EDITORIAL PREFACE

Dot-Gov Success in the Online Marketplace

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The United States government has become an increasingly important player in the realm of electronic commerce (e-commerce). An impetus in the government’s entry into the virtual world was the enactment of the 1998 Government Paperwork Elimination Act. It dictated the government’s acquisition and use of information technology as a substitute for paper and for the use and acceptance of electronic signatures.

FirstGov.gov, launched in 2000 as a government portal Web site, was heralded as the beginning of the dot-gov revolution. This site provided an unprecedented opportunity to “plan your vacation or plan your life” because of the range of government services and resources provided (Enos, 2000). The portal electronically reached out to citizens and businesses alike, thus initiating an intricate web of buying and selling opportunities.

Early on, dot-gov success was made evident by government sales in 2000 totaling more than $3.6 billion, thus topping Amazon.com’s sales of $2.8 billion (Hasson & Browning, 2001). Increasingly, citizens got online to buy goods ranging from toothpaste to treasury bills. One of the more successful dot-gov ventures was the United States Mint, selling $150 million worth of collectibles and coins to citizens. A unique category of goods — wild mustangs — was auctioned on the U.S. Bureau of Land Management’s auction Web site (Meszoly, 2003).

Early in the dot-com era, several government agencies relied on commercial e-commerce sites, such as eBay.com, to sell excess goods. The United States Postal Service (USPS), for example, utilized commercial auction sites to reduce its inventories. Previously, USPS relied on physical locations for the auctioning of goods. Of course, this limited the number of citizens who could participate in the auction process. The virtual auction environment of eBay.com changed the playing field by removing physical barriers associated with past participation.

About the same time, the federal government’s General Services Administration (GSA) launched an auction site offering government surplus to potential customers via an online bidding system. Any government agency was able to use the auction site to offload goods by paying the GSA a commission. The GSA acted as an e-commerce pioneer, which is not surprising, given its history of promoting the use of technology by the government. In the first
three months, more than $3 million in goods was sold via this Web site (Hasson & Browning, 2001).

More recently, e-commerce provided for a government-contracting venue in which goods and services are purchased electronically by the government. Online government buying agents (e.g., Department of Defense EMALL) built bridges between government agencies and commercial contractors and vendors in meeting procurement needs. As a result of this virtual environment, the government has become more market-driven with the potential for increased profits due to buying efficiencies and lower costs due to broader competition.

When many dot coms met their demise during the early part of the decade, government e-procurement continued to flourish. E-commerce was used effectively to transform government purchasing by bringing together buyers and sellers in a virtual environment. Today, the GSA’s Advantage! (www.gsaadvantage.com) illustrates how e-commerce is used to offer millions of products and services provided by the commercial sector for which an agency can perform one-stop shopping in meeting its procurement needs. Any business, regardless of size, can participate electronically in selling its goods and services to the government via this site.

One could argue that the government has only gotten started in its innovative use of e-commerce to buy and sell goods and services. Reverse auctioning of government contracts, for example, is drawing attention, whereby multiple contractors compete against one another in an open bid environment. Each contractor knows the other competitors’ bids; and as such, prices drop as more bids are received. Though the approach promotes competition among contractors, there are potential downsides to its use. No bidders may be willing to provide the lowest price, technology glitches may impede the electronic bidding process, or collusion among contractors may result in a higher price (www.safaq.hq.af.mil/contracting/reverseauction/).

There is no doubt that the government has used e-commerce effectively to build virtual bridges between buyers and sellers in the government marketplace. Government contracting, in particular, has been changed forever via e-procurement mechanisms put in place. The virtual marketplace will continue to flourish as businesses both large and small discover ever-growing opportunities to interact with the U.S. Government.

References