Summary of GSS Mod Processing Changes 6/27/2023

Eligibility and Applicability

1. The improvements being piloted are applicable only to EPA and product addition modifications

2. Transactional Data Reporting (TDR) is a critical enabler of the new process. As a result, only those contracts enrolled in TDR are eligible to participate at this time.

3. Office supplies and tools are the current focus, but we plan expansion to more product categories in the coming months

Changes and Benefits

Standardization:

Our new process is called "Standardized Pricing Evaluation Logic," which we abbreviate as SPEL. As the name implies, process *standardization* is a critical aspect of this change. Contractors deserve consistent results and answers regardless of the individual Contracting Officer involved. Early results are extremely positive in this regard.

Offer Price Evaluation:

Extensive analysis has demonstrated that by upgrading our algorithms to include TDR, Commercial, and Consumer Price Index data, we can automatically recommend approval of many more legitimate price offers compared to recent 4P evaluations.

We are simultaneously improving our controls on wildly overpriced items, but in every case we have tested, a significantly higher overall percentage of pricing approvals was recommended by SPEL compared to 4P, resulting in thousands of additional contract offer prices becoming immediately eligible for award.

Speed:

In addition to legitimate contractor frustration, we have seen in our own metrics and data that modification processing has become unacceptably bogged down, which is what triggered our recent improvement efforts.

In taking a hard look at modification processing, we immediately concluded that improving our algorithms to reduce variation and approve more legitimate offer prices would be a great start, but we also needed to shake things up for the remaining items that we still can't algorithmically recommend for immediate approval.

As a result, this is the new process that all participating COs are now directed to follow:

1. Run the mod 4P output through the new SPEL tool to maximize the number of legitimate offer prices we can automatically approve while also improving controls on unreasonably high prices.

2. Contractors must then submit a clean Product Pricing Template (PPT) file with *only the items where the price has been deemed acceptable.* This will be immediately processed to update contract offerings as soon as possible. To the delight of participating contractors, processing these "clean PPTs" has thus far resulted in successful catalog updates within just a few days.

3. *For items where pricing was rejected*, the contractor has the choice to reduce pricing and resubmit on a separate modification. Approval cannot be guaranteed in advance, as offer evaluation is based on market data at the time of resubmission, but a "Target Price" is provided to contractors as a helpful indicator of potentially competitive pricing.

4. For *items where "No Market Research" is found,* the contractor must take several factors into consideration:

   1. The contractor should consider which items have a legitimate expectation of significant demand before including them on a new PPT. Outside of data-matching issues, actively selling items should not result in "no market data found" on an offer. If the item is an active-seller and the contractor believes that "no market data found" was due to a data matching issue, then the contractor should validate the item information on the PPT and resubmit with the justification "Suspected Data Matching Error."

   2. While we understand the need to offer items in support of prospective sales, there is a cost to GSA to validate and maintain bloated catalogs with tens of millions of items that will never sell. As a result, a new requirement of this program is that, when re-submitting items with "no market data found," a justification of why existing or potential sales should be expected for each item will be required. We will evaluate these justifications and refine this requirement as we gather intelligence from our industry partners.

   3. As Supply Chain Risk factors such as country of origin cannot be systematically determined for these items, item-level attestation will be required for all "No Market Data" items submitted.

   4. The revised policy for pricing evaluation for these items is still in development so our COs are currently directed to evaluate pricing consistent with their past practices. As a result, pricing evaluation for these items will take much longer than it will for items that do have market data. As this part of the process is largely unchanged, these items are not expected to take any longer to evaluate and approve than what contractors experienced prior to SPEL implementation.

Summary:
- More item offers are being recommended for approval by the SPEL algorithm
- The speed of offer processing is dramatically improved for those that are algorithmically recommended for approval
- An expedited path to approval is also available for items where the offer price was rejected
- Items with "No Market Data," which are definitionally unlikely to impact current contractor sales volume, are not expected to take longer for GSA to process than they otherwise would have