



TECHNICAL BRIEF · BASED ON GAO-26-107530 · GOVERNMENT-WIDE, DHS, GSA

15 OF 24 AGENCIES SAY AN OUTDATED FAR SLOWS CLOUD BUYS

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CFO ACT AGENCIES THAT SAID OUTDATED FAR PROVISIONS IMPEDED CLOUD PROCUREMENTS

GAO reported in June 2026 that 15 of 24 CFO Act agencies said outdated FAR provisions impeded cloud procurements. The FAR still has no cloud definition, and GAO put the fix to Congress, so bidders have to write the definition into their own offers.

THE FINDING

In June 2026, GAO published [Cloud Computing: Federal Government Needs to Address Procurement Challenges](#) (GAO-26-107530). Senior officials in the CIO and Senior Procurement Executive offices at 15 of the 24 CFO Act agencies told GAO that outdated Federal Acquisition Regulation provisions impeded their cloud procurements.

GAO named three gaps. The FAR still has no definition of cloud computing, its definition of information technology is about 20 years old, and its definition of a commercial product or service does not align with cloud computing.

GAO called updating the FAR "essential to effectively contracting for cloud services."

This finding did not go to an agency. GAO put two matters to Congress: update the statutory definitions of commercial products and services and have acquisition regulations reflect them, and require regulations to define information technology consistent with FITARA and cloud computing consistent with the definition from the National Institute of Standards and Technology (NIST).

WHY IT KEEPS HAPPENING

No single agency can close this. The FAR Council writes the FAR, and the commercial definitions trace back to statute, which is why GAO's matters sit with Congress.

Agencies have worked around the gap one policy at a time. Officials at five agencies said the missing cloud definition created extra drafting work, and eleven agency acquisition policies and contract clause documents borrowed NIST's definition. Of the 15 agencies, five said the FAR's definition of information technology did not match OMB's under FITARA.

The commercial definitions drew the most complaints. DHS told GAO that classifying cloud as a service was difficult because cloud runs on consumption, like a utility. Interior said software licensing fit poorly within the FAR's definitions. Twelve of the 15 agencies said the FAR needs a definition for consumption-based services.

Attempts to fix it have stalled or missed. OMB put a cloud definition based on NIST SP 800-145 into a proposed FAR rule on cybersecurity requirements for unclassified federal information systems in October 2023, and as of May 2026 the rule was not final. The Revolutionary FAR Overhaul revised all 53 FAR parts between April and October 2025, including Parts 2, 12, and 37. GAO reported that the changes did not address these cloud challenges.

WHY IT MATTERS TO YOUR BID

Without a regulatory definition, each solicitation sets its own. One performance work statement says cloud services, another says hosting, a third says SaaS and treats the subscription as a product. The contracting officer then decides whether the buy is a commercial product, a commercial service, or both, and that choice shapes how the work gets priced and ordered.

Evaluators score what the offeror says it understands. An offer that uses the agency's loose language back at it leaves gaps the agency has to fill after award. An offer that states its service model, separates what it builds from what the provider bills, and lists its assumptions about the classification reads as a team that has bought cloud before.

The risk lands on the sub's work too. Implementation labor, a provider's consumption charge, and a reseller's licenses can all appear under one line in a solicitation. A prime that can point to a sub's work in countable units keeps that labor from being swallowed by a pass-through line.

TECHNICAL APPROACH

The method below comes from Avalon's [SaaS/IaaS Implementation service](#) and the Cloud Migration & Development service. It describes how the work is done, at the methodology level.

- 1. Name the delivery motion for every workstream.** The scope states whether each piece is a SaaS or an IaaS motion, using the service-model vocabulary in NIST SP 800-145, the definition GAO says Congress should make the FAR's. The workstreams are provision, identity, security baseline, connectivity, data or workloads, integration, enablement, and evidence. The offer then reads the same under whatever definition the solicitation uses.
- 2. Separate what is built from what is consumed.** Tenant or landing-zone standup, identity federation, baselines, a pilot workload, and migration waves are written as deliverables. Provider consumption is funded in the agency's own accounts and bought through its reseller or vehicle. Avalon maps entitlements to what the agency bought; it does not broker licenses or resell capacity.
- 3. Count the scope.** Every named integration appears in the statement of work. Migration waves are numbered quantities, not "the rest of it." For migrations, the agency signs a per-application disposition list (rehost, replatform, refactor, repurchase, retire, retain, or relocate), and a change in disposition is a change in scope. Government-furnished items such as account issuance carry dates.
- 4. Tie each unit to evidence.** A configuration workbook maps each change to the Customer Responsibility Matrix and to NIST SP 800-53 control IDs. A secure configuration report records the state before and after, and wave-completion reports close each migration wave. The evidence pack holds up however the contract classifies the buy.

The work produces assessor-ready environments and evidence. It does not write the security plan, issue an authorization, or change any provider's FedRAMP status.

WHAT "FIXED" LOOKS LIKE

GAO has no closure evidence to cite, because both matters are open. Fixed would be three changes in law and regulation:

- The FAR carries a definition of cloud computing consistent with NIST's.
- The FAR's definition of information technology matches the one in FITARA.
- The statutory definitions of commercial products and services are updated, and acquisition regulations reflect them.

For an offeror, the target is smaller and within reach: every deliverable in the offer carries a service-model label, a quantity, and an evidence artifact, so an evaluator can read the scope without a definition from the FAR.

STATUS CHECK

OPEN Open as of GAO's last update. GAO's product page, read October 8, 2026, lists both matters as open and shows no status update dated after the June 23, 2026 release.

ITEM	DIRECTED TO	STATUS
Matter 1: commercial product and service definitions	Congress	Open
Matter 2: information technology and cloud computing definitions	Congress	Open

OPEN GAO's three recommendations to agencies (GSA, DHS, and the Federal CIO Council) do not concern the FAR.

TEAMING FIT

NAICS	541512, 541519
AVALON'S SUB ROLE	Tenant or landing-zone standup, identity federation, security baselines, and numbered migration waves, each with control-mapped evidence, under the prime's cloud task order
SMALL-BUSINESS STATUS	Small business; HUBZone (in progress)
LIKELY VEHICLES	GSA MAS (SIN 518210C Cloud Computing and Cloud Related IT Professional Services); GSA MAS (SIN 54151S IT Professional Services); GSA Alliant 3

If a cloud migration or SaaS and IaaS implementation task order is in your capture plan, Avalon teams as the sub that scopes its work in named integrations, numbered waves, and evidence keyed to control IDs, so your offer reads clearly whatever definition the solicitation uses.

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This brief analyzes publicly released oversight reports. It does not describe work Avalon performed for any agency named.