

Why GAO Did This Study

Concerned that federal agencies may not be getting the best prices available, Congress directed the General Services Administration (GSA) to study office supply purchases by the 10 largest federal agencies. GSA delivered the results of its study in November 2010. The study also discussed GSA's efforts to implement an initiative focused on leveraging the government's buying power to realize savings when buying office supplies, known as Office Supplies II (OS II). Under this initiative, GSA entered into agreements with vendors based on discounted prices to be offered to all federal agencies.

Congress directed GAO to assess the GSA study, with particular attention to the potential for savings. Accordingly, GAO assessed (1) the support for the findings and conclusions in GSA's report and (2) how GSA's new office supply contracts support the goal of leveraging the government's buying power to achieve savings.

To conduct this work, GAO analyzed the data GSA used for its study; met with and obtained documentation from officials at GSA and the Departments of Homeland Security (DHS), Air Force, Navy, and Army, which were among the 10 agencies in GSA's study; and reviewed contract documentation associated with GSA's new office supplies initiative.

GSA and DHS commented on a draft of this report. GSA said it appreciated our recognition that leveraged purchasing can produce savings and also provided technical comments, which we incorporated as appropriate. DHS provided additional information on its strategic sourcing initiatives.

View [GAO-12-178](#). For more information, contact William T. Woods at (202) 512-4841 or woodsw@gao.gov.

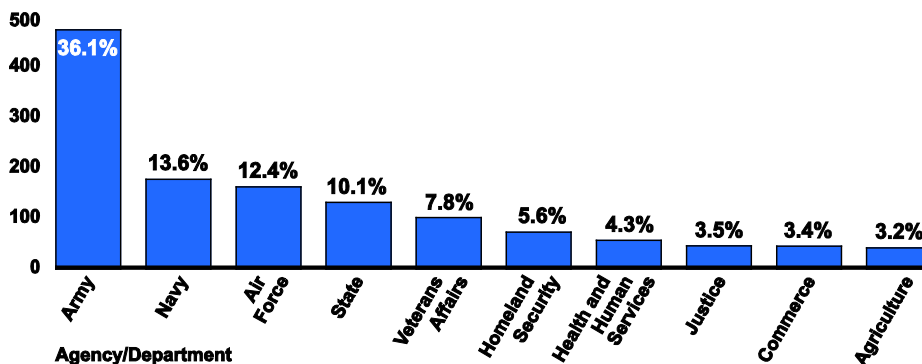
STRATEGIC SOURCING

Office Supplies Pricing Study Had Limitations, but New Initiative Shows Potential for Savings

What GAO Found

GSA estimated that federal agencies spent about \$1.6 billion during fiscal year 2009 purchasing office supplies from more than 239,000 vendors. GSA concluded that agency buyers paid higher prices when they bought office supplies outside GSA's Multiple Award Schedule program than they would have using the schedules or OS II. According to GSA, the price premiums averaged 75 percent compared to the schedule prices and 86 percent compared to OS II. GAO identified data and other limitations in GSA's study, such as not always controlling for variation in quantities of identical items when comparing prices. GAO was not able to fully quantify the impact of these limitations. Officials from other agencies—Air Force, Army, Navy, and DHS—also questioned the study's specific findings on price premiums, believing them to be overstated, but their own studies support GSA's general conclusion that better prices can be obtained through consolidated, leveraged purchasing. The GSA study also concluded that buyers compared prices before making purchases, but this conclusion was based on interviews with senior-level acquisition officials and not on information obtained from any of the approximately 270,000 government purchase cardholders who made the purchasing decisions.

Top 10 Purchasers of Office Supplies for Fiscal Year 2009
Dollars (millions)



Source: GSA study of office supplies.

According to available data, GSA's new office supplies sourcing initiative, OS II, has produced savings. GSA estimated that the government saved \$16 million from June 2010 through August 2011 through this initiative. According to GSA, the OS II initiative is demonstrating that leveraged buying can produce savings and has provided improvements for managing ongoing and future strategic sourcing initiatives. GSA reports that OS II allowed it to negotiate discounts with vendors who were selected for the initiative, and has spurred price competition among schedule vendors that were not selected as they react to the OS II pricing, resulting in decreased schedule prices. The initiative is also expected to lower government-wide office supply costs through more centralized contract management. Another key aspect of the initiative is that participating vendors provide sales and other information to GSA to help monitor prices, savings, and vendor performance. Finally, the OS II initiative offers lessons learned for other strategic sourcing initiatives, including the importance of identifying agencies' goals and needs and ensuring buying agency participation.