



MEMORANDUM FOR Julie Dunne
Commissioner
Federal Acquisition Service (Q)

THROUGH: Jessica Salmoiraghi *Jessica Salmoiraghi*
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SUBJECT: Transactional Data Reporting Pilot Evaluation for
Fiscal Year 2019

1. Purpose.

This memorandum provides the Office of Acquisition Policy's evaluation of the Transactional Data Reporting (TDR) pilot's performance in fiscal year (FY) 2019.

2. Evaluation Rating.

The TDR pilot is *On Track to Meet Targets* as established by the Transactional Data Reporting (TDR) Pilot Evaluation Plan and Metrics (Version 2.0), based on its performance in FY 2019. This means the TDR pilot is producing more positive results than negative results, but performance improvements are needed.

Our analysis of the pilot's FY 2019 performance is in the Analysis section of this memo. Additionally, the evaluation results for each metric and a scoring sheet are attached.

3. Background.

GSA issued the TDR final rule on June 23, 2016, which amended the General Services Administration Acquisition Regulation (GSAR) to establish two contract clauses requiring vendors to report transactional data from orders placed against its Government-wide contract vehicles, including the GSA Federal Supply Schedule (FSS) program.

The final rule stated TDR would be implemented for the FSS program on a pilot basis and:

“...will be evaluated against a series of metrics that will include, but not be limited to, changes in price, sales volume, and small business participation, as well as macro use of transactional data by category managers and teams to create smarter buying strategies such as consumption policies. GSA’s Senior Procurement Executive will regularly evaluate progress against these metrics in consultation with the Administrator for Federal Procurement Policy and other interested stakeholders to determine whether to expand, limit, or discontinue the program. No expansion of the pilot or action to make Transactional Data Reporting a permanent fixture on the Schedules will occur prior to the careful evaluation of at least one year of experience with the pilot.”¹

On June 24, 2016, the Federal Acquisition Service (FAS) announced the Schedules and Special Item Numbers that would participate in the TDR pilot. FAS later stated its intention to run the pilot for three years.

The Office of Government-wide Policy (OGP) intended to assess the pilot’s performance with seventeen metrics outlined in an evaluation plan. This methodology was largely contingent upon stakeholders, namely FSS contracting officers, category managers, and customer agencies having access to the data. The metrics also included findings from GSA’s Office of Inspector General and OGP’s Procurement Management Review Division.

Over the first two years of the pilot, data issues delayed FAS’s ability to provide stakeholders data access and thereby effectively made most of OGP’s metrics unusable. As a result, OGP’s first pilot evaluation, submitted to the GSA Administrator in the form of a decision paper in May 2019, provided a holistic assessment of the pilot to date.

The GSA Administrator approved the following recommendation from the decision paper on May 21, 2019:

“Extend the TDR Pilot through Fiscal Year (FY) 2020. The Senior Procurement Executive (SPE), in consultation with the Chief Acquisition Officer (CAO) and the Commissioner of the Federal Acquisition Service (FAS), will formally evaluate the pilot twice over this time period against a revised evaluation plan and metrics (Version 2.0).

- a. The first evaluation will be of FY 2019 performance and occur by January 31, 2020.

¹ 81 FR 41104, June 23, 2016

- b. The second evaluation will be of FY 2020 performance and occur by January 31, 2021. As part of the FY 2020 evaluation, the SPE will advise whether the pilot should be—
 1. Discontinued if it is significantly underperforming;
 2. Continued for another year if it is on track to meet targets; or
 3. Declared a success and become eligible for expansion if it is meeting or exceeding targets.
- c. FAS will develop a communications strategy that will help convey points along these lines—
 1. The existing TDR pilot will continue through FY 2020; and
 2. The state of TDR beyond FY 2020 is contingent upon metrics demonstrating clear success and value of the TDR pilot.”

In January 2020, the Office of Acquisition Policy conducted its evaluation of the pilot's FY 2019 performance. This memo documents the results of that evaluation.

4. Analysis.

The TDR pilot has now completed its third year and continues to build upon the successes from its first two years but still faces many of the same ongoing challenges.

The previous TDR pilot evaluation, which was part of the May 2019 decision paper extending the pilot through FY 2020, noted:

“Two-thirds of the way through the planned 3-year pilot, the following benefits have been achieved:

- Burden on industry has been lowered.
- Price position has been maintained.
- FAS has worked through some data access issues and is beginning to provide data to Category Managers.

However, data usability remains questionable and no improved order-level buying strategies have resulted. Greater efforts to improve data usage and data usability are needed before GSA can justify making TDR a permanent fixture for the FSS program.

Additionally, FAS needs to show it can use the data it is currently collecting before expanding the scope of the pilot...”

In FY 2019, TDR continued to perform well in several key aspects—

- Burden reduction, as evidenced by the increasing participation rate. Participation rate is a reasonable stand-in for industry burden because we believe contractors would only volunteer for the pilot if they believed it was a less expensive alternative to the Commercial Sales Practices (CSP)/Price Reductions Clause

(PRC) framework. In 2019, the Office of Management and Budget also renewed the Paperwork Reduction Act approval for TDR and the CSP/PRC framework. The underlying analysis found the TDR burden was lower than the burden of the traditional CSP/PRC framework.

- Contract-level pricing, as represented by price changes in GSA Advantage, remained lower for TDR contracts than non-TDR contracts. TDR contract-level pricing had a slight comparative improvement in 2019 over 2018.
- Schedule program spend continued to increase at a higher rate for the TDR portion of the program than the non-TDR portion.
- TDR also markedly improved in the data completeness metric, going from 73.6% in FY 2018 to 94.1% in FY 2019. FAS improved in this area by implementing system validations to prevent users from entering blanks in manufacturer name and part number fields for transactions lines with product Special Item Numbers.

The results were less positive in the small business performance metric, which saw TDR small business volume lag in comparison to non-TDR small business volume. Total FSS program costs also increased in FY 2019.

The biggest concern, however, is in and around data usage and data usage policy. TDR usage under category management is a core objective of the pilot. It is concerning that three years into the pilot, not all category managers have access to the data. While FAS has made some progress in this area since the last evaluation, category managers must increase their use of the data and provide more resources to buying activities if TDR is to realize its full potential.

In attempting to understand this issue, OGP found there was not clarity on roles or responsibilities for the TDR pilot within FAS, as multiple offices owned a piece of it. Progress was made over the past two years when the (former) Acting Deputy Commissioner took an interest in the pilot and convened a regular working group of all the parties.

There was also important progress made in 2019 with some Industrial Operations Analysts beginning to use the data. The IT category, which has had the longest opportunity to use data, is starting to reshape buying strategies. Sharing data with customer agencies has contributed to the reduction in duplicative Government contracts, a significant administrative cost savings. While obtaining a Best-in-Class designation was not an initial objective of the pilot, obtaining better acquisition outcomes was such an objective. The Office of Federal Procurement Policy's Category Management Initiative is aimed at increasing acquisition efficiency, so collecting and sharing that data supports better outcomes.

Still, this very success underlines the importance of making data available to all the GSA Category Managers, ensuring they have the resources, support, and policy infrastructure to use the data well.

The *On Track to Meet Targets* rating means the pilot should continue but not be expanded. In light of the MAS consolidation initiative, two points need to be clarified:

- One practical impact of consolidating contracts is that those companies with contracts both in and out of the pilot will need clear direction. It is not realistic to have two compliance regimens under one contract. Consistent with the design of the pilot, such companies should be afforded the opportunity to be all in or all out.
- Secondly, the TDR pilot should not prevent FAS from reorganizing Special Item Numbers under the consolidation initiative. However, a broad-based expansion is not justified, based on the progress to date.

5. Recommendation.

For the TDR pilot to reach a fully successful level, the FAS Commissioner should clearly assign responsibility for managing the TDR pilot, including data access and usage, training, policy, and general operations to one leader. Multiple FAS offices and regions currently manage various aspects of the pilot to varying degrees of success. The lack of clear centralized leadership is hindering performance. Centralized management and leadership is needed to break down existing silos of excellence and help close the key performance gap.

Attachments (2)

- FY 2019 TDR Pilot Evaluation Results by Metric
- Scoring Sheet

Attachment 1 - FY 2019 TDR Pilot Evaluation Results by Metric

Overview

- GSA's Federal Acquisition Service (FAS) is responsible for operating the pilot and providing needed data for the evaluation metrics outlined in this plan, as well as all other information requested by OGP for its pilot evaluation.
- GSA's Office of Government-wide Policy (OGP), in consultation with the Executive Office of the President, Office of Management and Budget (OMB), is conducting the pilot evaluation.
- The metrics included in the TDR Evaluation Plan and Metrics (Version 2.0, May 29, 2019), along with the FY 2018 baseline and FY 2019 results, are listed below. FAS was allowed to provide optional notes for each metric; those notes shown in the Notes (Optional) field for each metric.

FY 2019 Results by Metric

Metric	Data Completeness
Methodology	Percentage of transactional data reports that include data for the Manufacturer Name and Manufacturer Part Number fields.
FY 2018 Baseline	73.6%
FY 2019 Results	94.1%
Notes (Optional)	Starting in November 2018, system validations were implemented in the TDR system to prevent users from entering blanks in MFG name and part number for transactions lines with product SINS.

Metric	Transactional Data Usage: FSS Contracting Officers
Methodology	Qualitative evidence of FSS contracting officers (COs) using transactional data to negotiate contract-level pricing on TDR pilot contracts.
FY 2018 Baseline	FSS contracting officers do not have access to the data.
FY 2019 Results	Currently, Industrial Operation Analysts (IOA)s are using the data in assessments to ensure a data maturity level of accuracy. Contracting Officers currently have access to the data if they have taken training and requested access.
Notes (Optional)	Further improvements to data quality are necessary before transactional data can be integrated into the 4P tool and used by contracting officers for contract-level price negotiations.

Metric	Contract-level Pricing
Methodology	The quantitative percentage change in pricing for identical products on the same contract, adjusted for inflation using Consumer Price Index (CPI) Data.
FY 2018 Baseline	Change from pre-TDR (as of April 2018): TDR -5.21%, non-TDR -4.05% (TDR is 1.16% lower)
FY 2019 Results	During FY19 TDR contract pricing changed by -1.61%, non-TDR -1.29% (accounting for a CPI rate of 1.8% during FY19). TDR is .32% lower.
Notes (Optional)	N/A

Metric	Reporting Burden
Methodology	Participation rate of eligible contracts. GSA believes increases to the participation rate indicate contractors believe TDR is a more economical model, while decreases indicate contractors believe the CSP/PRC model is more economical.
FY 2018 Baseline	53.5% (2,123 out of 3,971 eligible contracts)
FY 2019 Results	56.68% (2,288 out of 4,037 eligible contracts)
Notes (Optional)	N/A

Metric	Transactional Data Usage: Category Managers
Methodology	Qualitative evidence of transactional data being used by category managers to improve order-level buying outcomes.
FY 2018 Baseline	IT, Office Management and Industrial Products have gained access to the TDR database, but only the IT category has been able to perform the necessary TDR data enrichments to produce actionable transaction data exports. These enrichments include blending TDR data with contract pricing artifacts and FPDS-NG for such that all data elements needed for the use within the Best Value Framework are present in the Schedule 70 IT Hardware and Software transactional data exports.
FY 2019 Results	Two categories—IT and Industrial Products and Services—are employing TDR data for category management activities.
Notes (Optional)	<p>The TDR data source is presently leveraged to capture the post execution transactional data for GSA Best In Class contract solutions that store their data in TDR. This data is transformed into a business/acquisition analyst consumable dashboard called the Acquisition Analytics Dashboard platform. It presents TDR data for comparative analysis along the dimensions of price, manufacture and purchase timing.</p> <p>GSA TDR based Best In Class contract solutions are presented alongside external Best In Class contract solutions within the Acquisition Analytics platform supporting</p>

	<p>GSA's fulfillment of its Best In Class data submission requirements and requirements of OMB memo M-19-13.</p> <p>Category Managers are then able to leverage the Acquisition Analytics platform for agency engagement and market situational awareness within their respective categories.</p> <p>The IT Category Manager leverages the IT Acquisition Analytics dashboards to engage customer agencies on ways that they can use Schedule 70 to meet their requirements while improving their BIC and Spend Under Management achievement.</p> <p>The Industrial Products and Services category is leveraging the platform for Supply Chain visibility including vendor and manufacturer. It additionally provides the category visibility in to how their Best In Class contracts are being leveraged.</p>
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Metric	Transactional Data Usage: Buyers (Order-level)
Methodology	Qualitative evidence of transactional data being used by buyers at the order-level.
FY 2018 Baseline	Customer agencies do not have access to the data.
FY 2019 Results	FAS reported giving TDR data access to buyers in four of the five applicable categories (no usage was reported for Professional Services) and targeted use by some customer agencies.
Notes (Optional)	<ul style="list-style-type: none"> ● Contract solution engagement with Departments/Agencies to demonstrate the commodity price combinations available from MRFS. ● Customer agency use of the TDR backed Acquisition analytics platform to research and perform planning estimates for markets covered by Schedule 70 hardware & software SINs, Janitorial and Sanitation (JanSan), Maintenance, Repair and Operations (MRO), Maintenance Repair Facility Supplies (MRFS) and Office Supplies 4 (OS4). ● Customer agencies support: <ul style="list-style-type: none"> ○ OSD Support <ul style="list-style-type: none"> ■ Management of DoD IT Spend. ■ Support OSD Demand Management of DoD product and service requirements. ○ USAF <ul style="list-style-type: none"> ■ Key contributing factor for USAF shift from NETCENTS to GSA Schedule 70 is to help manage the USAF portfolios categories of spend. ○ VA <ul style="list-style-type: none"> ■ Supported MRFS engagement with VA to provide guidance to achieve cost avoidance using the MRFS solution. ● Contract solution engagement with Departments/Agencies to demonstrate the commodity price combinations available from OS4 is forthcoming. ● Both MRFS and OS4 are next generation solutions in their respective categories. Both came to market in 4QFY20 and plan to leverage the TDR data available via Acquisition Analytics platform going forward.

Metric	FSS Program Spend
Methodology	The rate-of-change for TDR pilot contracts is equal to or better than the rate-of-change for non-TDR pilot contracts in the GSA FSS program.
Baseline: Change from FY 2017 to FY 2018	TDR Pilot Contracts: Sales decreased by 0.78% <ul style="list-style-type: none"> FY 2017: \$6,581 million FY 2018: \$6,529 million
	Non-TDR Pilot FSS Contracts: Sales decreased by 3.99% <ul style="list-style-type: none"> FY 2017: \$25,658 million FY 2018: \$24,635 million
FY 2019 Results: Change from FY 2018 to FY 2019	TDR Pilot Contracts: Sales increased by 24.95% <ul style="list-style-type: none"> FY 2018: \$6,529 million FY 2019: \$8,158 million
	Non-TDR Pilot FSS Contracts: Sales increased by 0.04% <ul style="list-style-type: none"> FY 2018: \$24,635 million FY 2019: \$24,646 million
Notes (Optional)	N/A

Metric	Small Business Performance
Methodology	Comparison of percentage change of cumulative sales between the two most recent fiscal years for TDR pilot small business contracts compared to TDR pilot-eligible small business contracts. Contracts being compared must have been in that status (TDR or not TDR) for all of the 2 most recent fiscal years.
Baseline: Change from FY 2017 to FY 2018	TDR Pilot Contracts: Sales decreased by .08% <ul style="list-style-type: none"> FY 2017: \$2,580 million FY 2018:- \$2,578 million
	Non-TDR Pilot FSS Contracts: Sales increased by 1.96% <ul style="list-style-type: none"> FY 2017: \$9,252 million FY 2018: \$9,432 million
FY 2019 Results: Change from FY 2018 to FY 2019	TDR Pilot Contracts: Sales increased by 1.44% <ul style="list-style-type: none"> FY 2018: \$2,578 million FY 2019: \$2,950 million
	Non-TDR Pilot FSS Contracts: Sales increased by 7.03% <ul style="list-style-type: none"> FY 2018: \$9,432 million FY 2019: \$10,095 million
Notes (Optional)	N/A

Metric	FSS Program Cost
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Methodology	Comparison of the year over year cost for FAS to run the FSS program, as specified in the total cost of operations line from the FAS Multiple Awards Schedule Statement of Operations.
FY 2018 Baseline	Change from FY 2017 to FY 2018: 7% decrease <ul style="list-style-type: none">• \$242.5 million to \$224.6 million
FY 2019 Results	Change from FY 2018 to FY 2019: 1% increase <ul style="list-style-type: none">• \$224.6 million to \$227.6 million
Notes (Optional)	N/A

Total Evaluation Score	Metric Scoring Key	Decision Matrix	Decision Methodology			
23	Meeting or Exceeding Targets	27 to 38 points = formalize and/or expand TDR.	27 points or more means TDR is hitting multiple targets, is on track for most others, and is not significantly under-performing for one of the highest weighted metrics (Data Quality, Data Usage - PCO, Contract-level Pricing, TDR Participation Rate) plus any one of the remaining metrics with a direct correlation to TDR (Data Usage - Category Managers, Data Usage - Buyers).			
	On Track to Meet Targets	16 points to 26 points = perform further analysis.	16 points or more indicates TDR is producing more positive results than negative results.			
	Significantly Under-performing	less than 16 points = end TDR pilot.	Less than 16 points indicates TDR is significantly off track for multiple metrics and is meeting few targets.			
Evaluation Objective	Statement of Accomplishment	Metric	Methodology	Target	Weight	Score
Determine if TDR can establish fulfill the CSP and PRC function while lowering industry reporting burden.	TDR data is complete enough to be used for contract-level price negotiations.	Data Completeness	Percentage of transactional data reports that include data for the Manufacturer Name and Manufacturer Part Number fields.	>90%	6	6
				71-89%	3	
				<70%	0	
	FSS contracting officers (PCOs) are using data to negotiate contract-level pricing.	Transactional Data Usage: FSS Contracting Officers	Qualitative evidence of FSS contracting officers (PCOs) using transactional data to negotiate contract-level pricing on TDR pilot contracts.	All TDR pilot PCOs have access to the data and data is used meaningfully for price negotiations.	6	3
All TDR pilot PCOs have access to data but are not making meaningful use of it, although FAS is making progress to improve usage.				3		
Not all TDR pilot PCOs have access to data and/or FAS is not making progress to improve usage.				0		
TDR contract level pricing is not substantively higher than non-TDR contract level pricing.	Contract-level Pricing	The quantitative % change in pricing for identical products on the same contract, adjusted for inflation using Consumer Price Index (CPI) Data.	Equal to or better	6	6	
			0.01% to 1.99% worse	3		
			2.00% or worse	0		
TDR is less burdensome than the CSP/PRC for FSS vendors.	Reporting Burden	TDR Participation Rate	>60%	6	3	
			50% to 60%	3		
			<50%	0		
Determine if GSA can use transactional data to improve buying outcomes.	FAS demonstrates TDR contributes to better outcomes at the contract-level and order-level.	Transactional Data Usage: Category Managers	Qualitative evidence of transactional data being used by category managers to improve order-level buying outcomes.	All 5 applicable category managers with access to TDR are actively using data	4	0
				3 or more of 5 applicable category managers are using data and progress is being made to improve usage.	2	
				Less than 3 of 5 applicable category managers are using data and/or little progress in improving usage.	0	
		Transactional Data Usage: Buyers (Order-level)	Qualitative evidence of transactional data being used by buyers at the order-level.	Data is available for all eligible buyers and/or data tools are available in all applicable categories for eligible buyers.	4	2
Some buyers have data access and progress is being made to increase access and/or FAS is providing data tools for buyers under at least 3 categories.	2					
Buyers do not have access to data and/or FAS has provided data tools for less than 3 categories.	0					
Determine how TDR is impacting the FSS program's health.	TDR is not negatively impacting FSS sales volume.	FSS Program Spend	The rate-of-change for TDR pilot contracts is equal to or better than the rate-of-change for non-TDR pilot contracts in the GSA FSS program.	Equal to or better	2	2
				0.01% to 1.99% worse	1	
				2.00% or worse	0	
	TDR is not negatively impacting small businesses participating in the FSS program.	Small Business (SB) Performance	Comparison of % change of cumulative sales by sales between 2 most recent fiscal years for TDR pilot small businesses compared to TDR pilot-eligible small business contracts. Contracts being compared must have been in that status (TDR or not TDR) for all of the 2 most recent fiscal years.	Equal to or better	2	0
				0.01% to 1.99% worse	1	
				2.00% or worse	0	
TDR is not negatively impacting GSA FSS program costs.	FSS Program Cost	Comparison of the year-over-year cost for FAS to run the FSS program, as specified in the total cost of operations line from the FAS Multiple Awards Schedule Statement of Operations.	Less	2	1	
			No conclusive difference	1		
			More	0		