

**Statement of**

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**Committee on Appropriations**

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Good morning Chairwoman Emerson, Ranking Member Serrano and Members of the Committee. My name is Steven Kempf and I am General Services Administration (GSA) Commissioner for the Federal Acquisition Service (FAS). Thank you for inviting me to appear before you today to discuss how GSA supports government agencies through efficient and responsible information technology (IT) purchasing and our select strategic IT sourcing initiatives that help lower the cost of government, among other benefits. GSA is committed to improving the ease of acquisition for customers through training, tools, and customer services that help the government's outstanding yet overextended procurement staff be more productive and effective, and make better informed purchasing decisions for their agencies. Through these efforts, GSA is capitalizing on our unique opportunity to use our government-wide perspective and expertise along with our centralized procurement role to improve the effectiveness of government at a lower cost to taxpayers.

#### GSA ENABLES EFFICIENT AND VALUABLE IT PURCHASING

The GSA's Federal Acquisition Service (FAS) as a whole is responsible for over \$52 billion in annual sales which would put us in the top half of global Fortune 500 companies if we were a private entity. Of this amount, approximately \$21 billion reflects government agency spending to acquire IT products and services offered by our nation's exceptional IT industry to fulfill challenging mission needs. The FAS Office of Integrated Technology Services operates a suite of IT acquisition programs offering our government customers the complete range of IT hardware, software, communications, and supporting products and services to meet virtually any IT need. Through this expert IT acquisition portfolio, FAS is actively working to make it easier to partner and present "One GSA" technology solutions to customers.

As you may know, centralized purchasing is a widely accepted practice in many organizations, public and private, and is viewed as particularly beneficial where unique purchasing expertise and large volumes of common requirements – as is often the case with IT purchasing, for example – can be more broadly leveraged. Toward that end, the

FAS suite of IT acquisition programs leverages that expertise across multiple acquisition vehicles that flexibly enable customers to purchase what they want as they want it.

These programs include:

- the IT Multiple Award Schedule 70, which affords almost 5000 commercial firms, the majority small businesses, the opportunity to offer IT products and services direct to customer agencies;
- the OMB-chartered government-wide IT acquisition contracts (or “GWACs”), that provide a little more flexibility in acquiring technology and supporting services as a more complete “solution” for customers;
- the Network Services family of contracts, including Networx, satisfy a complete range of local and wide area telecommunications services and support; and
- select “strategic” or “good for government” initiatives like the SmartBUY program, specifically designed to leverage common software requirements government-wide to drive exceptional pricing and terms, as well as shared HSPD-12 identification validation services that can economically meet government-wide needs.

Through its central office and 11 regional offices, in FY 2010 FAS delivered IT products and services to 135 Federal agencies and entities at locations around the world.

Purchasing from IT Multiple Award Schedule 70 is open to state and local governments as well; sales to those governmental entities were almost \$550 million in FY 2010.

Interagency acquisitions like those that FAS manages, offer important benefits to all government agencies, including economies and efficiencies and the ability to leverage resources. For example, GSA’s federal telecommunications contracts, like FTS2001 and Networx, directly leverage the government’s buying power to drive aggregate annual savings to customers of hundreds of millions of dollars when benchmarked against comparable commercial contract offerings. Similarly, since its inception in 2003, GSA’s SmartBUY (Software Managed and Acquired on the Right Terms) program has generated savings for software purchasers approaching \$1 billion. The SmartBUY program works in close collaboration with the Defense Department’s Enterprise Software Initiative to establish Blanket Purchase Agreements (BPAs) against IT

Schedule 70 contracts for frequently licensed, commercial off-the-shelf software and software-related services. We continue to actively look for opportunities to apply this strategic acquisition model for additional products and services to bring these savings to the taxpayer.

GSA also drives IT procurement value government-wide by partnering with large customers to develop and offer acquisition vehicles that can be used across government. This is most evident in our commercial satellite activity with the Defense Department. This commercial satellite communications initiative – COMSATCOM – combines GSA and Defense Information Systems Agency technical and acquisition expertise and experience to reshape the commercial satellite market and efficiently deliver transponder capacity, subscription services, and end-to-end solutions to all government customers – Federal, State, and Local. By using a single, collaborative acquisition to replace multiple existing contracts, the approach is expected to greatly reduce acquisition costs for federal workers fighting wilderness wildfires, patrolling remote borders and rescuing injured citizens from devastating hurricanes or tornadoes, saving lives and millions of taxpayer dollars.

The savings and efficiencies associated with purchasing IT through GSA also extends to the time and effort that agencies could potentially save by using a pre-existing, pre-competed GSA contract to meet its IT purchasing needs. For example, we have been examining how long it takes a government entity to award its own full and open contract for products and services readily available from GSA. Although that work is still in progress, our tentative findings after review of over 700 contracts suggest that large value IT contracts may take 25 months on average to complete. Further, in 77% of the more than 700 instances examined, contract awards were ultimately made to vendors already holding GSA IT contracts.

While there may be instances where additional factors, like specific terms and conditions perhaps, don't meet customer needs, there may also be significant opportunities open to Federal agencies to save time and money by making greater use

of acquisition work that GSA has already completed. As GAO reported last April in its report on interagency contracting strategies, the proliferation of government contracts offering similar products and services increases the costs to Industry and government to complete these redundant procurement activities.<sup>1</sup>

An additional dimension of value that GSA's IT acquisition activities generate is support for the nation's critical small business community. Specifically, several of our IT GWACs are specifically designed by our Small Business GWAC Center in Kansas City to support the small business community, 8(a) contracting, and service-disabled veteran owned businesses. Such contracts also enable agencies to quickly satisfy specific procurement goals while also meeting their mission needs. For example, among the task orders with a total estimated value of \$683 million awarded, the Department of Energy National Nuclear Security Administration's Information Assurance Response Center used our Alliant Small Business GWAC to obtain information security and cybersecurity support services for two locations at a cost they estimated would save them \$22 million over the life of that task order. In addition, last fiscal year nearly 3,000 orders have been placed against our 8(a) STARS IT GWAC totaling \$2.9 billion in obligations over the life of the task orders, while our VETS IT GWAC for service disabled veteran-owned small businesses earned 192 orders with obligations totaling \$657 million. Small and women-owned businesses are active players in all of our Multiple Award Schedule contracts as well, which collectively reflects GSA's firm commitment and support for development of American small businesses while satisfying critical governmental needs.

A final dimension of our value I would like to mention briefly is GSA's ability to shape technology markets in a way that delivers value beyond government alone. GSA has been mentioned in various cybersecurity reports as having a role to play in using its procurement activities to improve the cybersecurity posture of the nation more broadly. In one instance it appears that we may have already had just such an impact.

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<sup>1</sup> CONTRACTING STRATEGIES: Data and Oversight Problems Hamper Opportunities to Leverage Value of Interagency and Enterprisewide Contracts, GAO-10-367, April 2010

Specifically, GSA partnered with the Department of Homeland Security to develop a Trusted Internet Connection (TIC) managed service that has shaped the government cybersecurity market and provided leadership to the commercial sector on how to effectively deliver new cybersecurity solutions. This offering, available through GSA's Networx contracts, defines a simple orderable service that fully implements all critical requirements of OMB M-08-16, Guidance for Trusted Internet Connections, while offering government agencies access to advanced security services to protect government users against sophisticated cyber attacks. We understand that, based on its success in the government market and its many advanced features such as supply chain risk management, this offering is now being replicated for the commercial use by Networx contractors, with the potential to more broadly assist in making the total infrastructure of the United States less vulnerable to cybersecurity threats.

#### GSA INITIATIVES CAN POTENTIALLY LOWER THE COST OF GOVERNMENT

GSA's suite of IT acquisition programs offers products and services that can help to lower the cost of IT service infrastructures that support virtually all government operations. As I already noted, our telecommunications contracts offer compelling pricing and security value to customers in the area of telecommunications and network services. Additional opportunities exist to help customers lower their costs of processing data.

Each year, the government spends billions of dollars on IT products and services, with a heavy focus on maintaining current infrastructure needs and demands. More specifically, the Federal government spends about \$25 billion each year to operate its IT infrastructures, which includes data centers, a significant cost that both the current and prior Administrations have targeted for improved economies and efficiencies. This cost savings opportunity is made more compelling by the energy savings potential given the extraordinary power consumption of these centers. Given the broad range of requirements – ranging from operations and storage to computing power, and website

hosting – GSA offers an array of services that government agencies can tap into to generate significant savings.

Services available from GSA can support numerous efforts that help agencies wring savings from their existing infrastructures. These services might include, but are not limited to:

- facility design and redesign to exploit building-related opportunities in conjunction with newer technologies;
- operational assessments and support for more economical operations;
- virtualization products that support more efficient server consolidation and infrastructure sharing; and
- a range of managed hosting and other managed options to more economically acquire needed services.

This also includes GSA's direct support for the full suite of Cloud Computing services, which is an emerging computing "as a service" model that is becoming widely embraced, both within and outside of government. [Through the Federal Cloud Computing Initiative, we are changing the way government thinks about IT, shifting from a mindset of asset ownership to one of service provisioning.](#) Our Cloud Computing solutions have the potential to substantially reduce IT capital spending while providing Federal agencies with the flexibility and speed that lets them focus on their mission-critical activities while easily leveraging technology advances to meet their mission needs. Last Fall, we awarded contracts for Infrastructure-as-a-Service (IaaS), and awardees are now working with GSA to get an Authority to Operate that can be accepted by other agencies for security compliance. We are also working to complete contracts for Email-as-a-Service later this year.

While there are savings to be obtained from physical IT infrastructures, both economic and environmental, there is also a perception that even greater savings can be obtained through shared use of common software applications across organizations. Email-as-a-service is one such application with substantial savings potential. For example, GSA

itself has embraced the “Cloud” and in December awarded a task order, under our Alliant GWAC, for a suite of services, including e-mail and collaboration tools, to facilitate a more mobile work force, becoming the first Federal entity to utilize a cloud-based system for e-mail agency wide. The migration is expected to result in a 50 percent savings over the next five years when compared to current staff, infrastructure, and contract support costs. GSA’s move to cloud-based e-mail and collaboration tools is part of the government’s broader efforts to use more agile IT solutions like cloud computing and shared software services to limit the need for expensive, redundant infrastructure and lower energy costs.

## GSA IS COMMITTED TO MAKING IT PURCHASING EASIER FOR CUSTOMERS

Our suite of IT acquisition programs are intended to be flexible and easy for use by our customers. GSA’s IT contracts are available to prospective customers for their direct ordering and use, which permits them the option to manage those task orders in full accord with their needs. GSA offers a range of training and tools to help users get the most effective use from our contracts for their needs. In addition, for those customers who may not have the internal resources necessary to manage parts or all of an acquisition, GSA offers an assisted, fee-based service to them to support such needs. In total, we are working through many avenues to make IT purchasing as easy for our customers as we can.

At time when the federal acquisition workforce is being asked to do more with less - from 2001 to 2008, contract spending more than doubled, while the size of the acquisition workforce remained relatively flat – it is critical the acquisition workforce receives adequate training on how to affectively use FAS acquisition programs. Under our MAS program, Schedule 70 remains the largest government-wide contract vehicle program for IT with over \$16 billion in sales in FY 2010, and there a number of initiatives FAS has under taken to help agencies maximize effective usage of the MAS program; specifically:

- FAS has worked with the Federal Acquisition Institute to develop basic and advanced courseware on how to place Multiple Award Schedule orders, with pilot training using that courseware scheduled for this month; and
- FAS developed a strategy to take advantage of Web 2.0 and social media technology to better reach agencies and train them on how to maximize effective use of the MAS program.

Training is also provided for proper use of our GWAC contracts. In FY 2010, the GSA GWAC offices trained more than 1600 federal government and industry personnel on GWAC offerings and proper usage. This training was conducted, and continues to be offered, via webinar, online training through GSA's Center for Acquisition Excellence, teleconferences, onsite at customer locations, and a variety of GSA and non-GSA conferences and events. In addition, GSA is hosting a training conference this May offering over 200 classes in areas such as acquisition, project management, sustainability and technology.

FAS has made major improvements to its customer facing electronic tools, such as GSA Advantage. Advantage! --- FAS' online shopping and ordering system --- gives agencies access to over 18,000 Multiple Award Schedule (MAS) contracts, as well as over 28 million products, services, and solutions at the best value. The website has close to 800,000 registered users and receives 500,000 visits per day. In addition to federal government users, state and local government agencies can use GSA Advantage! to purchase IT and disaster-recovery products and services.

More strategically and longer term, we are planning to create an end-to-end electronic contracting environment that will drive process improvements ultimately making it easier, faster and cheaper to do business with us by:

- Standardizing and eliminating duplicative processes
- Automatically incorporating acquisition policy changes and
- Increasing transparency in our daily business activities.

Efforts to date to improve the electronic processing of contract offers and modifications are making it easier for customers to place orders by giving GSA and its suppliers the capability to more quickly and efficiently post Multiple Award Schedule contracts' terms and conditions to GSA e-Library. eBuy is an online Request for Quote (RFQ) system that allows agencies to request information, find sources, and prepare RFQs for required products/services offered on GSA GWACs and MAS contracts. Agencies can obtain best pricing/value through online competition and give all qualified contractors an opportunity to quote.

While such training and tools make it easier for some users to do it themselves, with full control over management of their transaction, some agencies do not have the internal resources necessary to manage parts or all of an acquisition. To meet the needs of these customers, the FAS Office of Assisted Acquisition Services (AAS) provides life cycle acquisition support services on a fee for service basis. AAS provides value-added, customized, acquisition, project management, and financial management services for IT related products and services and Professional Services to federal agencies worldwide. The organization currently consists of about 250 contracting officers, contracting specialists, project managers, financial managers and legal support staff who manage \$3.5B in customer requirements annually.

## CONCLUSION

GSA's accomplishments in government IT acquisition are substantial: at about \$21 billion in contract sales last fiscal year, we were the single largest IT acquisition center for Federal, State, and local governments. Our IT acquisition programs deliver value to customers and stakeholders across multiple dimensions, by strategically leveraging the government's buying power for critical needs while continuously seek opportunities to improve programs and processes.

As Administrator Johnson testified before this Subcommittee last April 28th, "GSA is an organization with tremendous history of innovation, a deep and growing understanding

of our customers and their missions, and a great skill at delivering solutions.” As FAS Commissioner, I share that understanding and deep commitment to meet our current challenges and customer needs, and to identify and seize the opportunities that lie ahead for all of us at this time.

Although our annual IT acquisition business is substantial, it represents about one quarter of annual Federal IT contract spending. As such, we at GSA offer an enormous opportunity for government agencies to more fully leverage our existing products and services to create substantial savings for their agencies and for the government as a whole. We are continuously making improvements in our processes for better performance. We and the government as a whole cannot afford to do otherwise.

My organization and I are fully committed to continuous improvement throughout all of our programs and operations. We are always seeking opportunities like COMSATCOM to partner with large customers to directly address their critical needs in a way that can be leveraged more broadly for government-wide benefit. We welcome customer communications and engagement that will help us improve our key processes and operations, design more effective products, and programs, and improve our delivery of services. In that vein, we are continually looking to provide the latest technology and the most advantageous way of procuring that technology that can improve our customers’ mission performance while lowering the cost of government for all. For example, in 2011, our focus will be on continuing to align our contracts to customer needs and focus on leveraging capabilities across the enterprise to develop, highlight, and deliver strategic offerings like Cloud Computing services, cybersecurity products and services, and data center services. We will expand our comprehensive suite of sustainable IT products and services, like Telepresence, while leveraging the government’s purchasing power to promote environmentally responsible products and technologies and continue to provide leading edge solutions to enable agencies to comply with the Administration’s Comprehensive National Cybersecurity Initiatives (CNCI).

Thank you for the opportunity to testify today. I am happy to answer any questions you may have.