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DIGITAL INNOVATION

OPENING THE GWAC APERTURE:
How to Make GWACs Better for Innovation - and for Agencies

JUNE 2021

Introduction

According to President Biden, the United States is in a global competition to maintain its competitive edge, especially when it comes to information technology (IT). While America's commercial technology companies are often the envy of the world, it remains an acute challenge for the United States government to harness their leading capabilities to improve government operations, achieve important mission objectives, and deliver a better customer experience for our citizens. Federal agencies must be able to more quickly access commercial innovation, especially from non-traditional vendors. Standing in the way of this essential challenge is the cumbersome and lengthy IT acquisition process, whose current infrastructure surrounding Federal IT procurements is ripe for transformational change.

Addressing these challenges is one of the primary goals behind government's establishment of so-called Government-wide Acquisition Contracts, or "GWACS". Unfortunately, while well-intentioned, existing GWAC design and implementation are simply not allowing customers to benefit from the tremendous innovations happening in the commercial market. As was abundantly clear during the response and recovery from the COVID-19 pandemic, many agencies are more desirous and solicitous of true partnerships with leading commercial companies to help them achieve digital transformation. To continue this positive trend and expand access to innovative technology solutions across the government, it is imperative that the Biden Administration reform and reimagine the current priorities, processes, and management of these powerful GWACs to ensure the Federal government is meeting the challenges before our country and, importantly, delivering greater value and service to taxpayers.

GWACS Defined

A Governmentwide Acquisition Contract (GWAC) is a pre-competed, multiple-award, indefinite delivery, indefinite quantity (IDIQ) contract that agencies primarily use to buy IT solutions.[3] It is one form of interagency acquisition – the process by which one agency uses the contracts and/or contracting services of other agencies to obtain supplies and services.[4] Interagency acquisitions typically involve two government agencies: the requesting agency, which is the agency with the requirement, and the servicing agency which provides acquisition, support, administers contracts for other agencies' direct use, or both. In some cases, more than one servicing agency may be involved in an assisted acquisition.

The theory is that requesting agencies benefit from the capabilities or expertise of the servicing agency and the efficiencies and economies associated with leveraging resources and requirements. Servicing agencies benefit from the improved pricing and terms and conditions they can negotiate when consolidating government demand across multiple agencies.

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[1] Government IT systems are essentially secluded from commercial IT innovation; in some cases we are using systems that are more than 50 years old. The frailty of these outdated systems creates risk for cyberattacks, costs billions of dollars in operation and maintenance costs, and have the potential for critical failures that risk major government agency programs essential to the health and well-being of the American people.

[2] So says the committee established by Congress to evaluate and recommend improved approaches to defense acquisitions, the Section 809 Panel (https://section809panel.org/). The Panel found that, if Congress does not act boldly and rapidly, it is "questionable" whether the United States will be able to meet the national security "threats" that exist today. These threats are a reference to other global powers, such as Russia and China, that can develop and deploy cutting edge technologies in a fraction of the time it takes the US under standard FAR procedures.

[3] GSA maintains three GWAC Centers across the country, staffed by contracting experts in awarding and managing IT contracts. These professionals assist customer agencies and industry partners by performing a variety of program support functions, including statement of work (SOW) reviews, training, contractual and advisory support, and information about proper ordering procedures.

[4] GWACs are authorized by section 5112(e) of the Clinger-Cohen Act (40 U.S.C. 11302(e)).

GWAC acquisitions are undertaken through issuance of indefinite delivery vehicles (IDVs), more commonly called "Task Orders." Task Orders permit the issuance of orders for the performance of tasks or the delivery of supplies against prepositioned contracts and agreements during the term of the GWAC.

Traditional Role for GWACs in Acquisition Ecosystem

There are currently ten GWACs managed by three agencies – the General Services Administration (GSA)[5], the National Aeronautics and Space Agency (NASA)[6], and the National Institutes of Health (NIH)[7]. By centralizing the procurement of IT products and services, GWACs allow agencies to take advantage of the government's immense buying power, which can help lower prices. Because the contract is already established, this method is supposed to save agencies time and money, reduce administrative overhead, and enable the procurement of common capabilities.

Over multiple Administrations, the Office of Management and Budget (OMB), primarily through the Office of Federal Procurement Policy (OFPP), has worked to update and refine the governance policies around GWACs, with a focus on leveraging the government's buying power to drive greater adoption, speed, and uniformity in IT buying across the Executive Branch[8]. Indeed, the primary purpose of GWACs, from both a policy and implementation approach, has focused on ensuring greater efficiency and effectiveness in IT solutions[9].

While certainly well-intentioned, this continued push towards commoditization and harmonization can come with some significant challenges. Most critically, the design of these GWACs and the way they are continuously managed significantly reduces the government's ability to adopt the most innovative commercial solutions in the private sector. In theory, the GWACs create a large and well-defined pool of capabilities that agencies can easily buy; however, the administration of GWACs have led to these vehicles restricting key evaluation criteria for GWAC competitors, creating barriers to entry for new market entrants over the course of the contract lifecycle, and forcing innovative companies to weaken their unique attributes by forcing them into teaming arrangements or joint ventures. Because of these decisions, the GWAC universe has significantly restricted agency efforts to accelerate IT modernization, digital transformation, and rapid identification and mitigation of ever-evolving cybersecurity threats.

A final policy decision that has created negative repercussions for GWACs is the tendency to base most of these vehicles around standard Federal Acquisition Regulation (FAR)-based rules. While there are many reasons to rely on FAR-type procurements for some governmentwide acquisition vehicles, basing GWACs that primarily pertain to IT services on these rules can be exceptionally problematic. For instance, the FAR's commercial items approach was built around product procurement and commoditized services procurement – things you can effectively buy in bulk or accurately compare offerings across the market. Innovative IT solutions simply do not work that way.

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[5] See https://www.gsa.gov/technology/technology-purchasing-programs/governmentwide-acquisition-contracts-gwacs.
[6] See https://www.sewp.nasa.gov/.
[7] See https://nitaac.nih.gov/.
[8] For more information on GWAC-related policy guidance and memorandum, please see https://www.whitehouse.gov/omb/management/office-federal-procurement-policy.
[9] The Office of Management and Budget (OMB) said in its June 2008 memo, Guidance for Improving the Management and Use of Interagency Acquisitions, that direct acquisitions from GSA's GWACs are "in the best interest of the government." OMB designated GSA as the Executive Agent for GSA-issued GWACs under the Clinger-Cohen Act. The Office of Federal Procurement Policy (OFPP) also asked agencies to look to interagency contracts like GWACs first for efficiencies and cost savings in its September 2011 memo, Development, Review and Approval of Business Cases for Certain Interagency and Agency-Specific Acquisitions.

Taken in total, today's GWACs are too reliant on incumbent vendors and decrease the ability of the government to adopt the most innovative offerings available to their private sector peers.

Structural Problems with Existing GWACS

To be clear, GWACs are an important tool in the acquisition ecosystem.[10] However, because they are often focused upon IT acquisitions, they can quickly become administratively obsolete and difficult to adapt to the ever-quickening pace of technology advancements in commercial industry. Both the construction and management of these critical vehicles must evolve over time to accommodate the emerging landscape of technological advances and to accelerate governments' access to innovation. Contrary to the paradigm just a few short decades ago, the vast majority of America's research and development is now resident in the private sector.[11] Commercial innovations now dwarf anything created or deployed solely within government IT environments.

Commensurate with its stated purpose to streamline acquisitions across multiple agencies, GWACs have too often focused on "excluding" companies rather than "including" emerging skills and capabilities.[12] These kinds of actions may make the administration of these large vehicles less burdensome for contract managers, while ensuring the unintended consequences of perpetuating vendor lock-in for traditional contractors and inhibiting the ability of innovative companies to enter the Federal market.

GWACs must be reformed to create a "win-win" for both government and industry. A shift in focus to prioritizing innovation and outcomes can ensure a more level playing field for both the very large systems integrator and those in the very small socio-economic categories. GWACs will provide the best outcomes by focusing on the needs and priorities of the requesting agencies (or, better to say, "customers") by creating more opportunities for innovative companies to join the vendor pool, ensuring only those vendors who are actually winning task orders (and performing well) remain on contract, and providing a robust, but curated, market for emerging technologies and capabilities — not just the commoditization of traditional IT services and product offerings.

Recommendations to Drive Stronger GWAC Outcomes and Performance

The structure of GWACs must modernize. Less emphasis should be placed on creating an artificially restricted pool of existing legacy incumbents. More emphasis should be placed on "opening up" the vendor pool to non-traditional government contractors or purely commercial companies that have innovative "dual use" technologies adaptable to serve government missions. This has become a fundamental policy disconnect "baked into" the administrative structure of existing GWACs.

These concerns can be addressed with the following recommendations:

1. Focus on the Most Relevant Evaluation Criteria

The use of overly complicated and static evaluation criteria for vendor selection is impeding the ability of GWAC administrators to provide the absolute best products and services to their customer. GWAC managers certainly need to have some framework for evaluation that balances objective criteria for vendor selection against the enormous burden that GWAC offices sometimes incur in

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[10] GAO: "Federal Contracting: Awards to Mid-sized Businesses and Options for Increasing their Opportunity"; GAO-19-523 (April 2019).
[11] https://www.bloomberg.com/opinion/articles/2019-12-04/military-spending-on-r-d-is-a-boon-for-the-private-sector
[12] For example, the GWAC DIA SITE III – the criteria to meet the minimum standards was very high, but all who met the requirement were included for award. Going forward, those that do not meet requirements to stay on the contract will be off-boarded; see https://www.dia.mil/Business/SITE-III/.

combing through pages and pages of scoring data to avoid protest and qualify vendors.
An example of this concern is presented by the recent heavy reliance on using scoring worksheets for evaluations of GWAC proposals (where companies must score high in order to receive an award). While this objective method of evaluating high numbers of offers can save time and protect the government from frivolous protests, the criteria used in these worksheets is based on traditional large, long-term government contracts.

Typical GWAC scoring criteria provides more weight to the following:

- Contract Size (large is better than small);
- Contract Type (cost-plus is better than fixed price or fixed labor hour);
- Geographic Location of the Work (OCONUS is better than CONUS);
- Experience with Multiple Federal Agencies (the more the better); and
- Experience of the proposed team having worked together operationally in the past on other government contracts.

All these criteria heavily favor the traditional large government contractors and create a huge barrier to entry for smaller, more specialized firms that provide deep expertise in specific technology solutions.

As an alternative, GWACs should work to develop an evaluation methodology that prioritizes the "show, don't tell" model. If industry has a solution they can actually show to the government, rather than having to tell what they can do through long narrative submissions in the Request for Proposal (RFP) process, it will ultimately be more advantageous to government and to industry partners. A move towards demonstrated success - in real time and focused on addressing real issue areas around potential GWAC solutions areas - is much likelier to lead to a more effective vendor pool, less bespoke task orders, and more satisfied customers.

In addition, evaluation criteria for GWACs should evolve to open the aperture for nontraditional commercial innovation. In those situations where past performance is based on work scope and project complexity, the government should explore ways to include relevant commercial use cases in the evaluation as part of the "past performance" reviews. Such factors as "what was accomplished" for the customer in terms of deliverables should play a prominent role. GWACs must move past "box checking" exercises regarding work performed for existing Federal agencies to address actual technical risk and focus upon implementing modern commercial capabilities that solve complex agency challenges.

2. Reduce Administrative Burdens

Too often, government acquisitions, including GWACs, take on a risk posture in their creation and administration that unfortunately leads to reduced choice and satisfaction for customers. While appropriate risk management is vital, GWACs often impose – at the contract level – unnecessary barriers, such as costly and unnecessary accounting systems requirements, that restrict smaller companies from participating in the government marketplace. What is needed is more focus on smarter requirements, not just more requirements.

While there may be reasoned justifications for potential vendors having obtained some certifications in the course of doing business with a Federal customer agency (i.e. Capability Maturity Model Integration (CMMI) or certain ISO standards), there will undoubtedly be plenty of work at the task order level that might not require such costly credentials. If GWACs truly prioritize innovation and access to new

and emerging technologies, contract administrators should carefully reevaluate the current trend of requiring such expensive, but only intermittently necessary, certifications to be applied at the master contract level. Rather, they should ensure that customers – who know best whether these certifications are actually relevant to any work being performed – can require them if truly needed for competition at the task order level.

Care should be also paid to expensive but emerging requirements that are not "fully baked." A clear example is the rush to impose the emerging standards of the Department of Defense's Cybersecurity Maturity Model Certification (CMMC) requirements into civilian agency procurements. Agencies should not rush to add requirements similar to or based on CMMC, which has caused great confusion and uncertainty in both industry and government alike.[13] While this move could be justified as "getting ahead of what's coming," adding in requirements for vendors of all sizes to adhere to as-yet-finalized compliance regimes that have not been properly evaluated in practice will suppress the appetite of small and innovative companies (who likely cannot build specific government instances for their products or services) from offering their solutions to agencies.

GWAC offices must fully consider the cost of achieving many of these complex and overlapping management certifications.[14] A more transparent, cautious, and customer (not compliance) focused mindset for GWAC administration need only necessitate vendors fulfill the government's true baseline requirements and only when they are truly necessary.

3. Expand Industry Engagement

Despite repeated OFPP "MythBusters" guidelines[15] emphasizing the need for robust industry dialogue, many agencies still have a limited interest in meeting with potential vendors that are not familiar with the unique government culture and acquisition processes. This unintended bias particularly impacts nontraditional vendors whose commercial solutions were not built primarily to deal with government-specific requirements.

This is counter-intuitive to the letter and spirit of the [Federal IT Acquisition Reform Act](#) (FITARA).[16] FITARA created the modern legislative foundations for IT procurements, including: the strengthening of the Chief Information Officers' role in IT acquisition and budget justification; the creation of new acquisition cadres and training to improve individual agency and government-wide procurements (such as GWACs); and opening the aperture for non-traditional government contractors to compete fairly and openly with legacy incumbents.

GWAC administrators have taken some steps in this direction, including by appointing industry liaisons to stay abreast of innovation in the commercial IT market and hosting "reverse industry" days to educate themselves about industry trends and solutions. However, these kinds of engagements must happen in the initial ideation and GWAC development phase – not after a government-wide vehicle has already been developed. Moving these activities further up in the procurement cycle gives GWAC administrators greater access to information, market intelligence, and customer feedback that can

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[13] For example, current use of scoring sheets heavily leverages management controls that are becoming obsolete in delivery - CMMI; ITSM (ISO 2000) and EVMS - which focus upon waterfall methodologies and not more modern agile and devops-based paradigms.

[14] In so doing, GWACs programs will acknowledge the contribution of many small and mid-size firms and recognizes their investment in these certifications. For example, take the industry ISO standard, ISO 2000 vs. CMMI for Services or DevOps. There is a significant cost to achieving each of these, and that directly relates to the wrap rates and impacts the bid price/cost. Requiring multiple certifications is counter-intuitive to have fair and reasonable pricing. The controls for ISO vs CMMI are similar. The cost to achieve each is approximately $100,000 for each type of certification.

[15] "Myth-Busting #4" - Strengthening Engagement with Industry Partners through Innovative Business Practices (April 2019); available at https://www.whitehouse.gov/wp-content/uploads/2019/05/SIGNED-Myth-Busting-4-Strenthening-Engagement-with-Industry-Partners-through-Innovative-Business-Practices.pdf.

[16] Title VIII, Subtitle D of the National Defense Authorization Act (NDAA) for Fiscal Year 2015, Pub. L. No. 113-29.

help them even before the first word of an RFP is published. This will lead to greater creativity and customer-centric GWAC development.

4. Leverage Commercial Use Cases

When offered impartially and used effectively, leveraging past performance information on potential vendors can help GWAC administrators ensure that promising and effective IT solutions providers are included in their vendor pool. However, just because a certain vendor (or vendors) have followed the letter of previous procurements and built the government whatever unique, bespoke solution they requested, that does not necessarily mean that they have the kinds of ideas, products, and services that will meet the evolving customer demands required in new GWACs.

Of course, building unique and requirements-heavy custom government solutions is a difficult challenge, but it does not necessarily make any vendor more effective than those companies that deliver commercial solutions (often at the same or even larger size and scale) to complex sets of customers in the private sector. Existing market research processes in government are too often backward-looking, cabined only to government-specific work, and do not keep pace with the innovation – and delivery - happening in commercial market.

There is no doubt that keeping track of emerging technologies is extremely difficult, even in the best of times. Overburdened contracting offices find themselves "out-of-the-loop" in terms of the most advanced and qualified technologies necessary to foster a 21st century digital government. Too often, agencies lack resources to identify, pursue, and effectively leverage emerging capabilities to meet mission needs.

Unduly restricted use of past performance information for commercial firms contributes to this challenge. Despite efforts at consolidating and improving the data and information available to both acquisition and technology professionals in the government, centralized efforts to leverage advanced data analytics, capability and use case scenarios, and other key information about the technology market and individual companies, have been poorly executed or ineffective.

In short, it is extremely difficult for Federal managers, acquisition professionals, and even the best IT staff to understand, appreciate, and digest the constant proliferation of current and emerging technologies that are available in the Federal market. The result ends up being that the government continues to acquire yesterday's solutions, remains beholden to incumbent vendors because they cannot adequately understand and embrace potential new solutions, and fails to deploy the very latest solutions to fulfill critical government missions and deliver better digital services to citizens.

A broader view of relevant past performance use cases, even if primarily or exclusively performed in the private sector, could do much to alleviate these challenges.

5. Improve Onboarding and Offboarding

Because modern technologies are created quickly and evolve rapidly, the pool of eligible GWAC providers must be constantly refreshed. While there have been several developments to enhance onboarding of non-traditional companies into recent GWACs (while still balancing against the administrative burden a massive vendor pool would create for contract managers), there has been very little focus on offboarding vendors who are not actually competing for, much less winning, any work against the contract. This makes the effectiveness of the onboarding and offboarding process crucial.

GWACs should become more agile by cutting down the size of the legacy applicant pools, while simultaneously tightening up the requirements to stay on the contract. Administrators need to make the offboarding criteria strict and apply it consistently and on a regular basis (i.e., clear out those not leveraging or actively engaging with the contract, using transparent metrics and doing so on a frequent basis).

They should also broaden the ability of those companies wishing to onboard by expanding the debriefing process for those failing to make the initial cut to identify those specific deficiencies that, if corrected, would increase the chance of being selected for onboarding at the next available opportunity.

6. Create Training Programs to Support New Entrants

GWACs could greatly benefit from creating training programs for small, non-traditional government contractors to assist them in becoming "onboard ready." For instance, GSA's efforts to address this challenge by the provisioning of "FedRAMP Ready" training and assistance programs to facilitate qualification by contractors to the FedRAMP program have been incredibly successful. Similar approaches could be adapted for existing GWACs. These programs could become a requirement for a company to be considered for an onboarding opportunity.

In addition, these training programs should be prioritized for the types of companies that are most in demand by the GWAC customer base. Robust engagement and data-driven evaluation from the GWAC managers to their customer agencies will help identify key capability gaps which can be filled by new vendors, or help address new policy and legislative requirements. In addition to continuous market research and staying abreast of the pace of change in the commercial technology sector, the GWACs can provide the best value and options for their customer agencies by ensuring they have the most robust capability offerings, and that highly qualified companies can be onboarded effectively to meet ever-changing demands.

7. Revise the Philosophy of Teaming Agreements and Joint Ventures

Emerging technologies typically start by addressing smaller projects or conducting pilots, then going deep in scope and complexity to solve program challenges. Due to the size of and specialized technology offerings provided by many nontraditional companies, they are often forced into contract Teaming Agreements or joint ventures (JVs); they can only meet the restrictive evaluation criteria through these types of holistic partnerships. These JV's and Teaming Agreements become mandatory for each participant's strengths and weaknesses to properly address any actual or perceived "gaps" in their individual capabilities.

As a result, current GWAC evaluation criteria often force smaller firms to form these kinds of arrangements to increase their "score" using the traditional government criteria. While the government may find it beneficial to obtain a wide range of expertise from a single team using these structures, they should be cognizant of the disadvantages as well.

This preference for teaming has the greatest impact on mid-tier companies. These are a cohort of firms often so successful that they have effectively and successfully graduated from small business stature by providing stellar performance to their government customers. Many recent GWACS have incorporated evaluation criteria that prevents those companies in the $31-$100 million revenue range from being primes on the contracts, thereby forcing these companies into JVs or Teaming Arrangements.

These criteria penalize a team of companies that have not performed together on government contracts in the past. This also serves to exclude smaller firms in the commercial sector with specific, commercially derived and developed skills that would benefit the government. Under existing GWAC procedures and protocols, Teaming Agreements and JVs are often the only way commercial companies in emerging technologies can qualify to bid on a government contract.

The inherent conflict of "who is on first" under a Teaming Agreement or JV can often result in confusion with the government customers regarding which company is performing a specific contract line item number (CLIN) or is otherwise contractually responsible for the performance of specific tasks. These scenarios may also result in confusion or disagreements among the companies within a Teaming Agreement or JV due to the complex nature of these agreements and the implementation of the underlying technology for work performed on the contract. The government would be better served by creating opportunities within the GWACs that do not force small, specialized firms into such arrangements just in order to participate.

Finally, GWACs have recently begun placing constraints on how JVs and Teaming Agreements can qualify for a contract, which significantly impedes the abilities of companies (of all sizes) to compete. Even worse, customers are often left without the best possible solutions to meet their needs. If a GWAC's structure, rules, and evaluation criteria are going to prioritize Teaming Agreements or JVs, especially when small and medium-sized companies need to combine efforts to meet the sheer scale (if not actual product delivery and performance) of larger firms—then evaluation and scoring criteria should be refined to enable firms to merge/join their collectively management certifications, past performance, and skills so that they can compete fairly.

While partnerships may prove to be an effective model for some companies, arbitrary evaluation criteria should focus less on the individual components of the team and, instead, reflect the likelihood of success, innovation, and customer satisfaction that could come from the new arrangement.

Conclusion

The role of GWACs in the Federal acquisition ecosystem is critical and will only continue to grow in the years ahead. There are many benefits to the formation of a large "umbrella" contract with set terms and conditions that is implemented by specific task orders. Task order competition is closer to the individual agency's need and allows enhanced price competition, as well as refining the actual performance and deliverable criteria.

In order to make sure the GWACs are designed and managed to the maximum benefit of the customer, the focus of these vehicles should more fairly weight access to innovation instead of the current policy prioritization geared towards commoditization and harmonization. Agencies are desperate to access the best IT products and services available, while also leveraging the broad buying power of the Federal government to keep prices and overhead low. GWACs are critical to ensuring that the entire set of customer needs are successfully met – and the recommendations in this report will only help to improve these outcomes and enable all Federal agencies to more effectively leverage commercial innovation to deliver greater value to customers and citizens.