

Cross Agency Priority Goal Quarterly Progress Update

Category Management

Goal Leaders:

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FY2016 Quarter 3

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

- The Category Management Leadership Council (CMLC) approved Category Management Strategic Plans for all 10 Categories. 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 and Logistics and Travel and Lodging. The strategic plans include spend analytics, market analyses, category-specific strategies, metrics and targets, and implementation timelines.
- Created dashboards to monitor government-wide and agency progress of implementation of OMB's laptop and desktop Memorandum.
- The Office of Management and Budget issued Category Management Policy 16-1, the second in a series of IT policies to improve the acquisition and management of common IT software.
- Awarded government-wide Human Capital and Training Solutions Blanket Purchase Announcements (BPAs), which provides tailored training and development, human capital strategy, and organizational performance improvement services to all federal agencies. The contract ceiling is \$11.5B over a 10 year term. Of the 72 awards, 37 were set aside for small businesses.
- Initiated an interagency tiger team focused on development of Best In Class criteria by which government-wide contracts will be evaluated and subsequently endorsed for use.
- Driven over 8,400 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. Created Enterprise Software Category Team charter to describe roles and responsibilities of newly created team (April 2015)</div> <div>5. Developed detailed guidance for Category Management (May 2015)</div> <div>6. Created new "spend under management" policy to baseline current category management efforts and help set targets (May 2015)</div> <div>7. Issued policy to drive more efficient purchasing and management of PCs (October 2015) and software (June 2016)</div> <div>8. Will issue policy to improve management of mobile devices and services (target Summer 2016)</div> <div>9. Develop exception business case process for software when an agency wants to establish a new agreement when a government-wide solution exists (targeted 4Q FY 2016)</div>	<div>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).</div> <div>11. Established a Program Management office at GSA to support the ten category team leads with analysis, acquisition strategies and technical support (August 2015)</div> <div>12. Announced all 10 of the Category Managers; they come from DoD, GSA, OPM and VA (February 2016)</div> <div>13. Launched new Category Management Summits to bring together industry experts in category management with new government category management leads (February 2016)</div> <div>14. 4. Category Management Teams supported by more than 350 people across many agencies (June 2016)</div>	<div>15. Launched Acquisition Gateway, a new online portal to support category management (October 2014)</div> <div>16. Populated all IT contract data into the Acquisition Gateway (May 2015)</div> <div>17. Created more user-friendly tools for the Acquisition Gateway, like the contract solutions finder (April 2015)</div> <div>18. Populating the Acquisition Gateway with information on all categories aligned to government-wide structure.</div> <div>19. Creating automated dashboard tools to track implementation of OMB policy Memos (June 2016)</div>	<div>21. Implemented Office Supplies 3 (OS3) solution – (August 2014)</div> <div>22. Issued rental car policies/regs to drive savings (May 2015)</div> <div>23. Implemented new furniture demand management standards configurations (July 2015)</div> <div>24. Implementing gov-wide software agreements for ESRI and Salesforce Services (December 2015)</div> <div>24. MRO and JanSan requisition available for orders Q1FY17 (June 2016)</div> <div>25. Building Maintenance and Operations BPAs awarded for zone 1 (March 2016)</div> <div>26. Kicked off Nex t Generation Domestic Delivery Service (target April 2017 award)</div>

There are currently 11 government-wide strategic sourcing solutions available; an additional 2 will be available by the end of FY16

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, 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. Also tracked are 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
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
CMLC approved all 10 category management strategic plans	Complete	June 2016
Issued standard configurations for laptops and desktops (refresh) issued to federal agencies	Complete	April 2016
Released OMB policy Memorandum on information technology software	Complete	June 2016
Key Upcoming Milestones	Due Date	Status
Issue final OMB Category Management Policy Memorandum on mobile devices and services	Q3 FY16	Complete
Create category-specific dashboards to monitor implementation of strategic plan initiatives	Q3 FY16	Complete and Ongoing
Complete informal supplier engagements on category strategic plans	Q3 FY16	Complete and Ongoing
Issue Request for Proposals on BMO Zone 2-5 (phased approach)	Q1 FY17	On Track
Develop government-wide strategy for mobile devices and services	Q1 FY17	On Track
Conduct third data call for spend under management covering 80% of common spend (~\$215B)	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
Award Next Generation Domestic Delivery Service government-wide strategic sourcing solution	April 2017	On Track
Implement category-specific initiatives – dates vary, as articulated in strategic plans	Ongoing	On Track

Key Performance Indicators for Category Management

CAP Goal Metric	Initial Baseline	Status FY16 Q3	FY 17 Goal	FY 18 Goal	FY 19 Goal
Increased Savings <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	8,400	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).

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

Category Strategic Initiatives	Spend (\$B)	FY 16 Baseline	FY 17 Goal	FY 18 Goal	FY 19 Goal
Facilities and Construction	\$72.5	30.4%	30.4%	30.4%	TBD
Professional Services	\$63.4	30.6%	32%	32%	
Information Technology	\$50.7	36.1%	36.1%	36.1%	
Medical	\$35.2	11.6%	11.6%	11.6%	
Transportation and Logistics	\$25.6	18%	23%	23%	
Industrial Products and Services	\$11.0	39%	40%	40%	
Security and Protection	\$5.3	24%	29%	29%	
Human Capital	\$4.7	24%	24%	24%	
Travel and Lodging	\$2.2	33.4%	33.4%	33.4%	
Office Management	\$1.7	74%	75%	75%	

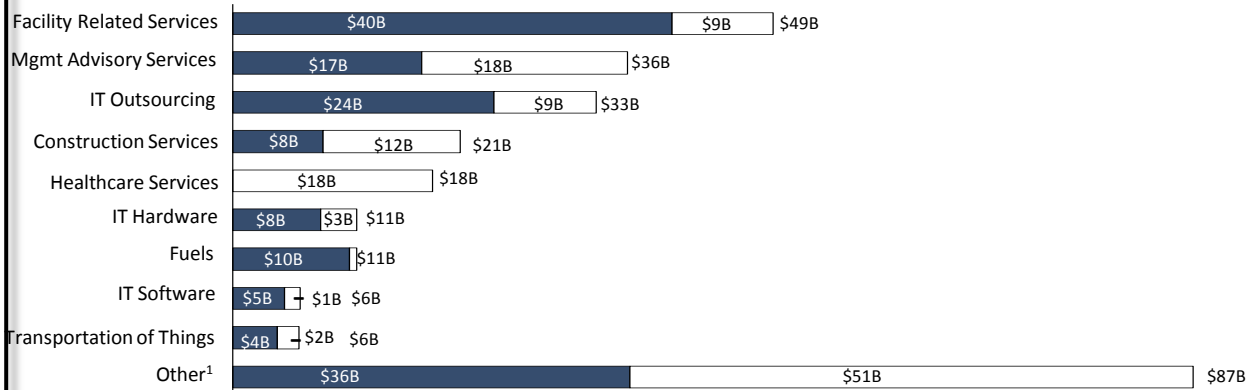
Government-wide Goal: Continue to meet or exceed small businesses utilization by 23%

Spend Under Management (SUM) Analysis

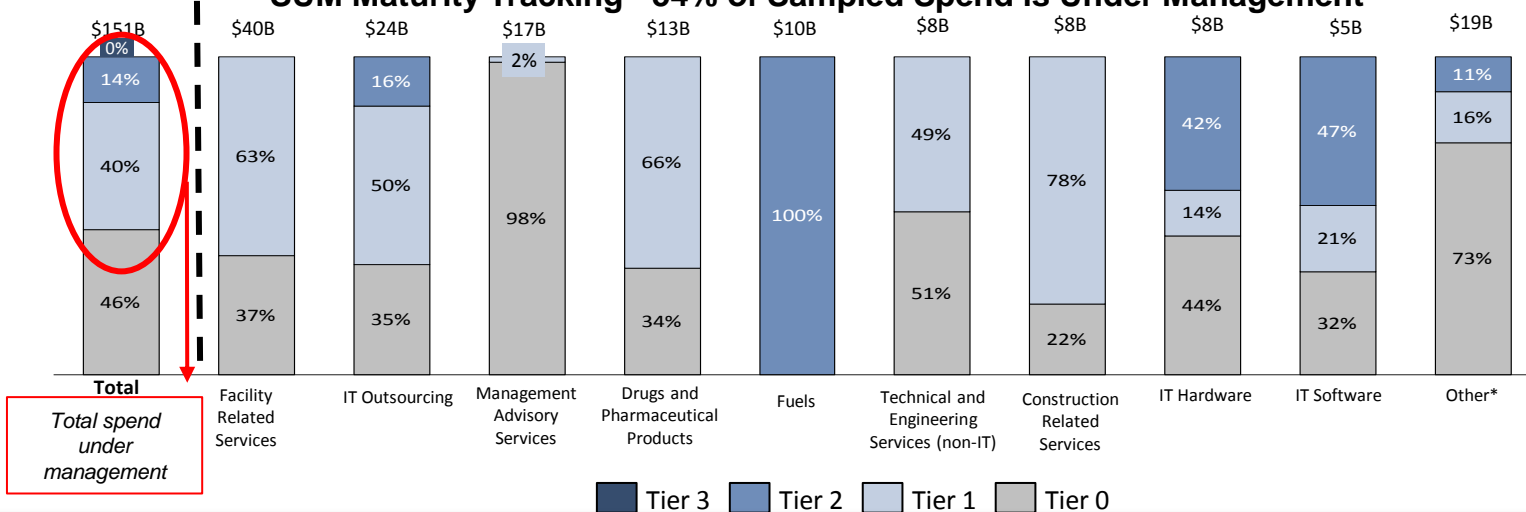
Assessment of \$150B (55%) of Key Sub-Categories

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