



The purpose of this posting is to provide a brief summary of the Internal Revenue Service's initial foray into a new way of buying solutions to some of its more complicated problems, called Pilot IRS. It will also provide information about how we will change things going forward, and our areas of focus in the near-term (defined as 3-6 months).

High-Level Summary of Pilot IRS

Pilot IRS is the IRS's nascent-stage approach to buying solutions using challenge statements and iterative/agile rollout. The first version of Pilot IRS was released in August 2019, and focused on near-term improvements to a federal-wide platform for contract obligation data called Federal Procurement Data System - Next Generation (FPDS-NG). The initial solicitation/call was brief (14 pages), and asked firms to propose approaches to improving data, limiting manual work, and achieving results within 90 days. IRS awarded 5 firms a contract (initial period of \$25,000 and 30 days) in 21 business days, with subsequent phases of longer duration and greater funding being dependent upon demonstrated results and the IRS's ability to deploy a given solution. Two firms continue to receive funding, and have demonstrated return on investment rates of roughly 30-80% reductions in time required to make corrections to and improve the data in FPDS-NG.

There are 4 primary differences between Pilot IRS and traditional federal procurement structures: 1) length/speed of solicitation and award process (solicitation release to award of contracts, including both written and oral proposals, in 21 business days on recent FPDS-NG effort); 2) use of challenge statements as opposed to prescriptive models; 3) flexibility in the post-award process, meaning that as awardees and the IRS learn more, the ability to shift focus to different areas (as long as they continue to address the stated goal) expands instead of contracts; and, 4) duration and funding amounts of contract phases (initial phases were limited to weeks and months).

What Will Change in Future Versions of Pilot IRS

One of the larger constraints on the initial version of Pilot IRS was the security clearance process. We did not immediately process/request clearances for personnel from each of the 5 firms who received a contract, believing that the cost savings would outweigh potential delays. In future versions, this will likely change, and at least limited numbers of personnel will have clearance processes that will begin on the first day.

The first project funded under Pilot IRS noted a portfolio limit of \$7M for all firms, across all phases. Future projects/versions will likely have different funding limitations, including a potential funding amount of \$7M per firm, or a larger funding limit on a portfolio of multiple firms/awards (i.e., \$25M). Ensuring that communication with industry at large continues after award is important through brief explanations of the award decisions and continuous updates on potential future projects.

Potential Future Projects to be Funded Under Pilot IRS

The initial results of Pilot IRS have generated significant levels of interest from IRS and other federal agency customers. Within the next 3-6 months, IRS anticipates releasing at least one of the following projects for competition. Please note that the information contained below is not finalized, and is likely to change substantively.

IRS Procurement Data Visualization

The Office of the Chief Procurement Officer (OCPO) consumes and manages data originating from more than 10 procurement support systems. The data included in these systems ranges from structured to unstructured data, varies wildly in terms of 'clean' and amount/type of data, and represents a huge opportunity for OCPO to demonstrate a value proposition to its customers. Our goal is to aggregate information across systems and provide real time views into both pre-award acquisition planning elements and post-award contract management data.

Enterprise Systems Testing - Synthetic Data

The IRS uses data to test and improve various systems, and encounters challenges around creating synthetic data sets and keeping them current. By generating a robust synthetic data creation capability based on a simulation of the nation, the IRS can test systems based on fictitious data about people and business entities.

Enterprise Systems Testing - Code-Free Test Automation Tool Analysis

The IRS supports various testing activities on more than 200 applications in different environments, including System Test, Production Simulation, and Performance Testing. The IRS enterprise systems testing domain is interested in exploring "code-free" test automation tools where system SME's input test criteria through a user interface and the software application does the underlying work to execute the appropriate test scripts in an automated and repeatable manner to increase the overall quality of testing with a potentially significant reductions in test phase timeframes and IRS personnel resources.

Thank you for your continued interest and engagement on IRS emerging acquisition projects and the Pilot IRS Procurement Framework.