



July 2023

GSA COMMERCIAL PLATFORMS PROGRAM

Opportunities Exist to Improve Implementation

Accessible Version

GAO Highlights

Highlights of [GAO-23-106128](#), a report to congressional committees

Why GAO Did This Study

The National Defense Authorization Act (NDAA) for Fiscal Year 2018 directed GSA and the Office of Management and Budget to establish and implement a program for agencies to buy products through online marketplaces to, among other things, enhance competition and expedite the procurement process for certain commercial products. GSA began the Commercial Platforms program with an initial proof of concept in June 2020.

The NDAA for Fiscal Year 2018 includes a provision for GAO to review GSA's Commercial Platforms program. This is the third report GAO has completed on this program. This report addresses, among other issues, (1) the program's implementation status, and (2) benefits and challenges GSA and program participants identified with the program. GAO reviewed program documentation, analyzed data on purchases, and interviewed officials from GSA and from eight participating agencies, selected to represent a variety of sizes and spending in the program.

What GAO Recommends

GAO is making two recommendations. GSA, as the agency responsible for implementing the Commercial Platforms program, should (1) develop a plan that helps agencies improve the use of AbilityOne on the commercial platforms, and (2) improve the process for agencies to report purchases in the Commercial Platforms program toward their small business goals. GSA concurred with both recommendations. GAO also received technical comments, which were incorporated as appropriate.

View [GAO-23-106128](#). For more information, contact Marie A. Mak at (202) 512-4841 or MakM@gao.gov.

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GSA COMMERCIAL PLATFORMS PROGRAM

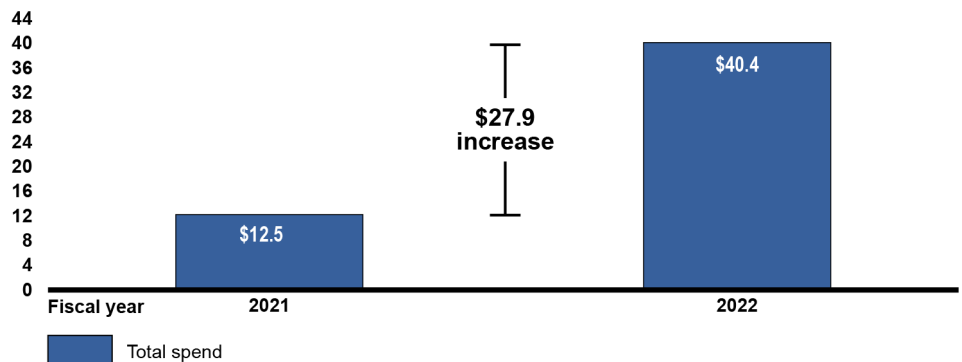
Opportunities Exist to Improve Implementation

What GAO Found

The General Services Administration (GSA) established the Commercial Platforms program to enable purchase cardholders at federal agencies to buy commercially available products using online marketplaces. From the Commercial Platforms program's first full fiscal year in 2021 to fiscal year 2022, the total dollars spent in the program increased by about \$28 million.

Federal Agencies' Spend through GSA's Commercial Platform Program, Fiscal Years 2021 and 2022

Total spend
(Fiscal year 2022 millions)



Source: GAO analysis of General Services Administration (GSA) Commercial Platforms Program data. | GAO-23-106128

Accessible Data for Federal Agencies' Spend through GSA's Commercial Platform Program, Fiscal Years 2021 and 2022

Total spend	In millions of FY22 dollars
Fiscal year 2021	\$12.5
Fiscal year 2022	\$40.4

Source: GAO analysis of General Services Administration (GSA) Commercial Platforms Program data. | GAO-23-106128

Agency participation in the Commercial Platforms program has also increased. In fiscal year 2020, six agencies (including GSA) started in the program. By the end of the 2022 fiscal year, 27 agencies were making purchases. GSA updated its metrics in 2023 to better track and measure program performance. Its metrics include customer satisfaction, customer feedback on price competitiveness, and agency spending in certain categories, such as products with a Made in America label. GAO found that GSA is meeting four out of 11 of the metrics and the agency has identified steps it can take to improve some of the metrics it is not meeting, such as the distribution of sales across the platforms.

Officials from agencies that participate in the Commercial Platforms program reported several benefits. For example, these officials noted that it provides built-in features designed to help buyers identify products from certain federally mandated sources, such as AbilityOne. AbilityOne employs people who have disabilities in jobs that provide services or make products, such as office supplies. However, GAO's analysis indicates that AbilityOne purchases are a small percentage of overall spend and

opportunities exist to help agencies increase awareness of AbilityOne products. In addition, the Commercial Platforms program, as implemented by GSA, allows agencies to count purchases made on the platforms from small businesses toward their small business contracting goals. However, the current process that GSA identified for agencies to report purchases from small businesses is resource intensive and not practicable. As the program progresses, GSA has the opportunity to develop a more efficient process to help agencies include these purchases toward their small business contracting goals.

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Abbreviations

DOD	Department of Defense
FAR	Federal Acquisition Regulation
FPDS	Federal Procurement Data System
GSA	General Services Administration
SAM	System for Award Management

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July 26, 2023

Congressional Committees

The National Defense Authorization Act for Fiscal Year 2018 instructed the General Services Administration (GSA) and the Office of Management and Budget to establish and implement an online e-commerce program, which eventually became known as the Commercial Platforms program.¹ The program is to modernize the federal buying experience for agencies to purchase commercially available off-the-shelf products through online marketplaces. The legislation stated that the purpose of the program was to enhance competition, expedite procurement, enable market research, and ensure reasonable pricing of commercial products. GSA has implemented the program in phases, and awarded contracts for the initial proof of concept phase in June 2020. The program allows platform providers (the companies that host the e-commerce websites) and product (or third-party) suppliers to sell their products directly to the federal buyer through e-commerce platforms. GSA chose this approach for the initial proof of concept because it fit GSA's priorities to promote competition while minimizing administrative cost and complexity, as well as maintaining a user experience that is as close to commercial as possible.

The National Defense Authorization Act for Fiscal Year 2018 also included a provision for GAO to review the program and assess benefits and challenges observed by GSA and participating agencies regarding the implementation of the Commercial Platforms program.² This report, our third review of the program, addresses (1) the implementation status of the Commercial Platforms program; (2) third-party supplier participation in the program; and (3) the benefits and challenges GSA and program participants identified with the Commercial Platforms program.³

¹Pub. L. No. 115-91, § 846 (2017) (codified as amended at 41 U.S.C. § 1901 note).

²Pub. L. No. 115-91, § 846(j)(2).

³GAO, *Buying Commercial Products: Assessment of the E-Commerce Portal Implementation Plan*, [GAO-18-578](#) (Washington D.C.: July 30, 2018); and GSA *Online Marketplaces: Plans to Measure Progress and Monitor Data Protection Efforts Need Further Development*, [GAO-21-104572](#) (Washington D.C.: Sept. 28, 2021).

To determine the implementation status of the program since our last review in 2021, we reviewed program documents such as GSA's implementation reports and its assessment of program metrics. We analyzed spend data collected by GSA to determine total spend in the program, the types of products being purchased, the distribution of purchases across platforms, and the agencies that spent the most through the platforms. When analyzing the types of products, we used the categories that GSA established for the program. We focused on fiscal years 2021 and 2022 because they were the completed fiscal years of data available at the time of our review. To assess the reliability of the data, we compared our calculations to GSA's calculations for agencies' and overall spending in the program and interviewed knowledgeable GSA officials to corroborate information and discuss their data reliability efforts. We determined that these data were sufficiently reliable for providing general information about spend in the program. We also spoke with GSA officials and representatives from the three platform providers—Amazon Business (Amazon), Fisher Scientific Company L.L.C. (Fisher Scientific), and Overstock Government (Overstock)—to gather information regarding the current state and next steps for the Commercial Platforms program.

To describe third-party supplier participation in the program, we obtained data from GSA officials on the characteristics of third-party suppliers and the percent of sales attributed to them. We also interviewed representatives from selected organizations that represent third-party suppliers—the Coalition for Government Procurement, the Wisconsin Procurement Institute, and the National Veteran-Owned Business Association—to identify limitations that third-party suppliers may face to participation in GSA's Commercial Platforms program. We also interviewed representatives from the U.S. AbilityOne Commission and National Industries for the Blind, which represents nonprofit organizations that participate in the AbilityOne program.⁴

To determine what benefits and challenges participants identified with using the program, we spoke to a non-generalizable sample of eight agencies participating in the program. We selected these eight agencies from the 25 agencies that were participating in the program at the time we started our review, representing a variety of agency sizes and spend in the program. Agencies we selected were Bonneville Power

⁴The AbilityOne program creates employment opportunities for people who are blind or have significant disabilities. It is one of the sources listed under Federal Acquisition Regulation (FAR) § 8.002, which prescribes the use of certain government sources in a descending order of priority for supplies and services to satisfy agency requirements.

Administration; the Department of Defense's Defense Health Agency and U.S. Special Operations Command; the Environmental Protection Agency; the Pension Benefit Guaranty Corporation; the Small Business Administration; the Department of Agriculture; and the Department of Veterans Affairs. Appendix I provides additional details on our objectives, scope, and methodology.

We conducted this performance audit from June 2022 to July 2023 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.

Background

Section 846 of the National Defense Authorization Act for Fiscal Year 2018 directed GSA and the Office of Management and Budget to establish and implement a program for agencies to purchase commercially available off-the-shelf products through online marketplaces.⁵ Under the statute, the program is to have certain characteristics such as:

- commercial practices are to be used to the maximum extent practicable,⁶
- purchases through the portals shall not exceed the Simplified Acquisition Threshold, which is generally \$250,000,⁷ and
- all laws apply, including laws that set forth policies, procedures, requirements, or restrictions for federal purchases of property or services.⁸

⁵Pub. L. No. 115-91, § 846.

⁶Section 846 provides that commercial practices are to be used, with the standard terms and conditions of a portal to be used to the maximum extent practicable. Id. § 846(g).

⁷Id. § 846(i). FAR § 2.101 establishes the simplified acquisition threshold generally as \$250,000. For purchases at or below the simplified acquisition threshold, agencies may use streamlined procurement procedures, called simplified acquisition procedures.

⁸Pub. L. No. 115-91, § 846(f)(1).

In March 2018, GSA's Federal Acquisition Service, in conjunction with the Office of Management and Budget, issued its first implementation plan for the Commercial Platforms program.⁹ GSA stated this was an opportunity to modernize the federal buying experience and align government buying to commercial practices and technology. In June 2020, GSA awarded no-cost contracts to three platform providers—Amazon, Fisher Scientific, and Overstock—after a full and open competition.¹⁰ According to GSA officials, the platforms launched and were open for purchases in August 2020. GSA focused on a small group of federal agencies and individual agency buyers, calling the initial implementation effort a proof of concept. GSA officials stated that this approach would enable them to adapt the program and add features as they learned through experience. They also said that they would collect and analyze spend data to assess program impacts. According to GSA's second implementation report from April 2019, GSA intended the Commercial Platforms program to complement existing programs, such as the Multiple Award Schedule and GSA Global Supply.¹¹

In its initial implementation plan in 2018, GSA stated that the central challenge of this program was to find a balance between commercial practices and helping federal purchasers comply with government purchasing rules and regulations. It structured the program to allow participating agencies to make purchases using government purchase cards up to the micro-purchase threshold, generally \$10,000 per transaction. GSA reported that keeping purchases at or below the micro-purchase threshold would reduce risk because it more closely matches the commercial buying environment.¹² It later reported that once the dollar

⁹General Services Administration, *Procurement through Commercial E-Commerce Portals Implementation Plan* (March 2018). Section 846 directed the Office of Management and Budget, in consultation with GSA and other relevant departments, to carry out specified implementation phases for the program. Since completion of the initial implementation phases, GSA has taken the lead in program implementation activities.

¹⁰In general, a no-cost contract is a formal arrangement between a government entity and a vendor under which the government makes no monetary payment for the vendor's performance. See B-308968, Nov. 27, 2007, at 2.

¹¹GSA's Multiple Award Schedule program—also referred to as the Federal Supply Schedule program—provides federal agencies with a simplified process for obtaining commercial supplies and services at prices associated with volume buying. GSA's Global Supply is a requisition-based supply program for customers worldwide. Customers can use a variety of ordering mechanisms to submit requisitions to GSA for delivery globally.

¹²General Services Administration, *Procurement Through Commercial E-Commerce Portals Phase II Report: Market Research & Consultation* (April 2019).

value of a specific purchase exceeds the micro-purchase threshold, additional statutory and regulatory requirements generally apply, adding complexity and time to buying commercial off-the-shelf items.

In July 2018, we reviewed GSA's initial implementation plan.¹³ We reported on several issues that GSA would need to consider moving forward, including how the Commercial Platforms program would affect the existing procurement framework; how and what purchase data would be obtained; and what metrics GSA would use to measure the progress of the program.

In September 2021, we examined the ongoing implementation of the program, including GSA's measurement of program progress and its oversight of the platform providers' data protection efforts.¹⁴ We recommended that GSA (1) create a plan to measure program progress using specific goals and metrics, and (2) further develop its monitoring plan to ensure platform providers are complying with data protection requirements. In response, GSA updated its performance metrics to measure implementation progress by establishing baselines, objectives, and targets for each metric and an action plan to review metrics on a quarterly basis. Additionally, GSA updated its monitoring plan to outline data protection requirements and include ongoing reviews of platform providers' data compliance policies.

Commercial Platforms Program Continues to Grow and Is Meeting Some of Its Updated Metrics

Overall Spend in the Program and Agency Participation Increased

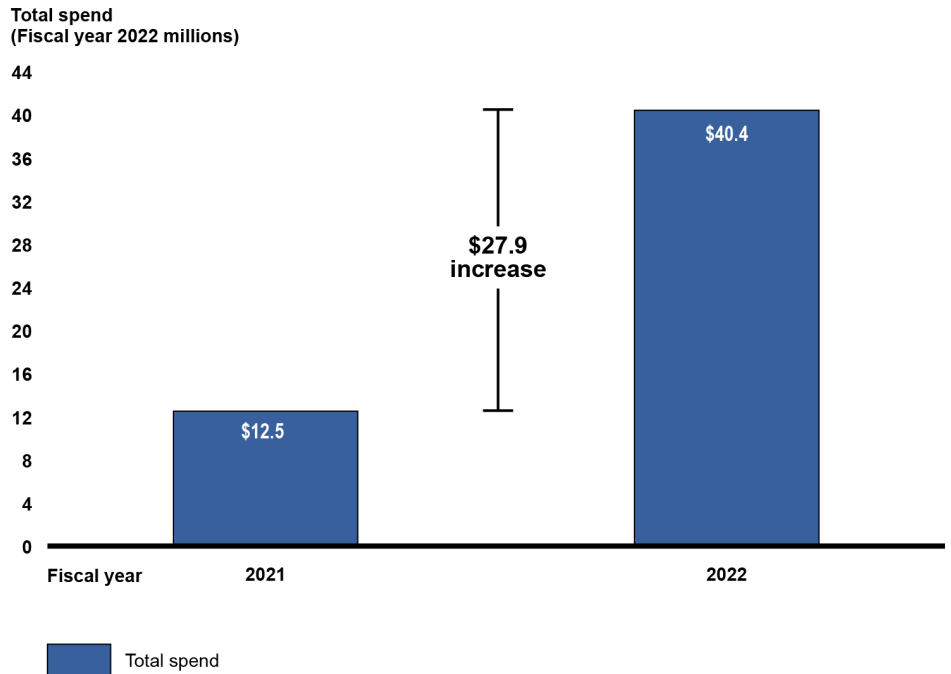
By the end of fiscal year 2022, federal agencies had spent about \$53 million through the commercial platforms since the platforms became

¹³[GAO-18-578](#).

¹⁴[GAO-21-104572](#).

operational.¹⁵ Total spend through the program increased by about \$28 million from the first full fiscal year in 2021 to fiscal year 2022, as shown in figure 1 below.

Figure 1: Federal Agencies' Spend through GSA's Commercial Platforms Program, Fiscal Years 2021 and 2022



Source: GAO analysis of General Services Administration (GSA) Commercial Platforms Program data. | GAO-23-106128

Accessible Data for Figure 1: Federal Agencies' Spend through GSA's Commercial Platforms Program, Fiscal Years 2021 and 2022

Total spend	In millions of FY22 dollars
Fiscal year 2021	\$12.5
Fiscal year 2022	\$40.4

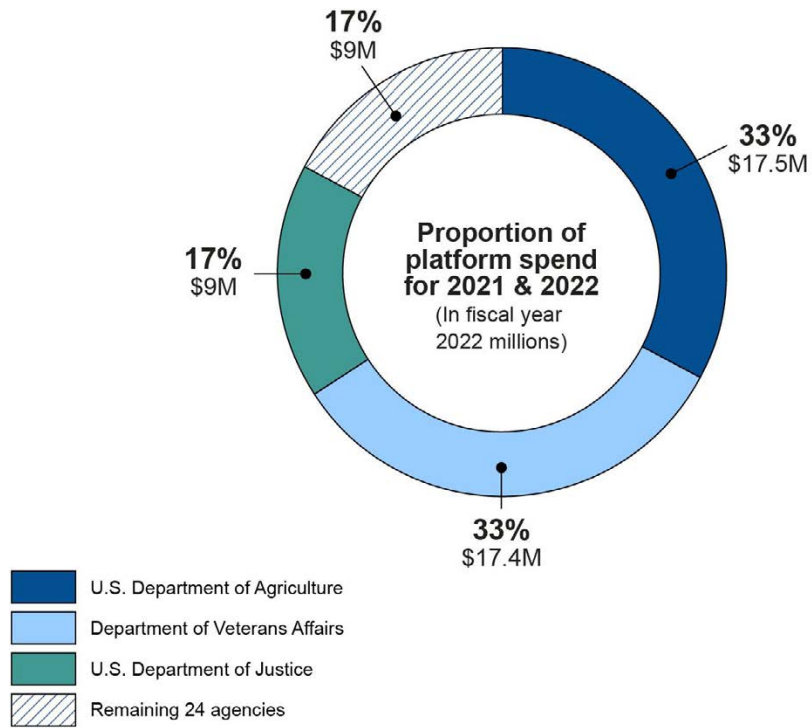
Source: GAO analysis of General Services Administration (GSA) Commercial Platforms Program data. | GAO-23-106128

Agency participation in the program has also increased. Six agencies (including GSA) started in the program in fiscal year 2020. By the end of the 2022 fiscal year, 27 agencies were making purchases in the program.

¹⁵For context, in fiscal year 2022, the federal government obligated about \$694 billion on contracts as reported in the Federal Procurement Data System. The federal government also spent almost \$22 billion through the government purchase card program.

The majority of the total program spend over fiscal years 2021 and 2022 can be attributed primarily to three agencies: the Department of Agriculture, the Department of Veterans Affairs, and the Department of Justice, as seen in figure 2 below.

Figure 2: Agencies' Proportion of Spend in GSA's Commercial Platforms Program, Fiscal Years 2021 and 2022 Combined



Source: GAO analysis of General Services Administration's (GSA) Commercial Platforms Program data. | GAO-23-106128

Accessible Data for Figure 2: Agencies' Proportion of Spend in GSA's Commercial Platforms Program, Fiscal Years 2021 and 2022 Combined

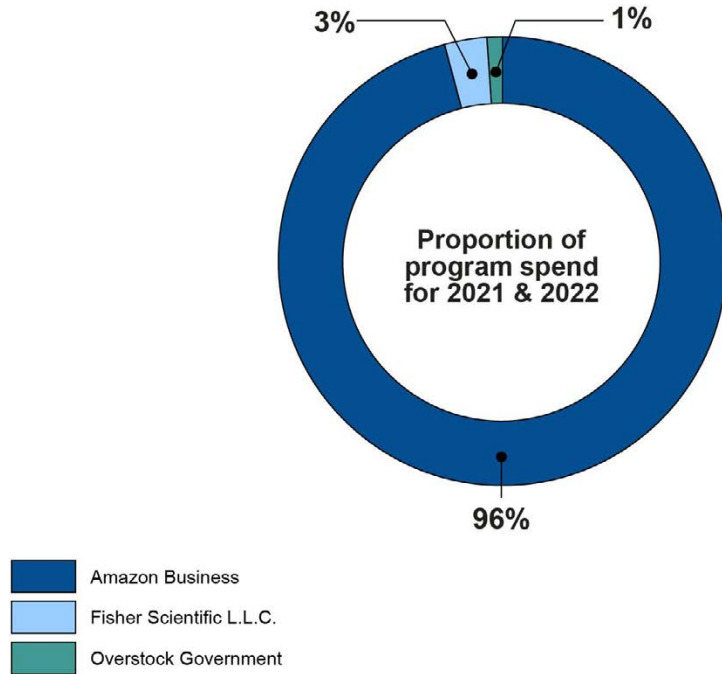
Agency	Percent of total	In millions of FY22\$
U.S. Department of Agriculture	33%	17.5
Department of Veterans Affairs	33%	17.4
U.S. Department of Justice	17%	9
Remaining 28 Agencies' Combined Spend	17%	9
	100%	\$52.9

Source: GAO analysis of General Services Administration's (GSA) Commercial Platforms Program data. | GAO-23-106128

The number of estimated government purchase cardholders making purchases on the platform increased from 4,300 users in fiscal year 2021 to about 18,000 in fiscal year 2022. However, GSA officials explained that this count could vary given the number of new and departing cardholders each year. In addition, they told us that each platform tracks individual purchasers differently, so there could be minor duplication when counting unique purchasers. These officials said the program is working to correct this issue in the fiscal year 2023 data.

The vast majority of spend in the program occurred through one platform, as seen in figure 3.

Figure 3: Proportion of Spend in GSA's Commercial Platforms Program by Provider, Fiscal Years 2021 and 2022 Combined



Source: GAO analysis of General Services Administration's (GSA) Commercial Platforms Program data. | GAO-23-106128

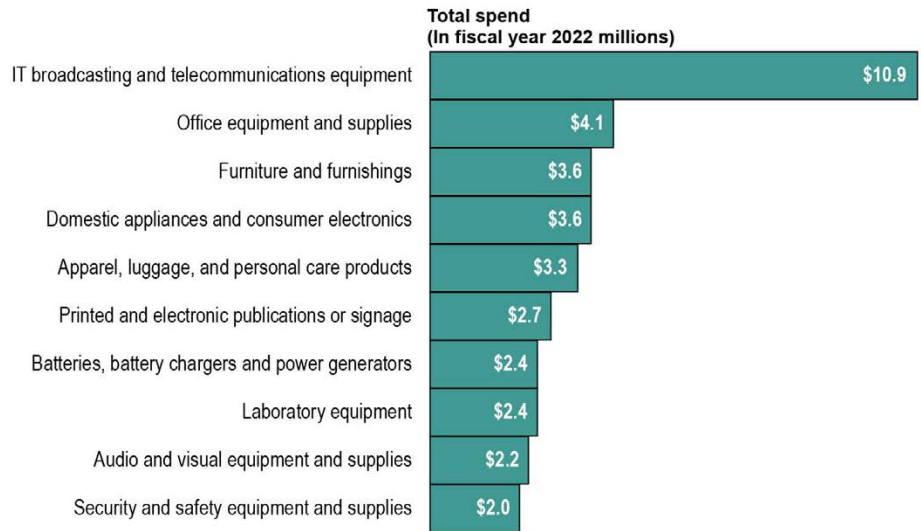
Accessible Data for Figure 3: Proportion of Spend in GSA’s Commercial Platforms Program by Provider, Fiscal Years 2021 and 2022 Combined

Platform Provider	Percent of sales
Amazon Business	96%
Fisher Scientific L.L.C.	3%
Overstock Government	1%
	100%

Source: GAO analysis of General Services Administration’s (GSA) Commercial Platforms Program data. | GAO-23-106128

The average order size was approximately \$270 per order for fiscal years 2021 and 2022 combined. Agencies spent more on the IT Broadcasting and Telecommunications category—including computer displays, phone headsets, and computer docking stations—than any other product category in the program. Agencies’ purchases in this category were almost three times larger than the next highest category. Agencies also purchased office supplies, furniture, and domestic appliances through the program. For more detail on the top 10 categories by spend, see figure 4 below.

Figure 4: Top 10 Categories by Spend in GSA’s Commercial Platforms Program, Fiscal Years 2021 and 2022 Combined



Source: GAO analysis of General Services Administration’s (GSA) Commercial Platforms Program data. | GAO-23-106128

Accessible Data for Figure 4: Top 10 Categories by Spend in GSA's Commercial Platforms Program, Fiscal Years 2021 and 2022 Combined

Category	Total spend (in fiscal year 2022 millions)
IT Broadcasting and Telecommunications Equipment	10.9
Office Equipment and Supplies	4.1
Furniture and Furnishings	3.6
Domestic Appliances and Consumer Electronics	3.6
Apparel, Luggage, and Personal Care Products	3.3
Printed and Electronic Publications or Signage	2.7
Batteries, Battery Chargers and Power Generators	2.4
Laboratory Equipment	2.4
Audio and Visual Equipment and Supplies	2.2
Security and Safety Equipment and Supplies	2.0

Source: GAO analysis of General Services Administration's (GSA) Commercial Platforms Program data. | GAO-23-106128

GSA officials stated that the cost of operating the program for fiscal year 2022 was about \$1.5 million and expect to spend \$3 million on operating expenses over the next few years. They attributed the increased operating costs to increased program usage and their plan to hire more support staff. According to GSA officials, operating costs include staff salaries and the costs to administer customer experience surveys, manage program data, and engage with agency participants. GSA collects a 0.75 percent fee from the platform providers on the value of each order, which is included in the price to cover the programs' operating expenses.

GSA Is Meeting Some of Its Program Metrics

GSA officials reported meeting the targets for four of the program's 11 performance metrics, which they assess on a quarterly basis.¹⁶ GSA officials reported meeting the targets for metrics that assess time savings,

¹⁶A GSA official stated that in 2023, they refined some metrics and replaced others with metrics that are easier to track and measure. The new metrics will track spending on products labeled as Made in America and count the number of active and repeat purchasers.

price competitiveness, and customer satisfaction with the program, as measured by customer survey data, as well as the target for third-party sales. Officials reported that the program did not meet the targets established for other metrics such as the purchase of products labeled as green—meaning products that suppliers on the platform identify as environmentally sustainable—or small business spend. See table 1 below for more information on these metrics.

Table 1: GSA’s Commercial Platforms Program Performance Metrics

GSA metric and description	Target	Performance for fiscal year 2021	Performance for fiscal year 2022
Small Business Spend – Increase the purchases from small businesses, as identified in the System for Award Management	Greater than 20%	21%	18%
Green Procurement Spend – Increase the percent of green-related (i.e., environmentally sustainable) product spend	Greater than 5%	1%	4%
AbilityOne Spend – Tracking measure to help agencies see their percent of total spend directed to AbilityOne ^a	Greater than 2%	0.11%	0.16%
Made in America – Increase the percent of spend on products with a Made In America label ^b	Greater than 5%	0.12%	0.49%
Time Savings – Maintain or exceed percentage of users stating that they saved time using the platforms, based on customer survey data	70%	85%	81%
Price Competitiveness – Maintain or exceed percentage of users that agreed they were able to find desired products with fair and reasonable pricing, based on customer survey data	84%	88%	93%
Customer Satisfaction – Maintain a customer satisfaction survey score equal to or greater than the previous calendar year’s American Customer Satisfaction Index for Online Retailers ^c	Equal to or above 8.0	9.0	8.9
Active Purchasers – Increase the number of individual purchasers making at least one purchase on the platforms ^b	22,000	4,354	17,875
Repeat Purchasers – Increase the number of individual purchasers making more than one purchase on the platforms ^b	8,800	1,374	7,270
First vs. Third-party Sales – Fulfill the majority of sales by third-party suppliers as measured by the ratio of sales of provider’s own private label items to third-party supplier items	More than 70% of sales fulfilled by third-party suppliers	Third-party sales 70%	Third-party sales 79%
Sales Distribution – Distribution of sales by platform provider greater than the combined average market share for consumer and government spend	Amazon Business 92%	Amazon Business 94%	Amazon Business 96%
	Fisher Scientific L.L.C. 6%	Fisher Scientific L.L.C. 5%	Fisher Scientific L.L.C. 3%
	Overstock Government 2%	Overstock Government 1%	Overstock Government 1%

Legend: **Bold** font in the fiscal years columns indicates that GSA met the target for the metric.

Source: GAO presentation of General Services Administration (GSA) information. | GAO-23-106128

^aAs a mandatory source, the AbilityOne program creates employment opportunities for people who are blind or have severe disabilities. Federal Acquisition Regulation Subpart 8.7.

^bWhile GSA officials established these metrics in 2023, they provided the underlying data from fiscal years 2021 and 2022.

^cAccording to its website, the American Customer Satisfaction Index is a national indicator of the quality of economic output for goods and services as experienced by consumers of that output. The index currently tracks customer satisfaction with more than 400 of the largest corporations in the U.S. marketplace. See <https://www.theacsi.org/>

GSA officials provided further information on some of the program metrics where performance did not meet the targets and in some cases, steps to improve performance.

- **Small business spend.** GSA reported 18 percent of program sales were to vendors identified as small businesses in the System for Award Management (SAM).¹⁷ GSA officials indicated this percentage may undercount the actual spend going toward small businesses, as it does not include sales to businesses that would qualify as small businesses, but have not registered in SAM. They explained that businesses would have no reason to register with SAM and certify as small businesses if they do not intend to contract with the federal government. According to Amazon representatives, some suppliers may not know that their products are available to federal purchase cardholders via the Commercial Platforms program. Representatives from each of the three platform providers explained that they do not certify small businesses.

Although the platforms have features to help agencies identify products sold by small businesses, the program currently operates below the micro-purchase threshold and the requirements to set aside procurements for a small business do not apply.¹⁸ Regardless, GSA officials said they encourage agencies to make purchases from small businesses whenever possible. Officials from two selected agencies we spoke with also said they encourage their purchase cardholders to do the same.

- **Green Procurement Spend.** GSA relies on the platform providers to label environmentally sustainable products, which GSA refers to as

¹⁷The System for Award Management (SAM) is the primary government repository for prospective federal awardee and federal awardee information. See SAM.gov for more information.

¹⁸See FAR 19.502-2.

green product designations.¹⁹ We found that platform providers are using different methods to identify products labeled environmentally sustainable. For example:

- Amazon representatives told us their platform features third-party recognized sustainability labels and those that meet the Environmental Protection Agency’s specifications, such as ENERGY STAR, when available. They also said that Amazon has its own “climate pledge-friendly” program and two sustainability labels related to packaging. They noted that agency administrators can select which green certifications are preferred and reported on.
- Representatives from Fisher Scientific told us that their platform identifies approximately 1,550 “Greener choice” products based on the Federal Trade Commission’s Green Guides.²⁰ According to the Federal Trade Commission, the Green Guides are intended to help marketers avoid making environmental marketing claims that are unfair or deceptive.²¹
- Overstock representatives noted that their suppliers provide a copy of a certification of environmental sustainability for review. Once Overstock verifies the credentials, the supplier can add the environmentally sustainable label to its product.

GSA officials stated that they rely on platform providers to provide green procurement data reported under this metric, as platform providers alone have control over their product catalog. They also told us that platform providers include more labels than those identified under the Environmental Protection Agency’s sustainability programs in the data they submit. GSA officials noted that they may start to refine their analysis of the green procurement data by, for example,

¹⁹In the solicitation for the three platform provider contracts, GSA directed vendors to outline their capabilities to identify environmentally sustainable products on the platforms. The solicitation advised that GSA sought a solution to make it easy for buyers to identify and purchase sustainable products required by law and executive order. The solicitation also referenced FAR part 23, which includes policy and procedures for protecting and improving the environment. For example, FAR subpart 23.2 prescribes requirements for the purchase of energy- and water-efficient products and services. Subject to certain exemptions, the policies of FAR subpart 23.2 extend to all acquisitions, including those below the simplified acquisition threshold and those at or below the micro-purchase threshold (including those made with a government purchase card).

²⁰Federal Trade Commission, *Guides for the Use of Environmental Marketing Claims*, 16 C.F.R. pt. 260.

²¹16 C.F.R. § 260.1(a).

separating out spend on recycled products and water efficient products. They said this could allow agencies to identify spend on labels that meet federal standards for energy and water efficiency or products that use renewable energy technology.

- **AbilityOne Spend.** GSA officials stated they have taken steps to educate agency buyers and promote AbilityOne items, such as creating a desk guide that reminds buyers of how to identify AbilityOne items on the platforms and demonstrating how to use search filters in monthly trainings.
- **Sales distribution.** According to GSA officials, Amazon's high sales volume through the platforms program can be attributed to the familiar user experience it offers customers. They referenced Amazon as the leading online retailer in the country and stated that prior to the Commercial Platforms program, many federal agencies already had accounts with Amazon. GSA officials noted that they are taking steps to encourage increased spend on the other platforms, such as hosting informational sessions with buyers to highlight the benefits of the other platforms, and have shared agencies' feedback with platform providers to add new features that could better serve their government customers.

GSA Plans to Award the Second Round of Contracts

The National Defense Authorization Act for Fiscal Year 2022 included a requirement for GSA to test additional platform models not included in the original proof of concept.²² In response, GSA officials conducted customer experience surveys of the program users, including government purchase cardholders, agency executives and administrators, and agency program coordinators.²³ GSA officials then requested industry feedback to measure industry's ability to provide the features identified by the program users. Based on industry responses, GSA officials found that industry could meet the needs of the government purchase cardholder regardless of the business model or type of online model offered. In December 2022, GSA issued a request for proposal to award the next round of contracts. The first round of contracts were set expire in June

²²Pub. L. No. 117-81, § 853 (2021).

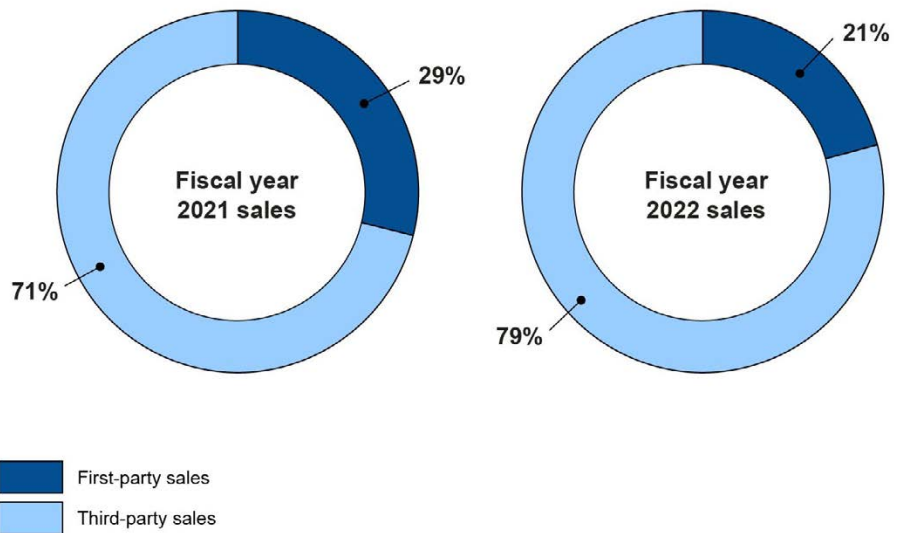
²³General Services Administration, *Procurement Through Commercial E-Commerce Portals, Commercial Online Models: Testing and Analysis* (July 2022).

2023, but GSA recently extended them for 6 months through December 24, 2023.

GSA Reported Growth in the Number of Third-Party Suppliers

GSA officials reported the number of third-party suppliers participating on the platforms increased from almost 15,000 in fiscal year 2021 to almost 30,000 in fiscal year 2022. According to GSA, the majority of agency purchases on the platforms were to third-party suppliers during this time. See figure 5 for more detail on first- and third-party sales in the program in fiscal years 2021 and 2022.

Figure 5: First-party and Third-party Sales on GSA's Commercial Platforms Program



Source: GAO presentation of General Services Administration's (GSA) Commercial Platforms Program data. | GAO-23-106128

Representatives from organizations that represent third-party suppliers cited benefits to third-party supplier participation in the program. For example, they said the program:

- **Provides suppliers access to government markets.** Organizations that represent third-party suppliers stated that the program creates an

opportunity for small businesses to access government markets that were not previously available. GSA officials agreed and also stated that the program could enable the government to connect with a new base of companies. However, Amazon representatives told us that third-party suppliers might not be aware that they have the potential to do business with the government when registering to sell their products with Amazon Business. Similarly, a representative from one of the third-party supplier organizations told us that some of their members may be selling products on one of the platforms, but may be unaware that the sales were to federal purchasers.

- **Enables easier response to market conditions.** Representatives from one organization that represents third-party suppliers stated that in comparison to the GSA Schedules Program, the Commercial Platforms program makes it easier for suppliers to adjust to market conditions and inflation. These representatives said that to adjust pricing on a GSA Schedule contract, vendors must submit a request and then negotiate a new price, which they reported can be a challenging and time-consuming process.

GSA has also tried to collect third-party supplier perspectives on the program. To do so, GSA officials told us they created a mechanism available on the website that is specifically designated for suppliers to submit questions or concerns about the program. To date, GSA officials said there has been no feedback from third-party suppliers about challenges to participating in the platforms program, beyond general questions from industry stakeholders about how to sign up to sell on the platforms. They told us they do not play a role in recruiting third-party suppliers or the application and acceptance process. They allow each platform to manage its supplier base in accordance with commercial practices.

Users Report Benefits but Opportunities Exist to Help Agencies Purchase from Mandatory Sources and Meet Procurement Goals

Officials from agencies that participate in the program reported several benefits from using the program, such as cost and time savings. The program also provides some built-in features designed to help buyers use certain federally mandated sources such as AbilityOne. However, we found that there are opportunities for GSA to help participating agencies improve the process to buy AbilityOne products. Similarly, the program

has the potential to help agencies purchase from small businesses; however, it currently does not facilitate participating agencies' ability to report purchases from small businesses.

Selected Participants Cited Benefits of Using the Program

Officials from the eight selected agencies we spoke with identified a number of benefits associated with using the program, such as:

- **Data visibility.** Officials from seven agencies said that the program provides increased data and enhanced visibility into purchases made by agency cardholders. For example, officials from two selected agencies stated that the program has provided visibility that they did not have before into what individual cardholders were purchasing.
- **Ease of use.** Officials from six agencies stated that the platforms featured in this program were easy to use.
- **Cost savings.** Officials from six agencies stated that using the program results in cost savings due to free shipping or savings on commercial platform membership fees. Officials from four selected agencies noted the benefit of the automatic tax exemption that is built into the commercial platforms.
- **Time savings.** Officials from three agencies discussed how the program makes the process of complying with prohibitions on the purchase of certain equipment more efficient.²⁴ Specifically, an official from one selected agency stated that purchasers can download a vendors' certification immediately, which is easier and less time consuming than the typical procedure of going into SAM or reaching out to the vendor to acquire the certificate.
- **Mission needs.** Officials from three agencies reported that the Commercial Platforms program helps them meet their mission needs. For example, officials from one agency stated that their mission requires them to respond quickly to emergencies in remote rural areas where supplies can be hard to come by, and the program provides access to necessary supplies.

Though officials from selected agencies cited numerous benefits, they also identified a few challenges related to user management. Officials

²⁴Section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 contains prohibitions on the procurement and use of certain telecommunications and video surveillance services or equipment. Pub. L. No. 115-232, § 889 (2018).

from five selected agencies said that the process to sign up to use the platforms is difficult and three noted that they faced difficulty depending on the platform. For example, officials from one agency told us that one of the platforms requires that individual users self-register and existing accounts are not automatically merged into the platforms. Officials from two selected agencies suggested that it would be easier to have a single sign-on feature that automatically associates a government email address with GSA's Commercial Platforms program. They explained that it would be easier from an administrative perspective and would help track purchases. In response, GSA officials stated that a single sign-on for the Commercial Platforms program was discussed during initial design but they concluded that this would be costly and technically challenging because of the multiple entities involved, and therefore, the costs would likely outweigh the benefits.

Platform Features Help Agencies Meet Federal Regulations, but Opportunities Exist to Improve Implementation

Purchase cardholders making micro-purchases on the platforms are responsible for following applicable federal procurement regulations. The commercial platforms have some built-in features that help agencies do this. For example, the platform providers take steps to ensure that the commercial platforms do not offer products from debarred and suspended contractors.²⁵ They also provide the ability to restrict products or suppliers of certain prohibited telecommunications equipment.²⁶ Officials from three selected agencies said they were motivated to join the platforms program due to the additional purchasing tools designed to help agencies more closely follow the federal regulations for purchase card transactions. In addition, in a 2019 report on program implementation, GSA noted that the program seeks to facilitate buyer compliance with the federal purchasing rules and regulations that apply to all purchases made on the government purchase card.²⁷

²⁵Contractors debarred, suspended, or proposed for debarment generally are excluded from receiving federal contracts. FAR § 9.405.

²⁶Pub. L. No. 115-232, § 889 (2018).

²⁷General Services Administration, *Procurement Through Commercial E-Commerce Portals Phase II Report: Market Research and Consultation* (Washington, D.C.: Apr. 2019).

The platforms also contain features to help identify AbilityOne products. The AbilityOne program is a mandatory source for federal acquisitions, including micro-purchases.²⁸ In its solicitation for the platform provider contracts, GSA sought platforms that could either mark AbilityOne products as preferred or hide “essentially the same” products, i.e. a subset of products that the AbilityOne Commission has identified as essentially the same as AbilityOne products.²⁹ Fisher Scientific and Overstock hide essentially the same products while Amazon marks AbilityOne products as preferred.

²⁸The Department of Veterans Affairs stated that under the Department of Veterans Affairs Contracting Preference Consistency Act of 2020, the department, in some cases must give preference to items supplied by veteran-owned businesses rather than AbilityOne products. See Pub. L. No. 116-155 (2020) (codified at 38 U.S.C. § 8127(d)(2).

²⁹According to an AbilityOne official, the Commission seeks technical input from GSA prior to making the final determination as to whether or not products are essentially the same.

AbilityOne Product Categories by Spend

The AbilityOne program creates employment opportunities for people who are blind or have severe disabilities through a public-private structure that connects such individuals to jobs that provide products and services to the federal government.

For fiscal years 2021 and 2022 combined, the top five categories for AbilityOne purchases made through GSA's Commercial Platforms program were:

- Officer Equipment and Supplies, \$35,600;
- Paper Materials and Products, \$18,300;
- Material Handling and Storage Supplies, \$7,100;
- Furniture and Furnishings, \$3,700; and
- IT Broadcasting and Telecommunications Equipment, \$3,300.

Purchases in the remaining categories were less than \$3,000 for this period.

Source: GAO analysis of General Services Administration's (GSA) Commercial Platforms Program data. | GAO-23-106128

Even with these features, officials from two selected agencies stated that the program's ability to help them meet AbilityOne mandatory sourcing requirements is a work in progress. For example, an official from one selected agency noted that the search filters on the Amazon platform were not working as expected. The officials from this agency told us that the hierarchy of search filters failed to prioritize products that are mandatory sources (e.g., AbilityOne) above other priorities or preferences, such as products sold by small businesses. Rather, the search filters are all prioritized at the same level. During the time of our interviews, Amazon representatives and GSA officials told us they were aware of this concern and are working to resolve the issue. In addition, Amazon representatives told us that they established an AbilityOne online storefront in an effort to increase the availability and visibility of AbilityOne products and increase the number of AbilityOne products sold.

We found that AbilityOne purchases were 0.15 percent of the combined purchases made through the program in fiscal years 2021 and 2022. Our analysis of specific items revealed differences between agencies' spend on selected categories of products that AbilityOne supplies—such as ballpoint pens, highlighters, and staples—when compared to agencies' spend for similar commercial products. While spend on non-AbilityOne products in these categories does not inherently indicate the purchase of an essentially the same product, our analysis indicates that opportunities exist to increase agency purchases of AbilityOne products. See table 2 for more details.

Table 2: Agencies' Spend on Selected Categories of AbilityOne Products Compared to Similar Commercial Products, Fiscal Years 2021 and 2022 Combined

	Agencies' spend (fiscal year 2022 dollars)	Agencies' spend (fiscal year 2022 dollars)	Agencies' spend (fiscal year 2022 dollars)
Category	AbilityOne products	Similar commercial products	AbilityOne products as a percent of similar commercial products
Ballpoint pens	\$4,805	\$52,543	9%
Highlighters	\$591	\$18,639	3%
Staples	\$226	\$12,732	2%

Source: GAO analysis of General Services Administration's (GSA) Commercial Platforms Program data. | GAO-23-106128

The difference in spend we identified regarding AbilityOne purchases and commercial purchases of similar items indicates that GSA could do more to help agencies increase their awareness of AbilityOne products. When we shared our analysis of agencies' spend on AbilityOne products with GSA, GSA officials pointed to their efforts to increase awareness of

AbilityOne products on the platforms through their desk guide and training provided to agencies. They also stated that the new solicitation for the next round of platform provider contracts requires vendors to report manufacturer part numbers, which was not required in the previous contracts. According to GSA officials, manufacturer part numbers will help GSA identify agency purchases of essentially the same products. Once available, GSA officials said they could share this information to increase agencies' awareness of essentially the same products, which they said could improve purchases of AbilityOne products in the future.

While these actions are steps in the right direction, GSA could formalize a plan that outlines how it intends to use manufacturer part numbers to help agencies improve purchases from AbilityOne. Such a plan could provide details on how GSA will compare manufacturer part numbers to the list of products that are essentially the same as AbilityOne products, and outline actions that will be taken when GSA identifies that an essentially the same product has been purchased—including how GSA plans to share this information with agencies. As the implementing agency, GSA has the opportunity to provide guidance on how agencies can use this information to increase awareness of and improve future spend on AbilityOne products.

Officials from the U.S. AbilityOne Commission and National Industries for the Blind also expressed concern about the small amount of AbilityOne product sales through the Commercial Platforms program.³⁰ They stated that the absence of a method that automatically blocks or prevents the sale of products that are essentially the same as AbilityOne results in lower sales of AbilityOne products. During the initial stages of program implementation, AbilityOne Commission and National Industries for the Blind officials suggested that GSA require a block and substitute method for AbilityOne products on all commercial platforms, similar to other GSA contract vehicles that sell AbilityOne products.³¹ AbilityOne officials said

³⁰National Industries for the Blind has historically served as a commission-designated central nonprofit agency within the AbilityOne Program as identified in 41 C.F.R. § 51-3.1 and FAR 8.701, to facilitate the distribution of orders and assist the approximately 450 nonprofit agencies participating in the AbilityOne Program.

³¹The term block and substitute refers to the method of blocking the purchase of essentially the same items and substituting AbilityOne products. U.S. AbilityOne Commission, *Policy 51.541: Requirement to Purchase Products on the Procurement List Instead of "Essentially the Same (ETS)" Items*, (Apr. 27, 2015).

that at a minimum, they would like to see the platforms limit the products displayed so that only AbilityOne products are visible.

Opportunities Exist to Assist Agencies in Reporting Program Spend toward Small Business Goals

The Commercial Platforms program, as implemented by GSA, allows agencies to count purchases made on the platforms from small businesses toward their small business contracting goals.³² In its May 2020 implementation plan, GSA stated that allowing agencies to earn small business contracting credit for purchases made through the platforms is a program objective.³³ Further, in its December 2022 solicitation for new platform provider contracts, GSA reiterated that it would share an existing process to allow agencies to receive small business contracting credit for their small business spend through the program.

The Small Business Act requires agencies to establish goals for contracting with small businesses.³⁴ The Small Business Administration measures federal agencies' performance toward meeting their small business contracting goals by analyzing contract data that agencies report in the Federal Procurement Data System (FPDS). Under the FAR, agencies are not required to report purchases below the micro-purchase threshold in FPDS.³⁵ Given that purchases in the Commercial Platforms program are currently limited to the micro-purchase threshold, and the average dollar value of purchases made through the program is well below the micro-purchase threshold, these sales are not likely reported in

³²Section 846 provides that procurement of a product made through the program is deemed to be an award of a prime contract for purposes of the goals established under section 15(g) of the Small Business Act (15 U.S.C. § 644(g)), if the purchase is from a supplier that is a small business. Pub. L. No. 115-91, § 846(f)(2).

³³General Services Administration, *Procurement Through Commercial E-Commerce Portals, Phase III Report: Program Implementation Guidance* (May 2020).

³⁴The Small Business Act requires federal agencies to establish, in consultation with the Small Business Administration, annual small business contracting goals for the various categories of small businesses, and for both prime contracts and subcontracts. 15 U.S.C. § 644(g)(2).

³⁵FAR 4.606(a). The FAR permits agencies to report non-required information in FPDS, including transactions below the micro-purchase threshold. FAR 4.606(b). To do so, the information must be segregable from the required information, and the reporting agency must obtain advance, written approval from the FPDS program office. Id.

FPDS, and therefore not counted toward an agency's small business contracting goals.

According to GSA officials, the existing process for agencies to receive credit for small business spend on purchases through the commercial platforms requires:

- individual agencies to report transactions on a vendor-by-vendor basis to FPDS, and
- the vendor has to be registered as a small business with SAM.gov.

GSA officials acknowledged that given the potentially large number of agency purchases from individual small businesses with relatively small dollar value, the process is resource intensive, which likely discourages agencies from taking the additional steps required to collect small business contracting credit on applicable purchases. In addition, as GSA officials explained previously, businesses would have no reason to register with SAM and certify as small businesses if they do not intend to contract with the federal government.

In its May 2020 implementation plan, GSA outlined its commitment to partnering with the Small Business Administration to fully explore the best means of giving small business contracting credit to agencies for their small business spend through the program. GSA officials told us that they have not yet worked with the Small Business Administration to develop a better process for agencies to include their small business spend through the program toward their small business contracting goals. Officials from two selected agencies we spoke with stated that GSA could be more effective in helping them meet their small business procurement goals by working on a better process to report small business spend. Although challenges exist, GSA has the opportunity to help agencies receive credit for applicable purchases made through the program toward their small business contracting goals by working with the Small Business Administration to develop a more efficient reporting process. While improving the reporting process for agencies will not address the fact that some small businesses on the platform do not register in SAM, it will at least provide a means for agencies to include the purchases with small businesses registered in SAM toward their small business contracting goals.

Conclusions

When establishing the Commercial Platforms program, GSA was tasked with offering a commercial buying experience to purchasing agencies. As the program matures, more could be done to help government buyers in certain areas, particularly where purchasing is mandatory from specific sources, such as from AbilityOne. GSA has taken some steps to educate buyers on how to identify AbilityOne products. By formalizing its process to analyze manufacturer part numbers and describing how it will share this information with agencies, GSA could help purchase cardholders increase their awareness of items available from mandatory sources. Further, while there are complexities and challenges with crediting agencies for their small business spend through the platforms, GSA is in a position to work with the Small Business Administration to help agencies figure out a more efficient way to receive credit for their small business spend through the program that does not overly burden agencies or small businesses.

Recommendations for Executive Action

We are making two recommendations to GSA:

The Administrator of the General Services Administration (GSA) should ensure that the Commissioner of the Federal Acquisition Service develops a plan to formalize its manufacturer part number efforts intended to help ensure AbilityOne products are procured in lieu of their essentially the same counterparts. (Recommendation 1)

The Administrator of the General Services Administration (GSA) should ensure that the Commissioner of the Federal Acquisition Service, in consultation with the Small Business Administration, develops a more efficient process to enable participating agencies to include small business spend on the commercial platforms toward their small business goals. (Recommendation 2)

Agency Comments and Our Evaluation

We provided a draft of this report to GSA, the Bonneville Power Administration, the Department of Defense (DOD), the Environmental Protection Agency, the Pension Benefit Guaranty Corporation, the Small

Business Administration, the Department of Agriculture, the Department of Veterans Affairs, and the U.S. AbilityOne Commission for review and comment. In written comments (reproduced in appendix II), GSA concurred with our recommendations and stated it will take appropriate action. The U.S. AbilityOne Commission, the Department of Veterans Affairs, and the Department of Defense also provided written comments (reproduced in appendixes III, IV and V, respectively) summarized below. The Bonneville Power Administration, the Environmental Protection Agency, the Pension Benefit Guaranty Corporation, the Small Business Administration, and the Department of Agriculture provided no comments.

In its comments, GSA concurred with our recommendations. In addition, GSA stated that its amended solicitation for the next commercial platform contracts gives preference to those prospective platforms that offer capabilities that will prevent the purchase of essentially the same items. GSA also committed to ensuring that agency partners are aware of existing processes related to receiving credit for purchases made through the program from small businesses and that it will work with partners to understand where efficiencies might exist to reduce the time for agencies to report micro-purchase spend for credit toward small business contracting goals.

The AbilityOne Commission stated that it generally agrees with our findings that opportunities exist to help agencies increase their awareness and usage of AbilityOne products through the Commercial Platforms program. The Commission also provided technical comments, which we incorporated as appropriate.

The Department of Veterans Affairs noted that by statute, in certain instances, Veterans Affairs purchasers must give preference to items offered by veteran-owned businesses over AbilityOne products.³⁶ We added language to clarify this point. The Department of Veterans Affairs also highlighted some of the complexity and challenges with crediting agencies for small business spend through the platforms. We agree that implementing a process that allows agencies to receive credit for purchases from small businesses made through the platforms program toward their small business contracting goals is complex and has challenges. This underscores the need for GSA to work closely with the

³⁶The Department of Veterans Affairs cites 38 U.S.C. § 8127(d)(2).

Small Business Administration to grapple with these issues as it develops a more efficient process.

DOD stated concerns with our recommendation that GSA work with the Small Business Administration to develop a more efficient process to enable participating agencies to include small business spend on the platforms toward their small business contracting goals. DOD also stated that vendors that accept the governmentwide purchase card are not required to register in SAM. DOD indicated that for a purchase to be credited toward an agency's small business contracting goals, the vendor from which the purchase was made would need to be registered in SAM and provide annual information on number of employees and annual revenue, which is used to determine size status. DOD noted that if vendors are required to submit this information, it may deter vendors from participating on the platforms due to the additional burden. DOD further noted that if the intent of the recommendation is to limit identification of a more efficient process to only those vendors who are already registered in SAM, and if our recommendation were updated to reflect this, DOD would have no concerns. The intent of our recommendation was to focus on those vendors that are already registered in SAM. We added some language to the report to clarify this point. We do not think a change to our recommendation language is necessary.

We are sending copies of this report to the appropriate congressional committees, the Administrator of the General Services Administration, the Administrator of the Bonneville Power Administration, the Secretary of Defense, the Administrator of the Environmental Protection Agency, the Director of the Pension Benefit Guaranty Corporation, the Administrator of the Small Business Administration, the Secretary of Agriculture, the Secretary of Veterans Affairs, and the Executive Director of the U.S. AbilityOne Commission. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4841 or MakM@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VI.



Letter

Marie A. Mak
Director, Contracting and National Security Acquisitions

List of Committees

The Honorable Jack Reed
Chairman
The Honorable Roger Wicker
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Gary C. Peters
Chairman
The Honorable Rand Paul, M.D.
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Benjamin Cardin
Chair
The Honorable Joni Ernst
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate

The Honorable Mike Rogers
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable James Comer
Chair
The Honorable Jamie Raskin
Ranking Member
Committee on Oversight and Accountability
House of Representatives

The Honorable Roger Williams
Chair
The Honorable Nydia Velázquez
Ranking Member
Committee on Small Business
House of Representatives

Appendix I: Objectives, Scope, and Methodology

The National Defense Authorization Act for Fiscal Year 2018 includes a provision for GAO to review the General Services Administration's (GSA) commercial e-commerce program.¹ This report addresses (1) the implementation status of the Commercial Platforms program; (2) third-party supplier participation in the program; and (3) the benefits and challenges GSA and program participants identify with the Commercial Platforms program.

To determine the status of GSA's efforts to implement the Commercial Platforms program since our last review in 2021, we reviewed documentation such as GSA's implementation reports, its assessments of program metrics, overviews, and program briefings. In addition, we reviewed contract documents and interviewed GSA officials to discuss costs related to program operations. Further, we downloaded data from GSA's government-wide operational dashboard for the Commercial Platforms program to identify spend in each of the platforms and the types of products agencies were buying.

We analyzed the spend data collected by GSA to determine total spend in the program, the types of products being purchased, the distribution of purchases across platforms, and the agencies that spent the most through the platforms. When analyzing the types of products, we used the categories that GSA established for the program. For analysis of AbilityOne data, we compared spending on products from the Office Equipment and Supplies category, which was the category with the largest amount of AbilityOne spend in the Commercial Platforms program

¹Specifically, subsection 846(j)(2) of the National Defense Authorization Act for Fiscal Year 2018 required GAO to report on the challenges and benefits that GSA and participating departments and agencies observe regarding implementation of the program. Pub L. No. 115-91, § 846(j)(2) (2017) (codified as amended at 41 U.S.C. § 1901 note). The statute provided that the report include: (1) a description of the acquisition of the e-commerce portals (including the extent to which the portals had to be configured or modified to meet program needs), costs, and the implementation schedule; (2) a description of participation by suppliers that have registered or sold goods through at least one portal, including numbers, categories, and trends; (3) the effect of the program, if any, on agencies' ability to meet goals established for suppliers and products, including governmentwide goals for small business participation in government contracts; and (4) a discussion of limitations, if any, to participation by suppliers in the program. Id.

for fiscal years 2021 and 2022 combined. We focused on fiscal years 2021 and 2022 because they were the completed fiscal years of data available at the time of our review. To assess the reliability of the data, we compared our calculations to GSA's calculations for agencies' overall spending in the program. We also interviewed knowledgeable GSA officials to corroborate information and discuss their data reliability efforts. We determined that these data were sufficiently reliable for providing general information about spend in the program. We also spoke with GSA officials and representatives from the three platform providers—Amazon Business, Fisher Scientific Company L.L.C., and Overstock Government—to gather information regarding the current state and next steps for the Commercial Platforms program.

To describe GSA's progress toward its goals and metrics in the program, we requested GSA's management reviews of established program performance metrics for fiscal years 2021 and 2022. We also asked program officials to explain how they evaluate progress toward the goals and metrics, and any measures they could take to influence metrics if the program is not meeting its goals.

To describe third-party supplier participation in the program, we obtained data from GSA that included the number of suppliers that have sold products on the various commercial platforms. These data included characteristics of third-party suppliers, such as the proportion of sales by small businesses registered in the System for Award Management. We interviewed selected organizations that represent suppliers to identify limitations that third-party suppliers may face to participation in GSA's Commercial Platforms program. This included representatives from the Coalition for Government Procurement, the National Veteran-Owned Business Association, and the Wisconsin Procurement Institute—recommended by a representative from the American Small Manufacturers Coalition—based on their experience with suppliers in the commercial marketplace. We conducted outreach to organizations and groups that we identified as potential suppliers on the commercial platforms. We did not include organizations that stated that their members do not typically do business with the federal government or had not heard about the program from their members. We also interviewed representatives from the U.S. AbilityOne Commission and National Industries for the Blind, which represents nonprofit agencies that participate in the AbilityOne program.

To determine what benefits and challenges that GSA and selected program participants identified with the program, we interviewed officials

from GSA and eight selected federal agencies. We selected a nongeneralizable sample of eight agencies from the 25 agencies participating in GSA's Commercial Platforms program at the start of our review that represented a variety of agency sizes and spend in the program. Agencies included the Bonneville Power Administration, the Department of Defense's Defense Health Agency and U.S. Special Operations Command, the Environmental Protection Agency, the Pension Benefit Guaranty Corporation, the Small Business Administration, the Department of Agriculture, and the Department of Veterans Affairs. We refer to these eight agencies as the selected agencies in the report.

We asked officials from the selected agencies if they identified challenges with participating in the program and any steps taken to mitigate them; program benefits and how they were calculated; and how well the program helps agencies meet their federal procurement goals (e.g. supporting small businesses), ensure use of mandatory sources (such as AbilityOne), and other purchasing priorities. We also reviewed relevant federal acquisition regulations and the statute establishing the program. To identify features that each of the three platforms—Amazon Business, Fisher Scientific, and Overstock Government—provide to government purchasers, we viewed recorded platform demonstrations conducted by representatives from each platform provider and GSA officials. We also interviewed GSA officials and representatives from the platform providers to understand what modifications, if any, were made to the commercial platforms to accommodate government purchase requirements.

We conducted this performance audit from June 2022 to July 2023 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.

Appendix II: Comments from the General Services Administration

Appendix II: Comments from the General Services Administration

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The Administrator

June 30, 2023

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Dodaro:

The U.S. General Services Administration (GSA) appreciates the opportunity to review and comment on the draft report, *GSA COMMERCIAL PLATFORMS PROGRAM: Opportunities Exist to Improve Implementation* (GAO-22-106128).

The report contains two recommendations addressed to the Administrator of General Services:

- 001: GAO recommends that the Administrator should ensure that the Commissioner of the Federal Acquisition Service develops a plan to formalize its manufacturer part number efforts intended to help ensure AbilityOne products are procured in lieu of their essentially the same counterparts.
- 002: GAO recommends that the Administrator should ensure that the Commissioner of the Federal Acquisition Service, in consultation with the Small Business Administration (SBA), develops a more efficient process to enable participating agencies to include small business spend on the commercial platforms toward their small business goals.

We agree with the above recommendations and will take appropriate action.

As part of its management of the Commercial Platforms (CP) program, GSA is committed to implementation according to the following core policy objectives:

- Carrying out Section 846 of the Fiscal Year (FY) 2018 NDAA, which mandates the CP program procurement occur, to the maximum extent practicable, under the standard terms and conditions;
- Continuing to help agencies better manage their open-market spend through improved visibility, new commercial features, and actionable data insights; and
- Maintaining GSA's strong support of the AbilityOne program, including promoting agency compliance with The Javits–Wagner–O'Day (JWOD) Act.

The CP program recently took additional steps to bolster its support for the purchase of AbilityOne items in its recent release of an amended solicitation for its next-generation contracts where preference is given to those prospective platforms that offer specific capabilities that prevent the purchase of Essentially the Same (ETS) items. GSA also looks forward to enhancing our ongoing partnership with AbilityOne and National Industries for the Blind (NIB) by

U.S. General Services Administration
1800 F Street NW
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**Appendix II: Comments from the General
Services Administration**

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using more robust part number data to help build awareness with partner agencies and to minimize ETS purchases.

As it relates to small business credit, GSA is committed to ensuring that agency partners are aware of existing processes related to small business credit. GSA will work with partners to understand where efficiencies might exist for reducing the time for agencies to report micropurchase spend for small business credit.

GSA appreciates the collaborative partnership with GAO and looks forward to broadening and expanding this program to additional platform participants, while improving agency insights in the micropurchase space. If you have any additional questions or concerns, please do not hesitate to contact me or Gianelle E. Rivera, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,



Robin Carnahan
Administrator

Accessible Text for Appendix II: Comments from the General Services Administration

June 30, 2023

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Dodaro:

The Administrator

The U.S. General Services Administration (GSA) appreciates the opportunity to review and comment on the draft report, GSA COMMERCIAL PLATFORMS PROGRAM: Opportunities Exist to Improve Implementation (GAO-22-106128).

The report contains two recommendations addressed to the Administrator of General Services:

- 001: GAO recommends that the Administrator should ensure that the Commissioner of the Federal Acquisition Service develops a plan to formalize its manufacturer part number efforts intended to help ensure AbilityOne products are procured in lieu of their essentially the same counterparts.
- 002: GAO recommends that the Administrator should ensure that the Commissioner of the Federal Acquisition Service, in consultation with the Small Business Administration (SBA), develops a more efficient process to enable participating agencies to include small business spend on the commercial platforms toward their small business goals.

We agree with the above recommendations and will take appropriate action.

As part of its management of the Commercial Platforms (CP) program, GSA is committed to implementation according to the following core policy objectives:

- Carrying out Section 846 of the Fiscal Year (FY) 2018 NDAA, which mandates the CP program procurement occur, to the maximum extent practicable, under the standard terms and conditions;
- Continuing to help agencies better manage their open-market spend through improved visibility, new commercial features, and actionable data insights; and
- Maintaining GSA's strong support of the AbilityOne program, including promoting agency compliance with The Javits–Wagner–O'Day (JWOD) Act.

The CP program recently took additional steps to bolster its support for the purchase of AbilityOne items in its recent release of an amended solicitation for its next-generation contracts where preference is given to those prospective platforms that offer specific capabilities that prevent the purchase of Essentially the Same (ETS) items. GSA also looks forward to enhancing our ongoing partnership with AbilityOne and National Industries for the Blind (NIB) by using more robust part number data to help build awareness with partner agencies and to minimize ETS purchases.

As it relates to small business credit, GSA is committed to ensuring that agency partners are aware of existing processes related to small business credit. GSA will work with partners to understand where efficiencies might exist for reducing the time for agencies to report micropurchase spend for small business credit.

GSA appreciates the collaborative partnership with GAO and looks forward to broadening and expanding this program to additional platform participants, while improving agency insights in the micropurchase space. If you have any additional questions or concerns, please do not hesitate to contact me or Gianelle E. Rivera, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,

Robin Carnahan
Administrator

Appendix III: Comments from the U.S. AbilityOne Commission

**Appendix III: Comments from the U.S.
AbilityOne Commission**



U.S. ABILITYONE COMMISSION
355 E Street, SW, Suite 325
Washington, DC 20024

June 26, 2023

Via email: MakM@gao.gov

Ms. Marie A. Mak
Director
Contracting & National Security Acquisitions
U. S. Government Accountability Office
441 G St. N.W.
Washington, DC 20548

Dear Ms. Mak:

Thank you for the opportunity to participate in the Government Accountability Office (GAO) engagement on GSA Implementation of the Online Marketplace—code 106128. The U.S. AbilityOne Commission (Commission) has reviewed the draft report and submits the following comments.

The Commission recognizes the General Services Administration (GSA) as a top customer and business partner, and enjoys a close working relationship with our GSA colleagues. We appreciate the steps GSA has taken and continues to take to educate customers about the availability of AbilityOne Program products within the platforms.

The Commission concurs with GAO's finding that AbilityOne purchases are currently a small percentage of the overall spend through the Commercial Platforms program. The Commission also concurs that opportunities exist to help agencies using the Commercial Platforms program increase their awareness and utilization of AbilityOne products. As spending through the Commercial Platforms program increases, it is important for the Commission and GSA to facilitate a commensurate increase in AbilityOne product sales through the program.

As GAO noted, the commercial platforms have some built-in features that help agencies follow purchasing regulations, such as restricting debarred suppliers and suppliers of certain restricted telecommunications equipment. While the commercial platforms identify AbilityOne products, consistently restricting the sale of products that compete with AbilityOne mandatory source items will almost certainly increase AbilityOne purchases through the platforms. Accordingly, the Commission encourages GSA to consider making "block and sub" functionality a requirement for all platforms. At a minimum, the Commission requests that the platforms limit the products displayed so that only mandatory source items are shown when applicable.



COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED
An Independent Federal Agency



**Appendix III: Comments from the U.S.
AbilityOne Commission**

We look forward to working with GSA with respect to collecting commercial manufacturer part numbers in the next contract period of performance, with the goal of helping Federal agencies purchase fewer competing products and more AbilityOne products.

The Commission suggests one technical clarification within the draft report. On page 20, “essentially the same” products are described as “a subset of products that the National Industries for the Blind has identified as essentially the same as AbilityOne products.” While NIB and the Commission’s other designated central nonprofit agency, SourceAmerica, initially identify prospective “essentially the same” products, we would like to point out that the Commission also seeks technical input from GSA and makes the final determination as to whether or not products are essentially the same.

Again, thank you for the opportunity to provide comments on your draft report “GSA Commercial Platforms Program – Opportunities Exist to Improve Implementation.”

Sincerely,

**Kimberly
M. Zeich**

Digitally signed by
Kimberly M. Zeich
Date: 2023.06.26
17:58:36 -04'00'

Kimberly M. Zeich
Executive Director



COMMITTEE FOR PURCHASE FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED
An Independent Federal Agency



Accessible Text for Appendix III: Comments from the U.S. AbilityOne Commission

June 26, 2023

Via email: MakM@gao.gov

Ms. Marie A. Mak Director
Contracting & National Security Acquisitions
U.S. Government Accountability Office
441 G St. N.W.
Washington, DC 20548

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Again, thank you for the opportunity to provide comments on your draft report “GSA Commercial Platforms Program – Opportunities Exist to Improve Implementation.”

Sincerely,

Kimberly M. Zeich
Executive Director

Appendix IV: Comments from the Department of Veterans Affairs

Appendix IV: Comments from the Department
of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON

June 23, 2023

Ms. Marie A. Mak
Director
Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Mak:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office (GAO) draft report: ***GSA Commercial Platforms Program: Opportunities Exist to Improve Implementation*** (GAO-23-106128).

The enclosure contains general comments to the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely,

A handwritten signature in black ink, appearing to read "Tanya J. Bradsher".

Tanya J. Bradsher
Chief of Staff

Enclosure

**Appendix IV: Comments from the Department
of Veterans Affairs**

Enclosure

The Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***GSA Commercial Platforms Program: Opportunities Exist to Improve
Implementation***
(GAO-23-106128)

General Comments:

Implementation of Mandatory Source Requirements (AbilityOne)

On pages 20-23, the Government Accountability Office (GAO) discusses the Commercial Platforms program efforts to enhance awareness and use of AbilityOne items, noting that AbilityOne is a mandatory source for items on the AbilityOne Procurement List. This is true at most Federal agencies.

At VA, the policy environment for AbilityOne is more complex. This is due to VA's competing statutory mandate for awarding set-aside contracts to Service-Disabled Veteran-Owned Small Businesses (SDVOSB) and Veteran-Owned Small Businesses (VOSB) through the Veterans First Contracting Program. Reconciling the AbilityOne mandate with the Veterans First mandate has been fraught with litigation and led to enactment of new legislation in 2020, the Department of Veterans Affairs Contracting Preference Consistency Act of 2020 (Consistency Act, P.L. 116-115).

Generally, the determination whether VA applies the Veterans First mandate or the AbilityOne mandate depends on market research as well as the acquisition history. A purchaser must ascertain whether an item was on the AbilityOne Procurement List as of December 22, 2006, the date of enactment of the Veterans First legislation. In addition, the purchaser determines whether the item, or an essentially similar replacement item, is on the AbilityOne Procurement List currently. If both conditions are met, the item is a "covered product or service" under the law. For covered items, the AbilityOne mandate applies, with an exception noted below. If an item is on the AbilityOne Procurement List currently but was not on the List as of December 22, 2006, it is not a covered item and the AbilityOne mandate does not apply. Instead, VA must consider the VA Rule of Two to determine whether the item must be acquired under a Veterans First set-aside (38 U.S.C. § 8127(d)(1)). This is a different result from other Federal agencies, where items currently on the List imply a mandate to acquire them from AbilityOne.

As noted, a further exception applies. For covered items, the AbilityOne mandate does not apply if, on the date prior to enactment of the Consistency Act, VA had a contract in effect that was awarded to an SDVOSB or VOSB using the Veterans First set-aside. Such contracts are essentially grandfathered into the Veterans First program, and the Veterans First mandate continues to apply unless and until VA determines it does not have a reasonable expectation of two or more SDVOSB or VOSB offerors for subsequent contracts. This determination would depend upon market research. Because of the complexity of this decision process and the need for users to exercise judgment in applying it, the Commercial Platforms program would face an enormous

Page 1 of 3

**Appendix IV: Comments from the Department
of Veterans Affairs**

Enclosure

The Department of Veterans Affairs Comments to
Government Accountability Office Draft Report
***GSA Commercial Platforms Program: Opportunities Exist to Improve
Implementation***
(GAO-23-106128)

challenge programming it into their data systems. If the Commercial Platforms program implements a “block and substitute” process to direct users to AbilityOne items and away from other commercially available items (see page 23 of the draft report), VA will have limited ability to carry out these legislative requirements while using the Commercial Platforms program. VA users will need to consider which mandate to apply based on acquisition history and market research and use the Commercial Platforms program only if the decision process concludes that the AbilityOne mandate applies for these covered items.

VA recommends GAO include language in its report that the AbilityOne mandate is not uniformly applicable across all Federal agencies, and that hard-coding the mandate into the Commercial Platforms system would limit the ability of such agencies to use it. GAO may also wish to consider a footnote generally noting the 2020 legislation realigning the AbilityOne and Veterans First mandates at VA.

Reporting Commercial Platform Spend toward Small Business Goals

On pages 23-25, GAO describes efforts to facilitate reporting Commercial Platforms spend for agency small business goal performance. As noted on page 24, one element of that effort requires that the vendor has registered in the System for Award Management (SAM) as a small business. This mirrors a provision in the Commercial Platforms legislation as well (National Defense Authorization Act for Fiscal Year 2018, § 846(f)(2)).

While VA welcomes the opportunity to encourage greater small business utilization, the report as drafted significantly understates the challenge presented. A vendor does not register in SAM as a small or large business, as a simple binary choice. Small business size depends instead on the North American Industry Classification System (NAICS) codes under which the vendor registers. Different NAICS codes may invoke different size standards as defined by the Small Business Administration (SBA). A firm may be small in some NAICS codes and large in others.

Whether a vendor is large or small depends on the NAICS code assigned to the transaction, not to the NAICS code the vendor considers its primary field of operations. As SBA regulation notes, the NAICS code for a transaction should be the code that “best describes the principal purpose of the product or service being acquired” (see 13 C.F.R. § 121.402(b)). A vendor that sells a variety of products within different industries may be small for some transactions and large for others.

Purchasers will need guidance on how to determine, assign and record a NAICS code for their transaction, and either look up the vendor’s registration to determine its size or

Page 2 of 3

Enclosure

The Department of Veterans Affairs Comments to
Government Accountability Office Draft Report
**GSA Commercial Platforms Program: Opportunities Exist to Improve
Implementation**
(GAO-23-106128)

the data system will need to identify the vendor's registration specifically for that NAICS code. In addition, to prevent abuse, SBA regulation provides for SBA review of NAICS code selections (13 C.F.R. § 121.402(d),(e),(f)) as well as a protest process for reviewing whether a vendor's representation of its status is valid (13 C.F.R. § 121.1001 *et seq.*). Size protests may be filed by an interested party, but it is not clear what an interested party would be for the Commercial Platforms program. On the other hand, not implementing these processes in the Commercial Platforms program would imply acceptance of the vendor's self-representation, which Congress has found unsatisfactory for other small business programs and has led to mandates for formal certification.

A potential alternative to a transaction-by-transaction designation of the NAICS code, and the related size standard, could be designation of a NAICS code for the business itself. In fact, SBA regulation does provide for vendors to designate a primary NAICS code when seeking certification for certain SBA socioeconomic programs (13 C.F.R. § 121.404(b)). However, if this primary NAICS code is used to determine small business size for a Commercial Platforms transaction, this may result in the same vendor selling the same items being treated differently depending on which process is used. A vendor is not precluded from participating in contract actions with NAICS codes other than its primary NAICS code, and those actions may imply different size standards.

VA recommends GAO include language identifying some of these complex issues that will need resolution as part of an effort to improve small business reporting in the Commercial Platforms program. Otherwise, users of the report may under-estimate the challenges involved and have unrealistic expectations for the timeframe required for resolution.

Both the AbilityOne and small business reporting issues become even more salient if GSA expands the scope of the program to transactions above the micropurchase threshold, as envisioned by the legislation.

Accessible Text for Appendix IV: Comments from the Department of Veterans Affairs

June 23, 2023

Ms. Marie A. Mak
Director
Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

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Tanya J. Bradsher
Chief of Staff

Enclosure

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Both the AbilityOne and small business reporting issues become even more salient if GSA expands the scope of the program to transactions above the micropurchase threshold, as envisioned by the legislation.

Appendix V: Comments from the Department of Defense

Appendix V: Comments from the Department of Defense



ACQUISITION AND SUSTAINMENT

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

Ms. Marie A. Mak
Director, Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Mak,

This is the Department of Defense (DoD) response to the GAO Draft Report GAO-22-106128, "GSA COMMERCIAL PLATFORMS PROGRAM: Opportunities Exist to Improve Implementation," dated May 25, 2023 (GAO Code 106128). While the draft report did not include any recommendations for DoD, I am supportive of Recommendation 1 to the Administrator of the General Services Administration (GSA). I am offering one comment regarding Recommendation 2 to the Administrator of the GSA that warrants your attention.

Enclosed is DoD's response to the subject report. My point of contact is Sheila McGlynn who can be reached at sheila.a.mcglynn.civ@mail.mil or 703 697 4402.

Sincerely,

ROBINSON.
MARYKATHR
YN.SQUIRE.
1272148119

Digitally signed by
ROBINSON.MAR
YKATHRYN.SQUI
RE.1272148119
Date: 2023.07.03
16:55:58 -04'00' *for*

John M. Tenaglia
Principal Director,
Defense Pricing and Contracting

Enclosure:
As stated

GAO Draft Report Dated May 25, 2023
GAO-22-106128

“GSA COMMERCIAL PLATFORMS PROGRAM: Opportunities Exist to Improve
Implementation”

DEPARTMENT OF DEFENSE COMMENTS TO THE GAO DRAFT REPORT

Recommendation 1: The Administrator of the General Services Administration (GSA) should ensure that the Commissioner of the Federal Acquisition Service develops a plan to formalize its manufacturer part number efforts intended to help ensure AbilityOne products are procured in lieu of their essentially the same counterparts.

DoD Comment: DoD is supportive of this recommendation.

Recommendation 2: The Administrator of the General Services Administration (GSA) should ensure that the Commissioner of the Federal Acquisition Service, in consultation with the Small Business Administration, develops a more efficient process to enable participating agencies to include small business spend on the commercial platforms toward their small business goals.

DoD Comment: DoD recommends GAO reconsider this recommendation. Implementation of the current requirements to determine small business size in accordance with the Small Business Act and as implemented in Federal Acquisition Regulation (FAR) part 19 to count toward agency small business goals through agency use of the GSA Commercial Platform, without legislative changes to the Small Business Act to use a streamlined process, would likely be significantly burdensome to participating vendors. If GAO’s recommendation is implemented and these vendors are required to submit the information to determine size status existing vendors may cease, and prospective vendors may avoid, participating on these platforms due to the additional burden of providing this information.

Per the current Small Business Act requirements, the Small Business Administration (SBA) establishes size standards that are based on annual revenue and/or number of employees of vendors with a few additional exceptions. The FAR then requires, for federal contracting actions over the micro-purchase threshold (MPT), that vendors register in the System for Award Management (SAM) and identify their annual revenue and number of employees. Contracting officers then determine the vendor’s size on each procurement award in accordance with SBA’s published size standards based on the North American Industrial Classification System (NAICS) code identified for the procurement and the vendor’s SAM registration information. This contracting officer’s size determination is then used, when reported to the Federal Procurement Data System

**Appendix V: Comments from the Department
of Defense**

(FPDS), in calculations for small business goals. Currently, vendors who accept the governmentwide commercial purchase card (GPC) for purchases under the MPT, are not required to register in SAM and do not have to provide the information on annual revenue and the number of employees. If Recommendation 2 is implemented, these vendors would be required to register in SAM or provide this information in the platform provider's application to participate in the program. Under the current process, vendors who provide commercial products to the Government as part of the e-platform program under or at the MPT can voluntarily register in SAM or if they have contract actions over the MPT are required to register in SAM.

To implement the recommendation without the need to place this additional burden on these vendors, DoD believes legislative changes would be necessary. Without such legislative changes to the Small Business Act to allow a more streamlined means of determining the size of a vendor, enabling agencies to count spend toward their small business goals as part of the e-platform program will require as stated above collection of the information on annual revenue and number of employees from all vendors participating in the commercial platforms (either through registration at SAM or in each of the commercial platform provider's applications). As explained, vendors accepting the GPC for purchases under the MPT today are not required to provide this information. This process would be considered a new burden in order for them to participate with the commercial platforms and would likely drive away some small businesses from the marketplace – reducing competition for the agencies and having the opposite effect of what is intended.

If however, the intent of this recommendation is to limit identification of a more efficient process for agencies to count small business spend to only those vendors who are either already required to register in SAM.gov or who have voluntarily chosen to do so rather than making it mandatory for all platform vendors, and the GAO recommendation is updated to clarify this, DoD would have no concerns. This way forward would admittedly limit the capture of small business platform spend agencies are able to report and get credit toward their small business goals through FPDS reporting, but importantly, it would avoid discouraging small business participation in the e-platform program.

Accessible Text for Appendix V: Comments from the Department of Defense

Ms. Marie A. Mak
Director, Contracting and National Security Acquisitions
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

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Sincerely,

ROBINSON.MARYKATHRYN.SQUIRE.1272148119 for

John M. Tenaglia
Principal Director,
Defense Pricing and Contracting

Enclosure:

As stated

GAO Draft Report Dated May 25, 2023 GAO-22-106128

"GSA COMMERCIAL PLATFORMS PROGRAM: Opportunities Exist to Improve Implementation"

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Per the current Small Business Act requirements, the Small Business Administration (SBA) establishes size standards that are based on annual revenue and/or number of employees of vendors with a few additional exceptions. The FAR then requires, for federal contracting actions over the micro-purchase threshold (MPT), that vendors register in the System for Award Management (SAM) and identify their annual revenue and number of employees. Contracting officers then determine the vendor's size on each procurement award in accordance with SBA's published size standards based on the North American Industrial Classification System (NAICS) code identified for the procurement and the vendor's SAM registration information. This contracting officer's size determination is then used, when reported to the Federal Procurement Data System (FPDS), in calculations for small business goals. Currently, vendors who accept the governmentwide commercial purchase card (GPC) for purchases under the MPT, are not required to register in SAM and do not have to provide the information on annual revenue and the number of employees. If Recommendation 2 is implemented, these vendors would be required to register in SAM or provide this information in the platform provider's application to participate in the program. Under the current process, vendors who provide commercial products to the Government as part of the e-platform program under or at the MPT can

voluntarily register in SAM or if they have contract actions over the MPT are required to register in SAM.

To implement the recommendation without the need to place this additional burden on these vendors, DoD believes legislative changes would be necessary. Without such legislative changes to the Small Business Act to allow a more streamlined means of determining the size of a vendor, enabling agencies to count spend toward their small business goals as part of the e-platform program will require as stated above collection of the information on annual revenue and number of employees from all vendors participating in the commercial platforms (either through registration at SAM or in each of the commercial platform provider's applications). As explained, vendors accepting the GPC for purchases under the MPT today are not required to provide this information. This process would be considered a new burden in order for them to participate with the commercial platforms and would likely drive away some small businesses from the marketplace – reducing competition for the agencies and having the opposite effect of what is intended.

If however, the intent of this recommendation is to limit identification of a more efficient process for agencies to count small business spend to only those vendors who are either already required to register in SAM.gov or who have voluntarily chosen to do so rather than making it mandatory for all platform vendors, and the GAO recommendation is updated to clarify this, DoD would have no concerns. This way forward would admittedly limit the capture of small business platform spend agencies are able to report and get credit toward their small business goals through FPDS reporting, but importantly, it would avoid discouraging small business participation in the e-platform program.

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, the following staff members made key contributions to this report: Tatiana Winger, Assistant Director; LeAnna Parkey, Analyst-in-Charge; Laura Greifner; Adriane Kline; Timothy Moss; Marissa Stapley; and Adam Wolfe. Other contributions were made by Breanne Cave and Matthew T. Crosby.

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