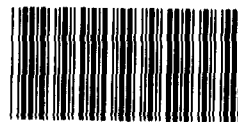


July 1990

COMMERCE ADP PROCUREMENT

Contracting and Market Share Information



142108

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Information Management and
Technology Division

B-240211

July 31, 1990

The Honorable John Conyers, Jr.
Chairman, Committee on Government
Operations
House of Representatives

The Honorable Frank Horton
Ranking Minority Member, Committee
on Government Operations
House of Representatives

This report responds to your February 1989 requests for a comprehensive review of federal agencies' compatible computer procurements.¹ In your initial requests and in subsequent discussions with your offices, we were asked to answer several specific questions about agencies' procurements of mainframe computers and mainframe peripheral equipment. Your questions focused on identifying the extent to which agencies' procurements of mainframe computers and mainframe peripherals required compatibility with International Business Machines (IBM) or any other computer manufacturer. You were also interested in knowing details such as the identification of manufacturers whose equipment was acquired by each agency and the procurement methods used to obtain equipment.

In addition to this report on the Department of Commerce, we previously reported similar information on the Navy (including the Marine Corps), Army, Air Force, National Aeronautics and Space Administration, Department of Defense (including the Defense Logistics Agency), and Department of Agriculture.² Information on the remaining 26 agencies we included in our work will be reported after we have fully analyzed procurement data we collected from them.

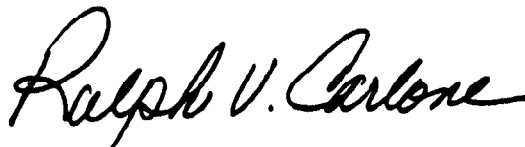
¹A compatible procurement requires hardware or software that functions like specified or existing hardware or software, with little or no modification. Competition in such procurements may occur between manufacturers and marketers—such as system developers and system integrators—to supply equipment that meets the compatible requirements. Since there is the potential for competition between manufacturers and marketers, a compatible procurement does not necessarily result in the award of a sole source contract.

²Navy ADP Procurement: Contracting and Market Share Information (GAO/IMTEC-89-66FS, Sept. 15, 1989); Army ADP Procurement: Contracting and Market Share Information (GAO/IMTEC-90-28FS, Mar. 1, 1990); Air Force ADP Procurement: Contracting and Market Share Information (GAO/IMTEC-90-35FS, Apr. 9, 1990); NASA ADP Procurement: Contracting and Market Share Information (GAO/IMTEC-90-39FS, Apr. 20, 1990); Defense ADP Procurement: Contracting and Market Share Information (GAO/IMTEC-90-60FS, June 8, 1990); and Agriculture ADP Procurement: Contracting and Market Share Information (GAO/IMTEC-90-62FS, June 27, 1990).

information for consistency with the instructions for our questionnaire and made appropriate revisions. At your request, we did not solicit or obtain comments from Commerce on this report. Appendix III contains additional details on the objective, scope, and methodology of our work.

As arranged with your offices, unless you publicly announce this report's contents earlier, we plan no further distribution of it until 30 days after the date of this letter. We will then send copies to Commerce and will also make copies available to others upon request.

This information was compiled under the direction of Jack L. Brock, Jr., Director, Government Information and Financial Management, who can be contacted at (202) 275-3195, should you require additional information. Other major contributors to this report are listed in appendix IV.



Ralph V. Carlone
Assistant Comptroller General

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Abbreviations

ADP	automated data processing
GAO	General Accounting Office
GSA	General Services Administration
IBM	International Business Machines
IMTEC	Information Management and Technology Division

Appendix I
 Questions and Answers About
 Commerce Procurements

Figure I.1: Number of Commerce Mainframe and Mainframe Peripheral Procurements

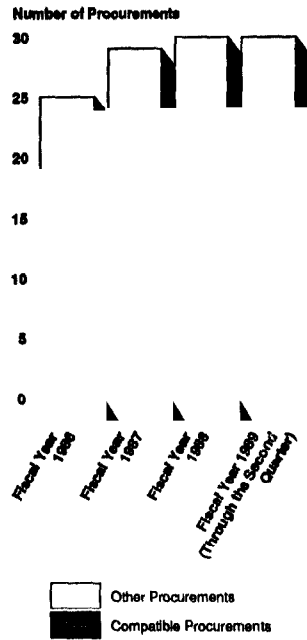
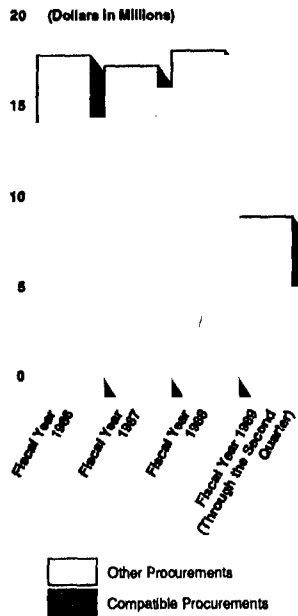


Figure I.2: Dollars for Commerce Mainframe and Mainframe Peripheral Procurements



Appendix I
 Questions and Answers About
 Commerce Procurements

Figure I.3: Number of Commerce
 Compatible Procurements According to
 Type of Compatibility

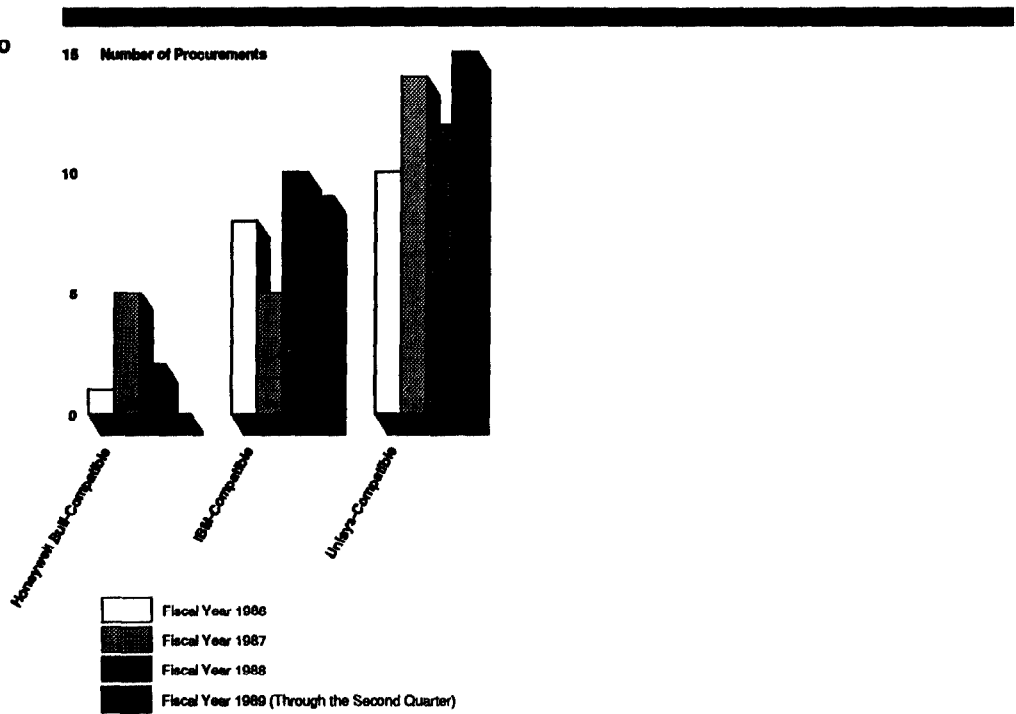
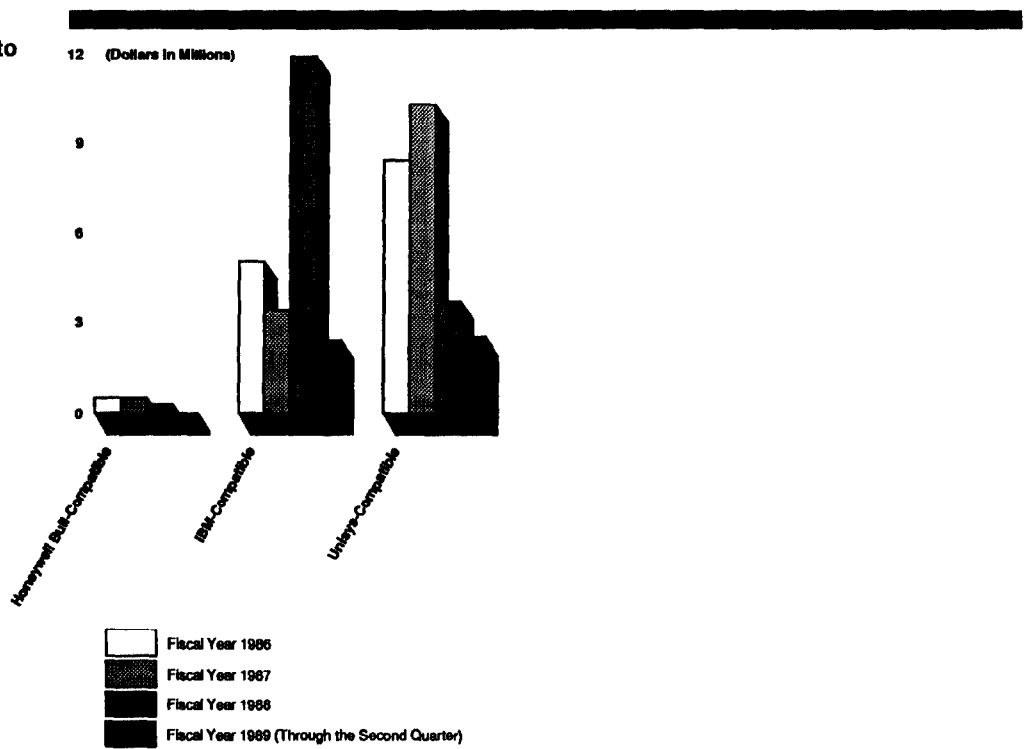


Figure I.4: Dollars for Commerce
 Compatible Procurements According to
 Type of Compatibility



Appendix I
 Questions and Answers About
 Commerce Procurements

Figure I.5: Number of Commerce IBM-
 Compatible Procurements According to
 Manufacturer of Equipment

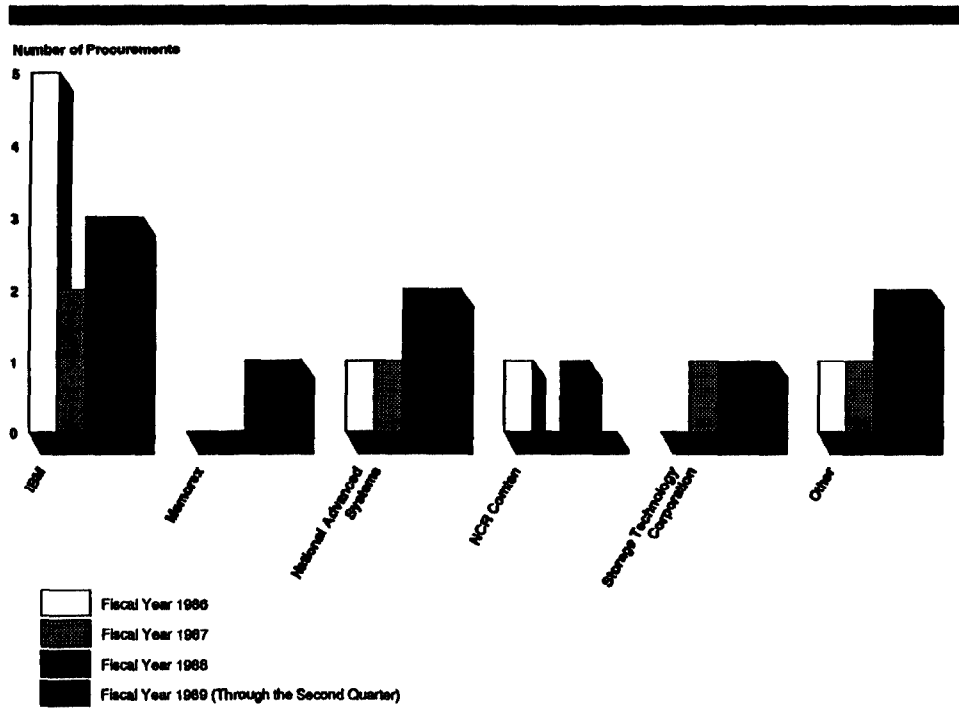
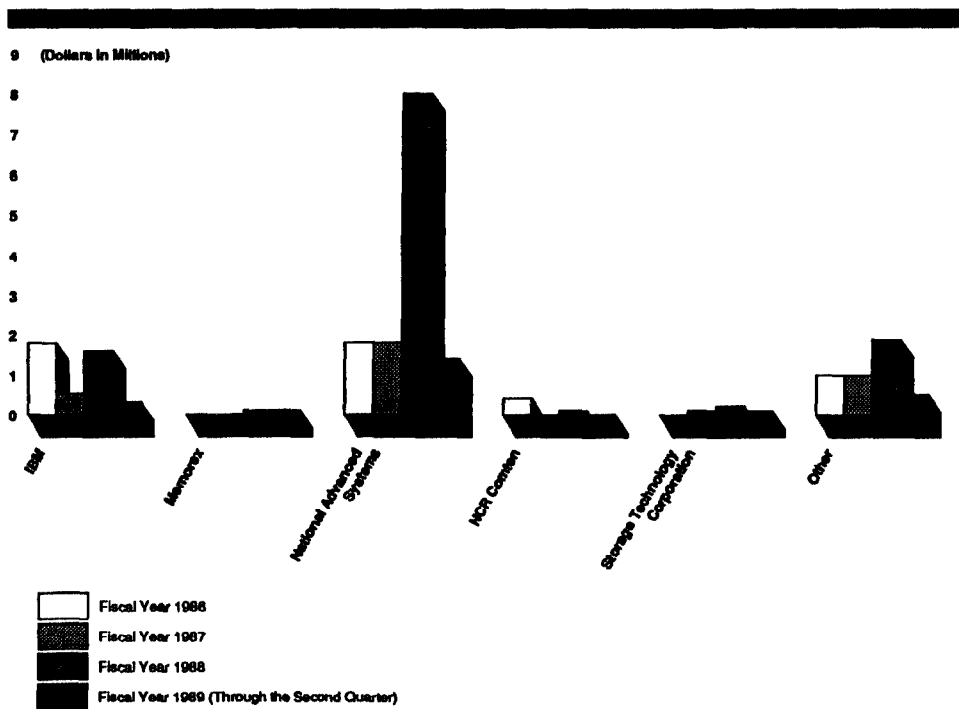


Figure I.6: Dollars for Commerce IBM-
 Compatible Procurements According to
 Manufacturer of Equipment



Appendix I
 Questions and Answers About
 Commerce Procurements

Figure I.7: Number of Commerce Compatible Procurements According to Procurement Method

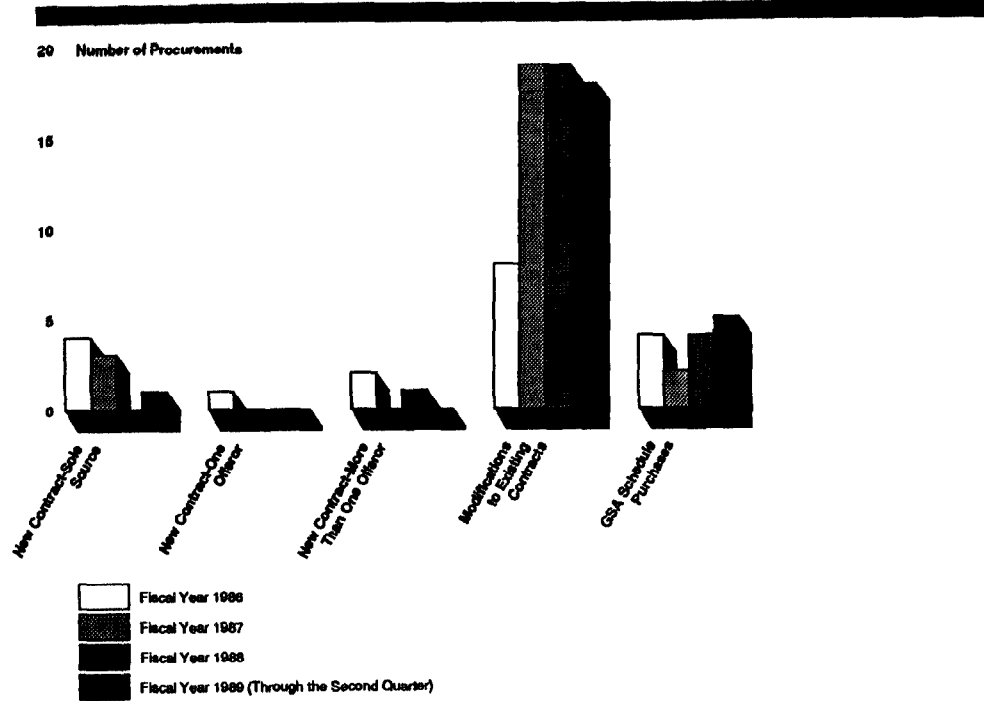
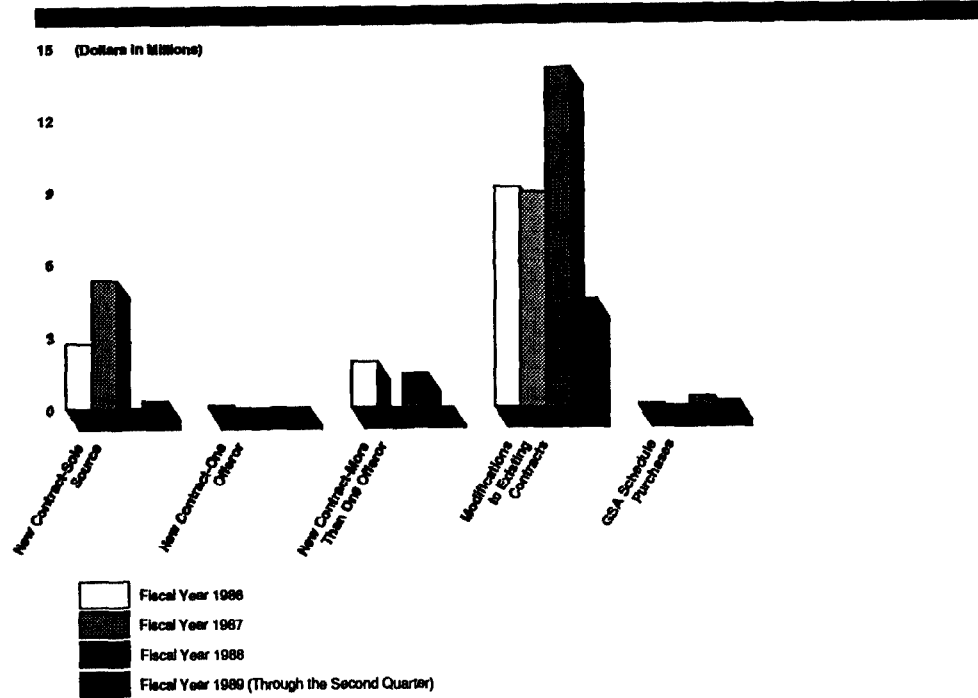


Figure I.8: Dollars for Commerce Compatible Procurements According to Procurement Method



Appendix I
 Questions and Answers About
 Commerce Procurements

Figure I.9: Number of Commerce IBM-Compatible Procurements According to Procurement Method

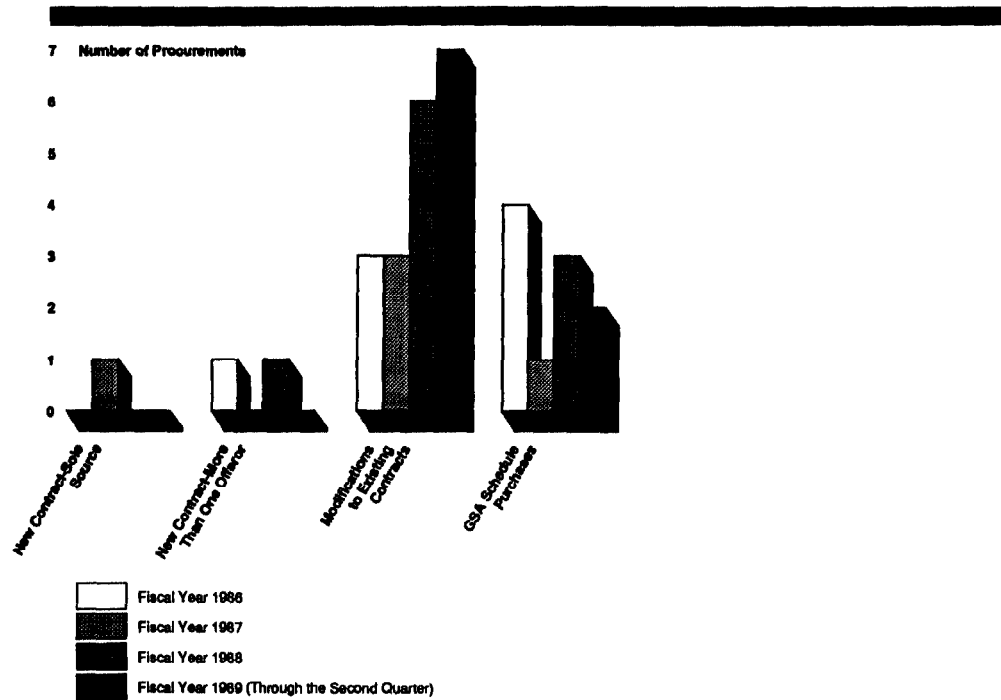
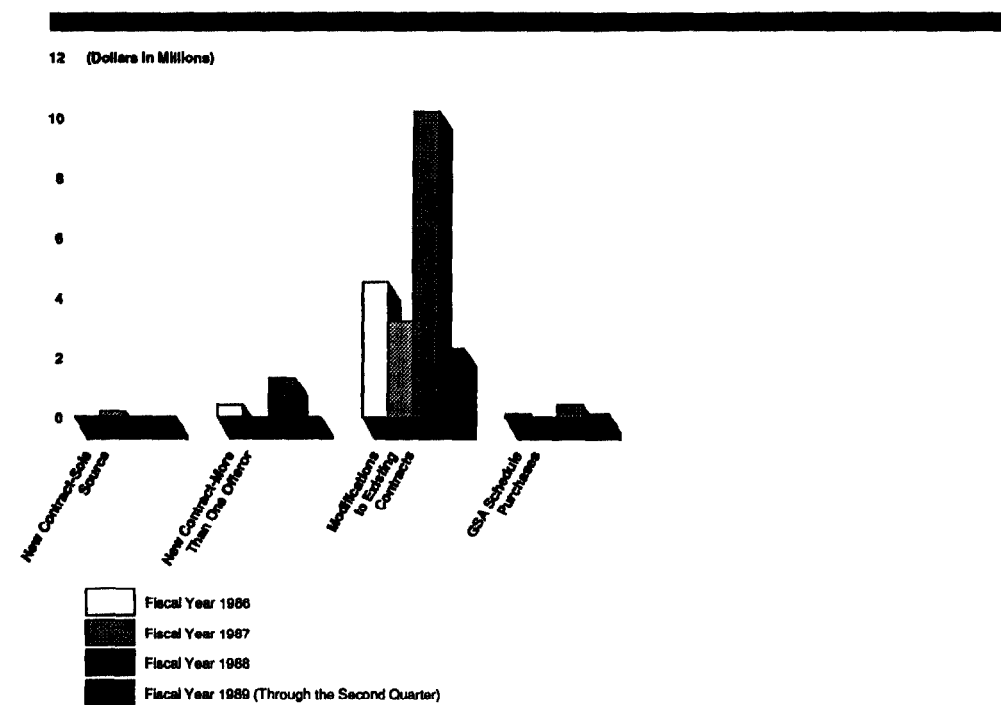


Figure I.10: Dollars for Commerce IBM-Compatible Procurements According to Procurement Method



**Appendix I
Questions and Answers About
Commerce Procurements**

Figure I.11: Number of Commerce Mainframe and Mainframe Peripheral Procurements According to Manufacturer of Equipment

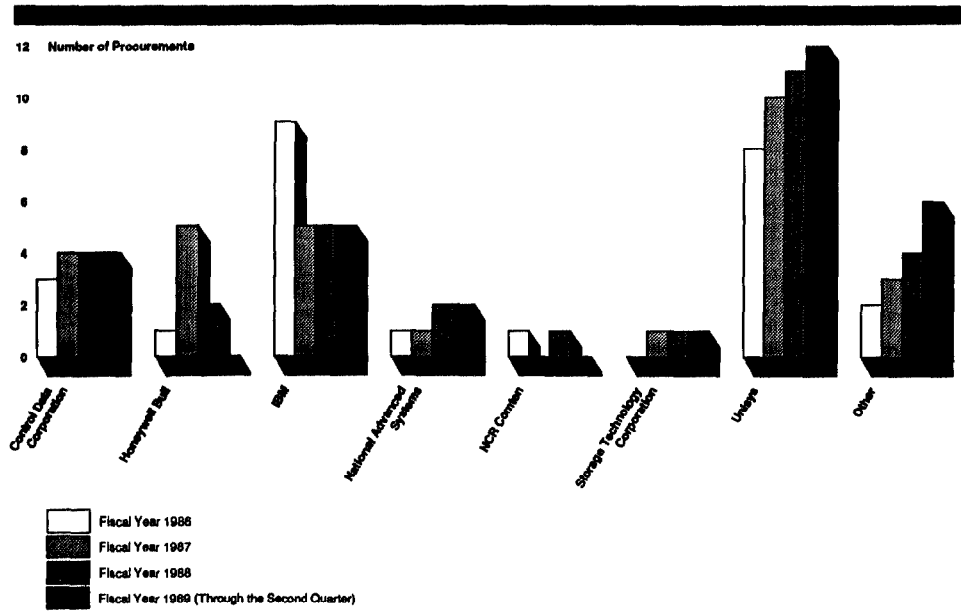
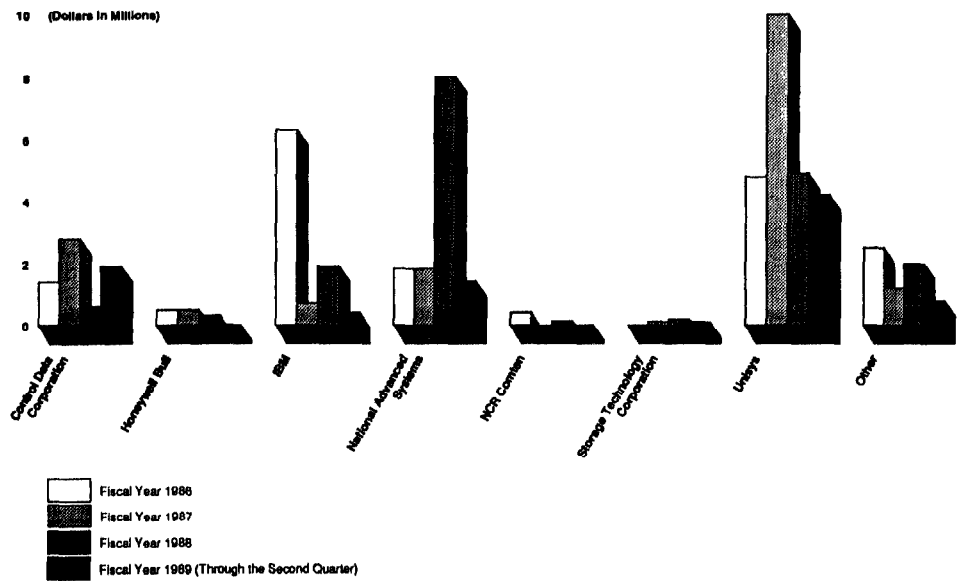


Figure I.12: Dollars for Commerce Mainframe and Mainframe Peripheral Procurements According to Manufacturer of Equipment



**Appendix II
Detailed Statistics on
Commerce Procurements**

Table II.4: Commerce Compatible Procurements According to Procurement Method

Dollars in millions

	Fiscal Year 1986		Fiscal Year 1987		Fiscal Year 1988		Fiscal Year 1989 ^a		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
New Contract—Sole Source	4	\$2.7	3	\$5.3	0	\$0.0	1	\$0.3	8	\$8.3
New Contract—One Offeror	1	0.1	0	0.0	0	0.0	0	0.0	1	0.1
New Contract—More Than One Offeror	2	1.9	0	0.0	1	1.4	0	0.0	3	3.3
Modifications to Existing Contracts	8	9.1	19	8.9	19	14.1	18	4.4	64	36.5
GSA Schedule Purchases	4	0.1	2	^b	4	0.4	5	0.2	15	0.7
Total	19	\$13.9	24	\$14.2	24	\$15.9	24	\$4.9	91	\$48.9

^aFiscal year 1989 through the second quarter.

^bLess than \$50,000

Table II.5: Commerce IBM-Compatible Procurements According to Procurement Method

Dollars in millions

	Fiscal Year 1986		Fiscal Year 1987		Fiscal Year 1988		Fiscal Year 1989 ^a		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
New Contract—Sole Source	0	\$0.0	1	\$0.2	0	\$0.0	0	\$0.0	1	\$0.2
New Contract—More Than One Offeror	1	0.4	0	0.0	1	1.3	0	0.0	2	1.7
Modifications to Existing Contracts	3	4.5	3	3.2	6	10.2	7	2.3	19	20.2
GSA Schedule Purchases	4	0.1	1	^b	3	0.4	2	0.1	10	0.6
Total	8	\$5.0	5	\$3.4	10	\$11.9	9	\$2.4	32	\$22.7

^aFiscal year 1989 through the second quarter.

^bLess than \$50,000.

Objective, Scope, and Methodology

In February 1989 we were requested by the Chairman and the Ranking Minority Member, House Committee on Government Operations, to perform a comprehensive review of the government's use of IBM-compatible automated data processing (ADP) procurements. In response to the requests and in discussions with the Chairman's and Ranking Minority Member's offices, we agreed that procurements of mainframes and mainframe peripherals would be included in our review, with emphasis on compatible procurements. Our review covered procurements during the 3-1/2 fiscal years ending in March 1989, at 35 federal agencies.

Our primary objective was to obtain and analyze information on specific aspects of each agency's ADP-related procurements. This report focuses on the Department of Commerce and includes the number and aggregate dollar value of Commerce's mainframe-related contracts, distribution of procurements among equipment manufacturers, and breakdown of the various procurement methods Commerce used to obtain mainframe-related equipment.

We used the following mutually exclusive procurement methods to group Commerce's procurements. The first three methods represent specific types of new contracts with mainframe and peripheral equipment manufacturers. These consist of sole source new contracts, new contracts that resulted from competitive procedures where only one offeror remained in the procurement at the time the awardee was selected, and new contracts that resulted from competitive procedures where the awardee was selected from among multiple competitors. We also included a category for new contracts with system developers and integrators—except any contracts separately categorized as awarded to 8(a) firms. We also obtained and analyzed data on Commerce's modifications to existing contracts, use of the General Services Administration's (GSA) multiple award schedule contracts, and other miscellaneous procurement methods.

To accomplish our objective and facilitate Commerce's information gathering, we designed a questionnaire which, when properly completed by Commerce, provided us with the necessary information. Our questionnaire included several charts and provided detailed instructions, with definitions and examples, to help Commerce identify and report the relevant information. Our questionnaire instructions cited pertinent federal regulations to ensure consistency in understanding the terms used and to identify key definitions.

In order to obtain information consistent with the questionnaire instructions, we reviewed Commerce's final response to our questionnaire, and excluded inappropriate data. For example, we directed the agencies to include only procurement data for general purpose mainframe-related equipment. However, in some instances, Commerce included procurements for equipment not classified as general purpose. In order to maintain consistency in the statistics across the 35 federal agencies, any procurements reported by Commerce for equipment other than general purpose mainframes or related peripherals were deleted from our analyses. The figures and tables in appendixes I and II were developed from our analyses.

We did not solicit or obtain comments from Commerce about this report; however, we discussed our scope and methodology with Commerce officials in June 1990 at Commerce headquarters in Washington, D.C. Our review was conducted from February 1989 through June 1990, in accordance with generally accepted government auditing standards.

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