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GSA Has Made Progress Planning for a New Governmentwide Program, But Critical Issues Remain

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Information Management Issues

GAO

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Why GAO Did This Study

In October 2003, the General Services Administration (GSA) issued a request for information describing its plans for a new governmentwide telecommunications program known as Networx, which is to replace expiring contracts. The program consists of two simultaneous acquisitions: Networx Universal, which is to provide a full range of national and international network services across the United States, and Networx Enterprise, which is to provide agencies with mainly Internet-based services with less extensive geographic coverage

In September 2004, GAO testified on GSA's actions to address challenges related to this program and made recommendations intended to improve transition planning, performance measures, and billing procedures.

GSA subsequently issued a draft request for proposals (RFP) in October 2004. In response, the telecommunications industry and federal agencies provided more than 2,500 comments, covering technical issues such as the inclusion of certain standards and more general topics, such as the level of small business set-asides.

GAO was requested to provide a progress report on GSA's planning for this program.

What GAO Found

Since GAO's testimony in September, GSA has made progress in addressing the program's challenges and our recommendations. GSA has articulated a strategy for addressing billing concerns and has plans to complete transition planning and guidance for agencies on the identification of service inventories by February 2006. It has also drafted performance measures for each of its program goals.

Critically important to the short-term progress of the Networx program are three issues that could, if unresolved, affect the ultimate success of the program:

- **Contract scope**. In commenting on the draft RFP, vendors indicated concerns about the potential size of the acquisitions as proposed by GSA. Subsequently, GSA doubled the minimum amounts to be bought under the Enterprise acquisition and is reexamining certain aspects of the acquisitions' requirements to ensure that they are all necessary.
- **Evaluation criteria**. GSA has yet to identify the evaluation criteria and share this information with prospective offerors.
- **Traffic volumes.** GSA has not yet determined the traffic volumes required by agencies at specific locations. Agency officials estimate that this information on the government's needs may not be ready until mid to late May 2005, after the final RFP is scheduled to be released.

These uncertainties represent risks to potential offerors which may, in turn, affect the quality of their proposals particularly their ability to offer the best prices to the government. In addition, delays in establishing evaluation criteria and traffic volumes could affect GSA's ability to award the contract by April 2006 as planned.

United States Government Accountability Office

I am pleased to participate in the Committee's hearing on the General Services Administration's (GSA) next generation, governmentwide telecommunications acquisition program, which is known as Networx. As you know, GSA's planning for this program is taking place within an environment of tremendous change in the telecommunications industry, in underlying services and technology, and potentially in the regulatory environment. In this context, the Networx initiative can be viewed as a significant opportunity for federal agencies—GSA's customers—to acquire and apply innovative telecommunications services to improve their operations.

We previously reviewed, at your request, GSA's initial planning efforts for Networx and identified several challenges GSA faced in ensuring a successful outcome for the program.[1] In September 2004, we testified that GSA had addressed the initial concerns about the timing and structure of the Networx acquisition.[2] While work was under way to address the challenges related to the need for transition plans, an inventory of current services, and effective measures of performance and billing procedures, GSA had not yet completed its efforts. We made several recommendations to GSA to assist it in addressing these challenges. In November, you requested that we assess GSA's progress in addressing the challenges that we previously identified, our recommendations, and other outstanding issues. My testimony today presents our results to date on these topics.

Results in Brief

Since we testified in September 2004, GSA has continued to make progress in addressing the program's challenges and our recommendations.

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[1]GAO, *Telecommunications: GSA Faces Challenges in Planning for New Governmentwide Program*, GAO-04-486T (Washington, D.C.: Feb. 26, 2004).

[2]GAO, *Telecommunications: GSA Has Made Progress in Planning Governmentwide Program But Challenges Remain*, GAO-04-1085T (Washington, D.C.: Sep., 15, 2004).

- Transition planning. As we recommended, GSA developed a transition time line. It has also recently awarded a contract for support in transition planning and expects to develop procedures that apply the lessons learned from previous transitions by February 2006.
- Inventories. GSA continues to work with agencies to develop accurate, detailed inventories of current services to enable an effective transition. It is also developing guidance for agencies on gathering this information and plans to provide the agencies with further training on inventory issues. The guidance is expected to be included in the transition management plan scheduled for completion in February 2006.
- Billing issues. In response to our recommendation that GSA develop a strategy for addressing billing issues, it has made plans to first, attempt to resolve billing issues internally, and second, refer unresolved issues to a working group of agency officials. It has also begun a long-term effort to identify changes to its current billing process.
- Performance measurement. As we recommended, GSA has drafted an initial set of performance measures intended to address the program's eight goals. GSA is continuing to work on these measures and plans in order to begin using them in 2006.

Critically important to the short term progress of the Networx program are three issues regarding the requirements underlying the Networx acquisitions. These issues could, if unresolved, affect the ultimate success of the program:

- Contract scope. In commenting on the draft RFP, vendors indicated concerns about the potential size of the acquisitions as proposed by GSA. Subsequently, GSA doubled the minimum amounts to be bought under the Enterprise acquisition and is reexamining certain aspects of the acquisitions' requirements to ensure that they are all necessary.
- Evaluation criteria. GSA has yet to identify the evaluation criteria and share this information with prospective offerors.
- Traffic volumes. GSA has not yet determined the traffic volumes required by agencies at specific locations. GSA officials currently estimate that this information will not be available until mid-to-late

May, even though the final request for proposals is scheduled for release on April 1.

These uncertainties represent risks to potential offerors which may, in turn, affect the quality of their proposals, particularly their ability to offer the best prices to the government. In addition, delays in establishing evaluation criteria and traffic volumes could affect GSA's ability to award the contract by April 2006.

My remarks today are based on audit work conducted at GSA headquarters, where we reviewed program planning documents, public presentations, and comments on GSA's plans. We also interviewed program officials and representatives of four vendors who provided comments to GSA and we reviewed analyses conducted by GSA as well as our previous work on FTS2001 and related contracts. We conducted our work in Washington, D.C., and Fairfax and Arlington, VA, between December 2004 and February 2005 in accordance with generally accepted government auditing standards.

Background

GSA's Federal Technology Service (FTS) is responsible for ensuring that federal agencies have access to the telecommunications services and solutions needed to meet mission requirements. Currently, GSA uses a series of contracts intended to meet agency needs for various telecommunications services. Specifically, it awarded two large, governmentwide contracts for long-distance services—one to Sprint in December 1998 and one to MCI in January 1999—known together as FTS2001. According to GSA, federal agencies spent approximately $614 million on FTS2001 services during fiscal year 2003 and $780 million during fiscal year 2004.

Related governmentwide telecommunications services are provided through additional GSA contracts: the Federal Wireless Telecommunications Service contract and the FTS Satellite Service contracts. The wireless contract was awarded in 1996 to provide

wireless telecommunications products and services to all federal agencies, authorized federal contractors, and other users such as agency-sponsored laboratories. Satellite services are provided through a series of contracts for a variety of commercial off-the-shelf satellite communications products and services, including mobile, fixed, and broadcast services.

Figure 1: Time Periods for GSA's Current and Planned Telecommunications Contracts
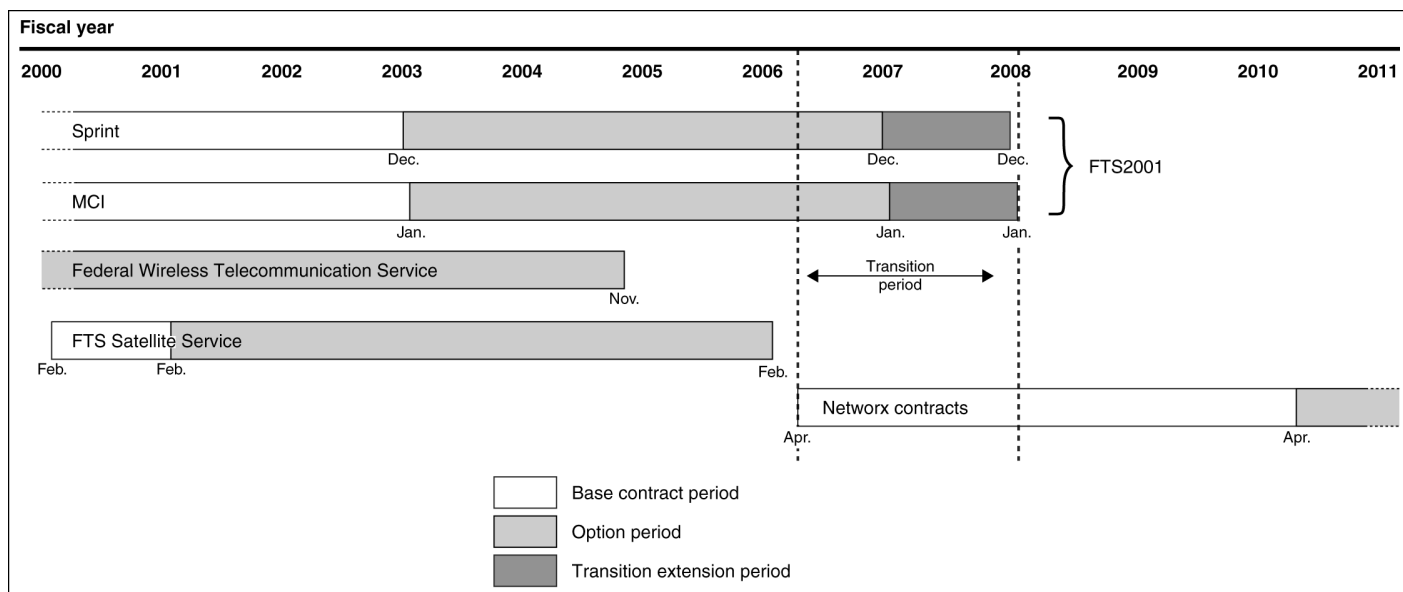
Source: GSA.

GSA has begun the process of replacing all of these expiring contracts with a new set of contracts, collectively known as the Networx program. In October 2003, GSA released a request for information (RFI) that describes its initial strategy for Networx. In the request, GSA proposed two indefinite delivery/indefinite quantity acquisitions—Networx Universal and Networx Select. Awards under the Universal and Select acquisitions were to be staggered, with the Select acquisition to be awarded 9 months after the Universal acquisition. The Universal acquisition was expected to satisfy the requirements for a full range of national and international network services and, according to GSA, was intended to ensure the continuity of services and prices found under expiring contracts that provide broad-ranging services with global geographic coverage. By

contrast, GSA planned to award multiple contracts for a more geographically limited set of services under the Select acquisition. The services required under these contracts focus on Internet-based offerings and related security and management services. This would provide agencies with leading-edge services and solutions and less extensive geographic and service requirements than Universal.

GSA has worked with representatives of federal agencies, the telecommunications industry, and other interested parties to lay the groundwork for the Networx program. Agencies work directly with GSA and through the Interagency Management Council (IMC), a group of senior federal information resource officials who advise GSA on issues related to telecommunications contracts. GSA and the IMC have agreed on eight goals for the Networx program that include an emphasis on ongoing support and performance-based contracts. Table 1 lists each of the program's goals.

Table 1. Networx Program Goals

Goal	Description
Service continuity	Contracts should include all services currently available under FTS2001 to facilitate a smooth transition.
Competitive prices	Prices should be better than that available elsewhere in the telecommunications marketplace.
High quality services	Contracts should ensure a high quality of service throughout the life of the contracts by using enforceable agreements.
Full service vendors	Vendors should be capable of providing a broad array of services and provide follow-on services to avoid duplication of administrative and contracting costs.
Alternate sources	Agencies should be able to choose from a greater number of competing vendors that provide new, enhanced services and emerging technologies throughout the life of the contract.
Operations support	GSA should provide fully integrated ordering, billing, and inventory management.
Transition assistance and support	Contracts should include provisions that facilitate transition coordination and support.

Goal	Description
Service continuity	Contracts should include all services currently available under FTS2001 to facilitate a smooth transition.
Performance-based contracts	Contracts should be performance-based and include service level agreements where possible.

Source: GSA.

In our September 2004 testimony, we reported that GSA had made progress in planning the acquisition by responding to industry and agency concerns over the nine-month lag between the release of the Networx acquisitions, the geographic coverage requirements for the Universal acquisition, and the number of billing elements that vendors were to provide. Specifically, GSA decided to release the Universal and Enterprise (the current name for the contract formerly called Select) acquisitions simultaneously. It also reduced the geographic coverage requirements for the Universal acquisition by 76 percent. In addition, through a collaborative effort with the IMC and the Industry Advisory Council, GSA reduced the number of required billing elements by 62 percent.

However, we also stated that additional efforts were necessary to fully address the management challenges we identified. We recommended that GSA finalize and implement processes for managing transition efforts, develop measures to monitor program performance and a strategy for using them, and develop and implement a strategy for resolving agency concerns about the usability of billing data.

GSA released the draft requests for proposals (RFP) for Networx in October 2004, providing industry and agencies an additional opportunity to comment on the structure and content of the Networx acquisition prior to the release of the final RFPs. In response, the telecommunications industry and federal agencies provided more than 2,500 comments, covering technical issues such as the inclusion of certain standards and more general topics, such as the level of small business set-asides.

The draft RFPs were described by GSA as nearly complete versions of the final RFPs, which are scheduled to be released on April 1,

2005. According to program officials, GSA provided as much detail as possible in the drafts because potential offerors will have only 3 months to submit proposals once the final RFPs are released. After evaluating the submitted proposals, GSA plans to award contracts under both acquisitions in April 2006.

GSA Is Addressing Networx Management Challenges

Since we testified in September 2004, GSA has continued to make progress in addressing the program's management challenges and our recommendations on transition planning, inventory development, billing procedures, and performance measures.

GSA Continues to Plan for Contract Transition

As we testified previously, adequate transition planning is one of the challenges that GSA must address to effectively complete the move to Networx. Further, experience demonstrates the need for comprehensive transition planning and an effective transition strategy. For example, the current FTS2001 contracts got off to a rocky start when efforts to transition services to the new contracts took more than 24 months, hindering timely achievement of program goals. Subsequently, a subgroup of the IMC—the Transition Working Group—identified past transition issues and documented 22 lessons learned, including that the magnitude of the effort was not fully appreciated. The working group recommended that the findings of the lessons learned effort be used as input to the Networx program management strategy and specifications. In testimony before you in September 2004, we recommended that GSA develop a transition time line and use the lessons learned to develop procedures to prevent the reoccurrence of transition difficulties.

In response, GSA has taken steps to begin preparing for the transition to the planned Networx contracts. For example, GSA has developed a document that defines the transition cost elements and identifies how those elements will be allocated to the GSA Networx program and its customer agencies and has also developed an

outline of a transition management plan. Also, in response to our recommendation regarding a transition time line, GSA developed a high-level transition time line that depicts 28 tasks, beginning with the development of the document that defines transition cost elements and ends with the disconnection of services under the FTS2001 contract (transition end). These tasks span the time from July 2004 through January 2008. GSA estimates that the transition from the FTS2001 contracts to Networx should require at least 18 months.

Additional steps are in progress. For example, GSA has begun work on the outline of a transition management plan, which is intended to be used as a guide by GSA, customer agencies, the Transition Working Group, and the contract awardees to facilitate a smooth transition. The outline identifies planning steps that agencies should undertake and lists the lessons learned from past transitions. GSA has also recently awarded a contract for transition planning assistance. This contractor is to assist in finalizing the transition management plan, including developing procedures to address lessons learned as we recommended. The plan is scheduled to be finalized in February 2006. If completed as planned, this should position GSA to effectively implement the planned transition.

Collection of Inventory Information is Ongoing

When we last testified on this program, we noted the importance of GSA and its customer agencies having a clear understanding of agency service requirements in order to make properly informed acquisition planning decisions. This clear understanding comes, at least in part, from having an accurate baseline inventory of existing services and assets. More specifically, an inventory allows planners to make informed judgments based on an accurate analysis of current requirements and capabilities, emerging needs that must be considered, and the current cost of services. In addition, the FTS2001 transition lessons learned document identified the lack of a good starting inventory as the cause of problems in a number of areas and a contributing factor to the slow start on the FTS2001 transition.

GSA is addressing the need for inventory information in several ways. It first developed an inventory of the services currently used by its customers by reviewing the existing contracts, modifications to them, and billing information. Then, GSA used the inventory information from these sources in acquisition planning, for example, to justify GSA's decision on which services to include in the proposed Networx contracts and which to make mandatory.

In addition, GSA recently asked agencies to provide and verify detailed inventory information that includes the geographic locations of those services that are used and how much they are used. In January, GSA released a preliminary list that identified the geographic locations of required services.

GSA will need to continue to work with its customer agencies to gather the even more detailed information that will be needed to conduct an effective transition, including the specific location of equipment within a room, provisions for accessing the equipment, and contact information for personnel authorized to access the space. According to the Networx program manager, GSA expects agencies to use site plans developed by the incumbent vendors to assist in developing this information. In addition, GSA is developing guidance for the agencies on gathering this information and plans to provide further training to the agencies on inventory issues. This guidance, according to GSA, will be included in the transition management plan scheduled for completion in February 2006.

GSA Has Developed a Strategy to Address Billing Issues

Clear, accurate, and complete billing records are an important internal control: they record the detail of each telecommunications transaction for later verification and management oversight. However, bills and billing systems have been a problem in the current generation of FTS programs and continue to be a concern for their proposed replacement. Agencies have commented that, in the past, billing information they received hampered their efforts to reconcile invoices, resulting in hundreds of thousands of dollars of additional costs. In testimony before you in September 2004, we recommended that GSA develop and implement a strategy for addressing the billing data issues raised by its customer agencies.

Under FTS2001, GSA resolved agency billing problems by establishing a Billing Issues Team that was responsible for tracking issues through to resolution. GSA stated that, for example, due to the efforts of this team, it has already altered the way it processes the vendor-provided billing data so that it now aligns with agency needs.

In response to our recommendation, GSA officials identified several methods for addressing possible billing data issues, including

- service level agreements that hold the contractors accountable for the accuracy of the billing data they provide and
- a requirement that contractors assign a unique identifier to each transaction, which agencies believe will improve both billing and inventory management.

Further, according to GSA officials, it will first attempt to address internally any future billing issues raised by customer agencies after contract award. Any unresolved issues will be raised to the IMC for additional action.

GSA has also initiated a long-term strategy to address the billing process as a whole. In January 2005, GSA issued a RFI that asked vendors to identify potential alternatives to the way it currently consolidates carrier billing data and provides the data to agencies. GSA is considering several billing options, including the option of contracting out bill consolidation and the potential costs and benefits of those options. The study is a part of a larger GSA effort to define the requirements of FTS's future operating environment.

GSA Has Developed Draft Performance Measures

Our research into recommended program and project measurement practices highlights the importance of establishing clear measures of success to aid acquisition decision making as well as to provide the foundation for program management. Such measures define what must be done for a project to be acceptable to the stakeholders and users affected by it; these measures enable measurement of progress and effectiveness in meeting objectives. In our testimony before you in September 2004, we recommended that

GSA finalize its efforts to identify measures to evaluate progress toward program goals and develop a strategy for using those measures for ongoing program management.

In response, GSA provided the first draft of a Networx strategic business plan that lists performance measures for the eight program goals previously discussed. (These preliminary measures are listed in table 2.)

Table 2. GSA's Initial Draft Performance Measures for Networx

Strategic goal	Performance goal	Performance measure
Service continuity: contracts should include all services currently available under FTS2001 to facilitate a smooth transition	98% of agency transition orders filled without the need for contract modification	Number of modifications compared to services transitioned
Competitive prices: prices should be better than those available elsewhere in the telecommunications marketplace	Average prices attained on Networx are at least 25% less than comparable, negotiated commercial prices	Quarterly price comparison of commercial and Networx for like services
High quality service: contracts should ensure a high quality of service throughout the life of the contracts using enforceable agreements	95% of all service metrics met on an annual basis	Contractor performance per annual service level agreement report
Full service vendors: vendors should be capable of providing a broad array of services and provide follow-on services to avoid duplication of administrative and contracting costs.	Awardees deliver 98% of services ordered under Universal	Services delivered by transition end
Alternative services: agencies should be able to choose from a greater number of competing vendors that provide new, enhanced services and emerging technologies.	Awardees can provide 98% of mandatory services offered under Enterprise	Transition end
Transition support: contracts should include provisions that facilitate transition coordination and support	98% of services transitioned within planned transition period	Quarterly audit of services that do not have disconnects completed before contract expiration date
Performance-based contracts: contracts should be performance based and include service level agreements where possible	95% of contracted services have metrics	Audit of contracts at contract award

Strategic goal	Performance goal	Performance measure
Operations support: GSA should provide fully integrated ordering, billing, and inventory management	Ordering: 90% of orders provisioned within standard intervals in contract or by firm order commitment in project plans. No more than 5% annual growth in ordering data elements.	Ordering: monthly service level agreement compliance report. Data elements added annually through contract modification
	Billing: 90% of monthly billed revenue is without error. No more than 5% annual growth in data elements for billing	Billing: monthly service level agreement compliance report. Data elements added annually through contract
	Inventory: inventory audits produce at least 95% match with agency inventories	Inventory: annual audits of FTS inventory with service order completion notices, billing data, and downloads from industry partners, then comparison with agency inventories

Source: GSA.

GSA is continuing to work on these measures. For example, the draft measures for the operations support goal—which calls for GSA to establish integrated ordering, billing, and inventory management—address the individual functions without addressing the overall management of the services or their integration. GSA officials are aware of the need to refine the measures and are working to determine how to address integrating ordering, billing, and inventory. They stated, however, that this is a longer-term effort and will not be resolved by contract award. GSA does not yet have an expected completion date for the measures but plans to begin using them in 2006.

Critical Issues Regarding Requirements Have Not Yet Been Addressed

Critically important to the short-term progress of the Networx program are three issues that could, if unresolved, affect the ultimate success of the program. These issues involve setting the scope of the contacts, establishing the criteria against which proposals will be evaluated, and determining the traffic volumes required by agencies at specific locations.

GSA Has Not Released Information on the Estimated Scope of Networx that Potential Offerors Need to Estimate Business Risks

Federal acquisition regulations require indefinite-quantity contracts such as Networx to estimate the minimum and maximum levels of goods or services that will be purchased by the government. The minimum must be more than a nominal quantity, but it should not exceed the amount that the government is fairly certain to order.[3] In addition, reasonable minimum quantities provide potential competitors with an understanding of what will be required of them and allow them to compete on a reasonable basis.[4]

GSA has not yet estimated contract maximums; it proposed minimums in the form of minimum revenue guarantees (MRG) for each contract, subsequent to the release of the draft RFP. GSA proposed a minimum for the Universal acquisition of $525 million for all awardees over the life of the acquisition and a minimum of $25 million for all awardees for the life of the Enterprise acquisition. According to the Networx program manager, these figures were derived by taking 75 percent of the estimated total revenue (less fees, taxes, and surcharges) expected under the two acquisitions in their first year. The total was then allocated between the two acquisitions based on estimates of the relative level of business during that first year. He added that GSA was purposefully conservative in defining the minimums for several reasons:

- it experienced program delays when it did not fulfill the MRGs as fast as originally estimated on the FTS 2001 contract,
- it was unsure how much agencies will use the Enterprise contracts and did not want to risk being unable to recover the MRGs within the 4-year base period of the contract, and
- vendors are aware of the overall level of revenue generated by FTS2001 which should provide them with an indication of the scope of the new acquisitions, regardless of the size of any MRGs.

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[3] FAR 16.504, 48 C.F.R. 16.504

[4] B-244710, Nov. 13, 1991; and B-291185, Nov. 8, 2002.

In commenting on the draft RFP, vendors expressed concerns about the potential size of the acquisitions as proposed by GSA. In addition to noting the absence of maximum amounts, vendors commented on:

- uncertainty over how business will be allocated between the two acquisitions and the number of awards to be made under each;
- the time period during which the MRGs will be paid; and
- the relatively small size of the Enterprise MRG compared to the costs of developing proposals and fulfilling the administrative requirements of the contracts. (Administrative requirements in the RFP call for the contractors to provide, for example, training, management reporting, and systems to perform billing, ordering, and other functions.)

These vendors commented that, because of such uncertainties, they have difficulty estimating the revenue potentially available to them. This, according to their comments, may cause difficulties in developing viable business cases to support proposals, particularly on the Enterprise acquisition. Vendors also raised the possibility that their proposed prices for the Enterprise acquisition would need to be raised to account for the risk of not recovering initial costs.

Subsequently, GSA took several actions. Specifically, it recently raised the MRG for Enterprise to $50 million. In addition, according to GSA officials, GSA is also reexamining the acquisitions' requirements to ensure that they are all necessary. Finally, the program manager indicated that maximum amounts would be included in the final RFP.

Establishing the required maximums should help offerors determine the potential size of the contracts; however, until GSA fully resolves the issues surrounding the Enterprise MRGs and administrative requirements, uncertainty about contract requirements could result in proposals that limit the government's ability to leverage its buying power and obtain necessary services at favorable prices.

GSA Has Not Finalized its Evaluation Criteria for Networx Proposals

Federal acquisition regulations require that, when an agency plans to base award decisions on factors other than price, it must describe in its solicitation:

- all evaluation factors and significant subfactors that will affect contract award and their relative importance and
- whether all evaluation factors other than cost or price, when combined, are significantly more important than, approximately equal to, or significantly less important than cost or price.[5]

The draft Networx RFP released by GSA did not include information on the evaluation criteria GSA planned to use. According to the Networx program manager, GSA thought it would be premature to release the evaluation criteria at that time, given its state of development. He added that GSA plans to identify the necessary evaluation criteria in time to include them in the final RFP.

In commenting on the draft RFP, vendors asked that GSA should make the evaluation criteria available to them in draft form. For example, one vendor commented that the evaluation criteria and other instructions to offerors drive the strategy and framework for technical and business offers. The earlier the service provider community receives such information, the more time can be spent on refining offers and arriving at the solution set that provides the best value to the government.

While GSA's approach will fulfill FAR requirements, it is inconsistent with the broader strategy for Networx, which has featured several opportunities for interested parties to review different aspects of the program and comment on them; public forums, the October 2003 RFI, and the October 2004 draft RFP. Because the selection criteria will receive limited outside input and vendors have only a 3-month time period to prepare proposals, GSA risks delaying contract awards should any unanticipated concerns

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[5] FAR 15.101-1, 48 C.F.R. 15.101-1

arise that require it to revise the criteria. In addition, continued uncertainty about the criteria could affect the quality of the proposals received in response to the Networx RFPs.

Information on Traffic Volumes May Be Delayed

As previously indicated, an accurate inventory of current services is critical to defining the government's requirements for Networx. The inventory should identify the level of services needed at each location (traffic volumes) to allow offerors to assess the government's requirements and submit a proposal that accurately reflects those requirements. Further, information on the level of service needed at each location is necessary for GSA to ensure achievement of the goal of service continuity, which requires all services currently available under FTS2001 be included in the Networx acquisition.

GSA has yet to finalize its assessment of the volume of traffic that will be necessary at each location. In January, GSA released a preliminary list of the locations to which offerors must provide services under the Universal acquisition to ensure continuity of existing services. GSA provided the list to allow potential offerors to begin assessing how they can meet the government's needs. However, according to the Networx program manager, the additional analysis needed to finalize traffic volumes has not been completed due to delays in developing an underlying software system. He estimated that the traffic volumes would not be available until mid-to-late May.

Since this information is critical to developing proposals, delays in providing this information to potential offerors further diminishes the time frames they have to respond to the RFP and may ultimately affect the quality of their proposals. Further, if GSA decides to provide offerors with additional time to prepare and submit proposals, it could ultimately delay GSA's ability to award contracts by April 2006.

In summary, since our testimony in September, GSA has made progress in addressing the management issues we previously identified, as well as our previous recommendations. However, several critical issues present significant short-term hurdles to GSA's timely achievement of the program's goals. GSA has not yet fully resolved issues concerning the MRGs, including determining the validity of administrative requirements. In addition, less than one month before the scheduled release of the final RFP, GSA has yet to finalize its assessment of traffic volumes and to share evaluation criteria with potential offerors. Resolving these issues will be a significant challenge for GSA considering the tight schedule it has outlined. However, if these issues are not resolved promptly, GSA risks limiting its ability to deliver improved services to its customer agencies at favorable prices.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions from you or other members of the Committee.

Contacts and Acknowledgements

Should you have any questions about this testimony, please contact me by e-mail at koontzl@gao.gov or James Sweetman at sweetmanj@gao.gov. We can also be reached at (202) 512-6240 and (202) 512-3347, respectively. Other major contributors to this testimony were Jamey Collins, Nancy Glover, and Nicholas Marinos.

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