



A GOVERNMENT TECHNOLOGY THOUGHT LEADERSHIP PAPER

Beyond the Cloud Marketplace: Building the New Government Procurement Experience



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It's never been easier to buy what you need. In a matter of seconds, with a few taps on a screen, you can find and purchase virtually anything you want and often have it in your hands the next day. Public sector technology leaders use these tools every day, and they increasingly expect the same experience at work.

Government software purchasing rarely works that way. Procurement cycles can drag on for months. By the time an organization has put together all its RFP requirements, technology may have changed.

The commercial industry has spent decades investing in technology like app stores and marketplaces to improve the enterprise buying experience, and adoption has scaled as a result.

"CIOs are pushing their organizations toward a marketplace procurement mode because they're accustomed to the app store economy," says Nick Miller, founder and CEO of Pellucid Network, a leading procurement platform for the public sector. "They want that same level of service inside their government."

According to recent research, enterprise spending through hyperscaler cloud marketplaces is expected to grow from \$45.5 billion in 2025 to \$163.1 billion by 2030.¹

This strategy can expedite access to innovation and improve efficiency while preserving competition. Agencies can still maintain legal reviews, security requirements and delegated purchasing authority.

When Procurement Can't Keep Up With Technology

The core principles of public procurement remain sound: competition and transparency. The challenge lies in the traditional processes used to achieve them.

The conventional approach — developing requirements, issuing an RFP or RFX, evaluating responses, negotiating terms and awarding a contract — can be lengthy. In an era of rapidly evolving technology, these long-established processes often struggle to keep pace.

Slow procurement periods risk locking agencies into outdated requirements, limiting their access to innovative solutions.

That challenge becomes even more consequential in the AI era, where capabilities, security considerations and implementation approaches can change significantly within a few months. By the time an agency completes a traditional solicitation, the technology landscape — and potentially the agency's needs — may have already moved forward.

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Delays can also widen the gap between agency capabilities and the AI-enabled tools available elsewhere, making it harder for agencies to modernize operations, support employees and meet rising expectations for public services.

“Government has to compete if it wants access to the best technologies,” Miller says. “One way to compete is to access technology through marketplaces where technology companies already sell.”

Traditional RFPs require agencies to announce a need and hope that qualified suppliers discover the opportunity within the response window. Marketplaces put suppliers and solutions in sight instantly with continuously updated listings so agencies don’t have to start from scratch.

Conventional technology procurement can push agencies toward bundling a wide range of requirements into a single solicitation, relying on one vendor to meet them all. But as technology environments become more complex, the best solution may not come from a single provider. Agencies may be better served by combining specialized tools that each address a particular need.

“You can no longer just outsource all that to one vendor. You have to bring together different solutions,” Miller says. “This is where marketplaces help.”

Cloud marketplaces give agencies access to a broader ecosystem of technologies without requiring them to build and maintain a highly customized marketplace of their own. Hyperscalers provide the foundation, while their partner networks extend the range of available products and capabilities. Agencies can evaluate those offerings and assemble the combination that best supports their needs.

That doesn’t mean marketplace purchasing needs to replace the RFP. Instead, it gives agencies another procurement path — one that can complement traditional methods and provide greater flexibility when speed and access to emerging technologies matter.

Using the Cloud Marketplace Model to Gain Access and Maintain Control

For a state or local agency, marketplace procurement often begins with two practical questions: What can we acquire this way? And how does that purchase fit within our existing rules?

“The amazing thing about the marketplace ecosystem is everybody’s already there,” says Hakjae Kim, co-founder and chief technology officer of Pellucid Network. “Hyperscalers have already done the hard work of recruiting and curating thousands of technology providers. Agencies immediately benefit from this vendor ecosystem, dramatically expanding access to innovation.”

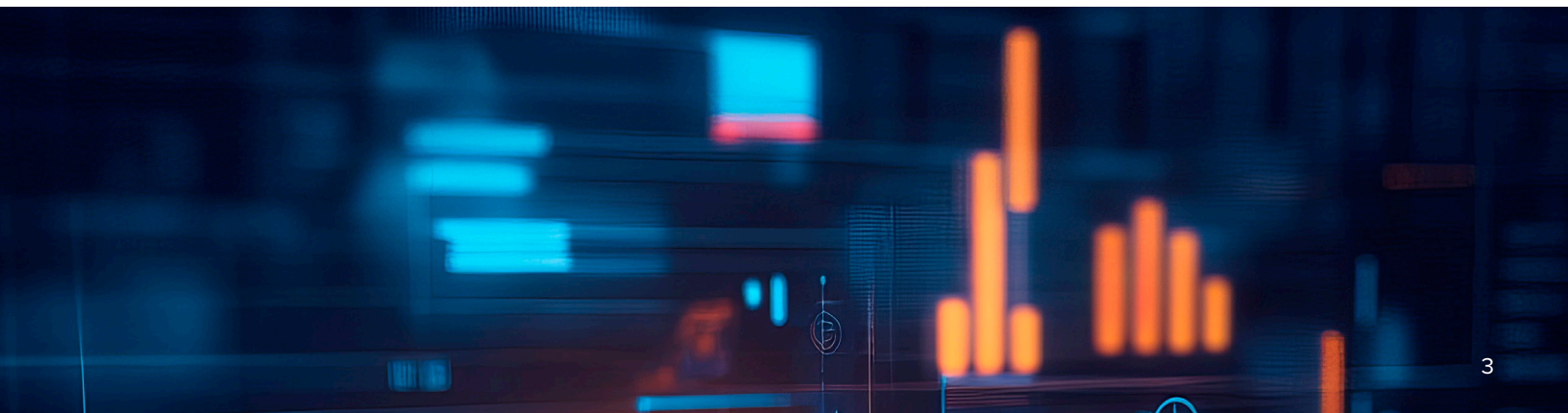
A cloud marketplace isn’t an uncontrolled online shopping cart. Before completing a marketplace transaction, the agency still evaluates competing products, negotiates pricing, and reviews the end-user license agreement and other terms.

If the purchase calls for agency-specific pricing or terms, the software provider can issue a private offer. The agency can also choose a public offer that meets its needs and purchasing requirements.

Finally, an authorized buyer for the agency accepts the offer through the marketplace, which then manages billing and provisioning. Agencies can provide curated catalogs so employees can only select from vetted suppliers and offerings that satisfy defined requirements and spending limits.

Jim Helou, worldwide lead for public sector marketplace at AWS Marketplace, describes the marketplace as a shared responsibility model.

“We give agencies clear visibility into pricing and usage, and we meet them in regions built and accredited for government workloads,” Helou says. “Procurement still owns the decision by validating prices and confirming the license terms fit the mission. Buyers and sellers share





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responsibility for transparency, and that partnership is what makes the model work.”

Governments that tap into the strategic value of marketplace procurement achieve compounding benefits:



Faster access to innovation. Agencies can experiment with point solutions and emerging technologies without making every acquisition a long-term commitment. Governments evaluating AI models, for example, can start and finish a series of small proofs of concept, assess the results and then decide whether a larger investment is warranted.



Greater visibility and control. Governments have an audit trail of software requests, approvals and purchases. They can even measure whether employees are using the software.



More flexible consumption models. Some marketplace technology can be purchased by the hour, and renewal workflows can be automated. These capabilities don't neatly fit into a traditional multiyear license model.



Better stewardship of public dollars. Agencies can access first-party and third-party offerings through an existing cloud contract with low administrative overhead for billing and invoicing. Usage data can be referenced to determine whether they overspent or underspent on software, informing decisions at renewal time.



Better constituent outcomes. Residents may never know how the technology was purchased, but they experience the result when public services become more useful or reliable.

“For budget owners, the AWS Marketplace delivers granular insight into how every software and services investment is actually used,” Helou says. “That turns renewal decisions from guesswork into data.”

Integrating Marketplace Purchasing into Existing Procurement Practices

Marketplace purchasing works best when it fits the way an agency already buys. A marketplace purchase still needs a security review, budget approval, a purchase order and payment through accounts payable. If those steps happen outside the agency's existing systems, marketplace buying becomes a separate process that staff must manage alongside everything else.

Orchestration software can close that gap. It connects cloud marketplaces to the procurement, finance and approval systems an agency already uses, so marketplace purchases follow the same workflows as every other purchase. This matters more as agencies buy through multiple marketplaces. Instead of learning a different console and process for each one, staff get a single purchasing experience.

Without that connection, marketplace purchasing risks becoming a separate procurement silo rather than an integrated purchasing channel.

Orchestration brings marketplace transactions into existing workflows for security reviews, budgeting, cost accounting, purchase orders and accounts payable. That becomes especially important when agencies buy through multiple marketplaces. Rather than requiring staff to navigate different cloud consoles and processes, an orchestration layer can provide a single purchasing experience across them.

Employees might see one agency-branded catalog, for example, while the platform connects to multiple marketplaces behind the scenes. Regardless of where a product originates, purchases still move through agency-defined approvals and are recorded in the systems used to track public spending.

The result is a more flexible procurement model without sacrificing the governance behind it. Agencies can modernize how they buy technology without abandoning the controls that govern how public dollars are spent.



Best Practices for Sustainable Initiatives and Meaningful Improvements

State and local governments looking to implement marketplace procurement should start small. Don't attempt to transform the entire procurement process immediately.



Plan for sustainability. Agencies can start by directing a portion of their technology spending through marketplaces.



Choose a pilot use case. Begin with one straightforward technology purchase to pilot through the marketplace from end to end.



Establish executive sponsorship. Bring together the CIO; chief procurement officer; and stakeholders across finance, security and legal.



Map existing governance and workflows. Document where IT, security, finance, legal and procurement approvals happen currently. Identify any changes that should be made or gaps in current processes.



Use the first purchase to refine the process. Let participants experience the buying journey. Their takeaways will help show where an agency's workflows need adjustment before more purchases are brought into the program.



Expand deliberately. Once governance controls and system integrations have been validated, gradually expand the program to include additional use cases, suppliers, marketplaces and funding.

"You shouldn't expect that this is going to magically work without a mistake," Kim says. "Expect a learning curve."

That learning curve can begin to ease once staff complete a purchase and see how the process works in practice.

"That first transaction is almost always the 'aha' moment," Helou says. "Once leaders see how quickly they can buy, provision and track a solution, marketplace use expands across its broader software and services portfolio."

Looking Ahead: Ensuring Procurement Keeps Pace with Evolving Technology

The larger opportunity isn't simply to make procurement faster. It's to create a purchasing model that can evolve at the pace of technology. As software becomes more modular, cloud-based and consumption-driven, agencies need the flexibility to evaluate new capabilities, combine solutions from multiple providers and adjust investments as their needs change — without sacrificing competition, transparency or fiscal oversight.

Cloud marketplaces can help connect those two imperatives, giving government a more agile way to buy technology while preserving the accountability that public procurement demands.

"Over time, governments are going to move to a world where procurement is in control and end users have an easier way to communicate with them about their needs," Miller says. "Buying software should feel more like using an app store, without losing the controls and governance agencies require."

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Pellucid helps organizations innovate faster by making cloud marketplaces simple to use. Its marketplace governance platform enables agencies to launch their own app store by integrating cloud marketplaces with existing procurement, finance and approval processes so they can buy software faster while maintaining compliance. Pellucid is a veteran-owned small business based in Cary, North Carolina.

pellucidnetwork.com

