

Cross Agency Priority Goal Quarterly Progress Update

Category Management

Goal Leaders:

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FY2016 Quarter 4

Goal Statement

- Category management enables the government to eliminate redundancies, increase efficiency, and deliver more value and savings from the government's acquisition programs.

Urgency

- There is a critical need for a new paradigm for purchasing that moves from managing purchases and price individually across thousands of procurement units to managing entire categories of common spend and total cost through category management.

Vision

- Category management identifies core areas of spend, collectively developing heightened levels of expertise, leveraging shared best practices, and providing acquisition, supply and demand management solutions. Category management will increase in total savings, reduce new/renewed contracts select contracts, and increase the percentage of spend under management.

Progress Update

In the fourth quarter of 2016, we have made great strides to implement category management government-wide:

- The Government-wide Category Management Program Management Office lead workshops to facilitate the development of 3-Year Strategic Plans (Version 2.0), which will focus on achieving CAP Goal KPIs (slide 7). The Plans will be presented to the Category Management Leadership Council (CMLC) for approval in November. The ten categories are Information Technology (IT), Professional Services, Medical, Industrial Products and Services, Facilities and Construction, Office Management, Security and Protection, Human Capital, Transportation & Logistics, and Travel. The strategic plans include spend analytics, market analyses, category-specific strategies, metrics and targets, and implementation timelines.
- The Office of Management and Budget issued Category Management Policy 16-20, the third in a series of IT policies to improve the acquisition and management of mobile devices and services. The Mobile Services Category Team developed the draft Mobile Services Roadmap, required by the Memo, and posted for comment on the Acquisition Gateway.
- Created dashboards to monitor government-wide and agency progress of implementation of OMB's Policy Memoranda on laptop/desktops, software and mobile services.
- Category Managers and their teams designated two solutions as Best In Class, including Building Maintenance & Operations and Office Supplies 3rd Generation.
- Over 10,100 members of the workforce have used the Acquisition Gateway, an online site for sharing important contracting information like prices paid; there is now a public view of the site for industry partners and other stakeholders. <https://hallways.cap.gsa.gov/>
- Notice to Proceed issued for Human Capital and Training Solutions; anticipated availability in Fall 2016.

Action Plan Summary

Sub-Goal	Actions to Achieve Impact	Key Indicators
Increase in total category management savings.	<ul style="list-style-type: none"> • <u>Lower prices</u> and <u>administration costs</u> for federal agencies through increased competition, dynamic pricing (for reduced price variability), a streamlined acquisition process, and simplified contractual terms. • <u>Reduce total costs</u> that can be driven by purchase cost, demand/usage cost, and process cost. Each of those cost types has multiple cost elements and cost drivers, such as price, volume, etc. • <u>Develop a category strategy and apply appropriate value levers</u> and supporting techniques/tools as needed to meet value objectives (e.g., strategic sourcing, SRM, value engineering, standardized requirements, process reengineering, demand and compliance management). • <u>Increase category value</u>, including validated savings and broader value measurement. • <u>Continue to meet or exceed small business goals</u> 	Savings achieved through category management, including strategic sourcing and demand management strategies.
Reducing duplication and optimizing solutions.		Percent reduction in the number of new/renewed contracts across all 10 categories covering \$272B in common spend.
Increasing spend through Best in Class solutions.		Increase spend under management through better interagency collaboration and understanding of user requirements, market dynamics, and purchasing patterns.
Percent of common spend that is under government-wide management.		<p>Maintain or increase small business utilization rates across the 10 categories.</p> <p>Increase the number of unique users of the Acquisition Gateway and purposeful visits on the Acquisition Gateway.</p>

Work Plan

Category Management Effort	Status	Date
Formally announced Category Management (CM) as an Administration Priority via OMB policy Memorandum	Complete	December 2014
Established CM Structure and Issued CM Guidance	Complete	February & May 2015
Stood up Government-wide Government-wide Category Management Program Management Office	Complete	October 2015 - Ongoing
Formally announced all 10 Government-wide Category Managers at 6 agencies	Complete	February 2016
CMLC approved all 10 Category Management Strategic Plans, V1.0 – focused on 2016-2017	Complete	June 2016
Issued standard configurations for laptops and desktops (refresh) issued to federal agencies	Complete	April 2016
Kicked off workshops to develop Three-Year Strategic Plans, V2.0	Complete	August 2016
Released OMB Category Management policy Memorandum on mobile devices and services	Complete	August 2016
Key Upcoming Milestones	Due Date	Status
Release draft Category Management Circular for public comment	Oct 2016	On Track
Conduct third data call for spend under management covering 80% of common spend (~\$215B)	Q1FY17	Analysis Underway
Issue Request for Proposals on BMO Zone 2-5 (phased approach)	Q1 FY17	On Track
Finalize government-wide strategy for mobile devices and services	Q1 FY17	On Track
Award 2 new government-wide software agreements	Q1 FY17	On Track
Version 2.0 category strategic plans approved by CMLC	Q1 FY17	On Track
Formally review status of laptop and desktop Memo requirements with CMLC	Q1 FY17	On Track
Initiate robust supplier relationship management program for top spend categories	Q2 FY17	On Track
Develop Executive and Category Dashboards and provide to all agencies	Q2 FY17	On Track
Complete Professional Services Schedules streamlining	Q3 FY17	On Track
Award Next Generation Domestic Delivery Service government-wide strategic sourcing solution	April 2017	On Track
Release updated Category Management Guidance and Structure	April 2017	On Track
Assess at least 30 solutions for BIC designation	Q4 FY17	On Track
Award government-wide solution for Tactical Communications II – Security Category	Q4 FY17	On Track
Improve market alignment of Human Resources Schedules to the Business Reference Model	Q4 FY17	On Track
Implement category-specific initiatives – dates vary, as articulated in strategic plans	Dates Vary	On Track

Progress Update (continued)

The Category Management team has taken more than 25 major actions to drive category management, with additional actions on the horizon.

Governance

- 1. Established the Category Management Leadership Council (November 2014)
- 2. Held over 20 meetings of the Category Management Leadership Council or its team leads, to drive key decision-making.
- 3. Established category management CAP goals (new in August 2015, updated in Fall 2016)

Policies

- 4. Created Enterprise Software Category Team charter to describe roles and responsibilities of newly created team (April 2015)
- 5. Developed detailed guidance for Category Management (May 2015)
- 6. Created new "spend under management" policy to baseline current category management efforts and help set targets (May 2015)
- 7. Issued policy to drive more efficient purchasing and management of PCs (October 2015) and software (June 2016)
- 8. Develop exception business case process for software when an agency wants to establish a new agreement when a government-wide solution exists (pilot developed 2015)
- 9. Issued policy to improve management of mobile devices and services (August 2016)

People

- 10. Established the Enterprise Software Category Team, made up of senior IT and acquisition executives from GSA, DoD and OMB, to develop and drive government-wide software strategies (March 2015).
- 11. Established a Program Management office at GSA to support the ten category team leads with analysis, acquisition strategies and technical support (August 2015)
- 12. Announced all 10 of the Category Managers; they come from DoD, GSA, OPM and VA (February 2016)
- 13. Launched new Category Management Summits to bring together industry experts in category management with new government category management leads (February 2016)
- 14. Category Management Teams supported by more than 350 people across many agencies (June 2016)

Systems

- 15. Launched Acquisition Gateway, a new online portal to support category management (October 2014)
- 16. Populated all IT contract data into the Acquisition Gateway (May 2015)
- 17. Created more user-friendly tools for the Acquisition Gateway, like the contract solutions finder (April 2015)
- 18. Populating the Acquisition Gateway with information on all categories aligned to government-wide structure.(on-going)
- 19. Creating automated dashboard tools to track implementation of OMB policy Memos (June 2016)

Solutions

- 20. Implemented Office Supplies 3 (OS3) solution – (August 2014)
- 21. Issued rental car policies/regs to drive savings (May 2015)
- 22. Implemented new furniture demand management standards configurations (July 2015)
- 23. Implementing gov-wide software agreements for ESRI and Salesforce Services (December 2015)
- 24. MRO and JanSan requisition available for orders Q1FY17
- 25. Building Maintenance and Operations BPAs awarded for zone 1 (March 2016)
- 26. HCaTS available for orders (Fall 2016)
- 27. Next Generation Domestic Delivery Service (target April 2017 award)

Key Performance Indicators for Category Management

CAP Goal Metric	Initial Baseline	Status FY16 Q4	FY 17 Goal	FY 18 Goal	FY 19 Goal
Increased Savings (cumulative) <i>Note: Baseline includes strategic sourcing savings from FY2010-2015; The methodology is 7.5% savings of spend under management</i>	\$548M	\$2.1B	\$5.2B	\$7.2B	\$9.3B
Percent of common spend (\$272B) that is under government-wide management <i>Note: As of January 2016, 54% of spend sampled (\$171B of \$272B) is under Tier 1 or Tier 2 management. Third data call planned Q1FY17.</i>	0% of \$272B	0%	\$40.8B (15%)	\$68B (25%)	\$95.2B (35%)
Percent reduction in the number of new/renewed contracts <i>Note: Baseline represents universe of stand alone contracts for all common spend (\$272B)</i>	717K contracts	TBD	10%	20%	35%
Meet or exceed government-wide small businesses goals <i>Note: See next slide for small business utilization targets by category</i>	23%	23%	23%	23%	23%
Increase the number of unique users of the Acquisition Gateway	7,000	10,199	15,000	19,000	24,000

Goals targets are cumulative; Small Business goal is an on-going annual target.

Baselines established in FY15 (except as noted). FPDS data are not final until after the close of the Fiscal year. Q1FY17 will update with end of FY16 data.

Key Performance Indicators for Category Management – Small Business Utilization by Category Strategic Plan

Category Strategic Initiatives	Spend (\$B)	FY 15 Baseline	FY 17 Goal	FY 18 Goal	FY 19 Goal
Facilities and Construction	\$72.5	29%	30%	30%	30%
Professional Services	\$63.4	30%	32.1%	32.1%	32.1%
Information Technology	\$50.7	35.8%	35.8%	TBD	TBD
Medical	\$35.2	11.5%	11.8%	11.8%	11.8%
Transportation and Logistics	\$25.6	17%	17%	18%	19%
Industrial Products and Services	\$11.0	50%	50%	50%	50%
Security and Protection	\$5.3	23%	25%	25%	25%
Human Capital	\$4.7	24%	24%	24%	24%
Travel	\$2.2	35%	35%	35%	35%
Office Management	\$1.7	50.8%	50.8%	50.8%	50.8%

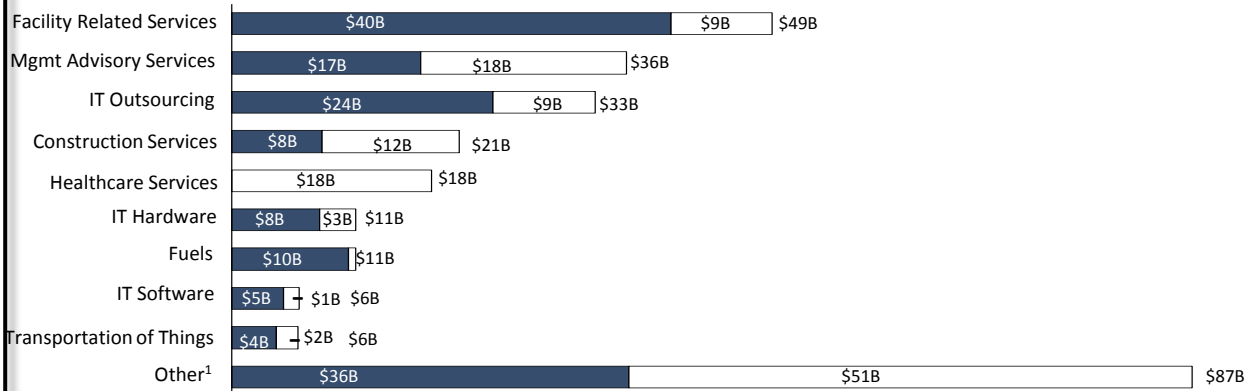
Government-wide Goal: Continue to meet or exceed small businesses utilization by 23%. Small Business utilization will also be tracked at the category level.

Spend Under Management (SUM) Analysis

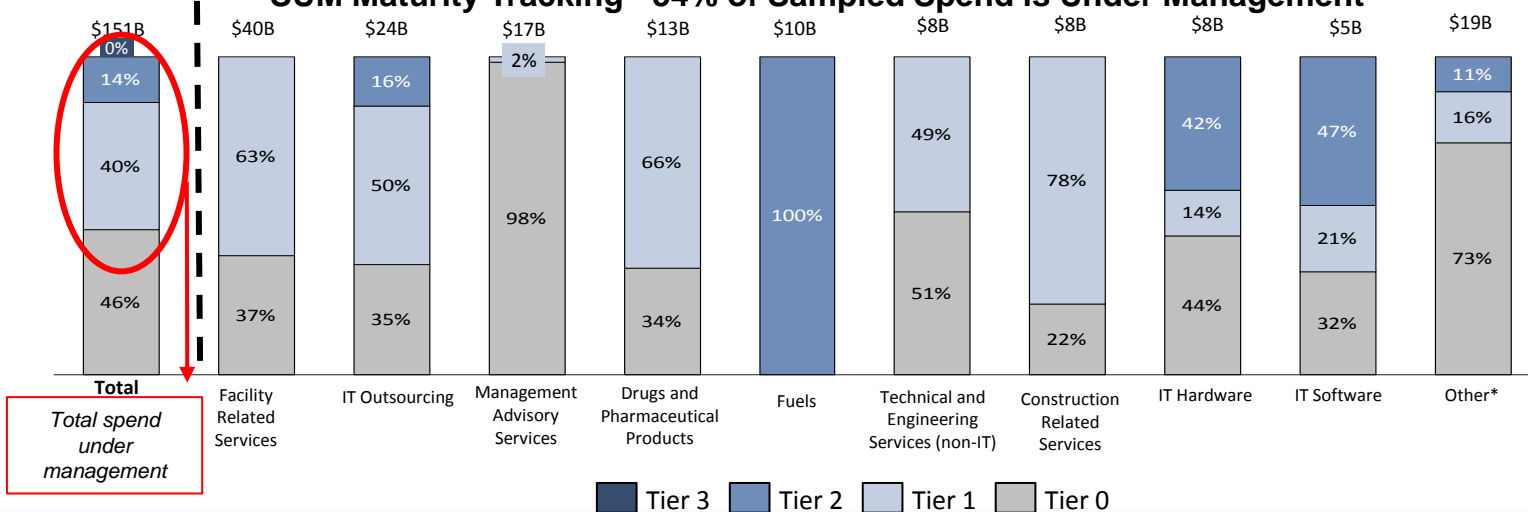
Assessment of \$150B (55%) of Key Sub-Categories

FY14 Spend (\$277B)

- Captured through Data Call
- Not Captured through Data Call



SUM Maturity Tracking - 54% of Sampled Spend is Under Management



Contributing Agencies and Programs

Contributing Agencies:

- The CMLC Principals, which plays an important role in shaping the direction of the effort, consists of representatives from the DoD, DoE, HHS, DHS, VA, GSA, and NASA.
- The Category Managers from the following agencies: Office of Management and Budget (OMB), General Services Administration (GSA), Department of Homeland Security (DHS), Office of Personnel Management (OPM), Department of Defense, and Department of Veteran's Affairs.
- The head of each of the 24 Chief Financial Officer Act departments and agencies has designated a CMLC Lead, who coordinates their agency's participation in government-wide category management efforts.
- The Category Management Program Management Office, which resides in GSA, provides overall program management support to Category Managers and their teams, and facilitates the development and implementation of business rules and processes.

Acronyms

- CAP: Cross-Agency Priority
- CIO: Chief Information Officer
- CMLC: Category Management Leadership Council
- CY: Calendar Year
- DHS: Department of Homeland Security
- DoD: Department of Defense
- DoE: Department of Energy
- FY: Fiscal Year
- GSA: General Services Administration
- HHS: Department of Health and Human Services
- N/A: Not Available
- NASA: National Aeronautics and Space Administration
- OFPP: Office of Federal Procurement Policy
- OMB: Office of Management and Budget
- OPM: Office of Personnel Management
- SBA: Small Business Administration
- SUM: Spend Under Management
- TBD: To Be Determined
- VA: Department of Veterans Affairs
- YTD: Year to Date