

Coalition Comments on Federal IT Modernization

September 20, 2017

Thank you for the opportunity to provide feedback in response to the American Technology Council's ("ATC") recent request for comments regarding the modernization of Federal Information Technology ("IT").

The Coalition for Government Procurement ("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, and, collectively, they account for a significant percentage of the sales generated through the General Services Administration's ("GSA") contracts including the Multiple Award Schedule ("MAS") program. Coalition members are also responsible for many of the commercial item solutions purchased annually by the Federal Government. Our organization is proud to have worked with Government officials for more than 35 years towards the mutual goal of common sense acquisition.

Coalition members welcome the focus on IT modernization as a strategic facilitator in reorganizing government to enhance the delivery of secure, best value services, and support to the American people.

Key Questions

1. What are major attributes that are missing from the targeted vision?

The Coalition recommends that the ATC revise the draft report to fully address concerns related to the security of any consolidated Federal IT networks, the strategic vision for legacy systems, and how existing IT contracts (in particular, Alliant, Alliant 2, and a reformed IT Schedule 70), can streamline network modernization and the adoption of shared services.

IT Network Consolidation Security Risks

Consolidating the Federal IT Network into possibly one modernized network has the potential to be a significant security improvement or a security risk to the U.S. Government depending on the approach taken and the resources committed to the immediate effort and support over time. Clearly, an attack space with multiple entry points, especially if they are not known and cataloged, presents a risk. Coalition members, however, also are concerned that the current draft does not acknowledge the possible ramifications that its vision may have in regard to expanding or exposing security vulnerabilities

in a consolidated Federal IT network. We recommend that the ATC establish a working group of security experts focused on to what degree the Federal IT network should be consolidated and how it may be apportioned across Federal agencies while maintaining a robust level of security.

Rationalization of Resources

The current draft does not specify how the current allocation of Federal IT network resources, such as legacy systems and architecture frameworks, would be rationalized moving forward. Although the maintenance of legacy systems is not the intended focus of the report, we recommend that it be revised to incorporate network modernization, legacy systems, and portfolio rationalization. As the Federal IT network is modernized and/or consolidated, it is critical that these resources and investments be appropriately addressed to ensure efficiency and eliminate waste without undermining existing critical programs.

Cloud Funding

Although the Coalition supports the enabling of access to commercial cloud providers by agencies, the ATC should revise the draft report to recognize the significant cost associated with “end-of-contract” transitions. Specifically, cloud transitions are a labor-intensive activity that heighten the risks and costs of operations for both providers and government consumers of cloud technology. Often, these additional costs and risks associated with transitioning in the cloud environment exceed the possible savings that can be derived from commercial suppliers, making their use less desirable. By enabling agencies to enter into longer-term agreements for commercial cloud services, however, the ATC could address these issues. In particular, by instituting minimum 10-year contract terms, the ATC could provide the stability necessary for the saving opportunities associated with cloud services to outweigh the costs and risks associated with cloud transitions.

Opportunities to Access and Update Existing Government-Wide IT Contracts

As noted in the ATC’s draft, although procurement policies and procedures remain a weakness in acquiring the latest IT capabilities from the commercial market, it is an area where existing policies and programs can be updated readily to increase competition and access to commercial IT solutions. As a threshold matter, agencies and departments should look to utilize pre-existing contract vehicles, especially the IT Governmentwide Acquisition Contracts (“GWACs”) authorized by OMB, to meet IT modernization needs. In addition, nowhere is the opportunity for quick improvement more apparent than in GSA’s IT Schedule 70 program. Over the last five years, the Coalition has articulated a clear vision for Schedules reform. In an effort to improve competition and access to the commercial market through the Schedules program, the Coalition has proposed a holistic, comprehensive set of recommendations, including:

- modernizing the program’s pricing policies to reflect the 21st century commercial marketplace,

- eliminating the Price Reduction Clause, incorporating Other Direct Costs (“ODCs”), consolidating Special Line Items (“SINs”) and schedules,
- adding a cost reimbursement capability, and
- adopting an unpriced schedule model based on competition for agency specific requirements at the task and delivery order level.

Specific to the Federal IT Modernization strategy, we also recommend that in order to effectively prioritize High-Risk, High-Value (HVA’s), Schedule 70 should make additional labor categories and specialized pricing available for the categorization of information system risk.

Individually, each of these recommendations will deliver incremental change to the Schedules program. Collectively, their implementation will transform the IT Schedule 70 program into an IT innovation hub for modernization, one which affords agencies streamlined access to innovation while implementing the policy goals articulated by Congress in statute. Thus, the Coalition recommends that the ATC include these Schedule reforms in their final report, as they would provide the government with an opportunity to enhance competition and provide streamlined access to commercial IT solutions that are integral to the Federal IT Modernization plan.

2. What are major attributes that should not be included in the targeted vision?

The Government should make its acquisition decisions in an open and transparent manner to obtain the best solutions and to avoid appearances of favoritism and technology pre-selection. Moreover, consistent with Office of Management and Budget (“OMB”) guidance, agencies must continue to make technology-neutral decisions on IT and use voluntary, consensus-based industry standards to the maximum extent practicable. Public service through the performance of a Government contract is a valuable privilege that should be conferred only through a fair, open, and transparent process. Moreover, this approach affords the Government the most efficient channel to access cutting-edge innovation at fair and reasonable prices. Therefore, the Coalition recommends that the ATC revise the proposed pilot in Appendix D to ensure that it is all-inclusive, competitive, and free of any specific references to individual companies.

In addition, the overreliance on Enterprise Infrastructure Solutions (“EIS”) Acquisitions in the ATC’s proposal could restrict competition and access to innovation. Pursuant to the Competition in Contracting Act (CICA), solicitations are required to permit full and open competition and may only contain provisions and/or conditions that are restrictive to the extent necessary to satisfy agency needs. EIS Acquisitions, which consolidate multiple requirements from differing procurements into one contract, have the potential to undermine competition by excluding firms that can furnish a portion of the requirement. In particular, by inordinately bundling mandatory telecommunications service areas with optional service areas, EIS Acquisitions exclude commercial cloud and data center providers from the procurement, thus undermining the government’s access to the innovations those providers may have to offer. Such anti-competitive behavior is not in the government’s interest, as it elevates process,

i.e., consolidation, above the ability of agencies to access innovation at fair and reasonable prices. For this reason, the Coalition recommends that the ATC focus on identifying a portfolio of IT contract vehicles that can meet IT modernization needs, rather than focusing solely on EIS Acquisitions.

3. Are there any missing or extraneous tasks in the plan for implementing network modernization & consolidation?

The Coalition recommends that the ATC develop and include additional performance measurement requirements for agencies to track and report upon their progress implementing the Federal IT network modernization plan. These measures should include agency-specific assessments such as, but not limited to, schedule, budget, and deliverables. These requirements would allow the government to track progress over time towards the specific outcomes related to network modernization, cloud migration, and security envisioned by the ATC.

4. Are there any missing or extraneous tasks in the plan for implementing shared services to enable future network architectures?

There are a few additional areas where the Modernization plan could reduce currently burdensome and costly processes/practices that lead to inefficiencies and hinder technology adaptation, namely:

- reform of the ATO process
- establishing government-wide operating standards

The draft report should be revised to more comprehensively address the Authority to Operate (“ATO”) process. The ATO process is a non-standardized, time-consuming, and overly-complex process, which hinders the ability of Federal agencies to more readily adapt innovative technologies, such as the cloud environment. Moreover, its inconsistent application drives up costs and undermines the ability of the government to support a shared services model. Thus, the Coalition recommends that the ATC accelerate and standardize the ATO process across civilian agencies, as it will empower agencies to more easily access emerging technologies quickly and at lower costs.

In addition, Coalition members report that the lack of a government-wide standard for the Federal IT network has created distorted purchasing incentives for industry to develop “snowflake” applications, *i.e.* applications that are unique to the government purchaser, for many Federal customers. Significantly, the proliferation of these one-off developments increases the operational costs incurred by the government, and it hinders the government’s ability to modernize its network. Under these circumstances, the Coalition recommends that the ATC develop and implement a mandatory, government-wide operational standard for the Federal IT network.

Finally, when speaking of consolidating “commodity IT,” it should be remembered that the term is not found in statute. In contrast, “commercial items” and items that are “commercially available off-the-shelf,” are defined in statute as terms of art. Because commodity IT reasonably could be interpreted as

a subset of the foregoing terms, it is important to identify a definition of the term that is consistent with those terms of art and otherwise does not violate or undermine the law and public policy. This clarity will assist vendors seeking to bring their innovation into the government marketplace.

5. What is the feasibility of the proposed acquisition pilot?

As currently constructed, the proposed acquisition pilot adopts a one-size-fits-all approach, which will undermine the ability of Federal agencies to successfully achieve their missions. Rather than imposing a catchall approach to procurement, the ATC should explore strategies that account for the individual needs and goals of agencies. Indeed, the government should consider leveraging existing tools, such as the IT GWACs and the GSA Schedules Program, that provide agencies with the flexibility necessary to address their unique mission needs.

In addition, the feasibility of the pilot appears to be hampered by its limitation on competition. Specifically, by identifying “[s]uggested industry partners to target,” the proposed pilot limits competition to a limited number of sellers and assumes that product differentiation between these sellers’ offerings is limited. This self-imposed quarantine against access to market innovations runs counter to the long-standing practice of promoting technology-neutral decisions when procuring IT and otherwise is not in the government’s interest. Indeed, this approach could lead the government to “lock-in” onto specified solutions, rather than best value technology solutions that may accelerate the modernization process. Rather than limiting competition, the Coalition recommends that the ATC revise the pilot so that agencies can leverage the competitive forces of the free market and allow these forces to dictate product differentiation.

The Coalition is also concerned with the lack of meaningful metrics for assessing the performance of the pilot, as their absence appears to further undermine the feasibility of the pilot. In particular, the only metric currently included in the pilot is an end-state “check-list,” which serves only to evaluate whether certain tasks have been completed. It is difficult to see how this elevation of process over value and access to innovation serves the government at a time of significant budget pressure. What some view as the sclerotic nature of the current system arose from just this kind of focus on processes, rather than on providing improved value to supporting agency missions. Further, alone, this information would provide minimal benefit to the government, as it would not provide concrete evidence related to how, or if, the pilot has improved the procurement process, what value has been derived by agencies from those improvements, or the Total Cost of Acquisition associated with the approach. Thus, the Coalition recommends that the ATC revise the pilot to include measures that would provide the government with more useful performance indicators.