



ELECTRONIC PROCUREMENT

Business Strategy Needed for GSA's Advantage System

Highlights of [GAO-03-328](#), a report to the Chairman, Committee on Government Reform, U.S. House of Representatives

Why GAO Did This Study

The Congress has been seeking to increase federal agency purchases of equipment and services on line. The General Services Administration's (GSA) Advantage Internet-based ordering system is meant for conducting market research and ordering all types of products and services on line. About \$84 million has already been invested in this endeavor. GAO was asked to assess how effectively GSA has managed this investment.

What GAO Recommends

GAO recommends that GSA develop a business strategy that reexamines its objectives for on-line purchasing of products and services, assesses what solutions are most appropriate for meeting these objectives, and develops measures for assessing success. GSA concurs with this report's recommendations.

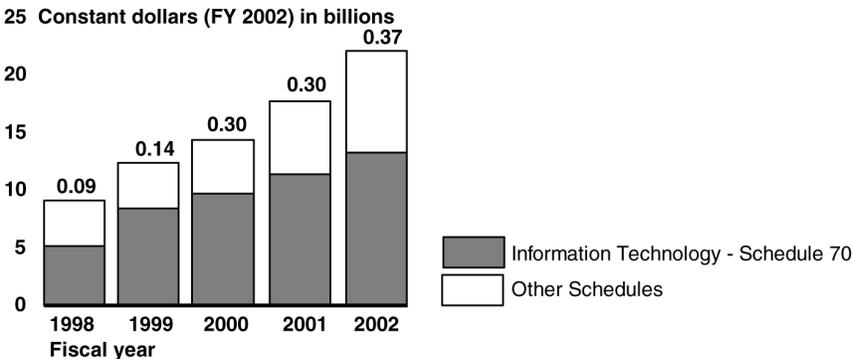
What GAO Found

GSA Advantage has had only limited success as an on-line market research and ordering tool. Market research has been limited primarily to off-the-shelf office products, and sales through Advantage have never exceeded one-half of 1 percent of overall schedule sales. Because of initial design limitations, Advantage has not been effective in acquiring complex products and services, particularly information technology services that make up most of the growth in schedule sales. Recent enhancements may facilitate use of the system for buying complex services, but vendor participation has not been strong. For example, for almost half the requests for quotes, agencies received no responses from vendors. Advantage does not contain all schedule products and services, as required, and some schedule vendors complain about the cost and complexity involved in participating.

While GSA has modified the Advantage system to provide better and more information on products and services, the system is unlikely to succeed without a business strategy. To date, GSA has not yet answered basic questions surrounding Advantage, including (1) if it is technically feasible to make purchases of all products and services on line given the range of activities involved with making more complex acquisitions, (2) if so, whether Advantage is the right system to do this, and (3) if not, whether Advantage could be used for smaller, simpler purchases and as an information source for making larger, more complicated acquisitions.

Moreover, GSA has not thoroughly analyzed other alternatives to Advantage or developed effective measures to assess return on investment and user satisfaction. A business strategy would require GSA to not only reexamine its objectives for on-line purchasing and various solutions, but also develop measures appropriate for gauging success. As such, it would help GSA assess whether continued investment in Advantage is worthwhile and make modifications to the system that will substantially enhance its performance.

Sales under Federal Supply System Schedule Contracts—Fiscal Years 1998 to 2002



Source: GSA.

Note: Numbers on top of columns are the percentages of schedule sales through Advantage.

www.gao.gov/cgi-bin/getrpt?GAO-03-328.

To view the full report, including the scope and methodology, click on the link above. For more information, contact William Woods at (202) 512-4841, WoodsW@gao.gov.