



# Improving Government Operations

**Helping Agencies Be More Effective and Efficient**

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## Introduction

President Truman created the General Services Administration 67 years ago, to fill a void in management and delivery of federal administrative services. Over the decades, our agency has become the backbone of the federal government, touching nearly every aspect of its operations and deploying our wide-ranging expertise and innovation to fulfill mission-critical tasks for our federal agency partners.

Over the past eight years, GSA has proven our ability to be an innovative, active, adaptable agency, often leading change from within and pushing bold ideas throughout the federal government.

GSA began the Administration as a key agency leader in assisting with and executing the American Recovery and Reinvestment Act. During 2009 and 2010, GSA invested \$5.5 billion in federal assets, including upgrading or constructing scores of courthouses and land ports of entry.

Additionally, in 2012, GSA dealt with the aftermath of inappropriate spending practices at the Western Regions Conference in Las Vegas, which highlighted management challenges. GSA made several organizational, policy and oversight changes to mitigate similar risks in the future and ensure improved delivery on mission priorities. GSA consolidated administrative functions into clearly defined offices, rather than having distributed, redundant administrative positions across the agency's business lines. The consolidation of financial management and human resources functions alone resulted in a Fiscal Year (FY) 2017 savings and efficiencies of over \$40 million, as compared to the estimated FY 2013 funding levels for these activities.

As GSA worked on process improvement and optimizing efficiencies, we also focused on the development of new initiatives and programs that have furthered GSA's reputation as a strategic federal partner. In real estate, we focused on modernizing the federal workspace, which has not only produced better office space but also reduced the federal footprint by 5.1 million square feet. In addition, we have increased our collaboration with states and localities to ensure our building design and location aligns with community economic development and planning goals whenever possible to maximize the federal government's positive economic impact.

In acquisitions, the Category Management initiative has changed the way we think about helping agencies procure goods and services. The Federal Acquisition Service is reorganizing itself around categories of goods and services (e.g., information technology; professional services) rather than contracting vehicle or type. This has increased the focus on understanding customer need, eliminating purchasing redundancies, and buying in a more coordinated manner across agencies. In addition, I recently launched an effort to reduce unnecessary barriers to selling to the government through policy and process changes.

I also established the Technology Transformation Service (TTS), whose mission is to improve the public's experience with the government by helping agencies buy, build, and share technology that allows them to better serve the public. Housing the 18F consultancy service and the Presidential Innovation Fellows, TTS serves as the cornerstone of GSA's evolution into the role of technology thought leader. Operational execution and agile development practices will enable TTS to help agencies modernize legacy IT and provides newer, more customer-focused digital solutions to citizens.

## Real Estate

GSA provides effective, mobile, sustainable workplace solutions for federal agencies at the best value for the American taxpayer. We have focused on optimizing the federal government's real estate by disposing of unneeded property and better utilizing the property we manage; consolidating agencies into owned space; and reducing reliance on long-term, costly leases.

### **Freeze and Reduce the Footprint**

GSA has been a leader in the government's effort to reduce its real estate footprint, which aims to improve federal office space use and reduce costs. GSA assisted agencies in achieving a 24.7 million square feet reduction, which led to an estimated \$300 million in annual lease cost avoidance. Furthermore, as the manager of more than half of the square feet occupied by agencies, GSA has a significant impact on the workplace of over one million federal employees and contractors. By reducing and modernizing our property, we have produced workplaces that allow agencies to better collaborate and recruit top talent. This allows agencies to increase performance and better achieve their missions at lower cost. Since FY 2012, GSA has worked together with agencies to reduce leased space by 6.2 million square feet, leading to a net total savings of \$186 million. For example, Congress provided a total of \$215 million over the past three years for small to medium projects to consolidate federal space. Using these funds, GSA is executing projects across the country that will reduce the federal footprint by 1.4 million square feet and reduce the government's costs by over \$100 million annually.

### **Economic Catalyst**

The location of federal buildings can either promote or hinder community economic development. They can be anchors for development in a location, bringing hundreds of federal workers every day to buy lunch, spur retail, and support public transit; or, if not properly designed and located, a federal building can be an island that is walled off from the community. For these reasons, I launched the Economic Catalyst initiative to ensure that our buildings are aligned with local planning so that development is efficient, reduces costs, and can maximize economic opportunities. One example is the renovation and expansion of the federal courthouse in Toledo, Ohio, which is designed to support the city's vision for a Civic Center Mall and to improve the surrounding neighborhood. Similarly, GSA purchased and renovated a building in Detroit for approximately \$82 million that will not only save the government money but also bring 700 new federal employees to the area.

### **Leasing Reform**

GSA is reforming our leasing program to reduce costs by improving long-range planning, maximizing competition, and increasing utilization. A sound property management strategy necessarily involves leasing. Sometimes it is more cost effective to lease than to own, and some short term leases may be required as we consolidate and co-locate agencies in reduced space arrangements. To get the best deal for federal agencies and the American taxpayer, GSA is broadening the geographic area for lease procurements to allow more lessors to compete; extending lease terms to realize lower annual costs; simplifying space requirements; and beginning the lease acquisition process earlier. We are starting to see results. By the end of FY 2016, we had only 47 leases in holdover out of a total of more than 8,700 leases. This represents the lowest year-end figure in a decade.

### **Disposal of Unneeded and Inadequate Assets**

GSA aggressively disposes of vacant and unneeded assets so that these buildings can be put back to use rather than being blights in the community. We also assist other federal agencies in disposing of their excess and underutilized properties. Since 2009, we have led the disposal of over 1,300 assets

government-wide with total proceeds of approximately \$360 million. For example, GSA concluded that selling the Federal Reserve Building in Seattle, WA was more beneficial to the taxpayer than renovating it for the federal government's own use. We sold the building for \$16 million in a transaction that protects the historic integrity of the asset while still allowing for the developer to renovate the facility.

In addition to selling unneeded buildings, GSA is also experimenting with exchanging occupied federal buildings that are inadequate for new buildings (or parts of new buildings) that better meet the tenant needs. For example, an occupied but outdated Department of Transportation (DOT) complex known as the Volpe Center sits on 14 acres of valuable land in Cambridge, Massachusetts. We have entered into an agreement for MIT to design and construct a new state-of-the-art facility for DOT on a portion of the property. After the new facility is complete, the rest of the land will be conveyed to MIT for redevelopment.

GSA is also pursuing opportunities to outlease underutilized federal properties to the private sector. These transactions are beneficial for both parties as the federal government reduces costs while providing space to the private sector for valuable economic purposes. A great example of this is GSA assisting NASA in leasing space at Moffett Airfield to Google subsidiary Planetary Ventures. This lease will generate \$1.16 billion in revenue for the government over the initial 60 year term and will save \$378 million in operations and maintenance. In addition, Planetary Ventures receives a facility to perform their research and development activities at a substantially lower cost than building one on their own.

### Management Tools and Improved Data Quality

To accelerate the pace and scope of property consolidation and disposals, GSA has developed new management tools within the Federal Real Property Profile (FRPP) to help agencies identify, target, and prioritize efficiency opportunities. We instituted a data quality program to improve the consistency and accuracy of the FRPP information for all CFO Act agencies. In addition, GSA's analytical tools now support agencies' data-driven decision-making. These tools provide detailed data on a property's annual cost, location, and size, among other data elements, in a structured format that allows agencies to develop an informed real estate strategy.

### The Recovery Act

GSA played a vital role in executing the American Recovery and Reinvestment Act (ARRA). The agency was appropriated \$5.5 billion to convert federal buildings to high-performance green buildings. We also built new courthouses and land ports of entry, and acquired new fuel-efficient vehicles. This effort covered a variety of work, including mechanical upgrades, window replacements, cool or green roofs, water-saving fixtures, onsite renewable energy, and necessary repairs. The funds were allocated towards a total of 271 different buildings or land ports of entry. As a result of this investment, ports are more secure and can screen more people and cargo, federal buildings can house more staff, use less energy, and operate at a lower cost, and new technologies have been applied to improve building sustainability and resilience.

## Acquisition

Each year, more than \$50 billion dollars of goods and services are procured through GSA contracts. By leveraging the purchasing power of the federal government, GSA drives down prices, delivers better

value, and reduces costs to federal customer agencies. As a result, agencies are able to focus their resources and attention on their core missions.

### **Category Management**

GSA has adopted a Category Management approach to purchasing where spending is organized into common categories and managed strategically, giving vendors one place to go, with one set of requirements, and a focused strategic direction of that category. Through category management, GSA is helping the U.S. government improve the federal contracting process to save money and enhance the efficiency by which we purchase common goods and services.

Category management is the process of managing product or service categories as strategic business units and customizing them to meet customer needs. This allows government to harness our collective buying power to act as one, making better buying decisions and reducing contract duplication and cost. The goal of category management is to increase the share of government spending that goes through best-in-class government-wide contracts that offer better prices and administrative savings.

This year, we witnessed the principles of category management being applied to real buying events in the IT arena. OMB named several government-wide contracts, including a GSA contract, as best-in-class federal contracting vehicles for procuring laptops and desktops. This initiative has already produced negotiated savings of up to 27% on IT Schedule 70 contracts.

### **Strategic Sourcing**

To drive down prices and help agencies save money, GSA worked with other agencies to develop government-wide contracts of commonly purchased goods and services that agencies committed to using. By purchasing in a more coordinated manner, these strategically sourced contracts produce better terms, conditions, and pricing. From fiscal year 2011 through fiscal year 2015, federal agencies reported spending almost \$2 billion through these contracts, and an independent Government Accountability Office review reported an estimated \$470 million in savings.

This strategic program covers a wide range of products and services including office supplies, domestic delivery services, janitorial and sanitation supplies, wireless voice and data, software, and building maintenance and repair supplies. In the office supplies contract, for example, prices are monitored continuously, vendors are told when their prices are far higher than their competitor, and government employees receive the same price whether they buy online or at a store. The office supplies contract is expected to provide more than \$90 million in annual savings, with 90% of money going towards small businesses.

### **Acquisition Gateway**

The Acquisition Gateway provides a single place for the government's acquisition workforce to access tools and expertise to enable data-driven buying decisions. This will help government reduce purchasing redundancies, increase efficiency, and deliver more value and savings from its acquisition programs. The gateway platform now houses helpful tools like the Solutions Finder, a Statement of Work library, and other community building and knowledge sharing functions. Since its launch in 2014, Acquisition Gateway has reached 10,000 users.

## Making it Easier

GSA has also deployed an initiative to “Make it Easier” for vendors to sell to the government. This program is designed to provide start-ups, small businesses, and other suppliers with the tools and support they need to do business with the government. It also helps new and innovative companies get on GSA Schedules faster.

Efforts to date include the Startup Springboard, which enabled emerging startups to be included on our IT Schedule sooner by eliminating the requirement that the government could only buy from an organization that existed for at least two years. We also created the FAST Lane program to drastically reduce the time it takes to get new technology vendors on schedule from 110 days to 31 days. The program also makes it easier and faster to make changes to an existing contract. We have also added new trainings for vendors to understand the procurement process and how to seek business with the government. The next Administration should consider extending the FAST Lane to all types of contracts as well as continue reducing barriers for vendors to sell to the government.

## Technology

GSA is helping to drive innovation across the federal government, both through our own practices and the services we provide to other agencies. We were the first agency to move to the cloud, and have taken substantial strides over the past eight years in helping agencies with their technology needs.

### Technology Transformation Service

In May 2016, GSA established the Technology Transformation Service (TTS), whose mission is to improve the public’s experience with the government by helping agencies buy, develop and share technology that allows them to better serve the public. TTS is the launchpad for the federal government’s next big expedition in technology. It will be the place where the technological needs of government professionals are anticipated and addressed with the most innovative efficient and relevant solutions.

TTS built off of GSA’s creation of 18F, a “startup” in government designed to act as an in-house technology consultancy and incubator to dramatically rethink how agencies deliver IT. 18F’s approach allows agencies to test products incrementally, and adjust them along the way in order to precisely tailor them to their needs, instead of taking delivery of a final product that may or may not serve their mission. This approach saves agencies millions of dollars, and helps agencies more creatively deliver on their missions. Since its founding, 18F has worked with 50 federal offices and agencies for 215 projects and agreements.

TTS also houses the Presidential Innovation Fellows, a group of individuals from other sectors who join the government for a year to work on critical projects for agencies.

Partnering with other efforts such as the U.S. Digital Service, TTS is helping to ensure that the government is in the best position to deliver services to citizens in the 21st century, and I strongly encourage the next Administration to build upon these efforts to make government as effective and efficient as possible in the digital age.

### Government-wide Platforms

Over the course of the Administration, GSA has developed several key platforms for agencies to use. For example, Challenge.gov allows agencies to pose innovative questions to the public, and has featured over 700 challenges from more than 100 agencies. Data.gov is the home of the federal government's open data, allowing others to use the government's valuable data for new purposes. The IT Dashboard has increased transparency and oversight of the federal technology budget by presenting granular data on agency technology spending and the health of investments.

More recently, GSA has worked to incubate and scale multiple platforms for government-wide reuse in areas that will increase efficiency, improve the public's experience with government services, and increase security. For example, the U.S. Web Design Standards are open-source user-interface components and visual styles to create consistent experiences across federal websites. We also manage analytics.usa.gov, which provides a window into how people are interacting with the government online. This program helps agencies understand how people find, access, and use government services online. GSA is now in the process of building additional platforms that will be offered to agencies on a reimbursable basis. For example, Login.gov is an authentication platform to make online interactions with the U.S. government simple, efficient and intuitive. This platform will be a service shared by agencies to streamline logging in and to allow the public to securely access personal information and federal government services.

## Securing the Cloud

GSA has helped lead agencies in moving to cloud computing. Established in 2012, the Federal Risk and Authorization Management Program (FedRAMP) is a government-wide program that provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. This approach saves an estimated 30-40% of the cost to agencies in authorizing products. FedRAMP is the result of close collaboration with cybersecurity and cloud experts from the General Services Administration (GSA), several agency partners, and private industry.

In addition, TTS has built a platform-as-a-service, called cloud.gov, that will help drive adoption of cloud computing across government. Cloud.gov removes the complexity of the cloud infrastructure and gives the federal government a usable interface to build, launch, and host software applications more securely and in less time. Cloud.gov will enable technical teams to spend less time managing the development environment and more time building great products.

## Cybersecurity

GSA understands that improving cybersecurity is a government-wide issue that will require government-wide solutions, and GSA has been working to support a number of initiatives designed to bring better collaboration across the federal government. With the Office of Management and Budget, we proposed the establishment of a revolving fund - the Information Technology Modernization Fund - that would help agencies modernize outdated systems and reduce cyber risk. I urge the next Congress to take action on this proposal without delay. Additionally, GSA is implementing an innovative acquisition strategy that will help industry meet government's needs to test their high-priority IT systems, rapidly respond to incidents, and stop adversaries before they can impact our networks. In close partnership with other federal agencies, we are developing surge procurement support for risk and vulnerability assessments of the government's high value information assets currently being conducted by the Department of Homeland Security.

## Supporting Interagency Efficiencies

In order to facilitate the solving of problems across federal agencies and to improve the efficiency and performance of mission support functions across government, GSA's Office of Executive Councils provides administrative and policy coordination functions among agency leadership and has played an integral role in the Benchmarking initiative, using cross-agency data and transparency to help agencies identify cost and improvement opportunities.

In 2015, GSA also announced that it would lead the Unified Shared Services Management (USSM) office, established by OMB. USSM is responsible for managing the shared services ecosystem, improving shared service delivery, and increasing agency adoption. I believe this is an area ripe with promise.

## Internal Efficiency and Reform

GSA made several strategic organizational, policy, and oversight changes to ensure we improved delivery on our mission priorities.

We undertook an agency-wide consolidation effort with an aim to improve efficiency and accountability. GSA reorganized the agency to better consolidate our administrative functions (e.g., finance; information technology; human resources) into clearly defined offices, rather than having redundant administrative positions across the agency's business lines. We also ensured that regional business lines were consistent in policy and service levels so that taxpayer funds were most effectively used. The consolidation of financial management and human resources functions alone resulted in \$40 million in FY17 savings. This strategic transformation also led to a more aligned leadership structure that increased our collaboration and innovation across business lines, which resulted in better service and offers for our agency customers.

GSA also established the Office of Customer Experience and became the first federal agency to hire a Chief Customer officer at the agency-wide level. The goal of this office is to ensure GSA supports service, efficiency, and helps program offices deliver exceptional experience to our employees, partners, and customers.

GSA also divested its financial management line of business, consistent with OMB and Treasury goals to establish Federal Shared Services Providers (FSSP) for the US government, and has also decided to divest its Human Resource (HR), Time and Attendance (T&A) and Payroll systems to an external shared service provider for these systems.

With a keen understanding of the growing and powerful role technology plays in helping the federal government optimize its impact, GSA has also launched various new programs focused on technology. In 2016, GSA launched Data to Decisions (D2D), an analytics-as-a-service platform that collects, manages, and structures data to enable data-driven decision-making.

Finally, we instituted a rigorous performance management system that provides quantitative, cascading targets for offices that are reviewed regularly, with results distributed across the agency. For administrative offices, this included developing service level agreements that are tracked and reported regularly. Our culture of continuous improvement has allowed us to achieve goals, and then raise the bar higher.



## GSA's Focus for the Future

The government still has more to do in improving its operations, and GSA plans to partner to help agencies reach their goals. In real estate, our owned inventory has a large backlog of repairs and alterations, and the bill will only grow bigger if Congress does not consistently appropriate what our buildings need. We also still too often lease property when owning would be better for the taxpayer. For example, our average tenure in a leased building is over 25 years. While our newer buildings and renovations have produced office space that are both efficient and effective for employees, many of our older or unrenovated buildings do not use space wisely, leading to a drain on employee productivity and taxpayer funds. I encourage the next Congress to provide consistent appropriations that will help modernize more of these buildings. Finally, we are still not finished with many critical projects, including the new headquarters for the Department of Homeland Security and the Federal Bureau of Investigation.

In acquisitions, government purchasing is still too splintered. Not only does splintering prevent leveraging the government's scale to negotiate better prices, but the government does not have sufficient contracting resources or expertise for each agency to buy effectively on its own. I urge the next Administration to complete our reorganization around category management principles, and continue removing barriers to companies who want to sell to the government.

In technology, the government is still in the beginning of its digital transformation. I encourage the next Administration to continue recruiting technological talent into the government so that agencies have the expertise to buy effectively. We must also improve how the government purchases technology by building capacity and new types of contracting vehicles so that contractors deliver modern products and services in the best possible way. I recommend the next Administration continue the work of making it easier for technology companies to sell to the federal government by simplifying policies, processes and practices so that the government has the same choices as a private company. Finally, we need to continue helping agencies move to the cloud in a secure manner through policies, authorizations like FedRAMP, and legislative proposals like the Information Technology Modernization Fund that help agencies with the upfront cost of modernizations.

In addition to these known areas of growth, GSA's role should continue to grow in order for the government to improve its performance while being good stewards of taxpayer funds. Budgets are tightening, government operations are increasingly complex, and the public expects more from the government. GSA will rise to the challenge of helping agencies navigate those obstacles. In some cases, this may mean developing new or different contracting vehicles that allow agencies to buy goods and services more effectively. In other cases, this may mean standing up shared services or platforms. In all cases though, I urge the next Administration to use GSA strategically to help the government operate better and more efficiently on behalf of the public.

## Conclusion

We made great progress over the past eight years in delivering the best value in real estate, acquisition, and technology services to the government and the American people. We have transformed the nation's infrastructure, making dramatic improvements to the performance of our buildings and cutting long-term real estate costs; made the acquisitions of goods and services simpler and more cost-effective through increased data and new contracting vehicles; and substantially grown the government's ability to modernize its technology. No matter how the circumstances, demands or needs of government

changes, I am confident that GSA will continue to support agencies so that they can effectively and efficiently perform their mission for the public.