

- The buyer is to determine that the price of an item is fair and reasonable and that the purchase of the item will result in the best value to the Government.

When completing a purchase, the buyer is asked to:

- utilize the GSA SmartPay® GPC as the only authorized method of payment for purchases;
- follow all laws, regulations and/or agency policy(s);
- comply with FAR §8.002 regarding mandatory sources, to include the purchase of AbilityOne items;
- purchase sustainable products to the maximum extent practicable in accordance with FAR Part 23;
- consider items manufactured or supplied by small businesses, in accordance with FAR Part 19;
- not purchase restricted items or items from restricted suppliers; and
- consider a product's Country of Origin as part of their buying criteria, when made available.

The utilization of these ordering procedures are meant to help guide the agency buyer in purchasing through the proof of concept, in a manner that facilitates the fast, easy and effective acquisition of commercial products. While buyers will be responsible for following applicable acquisition regulations, the features and benefits of the e-marketplace portals are meant to facilitate easier compliance and access to a competitive buying environment.

5. Program Management and Measurement

GSA will perform the program management and measurement functions necessary to ensure that stated outcomes are being met by all participating e-marketplace platform providers. If shortcomings are identified with any of the platforms, GSA will take the appropriate action. This includes monitoring all areas in the contract through spend data analysis and buyer feedback, with a particular focus on supply chain risk management, data security, AbilityOne compliance, small business participation, price competitiveness, and the impact to other GSA programs.

Within the Phase II report, GSA outlined several key questions or objectives to be answered in the assessment of both the initial proof of concept, as well as the program at large. GSA has publicized these objectives to key stakeholders (particularly agencies that will be utilizing the proof of concept) to gather feedback and ensure that the developed Key Performance Indicators are clearly defined and clearly linked to stakeholder interests.

1. To what extent is the program successfully **modernizing the commercial item buying experience**?
2. To what extent is the program attracting buyers and thus **shifting work away from contracting officers** to allow them to focus on higher value and more complex work, and what changes would need to be addressed for a broader expansion?
3. To what extent can the program's increased transparency, both in terms of spending data visibility and access to mandatory source and socioeconomic programs, **drive better buying strategies and decisions**?

5.1 GSA's Approach to Program Measurement

To adequately measure the effectiveness of the initiative in meeting these objectives, the program is using a two prong approach, employing both quantitative and qualitative measures. Quantitative measures allow GSA and agencies to take product and spend data and analyze it in relation to such program details as small business utilization and AbilityOne compliance. This data will inform program key performance indicators (KPIs) and will

help determine how better buying strategies and decisions can be made through the use of these e-marketplace platforms.

At the same time, the user experience is an equally important measure as it speaks to the agency buyer's satisfaction in utilizing a managed channel for open market spend. Are buyers finding that the e-marketplace platforms provide easy and compliant access to commercial products? By employing a user experience framework, such as Google HEART,¹⁵ to structure the metrics, GSA will be able to organize analysis around areas such as satisfaction, adoption, retention and task success.

To effectively share measurement data across key stakeholders, GSA is utilizing the following performance management tools:

1. A **program scorecard**, will be made available to customer agencies to provide easy access to quantitative measures and their results with the ability to review the underlying data to support the agencies' spend analysis and spend management efforts.
2. A **proof of concept report card**, will be utilized by GSA and key stakeholders to diagnose the overall health of the proof of concept in an effort to assess and address issues and concerns prior to any further implementation efforts. The scorecard will be a mix of both qualitative and quantitative measures meant to look across all stated program objectives.

The ongoing analysis of the program utilizing both quantitative and qualitative data will allow GSA and partner agencies to assess the merit and health of the program and to inform future implementation efforts. GSA anticipates that the first 6 to 12 months of the proof of concept will focus primarily on expanding the measurement capabilities and data capture for the benefit of participating agencies and program review.

5.2 Program Scorecard - Key Performance Indicators (KPIs) by Audience

As displayed below, GSA has identified measures that would inform program objectives as well as a variety of key stakeholders. Throughout agency engagement efforts, GSA has validated these KPIs with the stated audiences. The resulting KPIs in Figure 1 will serve as a starting point for program measurement and will continue to be refined throughout implementation of the proof of concept.

¹⁵ Kerry Rodden, Hilary Hutchinson, and Xin Fu, "Measuring the User Experience on a Large Scale: User-Centered Metrics for Web Applications", Google Research, <https://research.google/pubs/pub36299/>.

Audience	Key Performance Indicators
Executives <i>(GSA + Agency leadership)</i>	<ul style="list-style-type: none"> ● Buyer Adoption Rate ● Distribution of Sales Across E-Marketplace Platforms ● Online Spend through Proof of Concept as % of Total Open Market Spend ● Net Financial Impact
Agency Managers + Buyers	<ul style="list-style-type: none"> ● Price Competitiveness ● % Small Business Spend ● % AbilityOne Spend ● 1st vs. 3rd Party Sales

Figure 1: Representative Program Scorecard: KPIs by Stakeholder Group

Note: See Appendix D for a more detailed description of each of these KPIs.

5.3 Proof of Concept Report Card

As displayed below in Figure 2, GSA has developed a series of quantitative measures to assess the overall health of the user experience within the proof of concept. While the report card will contain both quantitative and qualitative metrics, the representative sample in Figure 2 outlines quantitative measures that will help GSA best understand the ways in which the agency buyer is interacting with and utilizing the e-marketplace platforms. This data will be collected through a variety of methods, to include incoming portal provider data, outgoing user surveys and GSA-led focus groups.

Evaluation Objective	Goal	Sample Signal	Sample Metric
Modernize - Implement attributes of the commercial item buying experience to provide an improved user experience for government buyers and sellers	Users indicate e-marketplaces satisfy their expectation of a commercial e-commerce experience	Positive feedback about overall satisfaction in a user survey and/or focus group	Customer Satisfaction Score (e.g. User Experience, Pricing, Delivery Times)
Streamline - Streamline COTS item purchasing to allow more time for agency contracting officers (COs) & program staff to focus on higher value mission-oriented tasks	Program enables efficient purchasing transactions (especially vs. current platforms)	Positive feedback in a user survey and/or focus group	Transaction Efficiency
	Program minimizes errors/issues and addresses them effectively	Low rates/frustration from errors (returns, customer service intervention via call/chat/email)	Ease of Reconciliation
Analyze - Provide agencies the data and analytics to support COTS item procurement decisions	Makes it easier to conduct research & comparison	Positive feedback about ease of market research, in a user survey and/or focus group	Product/Price Info Availability & Usefulness
	Contributes to better outcomes (cost/value, risk)	Positive feedback about transaction-level data helping to	Price Competitiveness

	etc.) at the contract-level and order-level.	manage spend, in a user survey and/or focus group	
Operate - Improve cost efficiency for COTS purchasing while self-funding the program	Registered users are purchasing from the platforms and are moving open market spend to the program.	Buyers are registering, and making purchases, on the e-marketplaces	# of Active Buyers

Figure 2: Representative Measures for Program Report Card

6. Further Areas of Research

The launch of the proof of concept is a significant step forward in the implementation of Section 846. Not only is the data important to participating agencies as they look to manage their online spend with greater visibility into the supply chain, but it is also critical for GSA in determining the path forward for the program in key areas.

6.1 Program Growth / Expansion

When evaluating future growth and the expansion of Section 846 implementation, it is important that GSA utilize the data to make smart and informed decisions. There are various scenarios that could apply to the expansion of the program, from the number of buyers participating within a single agency, to an expansion in the number of agencies buying through the program. Those agencies that plan to participate initially in the proof of concept are, in most cases, doing so with a limited number of buyers and will look to further expand based on user feedback, adoption, savings and more. GSA will continue to engage agency leadership to broaden the potential base of agencies participating within the proof of concept.

Beyond the number of buyers, GSA is also considering the types of categories offered, which may include adding areas such as, specialty marketplaces and/or services. GSA will evaluate those options based on data obtained through the proof of concept and through feedback from participating agencies. New capabilities from platform providers, such as commoditized services, may also inform ways in which GSA approaches any future expansion. As GSA learns more about program usage, and analyzes data sets throughout the proof of concept, the discussion surrounding further expansion of the program will become more informed, and will start to answer more detailed questions.

6.2 Purchasing Channel Review

Launching the initial proof of concept up to the micro-purchase threshold allows GSA to focus on gaining insights into micro-purchase level spend and how the e-marketplace platforms fit into the overall purchasing environment. While this may add some competition to existing Government purchasing programs, such an impact is not anticipated to be significant given the size and scope of this initial proof of concept. The impacts to other purchasing programs could be more significant above the micro-purchase threshold, but at this time, this is not a focus of the proof of concept.

This initial test will allow the Government to move from open market spend with limited visibility to a more managed channel where deeper analysis of the spend can occur. For the first time, the Government is looking at how existing commercial channels can be used for low-dollar, routine commercial items. Through this implementation, GSA will help to facilitate fast, easy and effective acquisition all while shifting the work to purchase card holders. In turn, this will open up the ability for contracting officers and the acquisition workforce to focus on more mission-oriented acquisitions.

6.3 Other Commercial Models

In the Phase I and Phase II reports, GSA provided detail around the three main provider models that emerged through research: e-commerce, e-marketplace, and e-procurement. As stated, GSA is committed to evaluating the e-procurement and e-commerce models throughout implementation of the e-marketplace proof of concept, and determining how to best integrate capabilities from those models into the overall program. The initial proof of concept will inform investment decisions and will allow GSA to make course corrections based on collected evidence.

In Section 827 of the FY20 NDAA, Congress requested a cost estimate for the three models for commercial e-commerce portals as identified in section 4.1 of *'Procurement Through Commercial E-Commerce Portals Phase II Report: Market Research & Consultation'* issued by the GSA Administrator in April 2019. This cost estimate covers the two additional provider models, e-commerce and e-procurement, and will include a range of potential costs or a general order of magnitude for each model, and is requested within one year from the award of the initial proof of concept contracts. GSA will continue to further its understanding of these other models, to include the costs associated with each, and will use the initial lessons learned from the proof of concept to deliver on this requirement.

GSA will develop and validate inputs to cost estimates for the three commercial e-commerce models (e-marketplace, private marketplace, and e-procurement) using a variety of potential sources and materials that may include:

- Third-party case studies of costs;
- Federal and state/local government implementation costs;
- Primary research with solution provider executives and customer executives;
- Lifecycle acquisition costs; and
- Subscriptions or licensing fees.

GSA will continue to learn about the dynamic models that exist within the commercial e-commerce market, and utilize that information to best determine how the available and evolving models can assist the agency buyer with open market spend below the micro-purchase threshold.

7. Conclusion

By approaching implementation of Section 846 through a whole-of-government approach, agencies are provided with a unique opportunity to change buying behaviors for online spend occurring via the open market. Testing this buying environment through a proof of concept will enable agencies to gain critical insights into online spend, leverage the Government's buying power, ensure small business participation and increase supply chain visibility. This approach will allow GSA to move forward on a small scale and expand the program based on lessons learned.

Throughout implementation, GSA will continue to conduct extensive agency engagement, measure program success with both quantitative and qualitative measures, and use lessons learned to inform future program expansion. GSA will continue to collaborate with interested stakeholders, as it looks to share critical insights into purchases through e-marketplace platforms.

Appendix A - DHS Recommended Best Practices for E-Commerce Platforms

Recommended DHS-Identified Best Practices for E-Commerce Platforms and Third-Party Marketplaces from the DHS Report, *Combating Trafficking in Counterfeit and Pirated Goods*¹⁶ (January 24, 2020)

<i>Best Practices for E-Commerce Platforms and Third-Party Marketplaces</i>
1. Comprehensive "Terms of Service" Agreements
2. Significantly Enhanced Vetting of Third-Party Sellers
3. Limitations on High Risk Products
4. Rapid Notice and Takedown Procedures
5. Enhanced Post-Discovery Actions
6. Indemnity Requirements for Foreign Sellers
7. Clear Transactions Through Banks that Comply with U.S. Enforcement Requests for Information (RFI)
8. Pre-Sale Identification of Third-Party Sellers
9. Establish Marketplace Seller ID
10. Clearly Identifiable Country of Origin Disclosures

¹⁶ https://www.dhs.gov/sites/default/files/publications/20_0124_plcy_counterfeit-pirated-goods-report_01.pdf

Appendix B - Roles and Responsibilities

Commercial Platforms Proof of Concept Roles and Responsibilities

Background

In response to Section 846 of the National Defense Authorization Act (NDAA) for Fiscal Year 2018 (FY18), Procurement Through Commercial e-Commerce Portals, GSA has been working in close coordination with federal agencies and stakeholders since December 2017 to develop a program to procure commercial products through commercial e-commerce portals.

GSA is taking an iterative implementation approach driven by an initial proof of concept with multiple providers. GSA will start small, test, refine, and ultimately grow the program based on lessons learned.

Purpose

The purpose of this document is to clarify and guide a partnership during the Commercial Platforms proof of concept and potentially beyond. The tone of this roles and responsibilities document will be collaborative and flexible in nature with a pointed intent of having each agency educate and learn from one another.

Outcomes



Modernize

Modernize the commercial product buying experience



Streamline

Streamline commercial product purchasing to allow agencies time to focus on mission oriented acquisition



Analyze

Increase visibility and analysis of online spend to allow for better buying decisions

Timeline



In the spirit of collaboration, growth, and learning:

GSA Agrees

- To manage the acquisition of Commercial Platforms service providers with full adherence to FAR and a focus on providing an effective solution for agencies
- To engage with assigned contact(s) in an effort to understand and align with **Agency's** government purchase card (GPC) program policies and goals.
- To work with **Agency** contacts to communicate phases and deliverables for proof of concept
- To collaborate with **Agency** to align success criteria of proof of concept with Agency GPC goals
- To provide resources and materials to help **Agency** effectively manage the change and encourage adoption among participants

 Laura Stanton, Date
 Deputy Asst Commissioner for Category Mgmt,
 Information Technology Category,
 U.S. General Services Administration

Agency Agrees

- To authorize GPC cardholders* to participate in the Proof of Concept for appropriate purchases and acknowledge ordering procedures
- To lead agency change management activities:
 - To identify agency champion(s) and key decision makers
 - To raise awareness, encourage adoption, and assist with onboarding efforts
 - To participate in feedback sessions to improve the program (both pre-and post-implementation)
 - To share best practices and concerns with GSA to be addressed in the wider program roll-out
- To share current e-commerce spend data and insights
- To assess existing internal policies and assist with developing new internal policies and controls, as appropriate

 Agency GPC Program Manager Date
 [or]
 Senior Procurement Executive

* Can be any subset of bureaus / orgs with GPC cardholders. This roles and responsibilities document does not create or constitute any legally binding or enforceable obligations or liabilities between the agencies, and may be subject in the future to further amendment or modification.

Appendix C - Ordering Procedures

Draft Ordering Procedures - Commercial Platforms

1. Ordering Procedures

1.1 Definitions

The following definitions are provided:

E-marketplace Platform: An online platform where Government Purchase Card holders can evaluate and order products via a portal operated by a vendor—the portal provider. The e-marketplace platforms can offer portal provider products and/or third party vendor products. Portal providers and third-party vendors are generally responsible for fulfilling orders for their respective products.

Purchase Cardholder: An individual issued and authorized to use a Government Purchase Card (GPC) on behalf of his or her agency / organization.

Micro-purchase threshold: “Micro-purchase” means the threshold set forth in FAR §2.101 or in any agency deviation.

Suppliers: Third-party vendors who offer products on e-marketplace platforms.

1.2 Approved Payment Method: Government Purchase Cards

The GSA SmartPay® Government Purchase Card (GPC) is the only authorized method of payment for purchases placed on the e-marketplace platforms. Government buyers are not allowed to use any other forms of payment, including 3rd party payment processors (e.g. PayPal, Venmo, Google Wallet, WePay, etc) or payments using any form of cryptocurrency. The GPC shall be the only allowable method of payment and all GPCs must be used by an authorized purchase cardholder.

1.3 Permissible Purchases on E-marketplace Platforms

The purchase cardholder may buy any commercially available product on the e-marketplace platforms that is/are:

- Within their authorized spending limits

- Within the micro-purchase threshold of the e-marketplace platforms
- Not prohibited by law, regulation, or agency policy or
- Ancillary services affiliated with the purchased items (only if allowed per the authorized cardholder's agency policy).

All micro-purchase purchasing rules apply and must be complied with for all purchases made on the e-marketplace platforms. See FAR 13.2 and 13.301 and consult your agency's GPC coordinator for additional guidance.

The following items **cannot** be purchased:

- Services with the exception of ancillary services affiliated with purchased items (only if allowed per the authorized cardholder's agency policy)
- Long-term rental or lease of land or buildings
- Travel or travel-related expenses (not including conference rooms, meeting spaces, and local transportation services)
- Items that pose security vulnerability, including any product or service prohibited by statute, regulation or other Federal policy, e.g. Department of Homeland Security Binding Operational Directive, the Federal Acquisition Security Council, as well as:
 - Hardware, software, or services developed or provided by Kaspersky Labs or other covered entities per FAR Subpart 4.20;
 - Covered telecommunications and video surveillance services or equipment per Section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019, including:
 - Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities)
 - Video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities)

1.4 Mandatory Sources

Prior to purchasing through the e-marketplace platforms, authorized purchase cardholders shall comply with FAR §8.002 regarding priorities for use of mandatory Government sources¹⁷ (see footnote for

¹⁷ Agencies shall satisfy requirements for supplies and services from or through the sources and publications listed below in descending order of priority:

(1) Supplies.

(i) Inventories of the requiring agency.

complete list) when purchasing through the e-marketplace platforms. As available, mandatory sources such as AbilityOne will be identified as such on the e-marketplace platforms; however, the authorized purchase cardholder is ultimately responsible for ensuring compliance with the mandatory source requirements in FAR Part 8.

Buyers are responsible for ensuring all applicable Federal Prison Industry (FPI) / UNICOR product requirements are followed, including any needed waivers for purchases over \$3,500. As directed by 10 U.S.C. §2410 and 18 U.S.C. 4124 note, agency buyers must consider FPI / UNICOR products in the buying decision. Market research must first be conducted to determine whether an FPI product is comparable to products available from the private sector which best meet the agency's needs in terms of price, quality and time of delivery. Determining comparability is a unilateral decision made at the discretion of the agency's contracting official.

1.5 Sustainable Products

Federal agencies are required to purchase sustainable products and services to the maximum extent practicable in accordance with FAR Part 23. Authorized purchase cardholders may visit the GSA [Green Procurement Compilation](#) for a comprehensive list of sustainable product and service requirements for Federal purchases. The authorized purchase cardholder is ultimately responsible for ensuring compliance with FAR Part 23 requirements.

1.6 Small Business

Authorized purchase cardholders are encouraged to consider items manufactured or supplied by small businesses when using the e-marketplace platforms, in accordance with FAR Part 19.

1.7 Country of Origin

Authorized purchase cardholders may consider a product's Country of Origin when made available on the e-marketplace platforms as a part of their buying criteria.

1.8 Product Ratings and Vendor Reviews

(ii) Excess from other agencies

(iii) Federal Prison Industries, Inc

(iv) Supplies which are on the Procurement List maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled

(v) Wholesale supply sources, such as stock programs of the General Services Administration (GSA), the Defense Logistics Agency, the Department of Veterans Affairs, and military inventory control points.

(2) Services. Services that are on the Procurement List maintained by the Committee for Purchase From People Who Are Blind or Severely Disabled

Authorized purchase cardholders shall not post product ratings and vendor reviews until GSA disseminates guidance for the appropriate policy and procedures for such reviews, however authorized purchase cardholders may use the existing reviews as part of market research prior to the purchase of an item.

1.9 Placing of Orders

Purchases may be made through any awarded e-marketplace platform. For purposes of this program, the authorized purchase cardholder should promote competition by reviewing similar items and their prices and price related terms and conditions, such as delivery and warranty terms, from at least two suppliers within a single e-marketplace portal or across the different portals. Through this review, the authorized purchase cardholder shall determine that the price of an item is fair and reasonable and that the purchase of the item will result in the best value to the Government. The e-marketplace platform is expected to provide a means for the authorized purchase cardholder to document this review. This function will be useful both for purposes of review and approval prior to placement of orders and to maintain a record of purchases.

Authorized purchase cardholders shall follow all applicable guidance in FAR Part 13 and agency-specific policies governing the use of the GPC.

Appendix D - Key Performance Indicators (KPIs) Descriptions

KPI	Description	Why a Program KPI
Customer Satisfaction Score	Measurement (via survey) of buyer and supplier satisfaction with the e-marketplace platforms	Primary indicator of program success; will help adjust user experience for the proof of concept
Exceptions and Exception Handling	Measure of error rates (returns, errors, etc.) and user satisfaction with e-marketplace platforms' exception handling	Leading indicator of e-commerce capability and ability to consistently provide a satisfactory user experience
Buyer Adoption Rate	Increase in active buyers (unique buyers making purchases) month over month	Growth in user base indicates platform viability and user value
1st vs. 3rd Party Sales	% of total spend directed towards first-party platform providers vs. third-party suppliers	Ensures third-party sellers can access and truly compete on the marketplaces (vs. "white-label" products)
Distribution of Sales Across E-Marketplace Platforms	% of total program spend on each platform	Indicates the level of competition among platform providers
Online Spend via Program as % Open Market Spend	% online spend via program / by % online open market spend	Measures the ability of the program to capture open market spend and thus increase government visibility
% Small Business Spend	% of total spend directed to small business concerns	Demonstrates program's ability to support agency small business goals
% AbilityOne Spend	% of total spend directed to AbilityOne	Demonstrates program's ability to support AbilityOne requirements
Price Competitiveness	Market basket comparison of product purchases made through the e-marketplace platforms versus relevant commercial benchmarks	Demonstrates competitiveness of e-marketplace platform prices versus existing open-market channels
Transactional Data Usage: Agency/Organization Program Coordinators & Agency Leadership	Qualitative evidence of transactional data being used by agency managers to improve order-level buying outcomes	Assesses the degree to which agency leaders/ managers utilize data provided by the program to improve spend management
Transactional Data Usage: Buyers	Qualitative evidence of transactional data being used by buyers at the order-level	Assesses the degree to which buyers utilize data provided via the e-marketplace platforms to improve their order-level decision-making
Net Financial Impact	Accounts for fee revenue, less reserve draw-downs and operating expenses	Indicates the financial health and viability of the program