



Highlights of [GAO-04-132T](#), a testimony before the Committee on Government Reform, House of Representatives

## Why GAO Did This Study

The General Services Administration's (GSA) Federal Supply Service (FSS) and Federal Technology Service (FTS) play an important role in assisting agencies procure a wide range of products and services.

Over the past several years, FSS and FTS purchases have significantly increased, with IT products and services being the primary source of this growth. In April 2002, we identified overlap in FSS' and FTS' IT procurement programs. A management consultant similarly found overlaps in FTS' and FSS' IT sales and marketing functions and contract offerings. To enhance FSS and FTS operational efficiency and effectiveness—in both its IT and non-IT business lines—GSA has undertaken a performance improvement initiative.

This testimony focuses on GSA's actions to implement its initiative. It also discusses the importance of enhancing GSA's ability to help agencies strategically purchase products and services.

## What GAO Recommends

We recommend that as it moves forward with its current performance initiative, GSA develop the capability to provide its customer agencies with information and analyses they need to leverage their buying power to reduce procurement costs.

[www.gao.gov/cgi-bin/getrpt?GAO-04-132T](http://www.gao.gov/cgi-bin/getrpt?GAO-04-132T).

To view the full product, click on the link above. For more information, contact William T. Woods at (202) 512-4841 or [woodsw@gao.gov](mailto:woodsw@gao.gov).

## CONTRACT MANAGEMENT

# Restructuring GSA's Federal Supply Service and Federal Technology Service

## What GAO Found

In response to the management consultant's recommendations, GSA took a number of actions to improve FSS and FTS efficiency.

- First, GSA realigned its marketing, sales, customer account planning, and management functions. FSS now has primary responsibility for market research and marketing of all GSA products and services, including IT, while FTS has primary responsibility for sales and customer account planning and management. In addition, GSA transferred FTS contract development and maintenance responsibilities to FSS. Through this realignment, GSA hopes to eliminate inefficiencies due to overlaps and redundancies, provide best value to more federal customers, and improve customer relations.
- Second, GSA created a Contract Vehicle Review Board to ensure its existing contracts are rationalized and to evaluate the need for new contracts. The Board recently completed its review of IT contracts and found that for several of these contracts, the business case was not adequate to recompute them in the future.
- Finally, GSA created a new FTS Office of Professional Services to offer assisted procurement services beyond IT and telecommunications. By opening its assisted procurement offerings to new areas, GSA aims to expand its business base to new customers and enhance customer service. In its first 4 months, the Office of Professional Services had placed 146 task orders valued at \$45 million. GSA expects to achieve \$430 million in revenue by 2004.

While these actions should help reduce certain inefficiencies in the federal procurement process, we believe GSA needs to take a more active role in helping federal agencies reduce the overall cost of their FSS and FTS purchases. Because agencies' processes for establishing requirements for FSS and FTS products and services are generally decentralized and uncoordinated, agencies lack knowledge of the extent to which purchases overlap and buying power is diluted. GSA is in a unique position to help agencies analyze their spending agencywide and identify opportunities to coordinate their requirements. By using a more strategic approach to FSS and FTS procurement, agencies can leverage their buying power for volume discounts and thereby reduce overall purchasing costs. A few federal agencies have begun to analyze their spending patterns and successfully use a strategic purchasing approach for selected categories of products, including IT, to leverage their buying power and save money. For example, the Air Force saved an estimated \$3 million using a strategic purchasing approach to buy more than 13,000 desktop and notebook computers required for multiple units that previously bought such products separately.