



February 9, 2026

Laura Stanton
Deputy Commissioner
Federal Acquisition Service
General Services Administration
1800 F Street, NW
Washington, DC 20006

Subject: Request for Information on Value Added Resellers

Dear Ms. Stanton:

The Coalition for Common Sense in Government Procurement (Coalition) is submitting this letter in response to the Request for Information (RFI) regarding information technology (IT) Value Added Resellers (VARs). By way of background, the Coalition is a non-profit association of firms selling commercial services and products to the federal government. Our members include small, medium and large business concerns which collectively deliver goods and services to the federal government valued at over \$145 billion annually. The Coalition is proud to have collaborated with government officials for over 45 years in promoting the mutual goal of common-sense acquisition.

Commercial, Cost-Effective Solutions

This Administration issued an executive order embracing “Commercial, Cost-Effective Solutions in Federal Contracts.” The Secretary of War has issued memos on commercial contracting, and commercial contracting has been an emphasis of the Revolutionary Federal Acquisition Regulation Overhaul (RFO). These efforts are consistent with past efforts such as the Federal Acquisition Streamlining Act of 1994, which established a preference for commercial solutions in federal government contracting, and recent provisions of the National Defense Authorization Act of 2026 urging the Department of War to acquire commercial solutions where at all possible. This clear, long-term, bipartisan, unambiguous desire to rely on the commercial sector for goods and services to the maximum extent practicable is well founded. Commercial firms efficiently and effectively provide the best value at the lowest competitive pricing through an innovative mix of products and services to fulfill the government’s mission. The commercial VAR market’s sheer size, accounting for well over \$100 billion annually, reflects the value VARs deliver to customers and Original Equipment Manufacturers (OEMs). In addition to cost efficiency, the commercial VAR model transfers significant execution, integration, compliance, and lifecycle risk from the customer to the contractor through fixed-price solutions. This risk transfer is a core reason the model is relied upon in both commercial and federal markets and is directly aligned with the Administration’s emphasis on outcomes and accountability.

Commercial Shared Services Business Model

“Value added” technology resellers have that name for a reason. Resellers are essentially a *commercial shared services business model*, managing capability and inventory on behalf of both their commercial and government customers. These firms are a critical part of the information IT

ecosystem, providing planning and design services that encompass multiple hardware, software, and other technological solutions to meet a specific customer need. They may troubleshoot, install, migrate, and provide other valuable services related to compliance, accessibility, cybersecurity, artificial intelligence, maintenance, and privacy. These services require time, resources, labor, and technical knowledge. Like any other business, VARs also have indirect costs, such as the Cybersecurity Maturity Model Certification (CMMC) and cybersecurity compliance, contract administration and reporting, inside sales and customer support staff, insurance, bonding, financing, warehousing, travel, logistics, warranty, and returns. OEM channel programs are intentionally structured to rely on authorized VARs to perform these functions at scale. These programs enforce certification requirements, security standards, supply-chain integrity, warranty control, and compliance obligations that OEMs do not typically perform directly and are not designed to replicate across thousands of customers. In many instances, the commercial and government sectors do not have the workforce or knowledge base to manage their IT resources. If VARs were limited in their ability to recoup these costs, it would drive commercial VARs from the federal market and have the unintended consequence of slowing and crippling the government's modernization efforts. Driving VARs out of the federal market will limit competition, raise costs, and reduce access to innovation driven by the commercial marketplace. Moreover, the apparent approach to VARs reflected in the RFI is fundamentally at odds with the RFO's primary goal of streamlining acquisition and expanding access to commercial products, services, and solutions.

Cost vs. Fixed-Price

Requiring commercial VARs to break down the costs of hardware and software versus the cost of labor would essentially convert fixed priced contracts and orders into cost reimbursement contracts and orders, which is contrary to this Administration's emphasis on reducing, not increasing, cost reimbursement contracts. Small businesses, new commercial entrants, and non-traditional contractors do not have the accounting capabilities to comply with cost reimbursement contract requirements, and upgrading accounting systems would increase costs for industry and ultimately the government. The commercial sector and government prefer fixed-price contracts because it places the risk of performance on the contractor, who must perform regardless of the costs incurred. Making these contracts and orders cost reimbursement would shift the risk to the government, and the government would ultimately pay more, not less, for delivered goods and services. Beyond increasing administrative burden and cost, this approach shifts execution and cost risk back to the government, undermining the core benefit of firm-fixed-price commercial contracting where the contractor bears responsibility for performance regardless of internal cost structure. The approach envisioned by the RFI is at odds with the Administration's focus on firm-fixed price contracts and expanding access to the commercial market as reflected in the RFO.

Would Services be Provided at Lower Cost?

OEMs and software publishers (SP) may choose not to do business with the government directly for a variety of reasons, including the burden of compliance with non-commercial terms and conditions or where the federal market is a small portion of the firm's overall business. There appears to be a belief that OEMs or SPs could provide these value-added services at lower cost. The existence, scale, and durability of the commercial VAR market itself demonstrate that OEM-direct delivery is neither lower cost nor operationally preferable under normal market conditions. If

a materially lower-cost or more efficient delivery model existed, it would already have displaced the VAR ecosystem in the commercial marketplace. The robust commercial VAR market demonstrates that VARs provide a cost-effective, competitive channel for OEMs, benefiting commercial and federal government customers alike. VARs are also technology agnostic and can provide the government with unbiased design and planning services resulting in a mix of OEM technologies, hardware, and software. VARS also integrate those technologies in ways that best meet the agency's needs. Further, VARs often receive discounts from the OEMs that they work with, savings that are passed on to the end customer as part of the overall solution being competitively offered. If the government believes it can buy various hardware, software, and technology directly from OEMs at better discounts, it will have to manage all of those direct contracts (in-house or outsourced), and still plan, design, integrate, and maintain all of that hardware, software, and technology (either in-house or outsourced). The government will not pay less for the combined products and services in the end. Rather, the costs to the government will likely increase in accordance with the increased complexity of its approach to the IT market.

Sound Requirements and Competition Lead to Fair and Reasonable Prices

Low cost does not always equal best value. Ultimately, the government will receive best value IT solutions at fair and reasonable prices if it creates clear, sound, outcome-based requirements that enable full and fair competition based on value and price. Trying to re-engineer or redesign the existing commercial VAR market to meet a pre-judged notion of how markets "should" work could have the unintended consequence of reducing competition, resulting in less best value technical capability, vendor lock-in, and in the long-run higher, not lower, prices. Adequate price competition in response to a customer requirement provides for a fair and reasonable price determination. Moreover, to the extent GSA's RFI reflects questions regarding determination of fair and reasonable pricing at the contract level, the commercial market provides sufficient information on pricing to make sound determinations as to what a fair and reasonable price is. When this commercial market pricing information is combined with information provided by VARs regarding the scope of services provided in an offer or quote, contracting officers have sufficient information to make sound fair and reasonable price determinations. Attempts to evaluate pricing through isolated markup disclosure rather than total solution outcomes risk distorting competition and misaligning evaluations away from performance, integration success, and lifecycle accountability, which are the true drivers of best value in commercial and federal IT acquisitions.

Attached is additional feedback responsive to the RFI. The Coalition hopes you find our members' feedback useful. Thank you for your time and consideration. If you have any questions, I may be reached at (202) 331-0975 or rwaldron@thecgp.org.

Regards,

A handwritten signature in blue ink, appearing to read 'RWaldron', with a stylized flourish at the end.

Roger Waldron
President