Protest 5 FlightLine, LLC	Feb 24, 2020	Agency Protest Official	Dismissal (Mar 25, 2020)	No changes to solicitation

9. What is the estimated percentage of agencies that will successfully transition into the Enterprise Infrastructure Solutions (EIS) contract by May 2023? Are some agencies making this transition quicker than others? If so, what characteristics do the successful and unsuccessful agencies share?

A: GSA tracks agency task order awards and the transition of inventory off the extended contracts. GSA does not have visibility into what has been accepted by the agency in the vendor(s) proposal(s) and if the proposed transition schedule will meet GSA's transition milestones. Each agency would need to provide the proposed transition schedule once the task order award(s) have been made. To date, 19 of the 220 agencies, or 9 percent of agencies, have made at least one of their task order awards. These 19 agencies are in a better position to successfully transition to EIS than agencies who have not made any task order awards.

Some agencies are making a more timely transition off the extended contracts and onto EIS compared to other agencies. Characteristics shared among the successful agencies include following established acquisition strategies, receiving strong project sponsorship, and maintaining consistent transition teams. Successful agencies have maintained and followed the original acquisition strategies developed at the beginning of transition. Successful agencies have had strong project sponsors who made EIS a priority, were proactive, and were able to acquire the resources their transition team needed to stay on track. These best practices come from the lessons learned from past transitions that the Government Accountability Office has encouraged GSA to archive, share, and prioritize⁴. These lessons learned include but are not limited to agencies engaging executive leadership at the highest levels and in key functional areas, establishing and following transition plans, and following a phased, orderly approach to transition.

Unsuccessful agencies have experienced delays because they changed their acquisition approach based on internal strategic decisions, including incorporating modernization into their solicitations. Several agencies have significantly revised their acquisition strategies in reaction to a bid protest. Changes in executive sponsorship or agency priorities also caused delays. Some agencies that are delayed have experienced turnover in critical transition team positions, such as a change in the contracting officer in the middle of the project.

Each agency has faced its own unique set of challenges throughout this process. GSA has been actively and continuously engaging with their transition teams and leadership to monitor progress, identify issues, and help find solutions to keep them on track with their transition off the extended contracts and onto EIS.

10. Please provide the three agencies that have made the most measurable progress in transitioning to the Enterprise Infrastructure Solutions (EIS) contract. Please provide the

⁴ GAO-14-63, TELECOMMUNICATIONS: GSA Needs to Share and Prioritize Lessons Learned to Avoid Future Transition Delays, December 2013

three agencies which face the most challenges and are most likely to miss their EIS transition deadlines.

A: The three agencies that GSA has identified as having made the most measurable progress in transitioning to the EIS contracts are the Equal Employment Opportunity Commission (EEOC), the Pension Benefit Guaranty Board (PBGC), and the Small Business Administration (SBA).

The EEOC awarded its one task order before the September 30, 2019 milestone. As of the end of February, the EEOC has disconnected 41% of services off the expiring legacy contracts.

The PBGC made its one task order award before the September 30, 2019 milestone. As of the end of February, the PBGC has disconnected 72% of its inventory off the expiring legacy contracts.

The SBA awarded its one task order before the September 30, 2019 milestone for agencies to award all task orders. As of the end of February, the SBA has disconnected 19% of its inventory off the expiring legacy contracts. Additionally, SBA conducted technology proofs of concept and developed modernization strategies before beginning the transition process, which puts SBA in a position to better leverage the modernization capabilities available on EIS. The agency has been proactive, has had strong project sponsorship, and has followed the acquisition plan it established at the beginning of the process.

The three agencies that GSA has identified as facing the most challenges are the U.S. Postal Service (USPS), the Securities Exchange Commission (SEC), and several components of the Department of Homeland Security (DHS).

For the USPS, staffing shortages combined with an extensive internal approval process delayed the submission of its statement of work to GSA for scope review. The USPS currently plans to award their two EIS task orders by September 30, 2020. Following its task order awards, the USPS will have to transition its large inventory of over 170,000 services off the extended contracts and onto EIS.

The SEC is addressing funding issues which are planned to be resolved this Fiscal Year. The SEC plans to award four of its six task orders by the end of Fiscal Year 2020.

The DHS Headquarters has been actively working with GSA to make progress towards transition. Their anticipated task order award dates are in the fourth quarter of Fiscal Year 2020. However, GSA is concerned about the progress of the DHS components that anticipate making their task order awards in Fiscal Year 2021 or Fiscal Year 2022.

These components include:

- U.S. Customs and Border Protection
 - Projected Task Order Award(s) in the second quarter of Fiscal Year 2021

- Federal Emergency Management Agency
 - Projected Task Order Award(s) in the second quarter of Fiscal Year 2021 through the first quarter of Fiscal Year 2022
- Federal Law Enforcement Training Centers
 - Projected Task Order Award(s) in the first quarter of Fiscal Year 2021
- DHS Office of Inspector General
 - Projected Task Order Award(s) in the first quarter of Fiscal Year 2022
- Transportation Security Administration
 - Projected Task Order Award(s) in the third quarter of Fiscal Year 2021
- U.S. Citizenship and Immigration Services
 - Projected Task Order Award(s) in the third quarter of Fiscal Year 2021
- U.S. Secret Service
 - Projected Task Order Award(s) in the third quarter of Fiscal Year 2021

Executive leadership at GSA is actively engaging with the Chief Information Officers of these components to emphasize the risks associated with a delayed transition and to discuss opportunities for making a more timely transition.

11. With the Enterprise Infrastructure Solutions (EIS) transition, to date, how many agencies have awarded to their incumbent network and communications contractors? Is competition important for EIS success?

A: It is difficult to accurately assess how many agencies have awarded to their incumbent network and communications contractors. This challenge is due to the fact that there is not a one to one relationship in how the services were bundled on the extended contracts and how they are bundled on EIS. We are seeing a mix of some services awarded to incumbents and some to new contractors. Based on subjective feedback received from the EIS vendors, of the first sixteen task orders awarded, the winning contractors indicate they are the incumbent on five of them. The remaining contractors are either new or some combination of new and incumbent business.

Competition is important for the success of EIS. To support a more competitive environment, GSA reduced the number of mandatory requirements that needed to be proposed to be eligible for an EIS contract award. GSA achieved this reduction by requiring offerors to propose only four mandatory services that would cover the majority of critical services required by agencies; furthermore, offerors had to provide those services in only 25 major metropolitan locations. As a result, the number of vendors that were able to compete for contract awards increased, and GSA awarded a multiple award Indefinite Delivery/Indefinite Quantity contract to ten vendors⁵. Increased competition results in better solutions and lower costs for agencies. GSA wants all vendors to be successful in the program.

12. What steps is GSA taking to ensure a smooth transition for smaller agencies that may not be able to transition services as easily as a large agency?

⁵ Since award, two of the ten companies merged. The current number of vendors is nine.

A: Small agencies face unique challenges in their network transitions. Small agencies have limited staff, high turnover, and of those assigned to work on transition, it is often an extra duty. Some small agencies are hesitant to submit a solicitation for scope review or to industry due to a lack of expertise in acquisition. GSA has provided several resources to assist small agencies in planning and executing their transitions to EIS.

The support GSA offers to small agencies (including Native American Tribes) includes executive-level engagement, guidance for cost-effective modernization opportunities, pricing support, and the development of draft solicitations to use for making their fair opportunity decisions. GSA has handed off a total of 55 packages to small agencies to help them make their task order awards. However, only an ordering official within the agency authorized to obligate that agency's funds can make the fair opportunity decision and award the task order. To date, only six of the agencies have awarded task orders. Executive leadership is communicating with the remaining 49 small agencies that have received fair opportunity packages to encourage progress towards making task order awards.

13. What other national technology or cybersecurity priorities are dependent upon a successful EIS transition?

A: EIS solutions enable IT modernization, cybersecurity improvement, and acquisition consolidation efforts that were identified in both the *President's Management Agenda* and *The Report to the President on IT Modernization*, December 2017. The relevant service offerings on EIS include secure connectivity to Cloud Service Providers, Software Defined Wide Area Networking using multiple types of data transport, and Voice over Internet Protocol and Ethernet to replace legacy voice and data services.

Additionally, EIS security services provide a framework for compliance with the Office of Management and Budget Memorandum *M-19-26: Update to the Trusted internet Connections (TIC) Initiative*, September 2019. EIS services will map to the Cybersecurity and Infrastructure Security Agency's (CISA) TIC guidance and use cases. GSA is partnering with CISA to ensure TIC 3.0 policy security requirements are incorporated into EIS that support the Federal Cloud Computing Strategy and agencies' future security requirements. TIC 3.0 solutions will leverage EIS Managed Security Services and cloud tools to help agencies move from legacy fixed network perimeter security to distributed security policy enforcement points.

By leveraging the capabilities available on EIS, agencies will be better able to modernize and secure their network infrastructures in line with national technology and cybersecurity priorities.

Questions for Mr. Anil Cheriyan
Subcommittee on Government Operations
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Questions for the Record – Submitted by Representative Jody Hice

1. Can GSA show that 18F and the Centers of Excellence program have a positive return on investment to the American taxpayer? How is GSA able to show that their work with agencies is a value add?

Return on Investment of these programs can be measured in two ways. Firstly, are the programs paying for themselves. Secondly, does the work result in value added outcomes for the agencies that use them.

With reference to paying for themselves, both the Centers of Excellence (CoE) and 18F teams work under fee-based, cost-recovery agreements with agency partners. Since inception, the CoE program has been cost-recoverable - i.e., the payments made by the agencies cover the cost of the CoE team. Upon inception, the 18F program was not cost-recoverable; however, 18F was nearly cost-recoverable in FY19, barring the lapse in appropriations early in that year, and is planned to achieve cost-recoverability in FY20.

With regard to delivering value added outcomes for agencies that use them, both programs assist agencies in their ability to accelerate agency programs that reduce costs, improve efficiency and improve services to the public. In addition, both teams focus on establishing sustainable progress in agencies by building capacity and transferring knowledge.

A few examples are outlined in the written testimony. Listed below are additional examples of where the Centers of Excellence (CoE) and 18F provided value add services to the agencies and demonstrated a positive return on investment to the American taxpayer.

- United States Department of Agriculture (USDA). The Centers of Excellence (CoE) established the Cloud Platform Services (CPS) team which helped USDA accelerate adoption of cloud services while simultaneously assisting in the closure of 37 data centers. Closure of these 37 data centers enabled savings and cost avoidance for USDA of \$42.3 million through fiscal year 2019. The CPS organization also contributed to USDA’s increased adoption of Software as a Service (SaaS) which produced acquisition savings of at least \$10 million over this same period. Similarly, the Web Modernization project led by the Customer Experience CoE eliminated 603 Internet domains which produced an additional \$5 million in savings.
- U.S. Forest Service (USFS). 18F assisted this agency in the launch of its Open Forest platform, an online permit issuing system. Open Forest launched in 2018, and USFS scaled the pilot last year to include a total of 13 different forests. Moving this paper-based process online saves considerable time for applicants and USFS staff and speeds application review and

approval. 18F is now helping USFS prepare to include additional complex permit types and integrations with legacy USFS systems.

- Office of Personnel Management (OPM) Data/ Process Modernization: While this CoE initiative is in progress at OPM, Federal retirees stand to benefit from a quicker more digital process to file retirement paperwork.

2. GSA's FY 2021 Congressional Budget Justification states that the Center of Excellence program's "Performance Indicator" is measured in the amount of Interagency Agreements Signed. Why is this an effective measure of the program's performance?

The Centers of Excellence (CoE) work under fee-based, cost-recovery agreements with agency partners. As such, agencies use their appropriated funds to pay for agreed upon work with our teams. As some of the examples shown in the previous answer demonstrate, the CoE work can result in a variety of positive outcomes for the agency - e.g., cost avoidance / savings, improved citizen experience, or improved efficiencies. In addition, these benefits materialize in a variety of agency specific performance metrics. Aggregating across these very diverse metrics becomes difficult to quantify as they have differing levels of weight and value.

Therefore, the most effective way to measure the effectiveness of the CoE program in aggregate across these very diverse agencies, is to measure the number of Interagency agreements signed. This measure of demand, while rudimentary, is an effective indicator of performance as the requesting agency is using their appropriated funds and thereby seeking value-added returns on their investments. This is further reflected in the growth of CoE successes and the number of agencies signing up for CoE work.

As GSA continues to grow its CoE engagements with more agencies, GSA will continue to evaluate other outcome-based metrics that can be readily aggregated across agencies to supplement the metric of Interagency Agreements signed.

Questions for the Record – Submitted by Representative Mark Meadows

1. Does GSA track performance metrics for these programs? If so, what metrics do 18F and the COEs track? How is this information communicated to GSA leadership, OMB, and Congress?

Both the 18F and Centers of Excellence (CoE) programs work under fee-based, cost-recovery agreements with agency partners. Operational metrics such as resource utilization, cost recoverability and the status of interagency agreements are tracked internally within the GSA Technology Transformation Services (TTS).

The CoE metrics include the number of Interagency Agreements signed and the number of CoE centers engaged. This number is reviewed within TTS weekly, GSA leadership quarterly and submitted to OMB monthly.

In FY19, 18F established six (6) primary outcome-oriented goals, which were shared with the Government Accountability Office (GAO). Progress towards these goals is consistently tracked and then shared with leadership on a weekly and/or quarterly basis depending on the metric.

1. Developing digital services capacity within our partner organizations
2. Producing prototypes and sites that meet the goals of the 21st Century Integrated Digital Experience Act (IDEA)
3. Including agile elements in partner solicitations
4. Reducing partner procurement lead time
5. Maintaining customer satisfaction levels
6. Fully recovering program costs

2. Since the inception of the Center of Excellence in 2017, how has the agency demand for these services evolved?

At its inception, all of the 5 initial centers within the Centers of Excellence (CoEs) were engaged in top-down, enterprise-level initiatives at agencies such as the Department of Agriculture (USDA) and the Department of Housing and Urban Development (HUD). As it evolved, the CoE program engaged with more agency partners. For example, the Joint Artificial Intelligence Center (JAIC) within the Department of Defense has 3 (CoEs); the Department of Labor (DOL) has 1 (CoE). Agency demand for the CoE program has grown organically given the ongoing agency IT modernization needs and the overall CoE reputation and value proposition.

In addition, to meet growing demand, the CoE program established a new center for Artificial Intelligence / Robotic Process Automation in FY19, bringing the total number to six.