



February 26, 2018

## ITI Comments on Draft Conformity Assessment Considerations for Federal Agencies

The Information Technology Industry Council (ITI)<sup>1</sup> welcomes the opportunity to provide comments on *Draft Conformity Assessment Considerations for Federal Agencies*, as published by the National Institute of Standards and Technology in the Federal Register on December 27, 2017.<sup>2</sup>

We would like to address the following statements (with corresponding line numbers) from the document:

*796 Producers and supplier costs are relatively more easily determined in monetary terms since the potential direct costs for various conformity assessment activities can generally be estimated by the conformity assessment bodies and producers.*

This statement is inaccurate and gives agencies a false understanding of the full cost to producers and suppliers.

*798 In addition to the direct costs (i.e., the cost of testing, inspection, audit, SDoC, certification or surveillance) to producers and suppliers, there are indirect costs. These may include a time-to-market increase or potential cost increases in a supply chain.*

The categorization of direct and indirect costs is neither correct nor helpful to further the agency's understanding.

These are some of the real and measurable costs to producers and suppliers that an agency should take into consideration:

- The internal costs to conduct first-party testing, inspection and/or audit of the product or service, to ensure initial conformance and on-going conformance. This cost is present whether it is under a first-party, second-party, or third-party conformity assessment.
- The internal costs of resources (people) to manage conformity assessment activities of a product throughout the product lifecycle, or of the service over time.
- The costs paid to a third-party to conduct initial (first-time) third-party testing, inspection and/or audit (e.g., full compliance testing)
- The costs paid to a third-party to conduct on-going third-party testing, inspection and/or audits
- The costs of providing a representative sample unit to a third-party to perform initial conformance verification, and a sample unit that may be required to perform on-going conformance verification. Note: the costs for some highly valued products (e.g. a \$100K data center server) can easily exceed the fees paid to the third-party.
- The costs to generate the product compliance labels or marks, and the associated scrap and rework of labeling when there is a change.
- The costs paid to a third-party to renew a third-party test or certification that has expired
- The costs paid to a third-party to retest or recertify a product due to a change in the product design, product components or component vendor, manufacturing process, factory locations, or other changes or event deemed significant by the agency or by the third-party.

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<sup>1</sup> The Information Technology Industry Council (ITI) is the global voice of the information and communication technology (ICT) sector. As the premier advocacy and policy organization for the world's leading innovation companies, ITI navigates the relationships between policymakers, companies, and non-governmental organizations, providing creative solutions that advance the development and use of technology around the world. Visit [www.itic.org](http://www.itic.org) to learn more. Follow us on Twitter for the latest ITI news @ITI\_TechTweets.

<sup>2</sup> See: Federal Register /Vol. 82, No. 247 /Wednesday, December 27, 2017 /Notices p.61265

- The opportunity cost of having to stop development of a product (foregoing additional engineering and innovation) in order to allow enough time for the product to clear conformity assessment before its market introduction date.

*959 Reliance on an SDoC is considered to be a trade-friendly approach to conformity. From a manufacturer's perspective, the SDoC allows flexibility in choosing where to have a product tested and reduces associated testing costs and time to market.*

We fully support this statement.

*971 While the SDoC can save costs, such an approach to conformity assessment may not always be appropriate, particularly where technical infrastructure is lacking or it would compromise health, safety or environmental protections.*

This is true when market dynamics and technical infrastructure are determined to be inadequate in reaching the confidence point of conforming products or services, and the severity of the consequences of non-conformity is high (e.g., to health, safety or environmental protections).

Thank you for your consideration of these comments on this issue of importance to the ICT industry. We welcome any questions or further detailed discussion on any of the above.

Sincerely,



Josh Rosenberg  
Director, Global Policy