

Cross Agency Priority Goal Quarterly Progress Update

Category Management

Goal Leaders:

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FY2016 Quarter 2

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

- Gained commitment from 6 agencies to lead 10 Category Centers of Excellence. Agencies represented include the 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 ten categories are Information Technology, Professional Services, Medical, Industrial Products and Services, Facilities and Construction, Office Management, Security and Protection, Human Capital, Transportation and Logistics and Travel and Lodging.
- Established the Category Management Community of Practice to share lessons learned and collaborate on the development of category-specific strategic plans.
- Sought public comments on OMB draft policy on mobile devices and services.
- Awarded government-wide Building Maintenance and Operations (BMO) Blanket Purchase Announcements (BPAs) for Zone 1 to give agencies a more streamlined process for acquiring facility maintenance and operations services in Delaware, Maryland, New Jersey, New York, Pennsylvania, Virginia, West Virginia and the District of Columbia. Twenty-four of the 33 contracts were set aside for small businesses. The requirements for these BPAs were developed collaboratively by an interagency team of experts. Future zones will be announced later this year.
- Driven over 6,000 members of the workforce to GSA's new Acquisition Gateway, an online site for sharing important contracting information like prices paid, and will soon launch a public view of the site for our industry partners.

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	Policies	People	Systems	Solutions
<div>1. Established the Category Management Leadership Council (November 2014)</div> <div>2. Held over 20 meetings of the Category Management Leadership Council or its team leads, to drive key decision-making.</div> <div>3. Established new category management CAP goals (August 2015)</div> <div>4. Developed Version 1.0 Strategic Plans for all 10 Categories (April 2016)</div> <div>5. Established a CM Community of Practice to facilitate sharing/lessons learned (March 2016)</div> <div>6. Hosting 3 CMLC Principals Meetings to approve strategic plans (April, May, June 2016)</div>	<div>7. Created Software Team charter to describe roles and responsibilities (April 2015)</div> <div>8. Developed guidance for Category Management (May 2015)</div> <div>9. Created new "spend under management" metric to baseline current efforts and set targets (May 2015)</div> <div>10. Issued PC policy (October 2015)</div> <div>11. Will Issue OMB Policies on Software (May 2016) and Mobile policy (June 2016)</div> <div>12. Will strengthen existing business case guidance (targeted date 4Q FY 2016)</div>	<div>13. Established the Enterprise Software Category Team (March 2015)</div> <div>14. Established CM PMO to support the ten category team (August 2015)</div> <div>15. Announced all 10 of the Category Managers; they come from DoD, GSA, OPM and VA (February 2016)</div> <div>16. Launched new Category Management Summits to bring together industry experts in category management with new government category management leads.</div> <div>17. Developing FAICM training (Summer 2016)</div>	<div>18. Launched Acquisition Gateway, a new online portal to support category management (October 2014)</div> <div>19. Populated all IT contract data into the Acquisition Gateway (May 2015)</div> <div>20. Created more user-friendly tools for the Acquisition Gateway, like the contract solutions finder (April 2015)</div> <div>21. Populating the Acquisition Gateway with information on all categories aligned to government-wide structure.</div>	<div>22. Implemented Office Supplies 3 (OS3) solution – (August 2014)</div> <div>23. Issued RFP for MRO and Jan/San requisition to prepare for award in Q2 FY16 (May 2015)</div> <div>24. Issued rental car policies/regs to drive savings (May 2015)</div> <div>25. Released RFPs for Human Capital and Training Solutions (August 2015)</div> <div>26. Implemented new furniture demand management standards configurations (July 2015)</div> <div>27. Awarded Building Maintenance & Operations Zone 1 (March 2016)</div>

There are currently 10 government-wide strategic sourcing solutions available; an additional 3 will be available by the end of Q3 FY16

Action Plan Summary

Sub-Goal	Actions to Achieve Impact	Key Indicators
Increase in information technology (IT) total savings (includes IT, strategic sourcing IT solutions and agency IT 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, 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 IT total savings (includes IT, strategic sourcing IT solutions and agency IT category management savings)
Reducing duplication and optimizing solutions		Percent reduction in the number of new/renewed contracts for: <ul style="list-style-type: none"> Laptops and desktops Software (select software TBD) Other areas as endorsed by the CMLC
Increasing spend through CMLC-approved vehicles for purchase of laptops and desktops.		Percent of civilian workstation spend* though CMLC-approved vehicles (Schedule 70, NASA SEWP, and NIH CIO-CS/ECS III and Other areas as endorsed by the CMLC).
Percent of spend that is under government-wide management for select IT categories, including software, hardware and telecommunications		Increase spend under management through better interagency collaboration and understanding of user requirements, market dynamics, and purchasing patterns

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
Conducted second data call to measure spend under management (covering \$151B in spend)	Complete	October – December 2015
Stood up governmentwide Category Management Program Management Office at GSA	Complete	October 2015 - Ongoing
Released OMB policy Memorandum on laptops and desktops	Complete	October 2015
Formally announced all 10 Government-wide Category Managers at 6 agencies	Complete	February 2016
Category Managers for 7 of 10 categories submit initial strategic plans to OMB	Complete	March 2016

Key Upcoming Milestones	Milestone due date	Status
Standard Configurations for laptops and desktops (refresh) issued to federal agencies	April 2016	On Track
Award Human Capital and Training Solutions (HCaTS) government-wide contract	May 2016	On Track
Issue OMB policy Memorandum mobile services and devices for public comment	Q3 FY16	Delayed 1 quarter
Issue Final OMB policy Memorandum on IT Software	Q3 FY16	Delayed 1 quarter
CMLC Principal's Meetings in May, June and July - Category Managers brief strategic plans	Q3 FY16	On Track
Issue Request for Proposal on BMO Zone 2	Q3 FY16	On Track
Conduct third data call for spend under management covering 80% of common spend (~\$215B)	Q1 FY17	On Track
Award Next Generation Domestic Delivery Service government-wide strategic sourcing solution	Q3 FY17	On Track

Key Indicators for Category Management

CAP Goal Metric *	Initial Baseline	Goal End of CY16	Status As of Q2 FY16	Goal End of CY19
Increase in IT total savings (includes IT only - strategic sourcing, and agency category management savings)	\$2.5B	\$5.8B	\$5.8B	\$10.5B
Percent reduction in the number of new/renewed contracts for: <ul style="list-style-type: none">Laptops and desktopsSoftware (select software TBD) and/or mobile service contracts	<ul style="list-style-type: none">1,710TBD	<ul style="list-style-type: none">20% reduction10% reduction	N/A bulk of spend occurs in Q4	<ul style="list-style-type: none">30% reduction20% reduction
Percent of civilian workstation spend* though CMLC-approved vehicles (Schedule 70, NASA SEWP, and NIH CIO-CS/ECS III)	39%	45%	N/A bulk of spend occurs in Q4	75%
Percent of spend that is under government-wide management* for select IT categories <i>NOTE: When data call was conducted, governmentwide maturity could not be achieved as there was not an IT Category Manager in place or formalized strategy adopted. These factors will enable achievement of CY16 goal.</i>	0%	30%	As of January 2016, 72% of IT spend sampled (\$39B of \$50B) is under Tier 1 or Tier 2 management.	50%

Baselines were established in Q4 FY15.

*Metrics will be expanded to other categories upon endorsement by the CMLC.

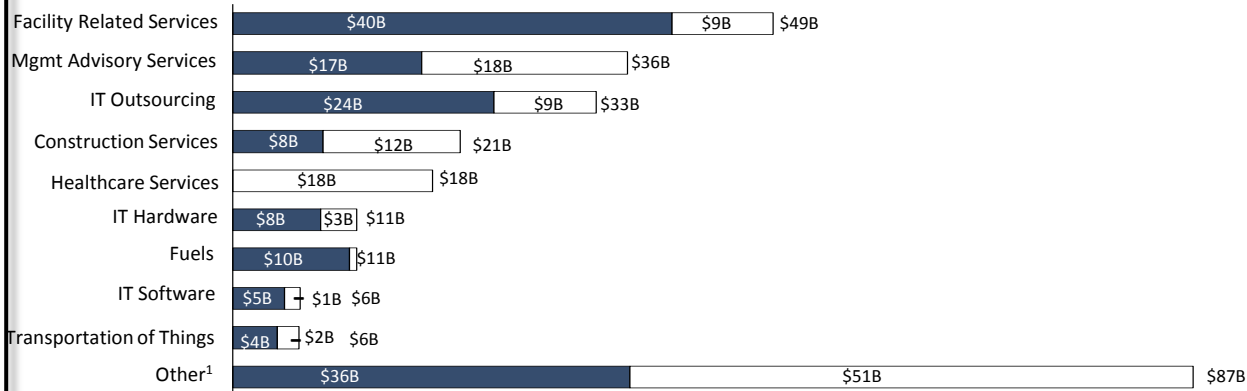
Spend Under Management (SUM) Analysis

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

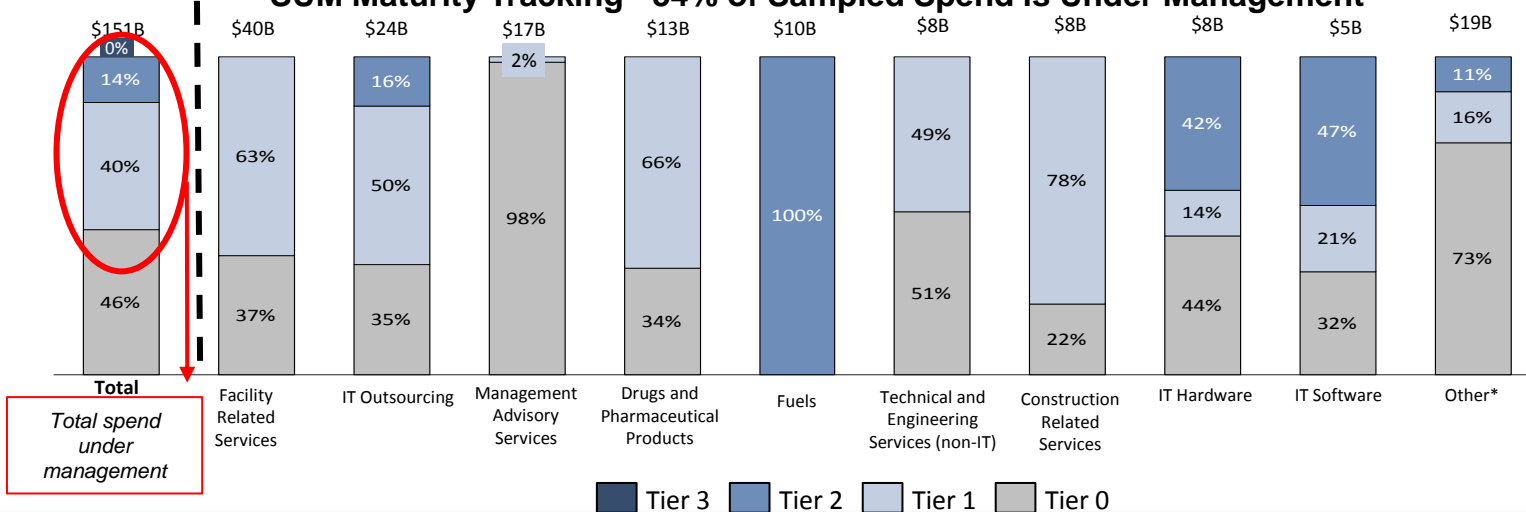
FY14 Spend (\$277B)

■ 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 represent 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