

Abstract

As commercial e-commerce portals are being developed for use in the federal government, some stakeholders in federal acquisitions are worried they will lose their place in the market. Small Businesses, for instance, have expressed concern that they cannot compete with a potential technological monopoly run by a company like Amazon. This research identifies how online marketplaces can provide market efficiencies to government buyers without sacrificing competition and diversity among providers.



The Three Government e-Marketplaces: Amazon Business, Fisher Scientific, and Overstock Government

FY2021 GSA Commercial Platforms Data

\$11.7M Spent Across Three Platforms
Average Order Size = \$275

45,000 Overall Orders
35,000 Agency Users
20 Participating Agencies

USER BENEFITS:

85% Felt they saved time
64% Felt they saved significant time
88% Felt that prices were competitive
Almost 2/3rd said they could easily identify
Small Business Vendors

CUSTOMER EXPERIENCE:

Overall satisfaction = 9/10
9/10 said they were likely to use the platform again
8.8/10 said they would be likely to recommend the platforms to other Government Procurement Card Holders

FY2021 GSA Commercial Platforms Highlights

Methods

The scope includes an assessment of the existing market efficiencies available to government buyers, an examination of small business participation in the existing market, an identification of marketplace reform initiatives, a review of the Amazon Amendment, and a review of the ways in which Small Businesses are impacted by the current marketplace environment. This study focuses on the online federal marketplace available through the U.S. General Services Administration and Amazon's marketplace as a potential competitor.

Results & Their Impact

- In response to implementation efforts for the Commercial Platforms program and Section 846 of the 2018 National Defense Authorization Act, GSA awarded contracts to three e-marketplace platform providers in June 2020: Amazon Business, Fisher Scientific, and Overstock Government. The platforms allowed GSA to test the use of commercial e-commerce portals for purchases below the micro-purchase threshold for up to three years. Our research aims to help both buyers and vendors of these commercial platforms to understand GSA's goals in creating these platforms.
- All three platforms include government-specific features such as the ability to prioritize products from mandatory sources, like AbilityOne suppliers, or flag prohibited products. Government buyers can also identify the socioeconomic status of a supplier and document their comparison of products and prices. Our research aims to increase buyers' knowledge of the small business vendors on the GSA commercial platforms.
- GSA proposed that their proof of concept would provide many benefits including a modern, streamlined buying experience, pricing benefits, choice across a large pool of suppliers and products, facilitated small business purchasing, and implementation of supply chain risk management. Buying agencies can view real time data to show trend analysis in their purchases to include vendor size status. By showing buying agencies the vendor's size status, buyers can make informed decisions and help their agency to meet its Small Business goals.
- In the first year after launch, GSA's commercial platform reported about 45,000 orders resulting in over \$11.7 million spent by over 35,000 agency users in the online marketplaces. As the Government continues to develop and expand the available commercial platforms, it is imperative that small businesses adapt their business processes to better align with this digital acquisition approach.

Recommendations

- Within the commercial platforms, almost two-thirds of Government buyers stated they could easily identify small business vendors. In future versions of the platforms, there should be an easier identification process to highlight small business vendors, possibly with an icon by the company name.
- In GSA's latest RFI, posted in March 2022, there was no mention of Small Businesses. In the next RFI posting, more focus should be placed on small business outreach and impacts.