



Washington State
DEPARTMENT OF
ENTERPRISE SERVICES



NOVEMBER 2025

State purchasing: **Small business participation**

JANUARY 2023 — DECEMBER 2024

**Contracts & Procurement
Division**

Report to the Legislature

Agency Overview

The Department of Enterprise Services (DES) provides centralized services to state government agencies; to other public entities such as cities, counties, and tribes; and to Washington residents.

DES' mission is to strengthen the business of government.

We do this by creating overall operating efficiencies so our state's government entities can focus on their core missions. Our buying power, economies of scale and years of experience help government get the best value for the products and services they need to support their missions.

Key Services

- Capitol Campus stewardship
- Construction & public works
- Contracts & procurement
- Employee Assistance Program
- Energy efficiency
- Engineering & architectural services
- Facilities management
- Fleet management & EVs
- Parking management
- Print & mail services
- Property management
- Real estate services
- Risk management
- Small agency support
- Surplus property
- Training & workforce development



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Executive summary

Since November 2013, every other year, the Department of Enterprise Services (DES), the Washington State Department of Transportation (WSDOT), and institutions of higher education must report on the work they do to support small businesses in receiving state contracts for goods and services. ([RCW 43.19.727](#))

In this report, we share how technical assistance offered to small businesses affects the number of small businesses awarded statewide contracts for goods and services.

Since 2019, we've seen a steady increase in the number of users registered in the Washington Electronic Business Solutions (WEBS) — the state's electronic bidding system. We've also seen an increase in state dollars spent with Washington state small businesses.

As of June 2024:

- 52% of the 23,382 users registered in WEBS declared they were small businesses.
- 30% of the 1,421 businesses in WEBS on an active contract were small businesses.
- 7.47% of the state's dollars spent on goods and services were purchased from small businesses in fiscal year 2024, totaling more than \$397.6 million spent with Washington state small businesses.

DES continues to provide support to small businesses to increase their presence in WEBS and help them be competitive in the contract selection process. In addition to providing technical assistance, in the last two years this has included implementing the enterprise Supplier Diversity Policy to update the state's procurement practices and conducting intentional community outreach with Washington small businesses.

Introduction

Every two years, state law requires the Department of Enterprise Services (DES), the Washington State Department of Transportation (WSDOT), and institutions of higher education to report on how their efforts affect small businesses annually receiving state contracts for goods and services bought by the state.

Small business for goods and services is defined in [RCW 39.26.010\(22\)](#).

This report examines the influence technical assistance has on:

- The number of users registered in [Washington Electronic Business Solutions \(WEBS\)](#), the enterprise vendor registration and bid notification system.
- The number of contracts awarded to small businesses.
- The total amount spent with small businesses from fiscal year 2019 through 2024.

From our metrics in fiscal year 2011, our initial goal was to improve these numbers by at least 50% in fiscal year 2013 and then 100% by fiscal year 2015. We met both goals. Since then, our ongoing goal is to continue building on this progress and improve these numbers each year.

Statutory directive

RCW 43.19.727

Small businesses—Effects of technical assistance—Reports—Web-based information system.

(1) By November 15, 2013, and November 15th every two years thereafter, the department, the department of transportation, and institutions of higher education as defined in RCW [28B.10.016](#) shall submit a report to the appropriate committees of the legislature providing verifiable information regarding the effects the technical assistance under RCW [43.19.725](#)(3) is having on the number of small businesses annually receiving state contracts for goods and services purchased by the state.

(2) By December 31, 2013, the department, the department of transportation, and institutions of higher education as defined in RCW [28B.10.016](#) must use the web-based information system created under subsection (3)(a) of this section to capture the data required under subsection (3)(a) of this section.

(3)(a) The department, in consultation with the department of transportation and the department of commerce, must develop and implement a web-based information system. The web-based information system must be used to capture data, track outcomes, and provide accurate and verifiable information regarding the effects the technical assistance under

RCW [43.19.725](#)(3) is having on the number of small businesses annually receiving state contracts for goods and services purchased by the state. Such measurable data shall include, but not be limited to: (i) The number of registered small businesses that have been awarded state procurement contracts, (ii) the percentage of total state dollars spent for goods and services purchased from registered small businesses, and (iii) the number of registered small businesses that have bid on but were not awarded state purchasing contracts.

(b) By September 1, 2012, the department, in collaboration with the department of transportation, shall submit a report to the appropriate committees of the legislature providing any recommendations for needed legislation to improve the collection of data required under (a) of this subsection.

(c) By December 31, 2013, the department must make the web-based information system available to all state purchasing agencies.

(d) The department may also make the web-based information system available to other agencies that would like to use the system for the purposes of chapter 358, Laws of 2011.

Background

Since November 2013, every other year DES must submit a report to the appropriate committees of the Legislature sharing how the technical assistance we provide supports small businesses contracting with the state ([RCW 43.19.727](#)).

Legislation requires DES to develop a model plan for state agencies to increase:

- The number of small businesses that register in Washington Electronic Business Solution (WEBS).
- The number of registered small businesses awarded state contracts for goods and services each year.
- The percentage of state dollars spent on goods and services bought from registered small businesses.

Subsection (3)(a) of RCW 43.19.725 requires the development and implementation of a web-based information system to capture data, track outcomes, and provide accurate and verifiable information regarding the effects of technical assistance.

DES uses WEBS to capture data about the number of small businesses that register in WEBS and the number of registered small businesses awarded state contracts for goods and services each year. The state first implemented WEBS in 2003 for vendor registration purposes and expanded to its full applications in 2004. Since 2011, WEBS has also included the ability to track small business.

The Office of Financial Management uses the Agency Financial Reporting System (AFRS) to capture data about what percentage of state goods and services purchased are spent with small businesses that are registered in WEBS.

Results

In this year’s results section, we highlight key trends that reflect our ongoing commitment to supporting small businesses in accessing state contracts. Over the past several years, we’ve seen a steady increase in the number of small businesses registering in our WEBS bidding system, growing from 41% to 52% of small businesses in the system. Additionally, we’ve observed a positive trend where some of these businesses have outgrown their small business status, reflecting their growth and success.

While the proportion of contracts awarded to small businesses saw a slight decrease from 40% in 2019 to 30% in 2024, this aligns with an overall decrease in total vendors and does not necessarily indicate a negative trend. Meanwhile, the total state spending on goods and services from these small businesses has stayed stable.

These results illustrate both growth in small business participation and our ongoing efforts to maintain and expand their opportunities in state contracting.

Number of small businesses that register in WEBS

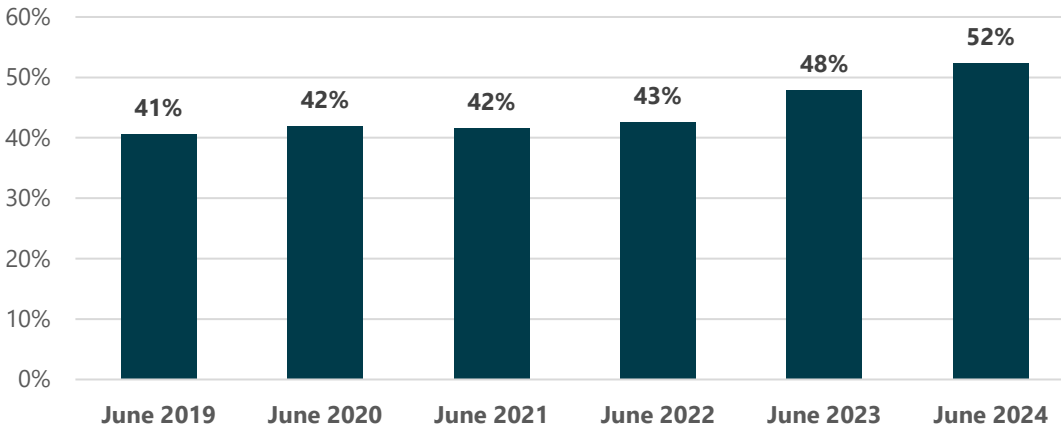
The table below shows the total number of active registered vendor accounts in WEBS, compared to the number of the accounts registered as Washington state small businesses.

To receive the small business identifier in WEBS, vendors must declare that their business meets the criteria indicated in the Washington based small business definition per [RCW 39.26.010\(22\)](#).

Businesses registered in WEBS

Year	June 2019	June 2020	June 2021	June 2022	June 2023	June 2024
Total WEBS registered users	18,774	19,706	19,414	19,142	20,264	23,382
Washington state small businesses registered	7,639	8,255	8,077	8,173	9,705	12,246
Small business %	41%	42%	42%	43%	48%	52%

Small businesses registered in WEBS



The table below shows the number of registered small businesses in WEBS that removed the small business identifier from their accounts and remained active. This suggests that these businesses outgrew the small business requirements for Washington state, meaning they no longer have 50 or fewer employees or gross annual revenue of less than \$7 million.

In the last three years, 2% of businesses removed their small business attestation in WEBS. In 2021, the number was 3% and prior to that the number was 1%.

Accounts deactivated indicate the total number of WEBS vendor accounts that went from active to inactive. Vendors can deactivate their account, but more commonly accounts automatically go to inactive status when the vendor has not signed into their account in 12 months.

Small businesses that removed their small business identifier in WEBS

Year	June 2019	June 2020	June 2021	June 2022	June 2023	June 2024
Accounts deactivated	2,613	13	1,569	1,312	1,313	1,454
Removed small status	79	57	274	165	222	252

Number of registered small businesses awarded state contracts for goods & services

The table and chart below show the percentage of small businesses on statewide contracts. Small businesses on statewide contracts more than doubled from 2013 to 2017 and held steady for several years until it slowly started decreasing after 2019.

The reason for a steady decrease could be due to several factors. While some of the decline can be attributed to pandemic-related closures in 2020, the continuing downward trend may include reasons such as businesses outgrowing small business requirements or facing ongoing economic pressures after the immediate pandemic effects subsided.

Between 2023 and 2024, the total number of small vendors on contract likely significantly declined because we ‘turned off’ several categories of a legacy ITPS contract (#08215) that was a sign-up click-through, which had a high number of businesses on contract even though they were getting no sales.

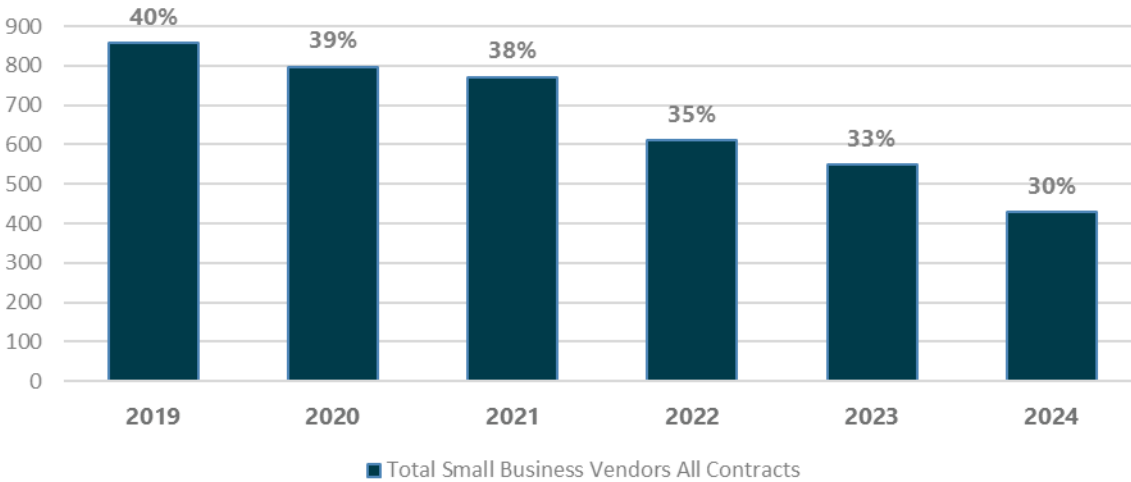
Definitions for each column in the chart are:

- **Distinct vendors any contract:** Total number of distinct WEBS vendors that were on any active contract during that calendar year.
- **Total vendors all contracts:** Total number of WEBS vendors that were on any active contract during that calendar year. Since some vendors are on multiple contracts, this number is larger than the distinct vendors column.
- **Distinct small business vendors any contract:** Total number of distinct small businesses in WEBS that were on any active contract during that calendar year.
- **Total small business vendors all contracts:** Total number of small businesses in WEBS that were on any active contract during that calendar year. Since some vendors are on multiple contracts, this number is larger than the previous column.

Small businesses awarded statewide contracts for goods and services

Year	Distinct vendors any contract	Total vendors all contracts	Distinct small business vendors any contract	Total small business vendors all contracts	Percentage of small business vendors any contract	Percentage of small business vendors all contracts
2019	1739	2157	670	857	39%	40%
2020	1639	2019	629	797	38%	39%
2021	1670	2024	625	771	37%	38%
2022	1510	1765	531	611	35%	35%
2023	1485	1670	505	548	34%	33%
2024	1314	1421	406	428	31%	30%

Small Businesses on All Contracts



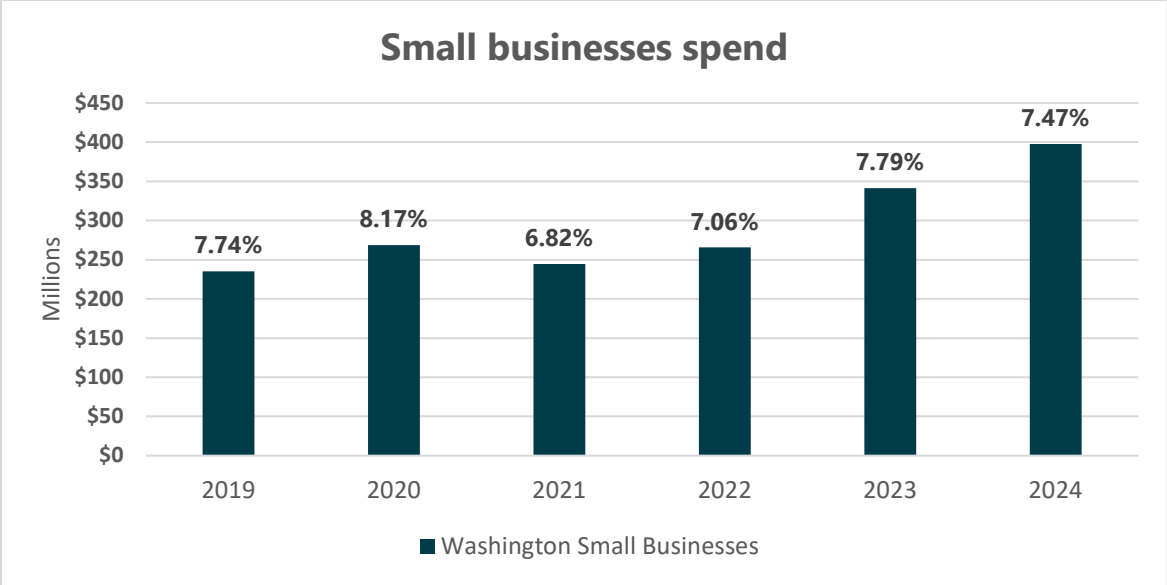
Total state dollars spent on goods & services purchased from registered small businesses

The table and chart below display the amounts and percentages of total state government dollars spent on goods and services from registered small businesses. DES obtains these numbers from the Diversity Participation Report, which pulls information from the Agency Financial Reporting System (AFRS).

The percentage has held steady around 7% to 8% of total spend since 2017.

Total state government dollars spent on goods and services from registered small businesses

Year	Dollars spent with Washington state small businesses	Percent of total spend
2019	\$ 235,323,078	7.74%
2020	\$ 268,797,724	8.17%
2021	\$ 244,496,143	6.82%
2022	\$ 265,576,219	7.06%
2023	\$ 341,178,837	7.79%
2024	\$ 397,605,956	7.47%



Conclusions & next steps

In addition to providing technical assistance to small businesses seeking state contracts for goods and services and tracking small businesses awarded state contracts, DES implemented the enterprise Supplier Diversity Policy for goods and services in 2023, started leading rulemaking efforts in 2024, and updated the statewide Direct Buy Policy for goods and services in 2025.

Our Procurement Inclusion and Equity (PIE) program also works with the community to increase the participation of small, diverse, and veteran-owned businesses that offer goods and services the state purchases.

In addition, DES is working to improve WEBS by making the contract award section more user-friendly and easier to complete after solicitations close. Currently, many agencies leave solicitations open, leading to incomplete reporting. Upcoming WEBS enhancements will prompt and support users in finishing award data, leading to more accurate and complete reporting across the system.

Supplier Diversity Policy

The new enterprise [Supplier Diversity Policy](#) for goods and services purchases took effect April 1, 2023. The purpose of the policy is to ensure that all procurement professionals and those with acquisition responsibilities use approved, legally compliant strategies that encourage and facilitate the purchase of goods and services from small, diverse, and veteran-owned businesses to the maximum extent possible.

The policy requires agencies to use procurement practices that remove barriers for small, diverse, and veteran-owned businesses to sell their goods and services to the state. Examples include:

- Providing priority points for small businesses.
- Conducting specific outreach to small businesses.
- Awarding contracts with an estimated worth of \$150,000 or less to responsible and responsive small businesses.

The policy also addresses several state laws, executive orders, and recommendations from the [2019 State of Washington Disparity Study](#). It includes new accountability measures for agency leadership, and DES considers agencies' compliance with the policy as part of the risk assessment that determines agencies' delegated procurement authority.

All agency leaders and purchasers were required to take DES Supplier Diversity training by April 1, 2023. Without appropriate training, agency staff cannot conduct procurements or manage contracts.

Small business rulemaking

In November of 2024, DES' Contracts and Procurement Division started leading rulemaking efforts to establish new rules under WAC title 200 for small business use and spending rulemaking. Implementing these rules will support a new program that aligns with Washington state's strategies to enhance agency spending with small businesses. The goal is to formalize existing strategies into a small business program which will focus on:

- Laying out a clear process that will validate which businesses are small and include standard compliance processes.
- Ensuring we are using in-state businesses and increasing opportunities for contracts under statewide procurement policies.
- Supporting existing strategies under the statewide supplier diversity policy.

Direct Buy Policy

The enterprise Direct Buy Policy for goods and services has been updated, effective September 1, 2025. The purpose of the policy is to establish Direct Buy procurement criteria allowed by RCW 39.26.125(3), which excepts certain purchases from a competitive process (where a competitive process is not justified).

The updated Direct Buy limits are intended to:

- Align with the statutory intent of encouraging and facilitating state agency purchases of goods and services from veteran-owned businesses (RCW 43.60A.010(7)) and Washington small businesses (RCW 39.26.010(22)(a), which in turn greatly improves opportunities for spending with minority- and women-owned businesses.

- Set exception limits that give agencies increased authority to make Direct Buy purchases and purchases of goods and services through an informal process to meet business needs, thus improving efficiency while preserving competitive solicitations for higher-risk procurements.

The revised policy is designed to improve efficiency while enhancing transparency and accountability, based on implementing:

- Increased direct buy limits for Levels 1 and 2.
 - Level 1 increased from \$30,000 to \$40,000
 - Level 2 increased from \$40,000 to \$50,000 if purchased from a Washington small or certified veteran-owned business.
- A Level 3 direct buy limit, which allows purchases between \$50,001 and \$100,000 without a competitive bid but with added due diligence if purchased from a Washington small or certified veteran-owned business.
 - This will be a phased implementation: Agencies can begin using the new limit as they put in place tracking and reporting systems.
 - We provided reporting guidance: Outlines what information agencies need to provide if asked, including purchase details and spend amounts.
- Support for agencies: We've created guidance and tools to help agencies implement and follow the policy.
- Improved opportunities for spending with small and veteran-owned businesses.

Community outreach

DES also provides small businesses with technical assistance and support to help them succeed in the state contracting process. A key focus of the DES Procurement Inclusion and Equity (PIE) program is to increase the participation of small, diverse, and veteran-owned businesses in state goods and services contracting.

PIE works closely with the WEBS customer service team to help businesses effectively navigate the system and connect with contracting opportunities. The program also offers targeted technical assistance to identify businesses that sell goods and services the state buys and then get them into WEBS to increase visibility and competitiveness.

Key activities include:

- Hosting monthly opportunities and open houses in different languages (English, Spanish, Korean, Tagalog, and Taiwanese) with approximately 50 business attendees per session.
- Partnering with over 30 organizations through the [State Contracting Assistance Network](#), which helps identify and register businesses in WEBS.
- Participating in about 150 small business events annually — including the Seattle Reverse Vendor Trade Show, Regional Contracting Forum, Biz Fair, Meet the BIGs, and Alliance Northwest — each attracting over 1,000 attendees from the government and small business community.

- Supporting the state's small business liaison team, which conducts around 16 workshops per year across Washington to help small businesses understand state regulations and access resources.
- Hosting Washington Procurement Connect (WPC), a statewide event held annually connecting small, diverse, and veteran-owned businesses in Washington with procurement professionals from state and local governments, including counties, cities, schools, ports, commissions, and more.
 - The 2024 event brought together around 700 attendees, businesses, and procurement professionals — and featured 21 educational sessions, 29 one-on-one meetings, and over 1,000 digital interactions. Another event will be held in 2026.

DES