

April 20, 2017

Hon. Jason Chaffetz, Chairman  
Hon. Elijah Cummings, Ranking Member  
House Committee on Oversight and Government Reform  
2157 Rayburn House Office Building  
Washington DC 20515

**Re: Responses to Questions for the Record from March 23, 2017, Committee Hearing Titled “Legislative Proposals for Fostering Transparency”**

Dear Chairman Chaffetz and Ranking Member Cummings:

I appreciate the opportunity to respond to additional questions for the record from the House Committee on Oversight and Government Reform following its hearing on Thursday, March 23, 2017.<sup>i</sup>

The Committee’s questions concern Dun & Bradstreet, Inc.’s unique monopoly over important federal grant and contract information. The monopoly stems from Dun & Bradstreet’s proprietary interest in the electronic identification code that is universally used to identify the entities that receive grantees and contractors. This proprietary interest is affirmed by Dun & Bradstreet’s government-wide contract with the General Services Administration (GSA).

The Data Coalition believes that all federal information, unless important security or privacy concerns apply, should be published online as open data – easily downloaded, scrutinized, and analyzed. This means federal information should be freely available to Americans “with no restrictions on copying, publishing, distributing, transmitting, citing, or adapting.”<sup>ii</sup> Dun & Bradstreet’s monopoly prevents the federal government’s official records of grant and contract spending from being available as open data.

Under its GSA contract, Dun & Bradstreet administers the system that registers and tracks federal grantees and contractors. That alone is not objectionable.

However, the contract also provides Dun & Bradstreet with a proprietary interest in the Digital Universal Numbering System (DUNS) Number, the electronic code that identifies those entities. Dun & Bradstreet wields its ownership of the DUNS Number to restrict taxpayers from downloading or analyzing this information in a meaningful way, unless they purchase a license to it from Dun & Bradstreet.

The Committee’s questions, and my answers to them, follow.

1. *In your statement, you state that: “Taxpayers paid for this information to be compiled, and they paid for the grant and contract awards that this information describes, and yet they cannot download or analyze this information without paying again, every time.”*
  - a. *The Committee understands that the Dun & Bradstreet agreement does not limit taxpayers’ ability to download or to analyze this data, including D&B data. What situation are you referring to where taxpayers have to pay for this data?*

The Committee is misinformed. Taxpayers can browse through information identifying federal grantees and contractors on two federal portals, USASpending.gov and SAM.gov. However, under the contract between GSA and Dun & Bradstreet, they cannot download or analyze it without purchasing an additional license.

At the top of the front page of USASpending.gov, a prominent disclaimer warns users: “You must click here for very important D&B information.” The disclaimer links to a legal notice explaining that users of the portal are prohibited from “[s]ystematic access (electronic harvesting) or extraction” of information that includes the crucial DUNS Number,<sup>iii</sup> *i.e.*, downloading it. A similar legal notice is linked from the front page of SAM.gov.

Under this notice, users who wish to download or analyze information that identifies federal grantees and contractors using the DUNS Number – without which the information is not meaningful – cannot do so without a license.

- b. *According to the original selection criteria of the DUNS Number outlined in the 1994 report, Streamlining Procurement through Electronic Commerce, by the government “most government trading partners already have a DUNS Number”. Considering Dun & Bradstreet has 250M+ records in its database, is it accurate to say that taxpayers paid for this information to be compiled?*

Taxpayers did pay for this information to be compiled through their purchase of the GSA’s government-wide license to it, for which they had already paid over \$150 million as of the Government Accountability Office’s 2012 report on this issue.<sup>iv</sup> It may be true that Dun & Bradstreet would compile and maintain company information to sell to private-sector customers even if it had no federal business. However, it is also true that the GSA’s payments to Dun & Bradstreet are consideration for this work.

Therefore, it is accurate to say that taxpayers who want to use this information are forced to pay in multiple ways: first, by funding the grant and contract awards that this information describes; second, through the GSA’s purchase of a government-wide license to it; and third, by purchasing additional licenses if they wish to download or

analyze it. I know of no other goods and services that the government purchases for which a similar situation exists.

2. *In your statement, you state that: “The federal government’s use of the DUNS Number effectively gives Dun & Bradstreet a protected and profitable monopoly on public information – at the double expense of the taxpayers”*

a. *A “monopoly” established if there is a single source of a good or service and has virtually total control of a sector. In the case of the assignment of unique identifiers and entity validation services, it seems that the government has alternatives, although they may not have chosen them to standardize on instead of the DUNS Number. With Tax ID, CAGE Code, LEI, and even other competitive numbers like the Austin Tetra number that was previously used in CCR.gov alongside the DUNS, isn’t this just a case of the government having a preferred solution provider?*

Under this definition of “monopoly,” Dun & Bradstreet has a monopoly over the federal government’s official grant and contract information. First, federal agencies exclusively use the DUNS Number to track the entities that receive grants and contracts. Second, under Dun & Bradstreet’s contract with the GSA, Dun & Bradstreet retains a proprietary interest the DUNS Number.

As a result, Dun & Bradstreet is the only source for official and complete information on federal grant and contract spending. Nobody can download procurement and grant information and translate the DUNS Numbers into some other code without first purchasing a Dun & Bradstreet license.

Even though other identification codes do exist, grant and contract information is not tracked using these other codes, and has to be sourced from Dun & Bradstreet, under a license, before any translation can be done. Even though other information vendors exist, GSA has given Dun & Bradstreet sole control over official federal grant and contract information.

As far as I am aware, Dun & Bradstreet’s protected and profitable monopoly is unique across all federal management, spending, and performance. I know of no other circumstance where information about the operations of the federal government, all funded by taxpayers, is owned by a private-sector vendor, restricting taxpayers’ ability to reuse the information. If such other circumstances did exist, the Data Coalition would advocate for change, just as we are advocating for the federal government to stop using a proprietary identification code for grantees and contractors.

b. *It is my understanding that under the GSA agreement there is not a cost for taxpayers to register in the government systems nor to download or*

*interact with the data. It is also my understanding that using a solution such as the LEI that you have advocated for, carries annual costs for businesses, large and small alike. What are those costs?*

It is not correct to claim that “there is not a cost for taxpayers ... to download or interact with the data.” Under the GSA agreement, taxpayers may browse through information that identifies grantees and contractors using the DUNS Number, but they cannot download it. This is proved by the text of the legal notice published on USASpending.gov and SAM.gov, cited above.

In 2016, Dun & Bradstreet and the GSA modified their contract. The GSA paid Dun & Bradstreet over \$20 million. In exchange, Dun & Bradstreet expanded the ways in which the public can use some ancillary data fields – primarily company name and address – but did not lift all restrictions on these data fields. The USASpending.gov and SAM.gov legal notices show the impact of this modification. Both legal notices inform users that they may now download these ancillary data fields, but not “in bulk,” and must credit Dun & Bradstreet wherever they use such data.<sup>v</sup>

However, the contract modification did not give users the right to download information that contains the DUNS Number. Without the DUNS Number itself, grant and contract information is difficult to use. For example, a USASpending.gov search for “Lockheed” reveals dozens of different affiliates and subsidiaries of Lockheed Martin, with minor variations between many of their names. Without the DUNS Number, it is impossible to tell whether spelling variants signify a different legal entity or not.

Without the DUNS Number, it is also impossible to match grant and contract information together with agency-specific data sources, or non-governmental ones. Dun & Bradstreet holds the only key to any entity matching that involves federal grantees and contractors.

If the nonproprietary Legal Entity Identifier (LEI) were adopted as the government’s official identification code for grantees and contractors, then federal grant and contract information would be freely downloadable and reusable by taxpayers and others, with no need to secure a license. The LEI system is managed by the Global LEI Foundation, a nonprofit organization. When a government agency chooses to adopt the LEI for the entities it regulates or tracks, it requires them to register for an LEI – either through a registration platform it administers itself, or else through a separate registering body. The LEI system is funded by fees paid by the entities to their registration platform. These fees vary depending on jurisdiction-specific decisions, but are nominal, and would represent a very small proportion of the overall cost of complying with federal procurement or assistance regulations.

3. *Isn't it true that Dun & Bradstreet provides a government-specific call center service under this contract and that they only collect data elements required for SAM registration through that call center?*

I do not know.

Even if Dun & Bradstreet does provide a government-specific call center service to assist in registering federal grantees and contractors under the GSA contract, this does not justify providing Dun & Bradstreet with a proprietary interest in the electronic identification code that identifies such entity and a resulting monopoly over federal grant and contract information.

4. *Are any members of your coalition, Dun & Bradstreet competitors?*

The Data Coalition believes that grant and contract information should be freely available as open data, not restricted by a proprietary identifier the way it is today. Of our thirty-six members, a few provide business information services to federal agencies, just as Dun & Bradstreet does. However, none of these companies, nor any other Data Coalition member, is seeking to provide a proprietary identification number to track federal grantees and contractors and then charge taxpayers for licenses to download or analyze the information. In that sense, no Data Coalition member competes with Dun & Bradstreet's current arrangement, nor wants to.

Should our vision of fully transparent, unrestricted grant and contract information be realized, Dun & Bradstreet and its peer companies can compete to synthesize this public information to create marketable insights.

Thank you again for the opportunity to respond to the Committee's questions.

Sincerely,

/s/ Hudson Hollister

Hudson Hollister  
Executive Director, Data Coalition

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<sup>i</sup> See <https://oversight.house.gov/hearing/legislative-proposals-fostering-transparency/> (accessed March 30, 2017).

<sup>ii</sup> OPEN Government Data Act, H.R. 1770, S. 760, available at <https://www.congress.gov/bill/115th-congress/house-bill/1770>, at sec. 3561(11).

<sup>iii</sup> See, e.g., <https://www.usaspending.gov/pages/db.aspx> (accessed March 30, 2017).

<sup>iv</sup> Government Accountability Office, *Government is Analyzing Alternatives for Contractor Identification Numbers*, June 12, 2012, available at <http://www.gao.gov/assets/600/591551.pdf>.

<sup>v</sup> See, e.g., <https://www.usaspending.gov/pages/db.aspx> (accessed March 30, 2017).