

# Cross Agency Priority Goal Quarterly Progress Update

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## Category Management

Goal Leaders:

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FY2015 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 fourth quarter of 2015, we continue to make great strides toward the foundational elements of category management:

- The Category Management Leadership Council (CMLC) approved the government-wide Category Management Guidance, which provides the governance structure, category management operating model, roles and responsibilities, and the process to develop, implement and manage category strategies.
- The CMLC approved the new Category Management Cross Agency Priority (CAP) Goal focused on increasing savings, reducing duplication and increasing spend under management.
- The General Services Administration (GSA) has made even more improvements to the [Acquisition Gateway](#), a new online tool for the federal contracting workforce that contains key acquisition information and tools by category. Since January, agencies have shared with GSA and they have uploaded to the site thousands of pages of acquisition information covering multiple categories, including IT software, hardware, security and services. GSA is developing better tools like the “solutions finder” which allows users to search 171 available government-wide acquisition vehicles to find the best solutions to meet their needs.
- The Office of Management and Budget (OMB) has identified at least four agencies - GSA, Department of Defense (DoD), OMB and Office of Personnel Management (OPM) – to lead at least seven of the ten new “Category Centers of Excellence.”

\*Current Strategic Sourcing CAP Goal was changed from strategic sourcing to category management. This quarter’s update includes an update on legacy strategic sourcing efforts as well as an update on category management.

# 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"> <li><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.</li> <li><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.</li> <li><u>Develops a category strategy and applies 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).</li> <li><u>Increase category value</u>, including validated savings and broader value measurement.</li> <li><u>Continue to meet or exceed small business goals</u></li> </ul>	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"> <li>Laptops and desktops</li> <li>Software (select software TBD)</li> </ul> *and 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
Restructured the Strategic Sourcing Leadership Council the Category Management Leadership Council (CMLC)	Complete	November 2014
Formally announced Category Management (CM) as an Administration Priority via OMB policy Memorandum	Complete	December 2014
Established CM Structure	Complete	February 2015
Developed CM guidance	Complete	May 2015
Conducted data call for measuring spend under management (covering \$125B in spend)	Complete	February
Identified four agencies - GSA, DoD, OMB and OPM – to lead at least seven of the ten new “Category Centers of Excellence.”	Complete	October 2015
Stood up governmentwide Category Management Program Management Office at GSA	Complete	Began in October-Ongoing
Released OMB policy Memorandum on laptops and desktops	Complete	October 2015
GSA issued Request for Proposals for 3 governmentwide strategic sourcing solutions: Janitorial and Sanitation Supplies (Requisition Channel) and Maintenance, Repair & Operations (Requisition Channel)	Complete	October 2015 Award Planned Q2FY16
Load critical contract information onto the Acquisition Gateway and build out additional functionality	Ongoing	2014-Present
Monitor implementation (track savings, adoption, duplication and small business participation) of 11 strategic sourcing solutions	Ongoing	Quarterly

## Upcoming Milestones:

Key Milestones	Milestone due date	Status
Formally announce 7 of 10 Governmentwide Category Managers	December 2015	On Track
Train Governmentwide Category Managers	Q1 FY16	On Track
OMB to issue IT software policy memorandum	Q2 FY16	On Track
OMB to issue IT mobile services policy memorandum	Q2 FY16	On Track
Category Managers develop category specific strategic plans	Q2-Q3 FY16	On Track

# Key Indicators for Category Management

CAP Goal Metric	Initial Baseline	Goal End of CY15	Goal End of CY16	Goal End of CY19
Increase in IT total savings (includes IT, strategic sourcing ,IT solutions and agency, IT category management savings)	\$2.5B	\$3.5B	\$5.8B	\$10.5B
Percent reduction in the number of new/renewed contracts for*: <ul style="list-style-type: none"> <li>Laptops and desktops</li> <li>Software (select software TBD)</li> </ul> *and other areas as endorsed by the CMLC	<ul style="list-style-type: none"> <li>1,710</li> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>10% reduction</li> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>20% reduction</li> <li>10% reduction</li> </ul>	<ul style="list-style-type: none"> <li>30% reduction</li> <li>20% reduction</li> </ul>
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	39%	N/A	45%	75%
Percent of spend that is under government-wide management* for select IT categories, including software, hardware and telecommunications (and other areas as endorsed by the CMLC) *as defined by OMB's Spend Under Management Tiered Maturity Model	0%	15%	30%	50%

*Baselines were established in Q4 FY15.*

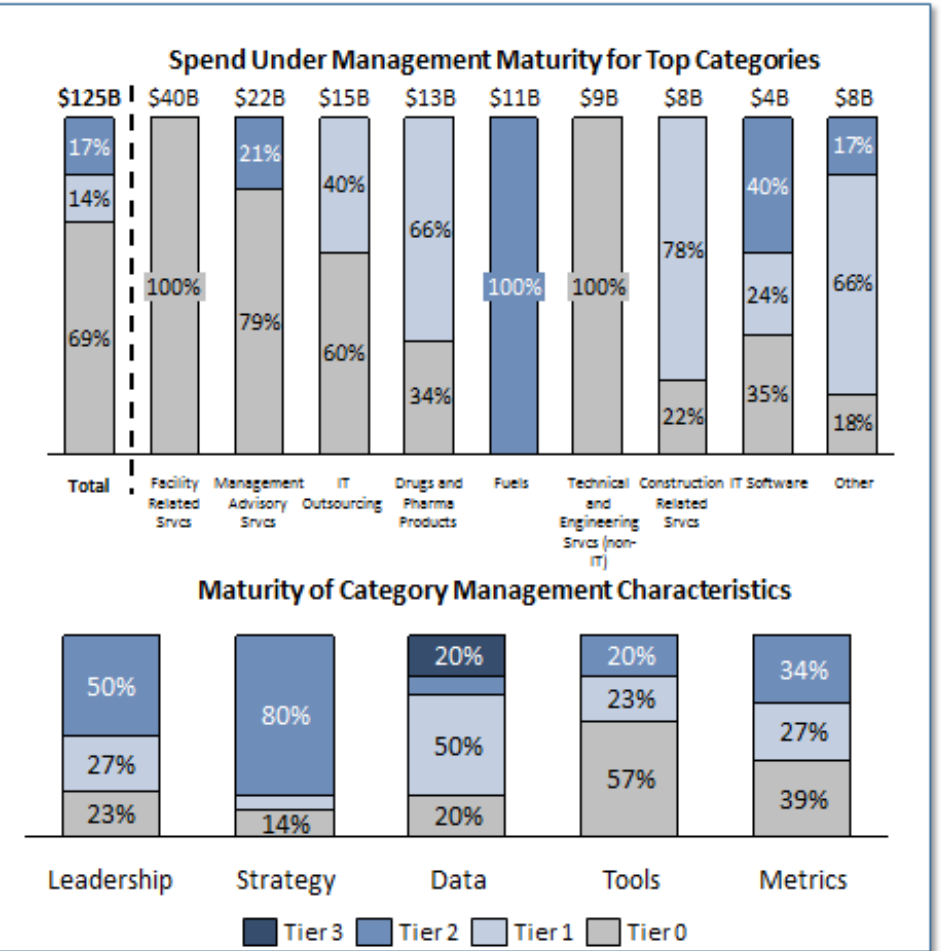
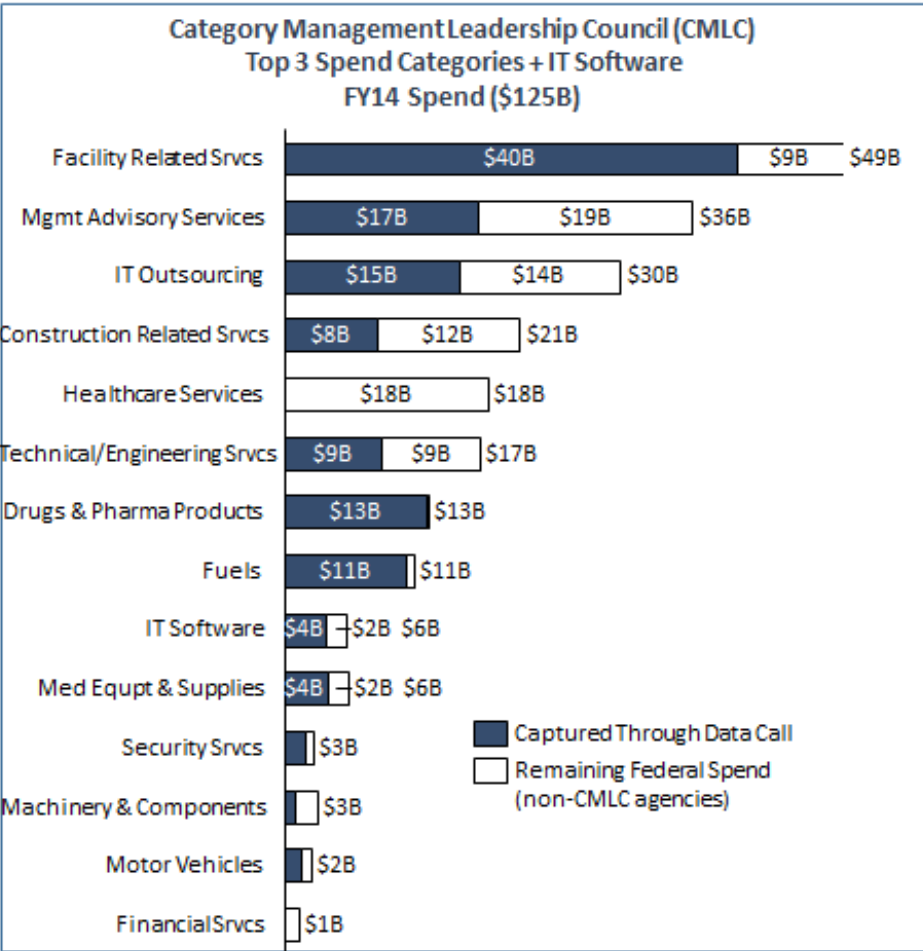
*Status will begin to be reported at the end of calendar year 2015 and provided in the Q1 FY16 update.*

# FY15 Key Indicators for Strategic Sourcing

Key Implementation Data					
Metrics	Source	Baseline	Target	Frequency	Latest data
<i>Savings</i>	Data from 8 Participating Agencies	Varies depending on category	N/A	Quarterly	<i>\$22.9M Quarter 4 \$60.8M for FY15</i>
<i>Adoption – annual</i>	Data from 8 Participating Agencies	Varies depending on category	N/A	Annual	<i>15.1% for FY15 (legacy solutions) 20.5% for FY15 (new solutions)</i>
<i>Small Business – number of solutions meeting small business expectations as outlined in OMB M-13-02</i>	Data from 8 Participating Agencies	Varies depending on category	N/A	Annual	<i>100% for FY15</i>
<i>Reducing duplication and optimizing solutions</i>	Data from 8 Participating Agencies	Varies depending on category	N/A	Annual	<i>50% for FY14; Final FY15 numbers will be provided in Jan due to the 3 month lag of DOD data in FPDS.</i>

Measures are reported for CMLC agencies – the Departments of Defense, Energy, Health and Human Services, Homeland Security, NASA, GSA, VA and SBA. OMB M-13-02 available at [http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-02\\_0.pdf](http://www.whitehouse.gov/sites/default/files/omb/memoranda/2013/m-13-02_0.pdf)

# Spend Under Management Analysis



Data as of May 2015; will be refreshed in Q1FY16



# Contributing Agencies and Programs

## Contributing Agencies:

- The CMLC, 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.
- Measures are reported for civilian agencies.
- The head of each of the 24 Chief Financial Officer Act departments and agencies has designated a Strategic Sourcing Accountable Official (SSAO), who coordinates their agency's internal strategic sourcing activities and its participation in government-wide efforts.

# 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
- SSAO: Strategic Sourcing Accountable Official
- TBD: To Be Determined
- VA: Department of Veterans Affairs
- YTD: Year to Date