



September 2021

GSA ONLINE MARKETPLACES

Plans to Measure
Progress and Monitor
Data Protection
Efforts Need Further
Development

GAO@100 Highlights

Highlights of [GAO-21-104572](#), a report to the Committee on Armed Services, House of Representatives

Why GAO Did This Study

In fiscal year 2018, Congress directed GSA and the Office of Management and Budget to establish and implement a program for agencies to buy products through online marketplaces to, among other things, enhance competition and expedite the procurement process for certain commercial products. It also directed GSA to include in related contracts certain requirements to protect government and supplier data from unauthorized disclosure and use.

A House report accompanying the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 included a provision for GAO to review GSA's ability to monitor providers' compliance with data protection requirements. This report examines GSA's implementation of the commercial platforms program, the extent to which GSA is measuring program progress, and GSA's oversight of platform providers' efforts to protect data from unauthorized disclosure and use.

GAO reviewed GSA's program guidance, and the three commercial platform providers' contracts, policies, and practices. GAO also reviewed GSA's plan for measuring metrics and oversight and interviewed GSA officials and platform representatives about data protection and monitoring policies and practices.

What GAO Recommends

GAO recommends that GSA establish a comprehensive plan with goals and time frames for measuring program implementation and further develop its monitoring plan with specific actions to ensure that platform providers are complying with data protection requirements. GSA agreed with the recommendations.

View [GAO-21-104572](#). For more information, contact Marie A. Mak at (202) 512-4841 or makm@gao.gov.

September 2021

GSA ONLINE MARKETPLACES

Plans to Measure Progress and Monitor Data Protection Efforts Need Further Development

What GAO Found

The General Services Administration (GSA) is testing the concept of using online marketplaces where purchase card holders at federal agencies can easily buy commercially available products. In June 2020, GSA awarded contracts to three platform providers in what it calls the commercial platforms program. Through the program, 13 participating federal agencies can purchase products up to the micro-purchase threshold (generally \$10,000). The three platforms vary, but all have characteristics that serve the needs of government purchase card holders. See table.

Selected Online Platform Characteristics

Platform characteristic	Amazon Business	Fisher Scientific Company L.L.C.	Overstock Government
Tailored commercial site for government platform	No	Yes	Yes
Promotes own products	Yes	Yes	No
Ability to restrict sale of prohibited products/suppliers ^a	Yes	Yes	Yes
Ability to designate preferred products/suppliers ^a	Yes	Yes	Yes

Source: GAO analysis of platform providers' information. | GAO-21-104572

^aSuspended or debarred contractors are examples of prohibited suppliers. Preferred products or suppliers include environmentally sustainable products or small businesses.

GSA has established initial metrics for measuring program implementation, but it has not yet created a comprehensive plan with goals or clear time frames for assessing program progress. For example, GSA stated that it will track how sales are distributed across the three platforms, but it has not identified a goal of what percentage of sales across them is appropriate or the time frame to achieve that goal. As the program progresses, GSA can start to change its focus from testing the commercial platforms program concept to measuring progress. Establishing a comprehensive plan that outlines goals and time frames for each metric will better position GSA to measure if the program is being implemented successfully or if the program needs changes before it is ultimately expanded government-wide, as is the current plan.

GSA developed a plan to oversee each platform provider's compliance with requirements to protect government and supplier data. But it did not address some areas of compliance, and some actions within the plan may not effectively prevent unauthorized activity. For example, the data protection requirement prohibits providers from using third-party supplier data for pricing, marketing, or other activities. GSA's monitoring plan states that it will track sales of products supplied by the providers and compare them to products from third-party suppliers. However, this approach does not clearly demonstrate whether a provider violated the data protection requirement. By including specific actions, such as regular reviews of providers' policies in its monitoring plan, GSA will be better positioned to ensure that providers comply with the requirements to protect supplier or government data from unauthorized use.

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Abbreviations

Amazon	Amazon Business
COVID-19	Coronavirus Disease 2019
FAR	Federal Acquisition Regulation
Fisher Scientific	Fisher Scientific Company L.L.C.
GSA	General Services Administration
NDAA	National Defense Authorization Act
OMB	Office of Management and Budget
Overstock	Overstock Government
SAM	System for Award Management

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September 28, 2021

The Honorable Adam Smith
Chairman
The Honorable Mike Rogers
Ranking Member
Committee on Armed Services
House of Representatives

The National Defense Authorization Act (NDAA) for Fiscal Year 2018 directed the General Services Administration (GSA) and the Office of Management and Budget (OMB) to establish and implement an e-commerce program for agencies to purchase commercially available off-the-shelf products through online marketplaces.¹ The legislation stated that the purpose of the program is to enhance competition, expedite procurement, and ensure reasonable pricing of commercial products. Through the program, GSA seeks to consolidate federal agency purchases on online platforms and to leverage commercial capabilities through multiple government-specific commercial platforms that offer efficient and secure purchasing experiences. This consolidation, GSA officials stated, will also allow agencies to obtain data to analyze spending trends, reduce supply chain risks, and improve internal controls, as online marketplace purchasing is expected to grow. To date, GSA has awarded contracts to three commercial companies to provide these online marketplaces.

The NDAA for Fiscal Year 2018 also included a provision for us to report on GSA and OMB's implementation plan, which was issued in March 2018. In July 2018, we reported on a number of issues that GSA would need to consider when implementing the program, including how the commercial platforms program would affect the existing procurement framework, such as purchases through the AbilityOne program; how and

¹Pub. L. No. 115-91, § 846, 131 Stat. 1283, 1483 (2017) (codified as amended at 41 U.S.C. § 1901 note).

what purchase data would be obtained; and what metrics GSA would use to measure the progress of the program.²

In requiring the establishment of this program, Congress included provisions to protect and limit the use of data about transactions within the program. In particular, the NDAA for Fiscal Year 2018 mandated that GSA require platform providers to agree to not sell or disclose federal government purchasing data to third parties and to take precautions to safeguard the data from national security and cybersecurity threats.³ It further mandated that GSA require providers to agree not to use third-party purchasing data for marketing, pricing, or other business purposes.⁴ As a hypothetical example, this would limit a platform provider's use of the price of an item provided by a third-party supplier to determine the price of its own similar item. This provision reflects issues similar to those raised in an October 2020 investigative report by majority staff of a subcommittee within the House Judiciary Committee, such as a concern

²GAO, *Buying Commercial Products: Assessment of the E-Commerce Portal Implementation Plan*, [GAO-18-578](#) (Washington, D.C.: July 30, 2018). The AbilityOne program creates employment opportunities for people who are blind or have severe disabilities through a unique public-private structure that connects such individuals to jobs that provide products and services to the federal government. The program is one of the sources listed under Federal Acquisition Regulation (FAR) § 8.002, which prescribes the use of certain government sources in a descending order of priority for supplies and services to satisfy agency requirements.

³The legislation mandated that GSA require providers to “agree not to sell or otherwise make available to any third party any information pertaining to a product ordered by the Federal Government through the commercial e-commerce portal in a manner that identifies the Federal Government, or any of its departments or agencies, as the purchaser, except if the information is needed to process or deliver an order or the [GSA] Administrator provides written consent” and to “agree to take the necessary precautions to safeguard any information pertaining to the Federal Government, especially precautions necessary to protect against national security or cybersecurity threats.” Pub L. No. 115-91, § 846(h)(1), (2), 131 Stat. 1283, 1485, (2017) (codified as amended at 41 U.S.C. § 1901 note).

⁴The legislation mandated that GSA require providers to “agree not to use, for pricing, marketing, competitive, or other purposes, any information, including any Government-owned data, such as purchasing trends or spending habits, related to a product from a third-party supplier featured on the commercial e-commerce portal or the transaction of such product, except as necessary to comply with the requirements of the program.” Pub L. No. 115-91, § 846(h)(3), 131 Stat. 1283, 1485, (2017) (codified as amended at 41 U.S.C. § 1901 note).

that an online marketplace used third-party data to identify and replicate popular and profitable items.⁵

The House Armed Services Committee report accompanying the William M. (Mac) Thornberry NDAA for Fiscal Year 2021 included a provision that we review compliance with the above-discussed data protection provisions.⁶ Specifically, the committee asked us to review how the platform providers are complying with the data protection provisions and GSA's ability to monitor the providers' activities and data uses for compliance. This report examines (1) the status of GSA's efforts to implement the commercial platforms program and the features of the platforms; (2) data GSA is collecting on purchases made through the platforms and the extent to which GSA developed program metrics to measure implementation progress; and (3) efforts that commercial platform providers have taken to protect purchasing data from unauthorized disclosure and use, and the extent to which GSA is monitoring how providers are doing so.

To determine the status of GSA's efforts to implement the commercial platforms program, we reviewed documentation such as GSA's implementation reports, overview and progress briefings, and platform guides to identify actions GSA has taken since our last review in 2018. We reviewed relevant documentation, including GSA's December 2018 request for information and January 2020 solicitation. We also reviewed the three contracts awarded by GSA in June 2020 to identify the features that GSA required providers to include in their platforms. To gather additional information, we met with GSA officials and representatives from the three platform providers GSA selected for the current phase of the program's implementation—Amazon Business (Amazon), Fisher Scientific Company L.L.C. (Fisher Scientific), and Overstock Government (Overstock). To identify features that each platform provides to government purchasers and identify how the platforms operate within the current federal procurement framework, we viewed platform demonstrations conducted by representatives from each company and GSA officials.

⁵MAJORITY STAFF REPORT AND RECOMMENDATIONS, H. COMM. ON THE JUDICIARY, SUBCOMM. ON ANTITRUST, COMMERCIAL AND ADMINISTRATIVE LAW, 116TH CONG., REP. AND RECOMMENDATIONS ON INVESTIGATION OF COMPETITION OF DIGITAL MARKETS (2020).

⁶H.R. Rep. No. 116-42, at 171 (2020).

To identify the data GSA is collecting on purchases made through the platforms, we reviewed the solicitation, including the statement of objectives, and the contracts to identify which data elements GSA is collecting and the frequency with which providers share that data. We analyzed purchase data GSA received from platform providers and reviewed dashboards that GSA officials developed to analyze data trends. To assess the reliability of the data, we interviewed knowledgeable officials and compared the data we received to GSA's online dashboards that summarize program data. To determine the extent to which GSA has developed metrics to measure implementation progress, we reviewed implementation reports, overview and progress briefings, and other documentation. We also interviewed GSA officials to determine how GSA developed metrics to measure implementation progress.

To assess the efforts that commercial platform providers have taken to protect purchasing data from unauthorized disclosure and use, we reviewed the terms of each contract to identify the provisions relevant to the requirement that GSA include data protection requirements, as outlined in the NDAA for Fiscal Year 2018. We reviewed policies and practices that the companies have in place to comply with these requirements. We also interviewed company representatives from commercial platform providers to determine how GSA's data protection measures compare to their typical commercial practices. To assess the extent to which GSA is monitoring how providers are using and protecting this data, we reviewed GSA's contract administration plan and data surveillance plan and met with GSA officials to discuss their monitoring plans, policies, and practices. We also interviewed members from the Coalition for Government Procurement to understand industry's perspective and concerns regarding the commercial platforms program and company representatives from each platform provider to discuss their interactions with GSA.

We conducted this performance audit from October 2020 to September 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

GSA's commercial platforms program seeks to align government purchases with commercial practices and technology by enabling federal agencies to purchase commercial off-the-shelf items through commercial platforms. In March 2018, GSA's Federal Acquisition Service began implementing the commercial platforms program and, in conjunction with OMB, issued its first implementation plan.⁷ The plan outlined steps taken by GSA to solicit public input on program design and commercial buying practices and laid out a phased approach for setting up the program. In April 2019, GSA issued an implementation report that described the program decisions resulting from market research and consultation with federal agencies.⁸

In 2020, GSA began implementing the commercial platforms program as a proof of concept. During this phase, government purchase card holders within selected federal agencies can access the online marketplaces to purchase products. According to GSA's April 2019 implementation report, GSA intends the commercial platforms program to complement existing programs, such as the Multiple Award Schedule and GSA Global Supply.⁹ The selected agency participants can use their government purchase cards to make purchases up to the micro-purchase threshold, which is generally \$10,000 per transaction. The ordering procedures for the program provide that all micro-purchase policies and procedures apply, including requirements for use of mandatory government sources and environmentally sustainable products, and that agency users should review the pricing and terms of similar items from at least two suppliers to promote competition.

Each proof-of-concept platform uses the e-marketplace model, in which the provider operates the platform and can offer third-party products in addition to its own private-label or wholesale products—referred to as

⁷General Services Administration, *Procurement through Commercial E-Commerce Portals Implementation Plan* (Washington, D.C.: March 2018). Section 846 directed OMB, in consultation with GSA and other relevant departments, to carry out specified implementation phases for the program. Since completion of the initial implementation phases, GSA has taken the lead in program implementation activities.

⁸General Services Administration, *Procurement through Commercial E-Commerce Portals Phase II Report: Market Research and Consultation* (Washington, D.C.: April 2019).

⁹GSA's Multiple Award Schedule program—also referred to as the Federal Supply Schedule program—involves long-term, government-wide contracts with commercial firms providing federal, state, and local government buyers access to more than 11 million commercial supplies and services at volume discount pricing. GSA's Global Supply is a requisition-based supply program for customers worldwide. Customers can use a variety of ordering mechanisms to submit requisition to GSA for delivery globally.

first-party products. Providers and third-party suppliers are generally responsible for fulfilling orders for their respective products. GSA originally considered other models, including:

- an e-commerce model—where the vendor provides its own or wholesale products to the consumer; and
- an e-procurement model—where the provider offers software that enables price comparisons across multiple catalogs or websites that are integrated into a single platform, but does not directly offer its own products, instead offering only third-party products.

See figure 1 for the differences between the models.

Figure 1: Platform Models Considered by the General Services Administration for the Commercial Platforms Program



Source: GAO analysis of GSA's implementation plan. | GAO-21-104572

According to GSA's April 2019 implementation report, GSA chose to use the e-marketplace model for the proof of concept, as it most closely resembled existing commercial practices and could be implemented quickly with fewer costs to the government. As part of the program, GSA will collect a 0.75 percent fee from the platform providers on the value of each order, which is included in the price. According to GSA officials, these funds will be used to operate the program.

As part of its market research, GSA sought industry input and, in response, several industry members publicly voiced concerns related to the e-marketplace model. Specifically, industry stakeholders were concerned that platform providers could use third-party data to establish an unfair competitive advantage against suppliers, through marketing their own first-party products at lower prices. In its April 2019 implementation report, GSA stated that limiting the proof of concept to purchases under the micro-purchase threshold decreases the effect of any unintended consequences and enables GSA to make course corrections and adapt to commercial practices as they evolve in the marketplace at large.¹⁰

¹⁰General Services Administration, *Procurement through Commercial E-Commerce Portals Phase II Report: Market Research and Consultation*, (Washington, D.C.: April 2019).

Commercial Platforms Program Includes Three Providers That Offer Government-Specific Features

GSA Awarded Contracts to Three Commercial Platform Providers

Federal Agencies Participating in the Commercial Platforms Program

- Bonneville Power Administration
- Consumer Financial Protection Bureau
- Department of Agriculture
- Department of Commerce
- Department of Health and Human Services
- Department of Housing and Urban Development (including the Office of Inspector General)
- Department of Justice
- Department of Labor
- Department of Veterans Affairs
- Environmental Protection Agency
- Federal Housing Finance Agency
- General Services Administration
- United States Agency for International Development

Source: General Services Administration. | GAO-21-104572

In June 2020, GSA awarded no-cost contracts to Amazon, Fisher Scientific, and Overstock to provide e-marketplace platforms for the proof of concept.¹¹ According to GSA officials, the agency selected these three providers after a full and open competition with a phased evaluation approach that included live demonstrations of their platforms. The period of performance for the contracts during the proof of concept is 1 year, with two additional 1-year options. GSA exercised the first 1-year option in June 2021. GSA officials stated that after the contracts are completed—which would occur after a total of 3 years if GSA exercises the second 1-year option—they will incorporate lessons learned before implementing the program more broadly. Selected federal agencies began using the platforms in August 2020, and 13 agencies are participating in the proof of concept as of August 2021 (see sidebar).¹²

¹¹In general, a no-cost contract is a formal arrangement between a government entity and a vendor under which the government makes no monetary payment for the vendor's performance. See B-308968, Nov. 27, 2007, at 2.

¹²GSA officials stated they are continuing to add agencies to the group participating in the commercial platforms program proof of concept.

Platforms Have Varied Characteristics and Offer Government-Specific Features

Varied Characteristics

Although all three platforms are based on the e-marketplace model, some characteristics differ across each platform, as shown in table 1.

Table 1: Selected E-Marketplace Platform Characteristics

Platform characteristic	Amazon Business	Fisher Scientific Company L.L.C.	Overstock Government
Tailored commercial site for government platform	No	Yes	Yes
Promotes own (first-party or wholesale) products	Yes	Yes	No
Offers discounts or promotions	Yes	Yes	Yes
Offers expedited shipping program	Yes	Yes	No

Source: GAO analysis of platform provider contract documentation and platform demonstrations. | GAO-21-104572

According to company representatives, each platform provider’s core strategy or philosophy informed these platform variations and Fisher Scientific and Overstock tailored their commercial solutions for the proof of concept so that their platforms are distinct from their commercial sites. For example, Fisher Scientific tailored its commercial site to include a separate sign-in, and Overstock created a custom webpage for its government platform. According to Amazon representatives, the decision to not create a custom webpage enables Amazon to innovate new features and provide them more quickly to customers, including government purchase card holders. Alternatively, while Amazon and Fisher Scientific offer their own first-party products on their platforms—a key element of the e-marketplace model—Overstock decided to begin phasing out promotion of its own products on both its commercial site and government platform. Instead of promoting its own products, representatives from Overstock stated that focusing on collaboration with third-party suppliers drives productivity for both parties.

Each platform provider also has its own market identity that shapes some of its features. For example, GSA officials stated that Fisher Scientific has a unique offering as compared to the other two platforms, with a product

catalog covering areas such as scientific and lab equipment, safety and protective equipment, and industrial products. While representatives from Overstock stated that their commercial site caters to a home shopper audience, the company has tailored the products offered on its government platform, where personal purchases are not the focus. Additionally, GSA officials stated that the Amazon platform provides a familiar shopping experience to purchase card holders searching for general products.

Government-Specific Features

Although one of the purposes of the program is to leverage commercial capabilities, platform providers included several government-specific features in their platforms, such as designating preferred suppliers and products and flagging prohibited ones.¹³ For example, the platforms' search functions prioritize products from certain mandatory sources such as AbilityOne suppliers, which are part of a program that provides employment opportunities for people who are blind or have severe disabilities. In addition, the platforms identify the socioeconomic status of a supplier (e.g., small businesses) and environmentally sustainable products. Each platform also has a way for government purchase card holders to document their comparison of products and price competitiveness during the purchasing process.

GSA also outlined these government-specific features in ordering procedures it established for participating agencies to follow when making purchases through the platforms. The ordering procedures provide information for making transactions, including identifying and defining approved payment methods and types of permissible purchases. GSA provided additional information to participating agencies that details the roles and responsibilities of both GSA and the participating agencies. Although each platform includes government-specific features, implementation methods varied by platform provider (see table 2).

¹³The three portal provider contracts incorporate the providers' responses to elements of the solicitation that required them to demonstrate how their platforms would provide various government-specific features, including the ability to designate preferred suppliers and products.

Table 2: Government-Specific Features on Platforms

Platform feature	Amazon Business	Fisher Scientific Company L.L.C.	Overstock Government
Offers tax exemption	Yes	Yes	Yes
Ability to identify preferred products/suppliers in search results ^a	Displayed with preferred icon	Highlighted with special icons	Highlighted with special icons
Ability to restrict sale of prohibited products/suppliers	Each agency administrator allows or restricts purchase card holders from viewing prohibited products or suppliers	Purchase card holders cannot view prohibited products or suppliers	Purchase card holders cannot view prohibited products or suppliers
Ability to restrict the sale of products essentially the same as AbilityOne products ^b	Marks AbilityOne items as preferred	Hides essentially the same products and provides substitute product in cart	Hides essentially the same products so purchase card holders cannot view them

Source: GAO analysis of platform provider contract documentation and platform demonstrations. | GAO-21-104572

^aAll three platform providers include a feature that allows purchase card holders to filter their search results to show only preferred products and suppliers.

^bAbilityOne is a program that creates employment opportunities for people who are blind or have severe disabilities. The AbilityOne Commission has explained that government purchase card holders should not use their purchase cards to buy items that are essentially the same as AbilityOne products unless the products required are not available through the AbilityOne program.

While platform providers use their own processes to source, select, and vet potential suppliers, they also evaluate suppliers on an ongoing basis for compliance with federal procurement regulations. For example, all providers conduct periodic checks to identify suspended or debarred suppliers.¹⁴ Likewise, GSA officials stated that all platform providers have certified their compliance with the recent prohibition on using or providing telecommunication equipment from certain suppliers.¹⁵ According to company representatives, each provider checks their supplier base either quarterly, annually, or periodically to ensure compliance. Representatives

¹⁴Platform providers told us they check for suspended or debarred contractors through the System for Award Management (SAM). SAM is the primary government repository for prospective federal awardee information and the centralized government system for certain contracting, grants, and other assistance-related processes. It includes data collected from prospective federal awardees required for the conduct of business with the government; prospective contractor-submitted annual representations and certifications in accordance with FAR subpart 4.12; and identification of those parties excluded from receiving federal contracts, certain subcontracts, and certain types of federal financial and nonfinancial assistance and benefits.

¹⁵Section 889 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (FY19 NDAA) contains prohibitions on the procurement and use of certain telecommunications and video surveillance services or equipment. For more detail regarding the scope of the prohibitions and related definitions, see Pub. L. 115-232, § 889 (2018).

from each provider also report that these checks are a new process—either manual or automated—that are unique to their government e-commerce platforms. In addition, each platform provider told us that it sourced new suppliers to supplement its existing commercial supplier networks for the commercial platforms program. For example, Overstock officials stated that they are seeking to add more AbilityOne suppliers to their platform.

Each platform also enables agencies to manage and implement agency-specific purchasing policies, approvals, and other controls. For example:

- All platforms include controls such as purchase authorization and spending limit features to manage purchase card holder transactions and behaviors.
- Agency administrators—who are responsible for the purchase card programs at their respective agencies—are able to view purchasing data of all purchase card holders within their agency or those under their purview.
- Some platforms also enable agency administrators to select products or brands, such as AbilityOne, to be added to an internal list visible to purchase card holders, creating a one-stop shop for products preferred by an agency.

These controls make it easier for supervisors to help ensure that government purchase card holders are following program procedures. According to GSA officials, these tools are one of the advantages of the commercial platforms program, as many purchase card holders at individual agencies were already purchasing through other online platforms that did not have these controls in place.

Although the platforms provide government-specific tools, agency administrators have discretion and responsibility to ensure that these features are applied to purchase card holder user accounts. To assist administrators, GSA provides training to agencies. According to GSA officials, trainings are offered to purchase card holders on a monthly basis. Additionally, GSA works with platform providers to conduct periodic training to familiarize agency administrators with the features and offerings of all three platforms. Platform providers have also provided guidance to help agencies set up user accounts.

GSA Is Collecting Detailed Data on Purchases but Lacks a Comprehensive Plan on How Metrics Will Measure Program Implementation

GSA Is Collecting Data That Enhances Visibility on Purchases Made through the Platforms

As part of the commercial platforms program, GSA is collecting more detailed data on individual transactions than is generally available through the current purchase card program. This gives GSA and participating agencies enhanced visibility and insight on purchases made through the platforms. On a monthly basis, platform providers submit standardized data elements to GSA on each transaction.

Selected Data Elements Collected under Commercial Platforms Program

- Order, shipping, and delivery dates
- Quantity of item(s) sold
- Price per unit
- Total price
- Agency and department name
- Manufacturer part number
- Description of item
- Product service code
- Original equipment manufacturer
- Vendor name
- Vendor socioeconomic status (e.g., small business)

Source: General Services Administration data. | GAO-21-104572

These data elements include information on who made the purchase, the amount spent on a single transaction (which could include multiple items), and the vendor, which are all data points that are similarly collected through the purchase card program.¹⁶ However, the data also include details on the product(s) purchased and the prices paid for individual items. GSA's April 2019 implementation report noted that the additional data elements gathered through the commercial platforms program will provide more detailed insights on purchases that can drive better buying strategies and decisions (see sidebar). For example, enhanced visibility on purchases enables agencies to identify repeated purchases that can be placed in larger quantities on contracts or provide insight on products being introduced into their supply chain. Representatives from the platform providers stated that the data elements and information collected from the commercial platforms program are typically collected on transactions for commercial sites and generally did not require additional effort.

¹⁶We have previously reported on the limitations of data from the purchase card program. See GAO, *Government Purchase Cards: Little Evidence of Potential Fraud Found in Small Purchases, but Documentation Issues Exist*, [GAO-17-276](#) (Washington, D.C.: Feb. 14, 2017); and *Government Purchase Cards: Opportunities Exist to Leverage Buying Power*, [GAO-16-526](#) (Washington, D.C.: May 19, 2016).

Enabled by more detailed transactional data, GSA officials stated that one of the primary advantages for agencies joining the commercial platforms program is the availability of spend data and the ability to conduct trend analysis. According to GSA's data, between August 2020 and July 2021, the participating agencies made nearly 24,000 purchases valued at \$5.9 million through the commercial platforms. GSA officials stated that their analysis of the spend data demonstrates that there have been some effects on the program due to the Coronavirus Disease 2019 (COVID-19) pandemic. For example, approximately 24 percent of the purchases made between August 2020 and July 2021 have been for personal protective equipment or other items related to the COVID-19 response. Similarly, GSA officials noted that, due to the unique environment resulting from COVID-19, sales for commonly purchased office products, such as furniture, were lower during this time.

In addition, GSA has developed and is sharing online dashboards to provide agencies with an overview of their spending trends across all three platforms. GSA officials stated that they validate the data they receive from providers and ensure that the data can be consistently analyzed across platforms. Participating agencies also have access to their own spend data through each platform, and platform providers offer data analytic features that can provide agencies with additional insight on their purchase trends. For instance, Amazon representatives noted that agency administrators can access and use the spend data, including purchases from diverse and small businesses, to more easily manage purchases across departments or geographic locations.

GSA Used Data Elements to Develop Program Metrics but Lacks a Comprehensive Plan for Measuring Implementation Progress

While GSA officials have established objectives and used data elements to develop metrics for the program, they do not yet have a comprehensive plan that specifically addresses how these metrics—with established targets or goals—will measure the program's implementation progress. Such a plan would be consistent with leading practices related to pilot programs.

GSA developed four key objectives to assess program implementation and, under each objective, developed qualitative and quantitative metrics to measure implementation progress, as seen in figure 2.

Figure 2: General Services Administration (GSA) Commercial Platforms Program Selected Metrics

Key objective	Metric	Description	Type of metric
Modernize the commercial product buying experience	First vs. third-party sales	The ratio of sales of provider's own private label items to third-party supplier items	
	Customer satisfaction	Customer satisfaction rate based on survey data	
	Sales distribution	Distribution of sales by platform	
Streamline commercial product purchasing to allow agencies time to focus on mission-oriented acquisition	Time savings	Percentage of users who stated that they saved time using the platforms	
	AbilityOne Sales	Percentage of total spending on AbilityOne items	
Analyze commercial spend data to enable better buying decisions	Price competitiveness	Percentage of users who felt prices were competitive versus other government purchase card channels	
	Market share	Total spend through the commercial platforms program versus the total government purchase card spend	
Operate the program	Spend under management	Total amount of spend on agency goals, such as small business spend	
	Buyer adoption rate	Percentage of users making purchases	



Quantitative metric based on data collected by GSA



Qualitative metric based on survey results or feedback

Source: GAO presentation and analysis of GSA documentation. | GAO-21-104572

GSA is also adding and refining metrics as the program develops, which GSA officials explained is part of their approach with the proof of concept. For example, GSA recently added plans to track how much is spent on products associated with the COVID-19 response, environmentally sustainable products, businesses in underserved communities, and small

businesses. In addition, GSA is working with platform providers to collect information on the country of origin for products purchased on the platforms. According to a GSA official, this data field is one of the most challenging to capture, as platform providers do not typically collect this information from their suppliers as part of their commercial operations. For now, GSA plans to collect information on purchases for products that are made in United States, when that data is made available to the platforms by their suppliers.¹⁷

As part of efforts to measure program implementation, GSA is also soliciting feedback on the platforms from participating agencies through surveys and user interviews, which GSA officials stated they will use to compile lessons learned and make changes to the program in the future. As part of the onboarding process for participating agencies, GSA developed an evaluation phase—which typically begins 4 to 6 weeks after each agency joins the program—during which time agencies are expected to encourage adoption of the program, share feedback, and participate in recurring check-ins with GSA. According to GSA officials, they meet regularly with participating agencies and send surveys to participating purchase card holders every 45 days.¹⁸ The surveys seek information on the qualitative program metrics, such as satisfaction within the program, time savings, competitive pricing, and ranking the overall experience. According to GSA officials, 76 percent of respondents were satisfied or very satisfied with the ability to perform market research on the platforms and 88 percent of respondents agreed or strongly agreed that commercial platforms offered competitive prices compared to other purchases made using a purchase card. Representatives from Amazon stated that they appreciate receiving user feedback from the participating agencies, as customer input is always helpful. GSA officials stated that they also conduct user interviews—and plan to conduct 15 to 20 per month—depending on availability and interest. The interviews focus on cardholders' experiences when purchasing products, as well as their overall experiences with using the platforms.

While GSA established objectives and initial metrics for the program, it has yet to create a comprehensive plan that includes goals or targets for

¹⁷Specifically, GSA officials stated they plan to have platform providers identify products that are “Made in America”.

¹⁸According to GSA officials, 836 surveys were sent to purchase card holders and, as of May 2021, GSA has received 148 responses to the surveys.

program metrics and clear time frames for when it will assess these metrics. For example, GSA established that it will track AbilityOne sales as a key metric for the program, as well as the distribution of spending across the three platforms. However, GSA has not yet identified a goal of what percentage of spending on AbilityOne products or across the three platforms it plans to achieve or the time frame to achieve those goals.¹⁹ GSA officials stated that the program is early in implementation, and, although GSA updates its metrics monthly as data are received from platform providers, it does not yet have enough data to identify trends in performance measures. GSA has also identified ways to calculate the metrics and has linked these metrics to program objectives. However, it has yet to create a plan that outlines the analysis it intends to conduct using the data and metrics to assess whether the objectives have been met. GSA officials told us that they are adding and adjusting metrics as the program progresses through the proof of concept and are planning to use data collected to inform future changes.

Leading practices for pilot design that we identified state, among other things, that a well-designed pilot program should have well-defined, appropriate, clear, and measurable objectives, and a clear approach to gathering information for the purpose of supporting future evaluation of the pilot and tracking the pilot programs' implementation and performance.²⁰ As GSA continues to implement the commercial platforms program and, specifically the proof of concept over the next 2 years, the focus of its efforts will shift from onboarding agencies to measuring implementation and beginning to plan beyond the proof of concept. Establishing a comprehensive plan that outlines key details, such as goals or targets for each metric, time frames to achieve them, and planned analysis, would better position GSA to effectively measure whether the commercial platforms program met its objectives, such as modernizing and streamlining purchasing, for the proof of concept. This would help determine if the program is a success as is or needs changes before it is expanded.

¹⁹According to GSA officials, it is incumbent upon the agencies to have set targets on AbilityOne spend, and GSA plans to use the commercial platforms program to help agencies meet those targets, where appropriate.

²⁰GAO, *DATA Act: Section 5 Pilot Design Issues Need to Be Addressed to Meet Goal of Reducing Recipient Reporting Burden*, [GAO-16-438](#) (Washington, D.C.: Apr. 19, 2016).

Providers Are Primarily Using Existing Practices for Protecting Purchasing Data, but GSA’s Monitoring Activities Lack Detail

Providers Use Existing Practices to Meet Most Data Protection Requirements

Data Protection Requirements

Section 846 of the National Defense Authorization Act for Fiscal Year 2018 requires that, in any platform provider contract, the General Services Administration must require that the platform provider:

1. may not sell or disclose to third parties any product order information that identifies the government as the purchaser (except as needed to process an order);
2. must take necessary precautions to safeguard any government information, especially with regard to national security or cybersecurity threats; and
3. may not use any third-party supplier product information on the platform or any information related to the transaction of such products (except as needed to meet program requirements).

Source: National Defense Authorization Act for Fiscal Year 2018. | GAO-21-104572

Platform providers are primarily using existing practices and policies to comply with data protection requirements but have also incorporated new policies to help ensure compliance. Representatives from all three providers stated that their existing commercial practices and procedures address at least two of the three data protection requirements outlined in the NDAA for Fiscal Year 2018, specifically the requirements regarding unauthorized disclosure of government data and precautions against national and cybersecurity threats (see sidebar). For example, representatives from Overstock stated that they only share purchase information with suppliers or other third parties when it is required to complete an order. They explained that they may share names or addresses to facilitate the delivery of products, but data are not otherwise sold or made available to third parties. Representatives from Amazon stated that they never sell individual customer data to third parties.

GSA also required that platform providers comply with an existing cybersecurity standard to protect against national security and cybersecurity threats.²¹ According to representatives from all three platform providers, compliance with this requirement is a common commercial practice, and they all stated that their platforms meet this standard. GSA officials stated that their Chief Information Security Officer determined that this standard was sufficient to protect against national security and cybersecurity threats that may be targeted at the platform.

Platform providers told us they are employing new and existing approaches or policies to comply with the third data protection

²¹The Payment Card Industry Data Security Standard 3.2 is a commercial industry standard that includes technical and operational requirements to protect card holder data. The standards—with requirements for software developers and manufacturers of applications and devices used in those transactions—apply to all entities that store, process, or transmit card holder data.

requirement—restricting their use of third-party supplier data. For example, representatives from Fisher Scientific stated that they developed new policies to comply with government-specific data protection requirements. To implement this policy, they developed a capability to filter out supplier data in certain decision-making, such as when data is used to determine prices. They explained that, as a result, their government platform has some diminished technological capability. For example, the feature on their commercial website that uses this data to suggest complementary products to buyers is limited on the government platform.

By contrast, representatives from Amazon stated that their existing policies sufficiently ensure compliance with the third-party seller data provisions in Amazon’s contract with GSA. For example, representatives from Amazon stated that their existing policy prohibits employees from using nonpublic, third-party, seller-specific data to make pricing decisions or to inform decisions on their own first-party offerings. While Amazon’s policy states that employees generally can look at aggregate data for such functions, representatives explained that audits are routinely conducted to monitor which individuals are accessing nonpublic, third-party, seller-specific data to ensure they are using the data appropriately. Similarly, Overstock representatives stated that they use specific personnel controls to ensure that only individuals with appropriate authorization have access to the private network containing sensitive and supplier data, which ensures adherence to these requirements. These controls include firewalls and multistep authentication, in addition to employee training on how data are protected. Overstock representatives also stated that they conduct annual reviews of their corporate security policies.

GSA’s Monitoring Plan Does Not Fully Address Data Protection Requirements

We found that GSA’s plan for monitoring platform providers’ compliance with data protection requirements does not fully address each of the data

protection requirements.²² The plan states that spend data and purchase trends will be analyzed to inform provider compliance with data protection requirements and that feedback from purchase card holders and suppliers will be used to evaluate platform provider performance. The plan also states that monitoring will occur on an ongoing basis but at least quarterly throughout the life of the contracts, with the option to conduct random or ad hoc monitoring activities.

The plan, however, does not address or offer any actions GSA will take for two data protection requirements—the prohibition against unauthorized release of nonpublic data or information and compliance with a cybersecurity standard. For the third data protection requirement—the general prohibition against the use of third-party supplier information for pricing, marketing, or other purposes—GSA’s plan outlines one analysis that is unlikely to detect or prevent unauthorized data activity from occurring. Specifically, the plan states that GSA will analyze, for each platform, the first-party versus third-party sales data and purchasing patterns to identify changes between the sales distributions of both product types. However, this analysis is reactive and therefore would only identify unauthorized activity after it had already occurred.

Industry stakeholders have continued to voice concerns to GSA regarding the platform providers’ ability to offer their own version of a product at a lower cost than a third-party supplier. As of July 2021, GSA’s data showed that about 28 percent of the total purchases—valued at \$5.9 million—were first-party sales. Although this analysis could be informative regarding purchase trends, we found that it would be difficult to determine if shifts or trends in first-party versus third-party sales distributions are attributed to unauthorized use of third-party supplier data rather than, for

²²As shown in the text box above, section 846(h) of the NDAA for Fiscal Year 2018 requires that, in any platform provider contract, GSA must require that the provider agree to three limitations related to the disclosure, protection, and use of information. With regard to the first limitation, the platform provider contracts prohibit the release of nonpublic data or information obtained during performance, except to authorized government personnel, or upon written approval by the GSA contracting officer. With regard to the second limitation, the contracts require compliance with a specified commercial industry cybersecurity standard. With regard to the third limitation, the contracts prohibit the use of third party information, as described in the language of section 846(h).

example, changes in buyer behavior, especially with such a large sales volume.²³

GSA's monitoring plan also lacks details regarding the monitoring or review of platform providers' policies for complying with all data protection requirements. For example, Amazon representatives stated that employees are trained and audited against existing data protection policies prohibiting the use of nonpublic, third-party, seller-specific data. However, GSA's monitoring plan does not include a review of these policies to verify their compliance and effectiveness. Instead, GSA officials stated that they hold weekly meetings with platform providers to better understand the practices they employ and how the platforms operate and that they review the monthly data to identify potential issues. In addition, GSA has established a feedback mechanism on their website that enables third-party suppliers to submit questions or concerns about the platforms. Further, the officials stated that monitoring compliance with data protection requirements is highly complex and that they cannot be assessed through simple or procedural ongoing reviews.

In its May 2020 implementation report, GSA stated that they plan to monitor platform providers' activities and data usage throughout the proof of concept in response to concerns regarding providers' use of data for competitive purposes.²⁴ Additionally, federal internal control standards state that management retains responsibility for monitoring the effectiveness of internal controls over the assigned process performed by service organizations, including through ongoing monitoring and evaluations.²⁵ GSA officials stated that the proof of concept is in its early stages and that their monitoring efforts will be adjusted as necessary as program implementation continues. However, there are opportunities for GSA to implement a monitoring approach that is more specifically targeted and proactive. For example, GSA could include regular, ongoing reviews of providers' data compliance policies in its monitoring plan. By

²³Each of the e-marketplace platform contracts incorporates the GSA Acquisition Regulation examination of records clause. See General Services Acquisition Regulation § 552.215-70. This clause gives GSA the right to examine any books, documents, papers, and records of the contractor involving transactions related to the contract or compliance with any contract clauses. Id.

²⁴General Services Administration, *Procurement through Commercial E-Commerce Portals Phase III Report: Program Implementation Guidance*, (Washington, D.C.: May 2020).

²⁵GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

doing so, GSA will be better positioned to effectively oversee and ensure that each provider remains compliant with their policies and data protection requirements. In addition, regular reviews would help GSA better ensure that platform providers do not use supplier data in an unauthorized fashion with minimal detection or otherwise put government data at risk of unauthorized disclosure and use.

Conclusions

As the market for purchasing products from online platforms is expected to grow, the government has a unique opportunity to gain greater insight into spending trends by leveraging commercial practices for government purchasing. Although it is early in the implementation of the commercial platforms program, GSA can better ensure that as the program matures, it has carefully considered how it will measure success at the end of the proof of concept. This includes having a comprehensive plan with goals or targets for each metric, clear time frames, and how it will assess these metrics. Establishing such a plan will better ensure GSA is positioned to determine whether the commercial platforms program successfully met its objectives or if GSA should make changes to the program before expanding government-wide. It is also the role of GSA to monitor the platform providers' activities to help ensure that data protection requirements are met to effectively safeguard the data from misuse and unauthorized disclosure. By enhancing its monitoring plans, GSA can better ensure that cybersecurity protections are in place and that concerns about misuse of third-party data on these platforms are mitigated.

Recommendations for Executive Action

We are making two recommendations to GSA:

The Administrator of the General Services Administration (GSA) should ensure the Federal Acquisition Service establish, before the proof of concept ends, a comprehensive plan for how GSA will measure implementation outcomes and progress of the commercial platforms program including, but not limited to, key details such as goals or targets for each metric, time frames to achieve them, and any planned analyses. (Recommendation 1)

The Administrator of the General Services Administration (GSA) should ensure the Federal Acquisition Service further develop its monitoring plan to include specific actions GSA will take to monitor each data protection requirement including, for example, regular, ongoing reviews of platform provider data compliance policies. (Recommendation 2)

Agency Comments

We provided a draft of this report to GSA for review and comment. In its comments, reproduced in appendix I, GSA concurred with our recommendations. GSA noted that federal agencies have increasingly looked to online retailers to purchase commercial items and the commercial platforms program offers agencies a managed channel for open-market purchases through an agile and iterative approach. As the program continues, GSA stated that it will continue to evaluate the customer experience to better understand how agencies use these platforms to meet mission needs. GSA also recognized that the program will continue to expand and evolve.

We are sending copies of this report to the appropriate congressional committee, the Administrator of GSA, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact me at (202) 512-4841 or makm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix II.



Marie A. Mak
Director, Contracting and National Security Acquisitions

Appendix I: Comments from the General Services Administration

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The Administrator

September 10, 2021

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Dodaro:

The U.S. General Services Administration (GSA) appreciates the opportunity to review and comment on the U.S. Government Accountability Office (GAO) draft report entitled *ONLINE MARKETPLACES: Plans to Measure Progress and Monitor Data Protection Efforts Need Further Development*. (GAO 104572).

GAO made two recommendations to GSA:

001: GAO recommends that the Administrator of General Services ensure the Federal Acquisition Service establish, before the proof-of-concept ends, a comprehensive plan for how GSA will measure implementation outcomes and progress of the commercial platforms program including, but not limited to, key details such as goals or targets for each metric, time frames to achieve them, and any planned analyses.

002: GAO recommends that the Administrator of General Services ensure the Federal Acquisition Service further develop its monitoring plan to include specific actions GSA will take to monitor each data protection requirement including, but not limited to, regular, ongoing reviews of platform provider data compliance policies.

GSA fully agrees with both of the above recommendations and will take the necessary actions to address each.

As noted throughout GAO's engagement with GSA, Federal agencies have increasingly looked to leverage online retailers for purchasing commercial items via the Government Purchase Card. At both the Governmentwide and agency level, spending through commercial online channels has increased rapidly (from \$135M in FY 2014 to almost \$500M in FY 2020). As a result, agencies have been looking to obtain greater spend data visibility to analyze their spend, reduce supply chain risk, and improve internal controls. To do so, many agencies have begun using e-commerce channels in a fragmented manner to gain insight into what is being bought, who is selling the items, and where the products are coming from.

U.S. General Services Administration
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**Appendix I: Comments from the General
Services Administration**

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GSA's Commercial Platforms program shifts away from this ad-hoc methodology, instead providing a whole-of-Government approach. The program offers agencies a 'managed channel' for open-market purchases implemented through an agile and iterative approach. GSA is in its first operational year of the program and throughout implementation of the proof of concept, GSA will continue to evaluate the customer experience to better understand how Federal agencies use these platforms to meet mission needs. Market research will continue to assess how the program might iterate and expand to best meet agencies' mission needs, and in particular beyond the three models identified in GSA's initial market research. Finally, customer feedback, data discoveries, and these recommendations from GAO will directly inform how this program evolves.

If you have any additional questions or concerns, please contact me or Gianelle E. Rivera, Associate Administrator, Office of Congressional and Intergovernmental Affairs, at (202) 501-0563.

Sincerely,



Robin Carnahan
Administrator

Appendix II: Staff Acknowledgments

GAO Contact

Marie A. Mak at (202) 512-4841 or makm@gao.gov

Staff Acknowledgments

In addition to the contact named above, the following staff members made key contributions to this report: Tatiana Winger, Assistant Director; Laura M. Durbin; Stephanie Gustafson, Timothy Moss, and Robin Wilson. Other contributions were made by Breanne Cave; Matthew T. Crosby; and Teresa Yost.

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