

“Data Centers and the Cloud, Part II: The Federal Government’s Take on Optimizing New Information Technologies Opportunities to Save Taxpayers Money”

Questions for the Record

FedRAMP (the Federal Risk and Authorization Management Program) is a standardized approach to cloud security certification that will save the government money, time, and staff by eliminating redundant individual agency security assessments. GSA claims it will save an estimated \$200,000 per authorization. FedRAMP is a critical part of OMB cloud-first policy. Yet, we continue to hear complaints from the agencies and industry about the program's slow progress.

The Committee is aware that, as of July 2013, eight cloud services providers are now compliant with FedRAMP requirements. Five cloud providers have been granted government-wide provisional authority, including AT&T, Autonomic Resources, CGI Federal, Hewlett-Packard and Lockheed Martin. Three other cloud providers have been granted agency Authority to Operate, including Amazon Web Services’ GovCloud and US East/West offerings, each receiving authorization by the Health and Human Services Department. The Agriculture Department’s National Information Technology Center (secure government cloud provider) has been granted an authority to operate by the USDA Office of the CIO.

The Committee continues to hear complaints from the agencies and industry about FedRAMP's slow progress. In fact, the program currently stands at just eight cloud services providers including the ones granted by individual agencies. Mr. VanRoekel stated in his response to the QFR following OGRs full committee's 1/23 hearing--

"The FedRAMP program office at GSA anticipates that additional Provisional Authorizations will be forthcoming with continued authorizations during FY 2013."

Q1: What is the current status of FedRAMP and how many cloud services providers do you anticipate to have under the government-wide FedRAMP by the end of FY2013 and FY2014?

GSA Response:

The FedRAMP Program Management Office (PMO) is currently working with ten different cloud services through the provisional authorization process with the FedRAMP Joint Authorization Board (JAB) while also maintaining the continuous monitoring programs for the five provisionally authorized cloud services. The FedRAMP PMO anticipates capacity to increase over the course of the next year to enable processing of about fifteen cloud services while maintaining the continuous monitoring activities of those services provisionally

authorized. Additionally, the FedRAMP PMO assists agencies across the Government, like the U.S. Department of Health and Human Services and U.S. Department of Agriculture, through their own security authorization processes to ensure the cloud services they use meet the FedRAMP requirements.

As the June 2014 deadline approaches for agencies to comply with FedRAMP, the FedRAMP PMO anticipates an increase in agency authorizations along with the JAB provisional authorizations that meet the FedRAMP requirements. The FedRAMP PMO is assisting the Office of Management and Budget (OMB) to verify agency compliance through PortfolioStat reporting and reviews. Additionally, the FedRAMP PMO continues outreach to Federal agencies to assist with leveraging the current provisional authorizations.

The FedRAMP PMO anticipates having another three services provisionally authorized by the JAB through the end of the FY 2013, for a total of eight services through the JAB. Additionally, the FedRAMP PMO anticipates having another twelve provisional authorizations by the end of 2014, for a total of twenty services through the JAB.

Q2: Do you believe the FedRAMP process will deliver the cost savings predicted?

GSA Response:

Yes. Preliminary results from agencies leveraging FedRAMP authorizations show that agencies are attaining cost avoidance of more than \$200,000 per authorization leveraged.

The System for Award Management (SAM) is an E-Gov initiative aims to integrate 10 different legacy acquisition systems into a single shared system - streamlining processes, eliminating redundant data, and saving taxpayer money. Late last fiscal year (9/2012), the initial launch of this system failed. The Committee is aware that OMB and GSA (SAM's program management organization) has since held TechStat reviews and restructured the program.

Q3: Please provide a short chronology (month and year) outlining the initiative's inception, deployment, and efforts made by the new leadership;

GSA Response:

**System for Award Management (SAM)
High Level Chronology**

(as provided in July 2013 to the House Committee on Government Oversight and Reform)

Jul 29, 2012	SAM Go-live - Early challenges in system stability
Aug 13, 2012	First day SAM was operational continuously for 24 hours for reps & certs (legacy Online Representations and Certifications Application (ORCA)) and registrations (legacy Central Contractor Registration (CCR) database /Federal Agency Registration (FedReg) database)

Aug 21, 2012	Department of Defense (DoD) issues class action deviation for vendor registration in SAM in order to issue awards
Oct 22, 2012	Administrator Tangherlini announces change in management of SAM/Integrated Award Environment (IAE) to a Federal Acquisition Service (FAS)/ Office of Chief Information Officer (CIO) partnership
Nov 21, 2012	Exclusions functionality (Excluded Parties List System (EPLS)) operational in SAM (Legacy contract support ended January 2013) - Early stability challenges with search features
Nov 27-Dec 10	GSA re-worked SAM search functionality and stabilized operations
Dec 12, 2012	DoD ends Class Action Deviation – SAM
January 2013	GSA initiated the analysis of alternatives to establish the long-term strategy for the IAE portfolio modernization
Mar 8, 2013	Security Vulnerability detected – patch applied immediately, vulnerable users contacted, at-risk population offered with credit monitoring. GSA re-worked the SAM security framework over the coming weeks for permanent resolution
May 23, 2013	Draft alternatives analysis presented to agency stakeholders and OMB concurrence received
June 26, 2013	608 notification letter sent to the Subcommittee on Financial Services and General Government Committee on Appropriations and the House and Senate Committees on Appropriations notifying change in management structure and funding sources supporting the IAE program
Jul 12, 2013	Launch of redesigned Federal Service Desk website
Systems Releases	Scheduled Systems releases December 2012 and January, February, April, May, June, and July of 2013 – corrected over 4,000 defects and usability issues, and incorporating Federal policy requirements and improved functionality.
Outreach/Training	Hosted six live public webinars for approximately 5,000 attendees regarding: Migrating from CCR to SAM for companies, Grantee Users of SAM, and SAM for Government Users

Q4: Please provide estimated dollars spent on SAM thus far and the current estimate for the planned approach;

GSA Response:

Estimated dollars spent on SAM thus far: As GSA works to stabilize SAM from its initial July 2012 launch, continued consolidation of systems is frozen and key processes remain within legacy applications. The current SAM application contains functionality of the three legacy systems, CCR, ORCA, and EPLS, and has cost \$53 million to develop and maintain from its inception in FY 2010 through June 30, 2013.

Estimated cost for planned approach: GSA met with OMB at a TechStat and did work to establish a path forward. Once the final sequencing of milestones has been established, coupled with acquisition strategies, the long-term estimated costs of the overall program will be better understood. GSA feels confident that the overall cost of the program, as well as our approach moving forward, will offer the best overall value to the taxpayers. Our intention is that the proposed approach moving forward will lower the life-cycle costs of the program as compared to the costs incurred for simply operating the existing legacy systems indefinitely.

Q5: The Committee understands that the GSA CIO was not involved in the SAM program until after OMB held a TechStat and the program was reorganized. Please explain why the CIO was not involved in the development of a critical IT system that is used by ALL agencies. Please provide the current status, including program management organization structure and the names of the individuals responsible for the success of the program going forward.

GSA Response:

When the SAM system was launched and the program flaws became evident, it was apparent that much greater IT leadership and CIO involvement was necessary, in addition to the ACE governance. In October 2012, the GSA Administrator transferred the technical oversight of the SAM/IAE program to GSA's CIO so that the technical flaws in the system could be identified and rectified, the system could be stabilized, and a long-term strategy could be established for the IAE.

Building on the lessons learned from the SAM/IAE program, the GSA Administrator also conducted a top to bottom review of the GSA IT organization, and empowered the GSA CIO to undertake a consolidation program, bringing together all IT programs, projects and investments, under the direct oversight of the GSA CIO. This consolidation process is well underway, and several teams are working to bring together the personnel, processes, resources, contracts, and budgets into one, cohesive IT organization. Under this new model, the GSA CIO will be directly accountable and empowered to oversee all GSA IT investments, projects, and initiatives.

Software Acquisition. The Federal Government uses a huge number of copies of COTS software. When people move or change their computers, some of these licenses become dormant and become what is often called 'shelf-ware.' Some say we have numerous such shelf-ware licenses, but we do not know for sure because agencies do not have a comprehensive inventory of their IT assets; despite the statutory requirement under the Clinger-Cohen Act for IT inventory. Moreover, even if an agency wants to utilize such shelf-ware or excess software licenses, they are often prohibited under the user-license agreement from transferring it to the other federal agencies. The Committee is aware that

the UK Government is structuring its software license agreements so that the entire UK Government is one user.

Q6: In your response to the QFR following OGR full committee's 1/23 hearing, you indicated--

"OMB has followed the work of the UK closely in regards to COTS software purchases and the move to a single user model. The approach is quite interesting and there are a number of initiatives that are helping the UK better purchase at scale and reduce the number of duplicative contracts and licenses."

Please share your findings regarding possible U.S. adoption of the successful UK approach.

GSA Response:

Please see answer provided by the Office of Management and Budget.

Q7: How do you think the government can better manage its software user licenses so that there are no software licenses we purchase but do not use?

GSA Response:

Please see answer provided by the Office of Management and Budget.

Cloud First Initiatives. As part of the administration's cloud-first policy, each agency is required to identify at least three legacy systems that could be replaced by cloud solutions.

Q8: Please provide the list and status of the major cloud migration initiatives in the Federal Government.

GSA Response:

Please see answer provided by the Office of Management and Budget.

PortfolioStat. Initiated in March, 2012, the OMB PortfolioStat initiative is a tool that agencies use to make decisions on eliminating duplication and moving to shared solutions in order to maximize the return on IT investments across the enterprise. Through the PortfolioStat process, agencies are expected to develop a clearer picture of where duplication exists across their respective bureaus and components. This analysis should inform the budget process and help agency Deputy Secretaries eliminate waste and duplication within the IT portfolio. OMB projects PortfolioStat will save \$2.5B.

Q9: How many PortfolioStats have been held and with which agencies?

GSA Response:

Please see answer provided by the Office of Management and Budget.

Q10: Why was the previous PortfolioStat savings goal of \$2.5B not revised to reflect the merger of FDCCI into PortfolioStat? Considering the \$3B savings goal for FDCCI, shouldn't the new combined savings be \$5.5B?

GSA Response:

Please see answer provided by the Office of Management and Budget.

Q11: We've heard from GAO today that CIO authority is an issue with implementing PortfolioStat. What actions are you taking to address CIO authority?

GSA Response:

Please see answer provided by the Office of Management and Budget.

Q12: Will data center consolidation lose focus if it is merged under PortfolioStat?

GSA Response:

Please see answer provided by the Office of Management and Budget.

TechStat Accountability Sessions (TechStats), which are evidence-based reviews of each investment aimed at turning around or stopping troubled investments. In December 2010, OMB stated that these sessions resulted in \$3 billion in reduced life-cycle costs and subsequently incorporated the TechStat model into its 25-point plan for reforming Federal IT management.

OMB is holding less number of TechStats and overly relying on each agency. OMB held 59 TechStats in 2010, 5 in 2011, and at least 6 in 2012. GAO reported that OMB-led TechStats represented only 18.5% of the troubled investments. For the 4 selected agencies GAO reviewed, the number of TechStats represented 33% of the investments that have a medium or high-risk rating.

Q13: GAO reported that OMB-led TechStats represented only 18.5% of the troubled investments. How many OMB-led TechStat sessions were held in 2012 and 2013? Shouldn't 100% of the troubled investments be reviewed?

GSA Response:

Please see answer provided by the Office of Management and Budget.

Q14: It is the Committee's understanding that TechStat was created, in part, because agency CIOs were not doing appropriate reviews of their IT investments. Yet 3 years later

OMB seems to be returning back to relying upon agency CIOs. Will OMB stay engaged in TechStats?

GSA Response:

Please see answer provided by the Office of Management and Budget.

Q15: What programs are on your TechStat radar screen? Specifically, what programs have you recently reviewed and what programs are on your schedule to review? How many TechStats does OMB plan to hold in FY2013 and FY2014?

GSA Response:

Please see answer provided by the Office of Management and Budget.

IT Acquisition Workforce. Between fiscal years 2002 and 2012, acquisition spending by the Federal Government expanded by 95 percent, from \$264 billion to roughly \$514 billion. While contract spending has risen dramatically, the number of acquisition professionals did not keep pace. Even more troubling, a significant portion of the current acquisition workforce will be eligible to retire over the next decade.

Q16: Do you believe that the government's acquisition workforce is adequate, in terms of size, experience, and expertise, to carry out the activities required for effective use of strategic sourcing, transition to the cloud, and shared services for Information Technology?

GSA Response:

The acquisition workforce (comprising contracting professionals, contracting officer's representatives, and program/project managers) has grown modestly over the last several years. OMB is encouraging agencies to retain these critical members of the Federal workforce in this tight budgetary environment because they can help agencies save money for mission critical support. Investment in our acquisition workforce is critical to ensure we have the necessary capabilities to execute agency missions.

For nearly 30 years, OMB has partnered with GSA to operate the Federal Acquisition Institute (FAI) in order to train and develop a professional and capable acquisition workforce. GSA works closely with OMB who leads agencies in an acquisition workforce planning process each year to ensure agencies understand their acquisition workforce and plan their training and development. Both GSA and OMB are committed to ensuring the acquisition workforce is adequate for executing IT acquisitions. FAI currently leads the Program/Project Managers (P/PM) Functional Advisory Board and has recommended that IT competencies be incorporated into the P/PM certification process for IT Program Managers.

Forty percent of the civilian agency 1102 workforce is able to retire in the next five years. Another third have fewer than five years of experience. GSA works with OMB and the civilian

agencies every day to ensure the workforce is recruited, trained, developed, and retained to deliver the best value for taxpayer dollars.

The U.S. Office of Personnel Management (OPM) and the Chief Human Capital Officers Council have designated acquisition one of the five Government-wide mission critical occupations that are strategic priorities for skills gap closure. OPM is partnering with the Federal Acquisition Institute (FAI) and Defense Acquisition University (DAU) to increase the percentage of the acquisition workforce that is certified to deliver effective support for agency contracting operations. Progress against this goal is reported on www.performance.gov as one of the President's Cross Agency Priority (CAP) Goals.

Contract duplication (i.e., many contracts for the same or similar services across the federal enterprise), especially in IT, is a major challenge facing the Federal procurement system. It increases costs for government and industry, costs that are ultimately borne by the taxpayer. Contract duplication increases bid and proposal, administration and overhead costs for all.

Q17: Duplicative cloud contracts are being established by various agencies for requirements such as infrastructure or cloud-brokerage services (e.g., GSA, DOI, DISA for infrastructure-as-a-service), wasting government & industry resources. What can be done about reducing the amount of duplication in contracting vehicles available to Federal agencies?

GSA Response:

Because agencies often have complex and unique requirements, ordering procedures, service level agreements, and financial systems, the use of our existing cloud Blanket Purchase Agreement (BPA) is proving difficult for some, leading them to enter into their own contracts. In addition, many agencies opted to move their e-mail to the cloud prior to GSA awarding the Email as a Service BPA. What GSA has been finding is that we have to pay close attention to creating extremely flexible acquisition vehicles that incorporate carefully gathered and implemented lessons learned.

Regarding promoting the use of governmentwide contracts as opposed to the proliferation of agency-specific vehicles, we suggest greater education of contracting officers as to the availability and pros and cons of using these contracts. In addition, we must eliminate agency barriers preventing the greater use of external contracts. For example, one agency requires their contracting officers to prepare a Determination and Findings when using external contracts. This requirement discourages busy contracting officers from using governmentwide contracts.

We suggest the review of Multiple-Award Contracts and governmentwide contracts, and increased scrutiny over the creation of single agency contract vehicles. The proliferation of single agency contract vehicles dilutes the government's buying power. Aggregated buying power can be leveraged through the use of GSA Governmentwide Acquisition Contracts and other pre-competed GSA contract vehicles. In addition, the use of GSA's pre-competed contract vehicles can shorten the procurement cycle. In an agency mission-centric culture, it is

characteristic that an agency program office/requiring activity will seek and demand the shortest and quickest road to accomplish its mission. The contracting activity for single agency vehicles generally takes one to two years to award.

Government duplication of already existing software capabilities The Committee is aware of numerous instances where the government has decided to “make” or develop its own software systems, despite the ready availability of commercially viable products.

- For example, GSA has determined to build a government reverse auction platform, despite the availability of commercial reverse auction software packages.
- OPM has developed HR software, which it is offering to other federal agencies, despite the availability of mature HR software packages in the private sector.
- OMB, in its recent policy memorandum M-13-08, appears to be focused upon government development of financial management systems, despite the ready availability of commercial alternatives.

Q18: Why did GSA decide to build its own internal reverse auction tool (ReverseAuctions.gsa.gov) (“RA platform”) rather than engage existing commercially available solutions?

GSA Response:

GSA conducted a basic make or buy decision considering the cost of internal development (making) versus the cost of purchasing commercial offerings (buying). Although commercial fee models varied, the overall cost to the government was determined to be lower if GSA developed an offering in-house. In-house development costs were low because the GSA’s Reverse Auction Platform is built on existing GSA IT infrastructure and leverages GSA eBuy and GSAAuctions.gov software and expertise.

a. What was the cost to GSA of that initial development effort?

The initial development effort cost about \$600,000 because we were able to redeploy existing GSA infrastructure for a modified purpose.

b. Did GSA personnel access other reverse auction provider websites or software for purposes of, or related to, researching, designing or building the RA platform?

As part of market research, GSA reviewed a variety of publicly available websites and other information related to electronic auction and reverse auction concepts. GSA contracts and BPAs are also available on a commercial reverse auction website.

c. What are the ongoing annual costs of maintaining the system and continuing to develop system enhancements to the RA platform?

As deployed today, the annual maintenance costs are approximately \$300,000. On the basis of customer feedback and customer usage of the platform and enhancements, an additional \$3 million in development is planned for FY 2014, inclusive of maintenance for the system as it exists today. Once complete, the on-going maintenance costs of the system are expected to be approximately \$1 million per year.

d. What cost/benefit analysis did GSA conduct prior to contracting out the design and development of the RA platform?

It should be noted that the GSA Reverse Auction Platform is a derivative of two existing GSA web platforms: GSA eBuy and GSAAuctions. Government full time equivalent employees and contractor resources were used to modify existing GSA technology to perform a new function.

On the basis of market research, GSA found the current reverse auction market is approximately \$1 to 2 billion in auction value per year. Considering commercial fees range from 1 to 3 percent of the auction value, GSA estimates the government spends between \$10 million (\$1 billion times 1 percent) and \$60 million (2 billion times 3 percent) per year on reverse auction services. The potential savings, low cost, and low risk associated with the reuse of existing GSA technology led to the decision to create an in-house system.

Secondary “soft benefits” were also considered. Specifically, the ability to collect transaction-level pricing data is a key feature that will help drive better buying across government. Additionally, the GSA Reverse Auction Platform is a value-added feature of the GSA Multiple Award Schedules program and other GSA contracts. Making GSA contracts more valuable will reduce the need for other Agencies to award similar contracts.

Q19: GSA has clearly indicated that its RA platform is competing with commercial platforms, highlighting “No Additional Fees” as a management benefit in its overview slide deck. What are GSA’s long-term goals with respect to its RA platform’s effect on commercial providers?

GSA Response:

It is the mission of GSA to “deliver the best value in real estate, acquisition, and technology services to government and the American people.” Providing a Reverse Auction Platform within our existing fee structure increases GSA’s value to customers, and therefore, is consistent with the mission of GSA. GSA’s long-term goal is to fulfill our mission. Commercial providers are considered in the context of the “make or buy decision” GSA conducted when determining which approach would be more valuable to government and the American people.

Q20: Does OMB or the CIO Council review government initiatives to develop government IT solutions when commercial alternatives are available? Does the government utilize any form of “make/buy” analysis?

GSA Response:

Please see answer provided by the Office of Management and Budget.

Q21: Under what circumstances is the government better suited to develop and deploy internal IT systems than to acquire these requirements from the commercial market?

Whether private sector or government, the decision to in-source or to outsource the development and deployment of IT systems is a complex one. As needs for systems are identified, a rather structured decision process is called for in order to consider the many factors that will constitute the optimal approach and assure results that adequately meet the agency's requirements. A critical success factor independent of deciding whether to build or buy is identifying the right mix of contractors and Federal employees for effective support of the system throughout its life cycle, and ensuring that project management and contract oversight reflect sufficient expertise to validate that commercial work products and performance meet contract requirements and standards, scheduled milestones, and budget constraints over the course of the system/application lifecycle.