PRESIDENT'S MANAGEMENT AGENDA

Cross-Cutting Goal Action Plan

Category Management

Leveraging Common Contracts and Best Practices to Drive Savings and Efficiencies

Goal Leaders

John H. Gibson III, Chief Management Officer, Department of Defense

Lesley Field, Deputy Administrator, Office of Federal Procurement Policy, OMB

Summary of Progress in the Last Quarter

Highlights of Government-wide Successes:

- Developed education campaign on small business participation on Best in Class contracts – 45% of spend and 75% of vendors are small businesses.
- Released new and improved dashboards to allow agencies to track progress relative to goals easily and at any time, and identify additional opportunities to increase cost avoidance and reduce unnecessary contract duplication.
- The Best in Class (BIC) professional services contract One Acquisition Solution for Integrated Services Small Business (OASIS SB) added 31 new small businesses.
- The IT Category completed spend and acquisition category management profile reports for the 24 CFO act agencies, which identify opportunities to increase efficiency and improve delivery.
- The Medical Category announced that the High-Tech Medical Equipment, such as x-ray equipment, contracts are designated BIC. The contracts provide an average of 17% cost avoidance, which varies by the type of equipment.
- The Transportation and Logistics Services category took initial steps to establish a government-wide Domestic Freight Community of Practice (CoP) to share Freight best practices across the government.

Overview

Goal Statement

- The Federal government will buy common goods and services as an enterprise to eliminate redundancies, increase efficiency, and deliver more value and savings from the government's acquisition programs. By the end of FY 2020, the government will achieve $18 billion in savings for taxpayers by applying category management principles—or smart decision-making where agencies buy the same kinds of goods and services through best value contract solutions—to 60% of common spend. In addition, the government will reduce duplicative contracts by 50,000, potentially reducing administrative costs by hundreds of millions of dollars.

Challenge

- The Federal Government spends over $300 billion on common goods and services each year. However, agencies buy in a fragmented manner, taxpayers often do not get the benefit of the Government's position as the largest buyer in the world.
- Hundreds - and in some cases thousands – of duplicative contracts are awarded to the same vendors for similar requirements. This fragmentation leads agencies to pay significantly different prices – sometimes varying by over 300% – for the same items.

Opportunity

- The Government will not only save taxpayer dollars, but this effort will improve mission outcomes. For example, this will allow our law enforcement personnel to have easier access to equipment, such as ammunition and body armor, to ensure their safety; medical professionals can order medical supplies through electronic catalogues to save time and focus more on patients; and agencies can buy standardized computers, which will allow them more easily prioritize modernizing the Government's information technology infrastructure.

Governance

Lesley Field, OMB, Deputy Administrator of Office of Federal Procurement Policy (OFPP) – Category Management CAP Goal Co-Lead.

John H. Gibson III, Chief Management Officer, Department of Defense – Category Management CAP Goal Co-Lead

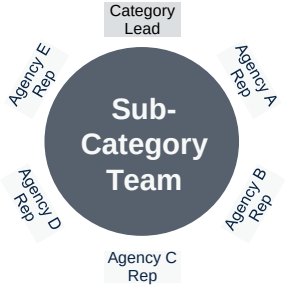
Category Management Leadership Council

Category Managers

Government experts in the 10 categories - develop the government-wide strategy to drive improved performance and act as change agents for the category.

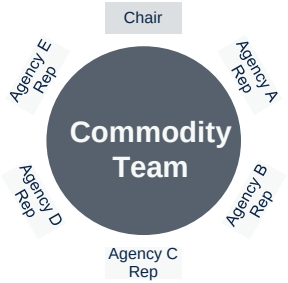
Category Team

Responsible for the development and execution of category strategies for a specific category (e.g., IT)



Sub-Category Team

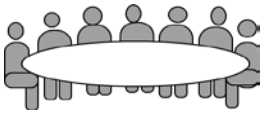
Responsible for the development and execution of category-specific sub-strategies (e.g., IT software within the IT category).



Traditional strategic sourcing working group formed when the category management process identifies the need for a new acquisition solution.

Teams are supported by close to 400 representatives across all agencies

Category Management PMO (GSA)



Provides overall program management support to category managers, including development of guidance, data analytics, build out of dashboards and tools.

Acquisition Gateway

A single portal to support smarter buying for federal employees, including best practices, prices paid, contract terms and conditions, transactional information (such as prices paid data), white papers, market research, and information on procurement alternatives.

Leadership

Category Managers: Government-wide experts for each of the 10 common categories of spend responsible for developing category strategies, with support of interagency team members.

William Zielinski
GSA

Information Technology

Professional Services

Tiffany Hixson
GSA

Jaclyn Smyth
DHS

Security & Protection

Facilities & Construction

Mary Ruwwe
GSA

George Prochaska
GSA

Industrial Products & Services

Office Management

Dena McLaughlin
GSA

Bruce Blank
DOD

Transportation & Logistics Services

Travel

Timothy Burke
GSA

Indu Garg
OPM

Human Capital

Medical

Thomas McCaffrey & Carolyn Clancy, M.D.

Category Management Government-wide Categories

Total FY17 Spend - $465B | FY17 *common* spend* - $303B

Facilities & Construction≈$81.2B Led by GSA
- Construction Related Materials
- Construction Related Services
- Facilities Purchase & Lease
- Facility Related Materials
- Facility Related Services

Professional Services ≈$71.1B Led by GSA
- Business Admin Services
- Financial Services
- Legal Services
- Management & Advisory Services
- Marketing & Public Relations
- Research & Development
- Social Services
- Technical & Engineering Services

IT≈$56.7B Led by GSA
- IT Software
- IT Hardware
- IT Consulting
- IT Security
- IT Outsourcing
- Telecomms

Medical ≈$43.5B Co-Led by DoD and VA
- Drugs & Pharmaceutical Products
- Healthcare Services
- Medical Equipment, Accessories, & Supplies

Transportation & Logistics ≈$28.5B Led by DoD
- Fuels
- Logistics Support Services
- Motor Vehicles (non-combat)
- Package Delivery & Packaging
- Transportation Equipment
- Transportation of Things

Industrial Products & Services ≈$11.1B Led by GSA
- Basic Materials
- Fire/Rescue/Safety/ Environmental Protection Equipment
- Hardware & Tools
- Industrial Products Install/ Maintenance/Repair
- Machinery & Components
- Oils, Lubricants, & Waxes
- Test & Measurement Supplies

Travel ≈$7.5B Led by GSA
- Employee Relocation
- Lodging
- Passenger Travel
- Travel Agent & Misc. Services

Security & Protection ≈$5.4B Led by DHS
- Ammunition
- Protective Apparel & Equipment
- Security Animals & Related Services
- Security Services
- Security Systems
- Weapons

Human Capital ≈$4.5B Led by OPM
- Compensation & Benefits
- Employee Relations
- Human Capital Evaluation
- Strategy, Policies, & Ops Planning
- Talent Acquisition
- Talent Development

Office Management ≈$2.3B Led by GSA
- Furniture
- Office Management Products
- Office Management Services

**In FY17, Federal agencies spent $303B on common goods and services. Every year, the government spends about $450B procuring goods and services generally. (The spending not counted as common is defense-centric.)*

Goal Structure

Strategies are being developed at the government-wide and agency-wide level to accomplish the Goal.

Government-wide Strategies: Category Managers have developed strategies to:

- Save taxpayer dollars and improve mission outcomes. Through a rigorous interagency process designate Best In Class solutions* for each category that offer best value for the Government. Evaluate the performance of these solutions quarterly and reevaluate annually.
- Develop best practices, including, but not limited to, tools to understand a range of acceptable pricing, how to best bid to industry, tips for removing barriers and burdens when acquiring commercial items, such as through the identification of customary commercial practices.
- Maintain small business utilization goals.
- Train government employees on category management, including use of tools and application of best practices.

Agency-Specific Strategies: Agencies are required to implement four key management actions:

1. Establish annual goals to increase the use of BICs and align spend to category management principles, consistent with statutory socio-economic responsibilities.
2. Develop effective supplier management strategies to improve communication with industry partners, especially those that support mission critical functions, and/or have multiple relationships for similar requirements across the enterprise.
3. Implement strategies that eliminate inefficient purchasing and consumption behaviors, and adopt standardized business practices, such as buying standard equipment for firefighters.
4. Share buying data, such as prices offered, prices paid, terms and conditions, performance across the government to differentiate quality and value of products and services purchased.

*Best in Class solutions are those evaluated as providing the best value, including competitive pricing, standardized requirements, to meet most agency's needs, and terms and conditions that have produced good results.

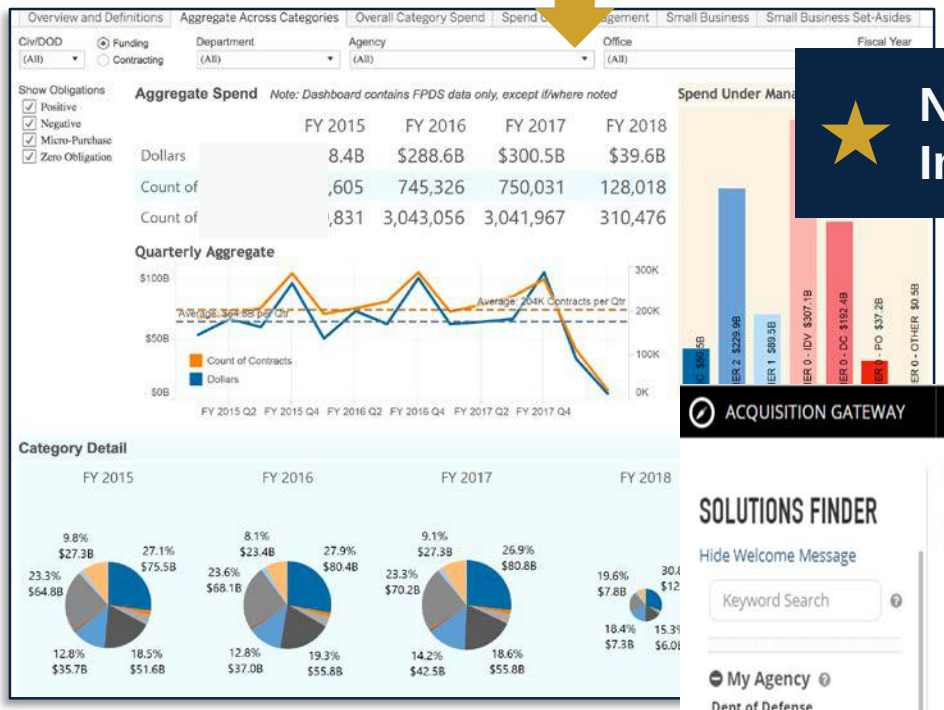
Key Indicators

CAP Goal Metric	FY 2016 Baseline	FY 2017 Actuals	FY 2018 Goal	FY 2019 Goal	FY 2020 Goal
Cumulative Cost Avoidance.	$5.8B	$13.5B	$15B	$17B	$18B
Cumulative percent of common spend that is under management, aligned to category management principles.	44%	42%	50%	55%	60%
Cumulative percent of addressable spend through Best In Class solutions.	10%	24%	35%	37%	40%
Cumulative percent reduction number in unique contracts.	425k	-3%	-10%	-12%	-13%
Meet or exceed category management small businesses goals.	30%	30%	30%	30%	30%
Number of individuals trained on category management.	0	776	1,110	1,365	1,540

Notes: Goals relative to FY16 baseline.
Additional Definitions:
C*ost avoidance* - includes strategic sourcing savings from FY2010-2015 and specific initiatives with validated savings through FY2017.
Best In Class Addressable Spend - $85 billion and 33 solutions as of March 2018.
Training - Individuals trained counted by Federal Acquisition Institute receiving a rating of 4.2 or higher.

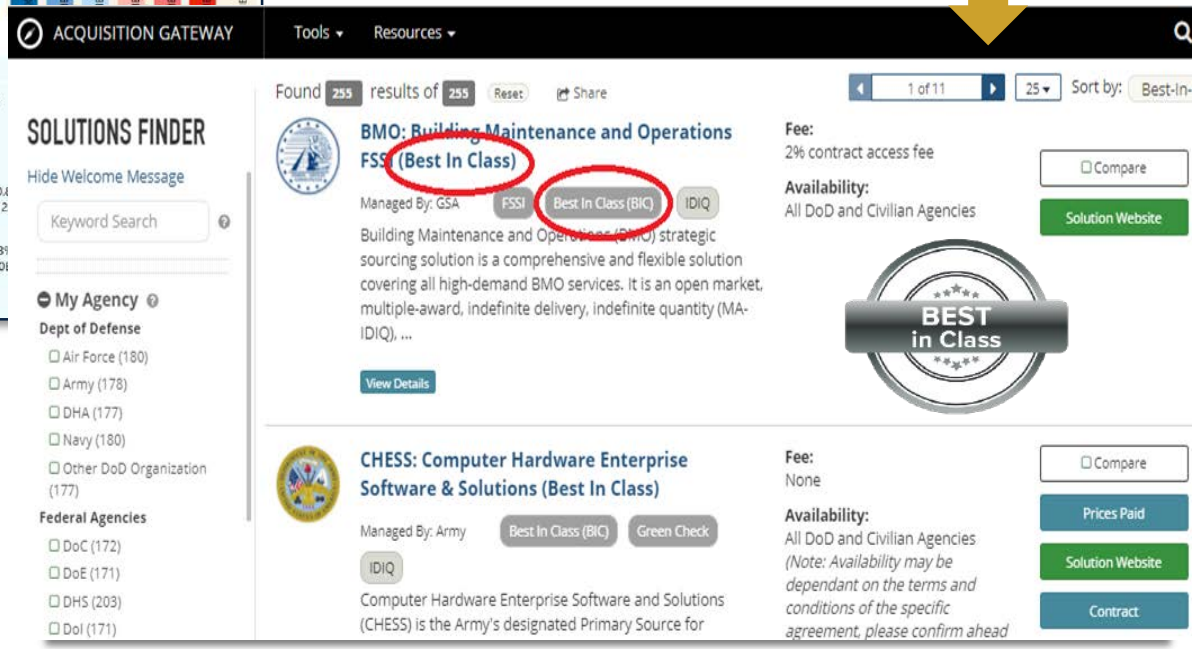
Tools that help Agencies Buy Smarter

Use the Agency Acquisition Spend Analysis Tool to Find Savings Opportunities



New and Improved!

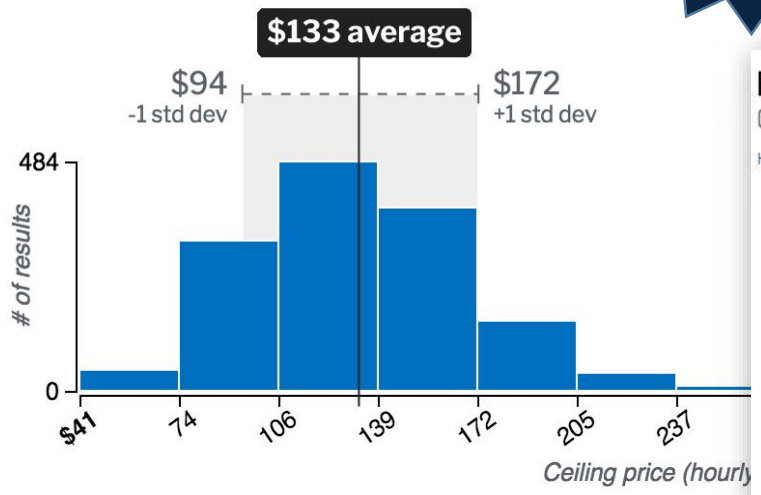
Quickly Find Best Value Solutions on the Acquisition Gateway



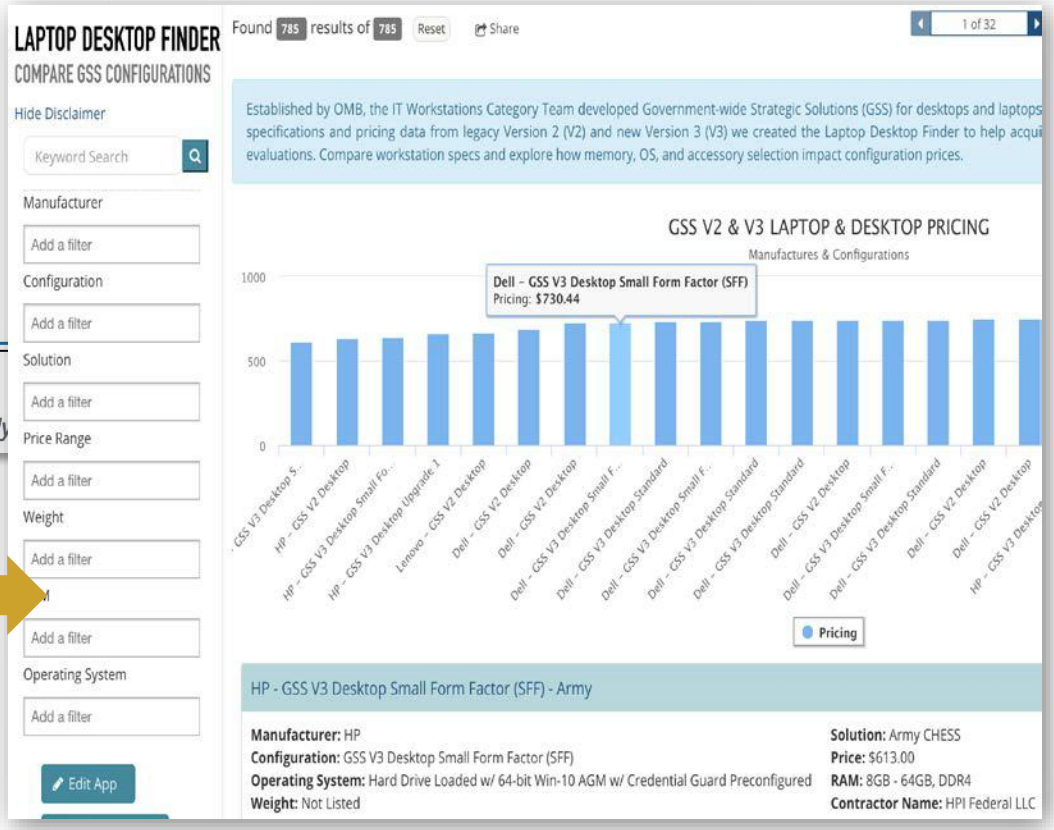
Use the Labor Hour Tool to Compare Offers on Service Contracts

Hourly rate data

Best Price – Same Quality



Laptop & Desktop Price Analysis Tool



Make IT Purchases Easier by Quickly Comparing Model Features and Prices

Key Indicators – Spend Under Management & Best In Class – FY16 – FY17

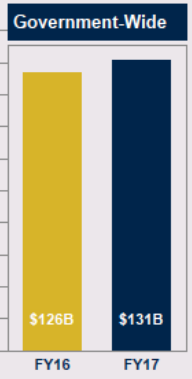
▲ Increase from Previous Year ▼ Decrease from Previous Year ■ No Change from Previous Year

FY17 FY16

Spend Under Management (SUM)

Definition: Spend (in millions of dollars) on contracts that meet defined criteria for management maturity and data sharing. SUM is defined by a tiered maturity model, which includes three tiers that address five attributes: leadership, strategy, data, tools, and metrics.

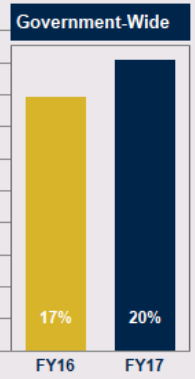
Agency	Change	Indicator	
DOE	$308M	▲	$21,943M
DOD	$798M	▲	$17,884M
VA	$2,201M	▲	$17,642M
DLA	$1,166M	▲	$15,300M
NAVY	-$411M	▼	$8,059M
ARMY	$461M	▲	$7,891M
USAF	$37M	▲	$7,197M
DHS	$390M	▲	$6,667M
HHS	$96M	▲	$5,118M
NASA	-$41M	▼	$3,015M
DOJ	$213M	▲	$2,788M
AID	$17M	▲	$2,725M
TREASURY	-$632M	▼	$2,282M
GSA	$856M	▲	$2,039M
ED	$20M	▲	$1,845M
STATE	$164M	▲	$1,833M
DOC	-$44M	▼	$1,334M
DOT	-$192M	▼	$1,189M
USDA	$104M	▲	$1,169M
SSA	$42M	▲	$837M
DOI	$56M	▲	$719M
DOL	$49M	▲	$535M
EPA	$36M	▲	$422M
OPM	$49M	▲	$409M
HUD	$66M	▲	$250M
NSF	$17M	▲	$166M
SBA	-$1M	▼	$89M
NRC	$9M	▲	$76M



Best In Class (BIC)

Definition: Best in Class is a designation by the Office of Management and Budget (OMB) for a preferred government-wide solution that: Allows acquisition experts to take advantage of pre-vetted, government-wide contract solutions; Supports a government-wide migration to solutions that are mature and market-proven; Assists in the optimization of spend, within the government-wide category management framework; and increases the transactional data available for agency level and government-wide analysis of buying behavior. BIC is calculated as a percentage of total spend addressable to BIC solutions (BIC spend divided by total addressable BIC spend).

Agency	Change	Indicator	
GSA	42%	▲	68%
OPM	13%	▲	61%
NSF	9%	▲	52%
EPA	9%	▲	45%
AID	16%	▲	38%
DOI	8%	▲	37%
USDA	1%	▲	35%
DOJ	8%	▲	34%
SSA	2%	▲	31%
DOE	0%	■	31%
TREASURY	1%	▲	30%
DOL	7%	▲	28%
HUD	3%	▲	27%
STATE	3%	▲	26%
DOD	3%	▲	25%
DHS	0%	■	24%
SBA	-2%	▼	23%
USAF	2%	▲	23%
ARMY	3%	▲	21%
DOC	2%	▲	19%
VA	1%	▲	17%
NRC	4%	▲	15%
DLA	0%	■	14%
ED	-1%	▼	12%
HHS	-3%	▼	11%
NAVY	2%	▲	9%
NASA	1%	▲	6%
DOT	1%	▲	3%



Key Indicators – Spend Under Management and Best in Class – FY18 Agency Status

The following graphs depict an agency's current progress (Blue Bar) toward their total FY18 Goal (Gold Bar)

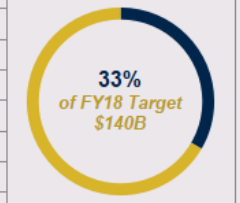
FY18 through 5/8/18 | FY18 Target

Spend Under Management (SUM)

Definition: Spend (in millions of dollars) on contracts that meet defined criteria for management maturity and data sharing. SUM is defined by a tiered maturity model, which includes three tiers that address five attributes: leadership, strategy, data, tools, and metrics.

Agency	SUM FY18 as % of Target	Difference from Target	
DOE	51%	-$12,631M	$25,869M
DOD	31%	-$12,793M	$18,640M
VA	28%	-$13,061M	$18,076M
DLA	26%	-$12,260M	$16,543M
NAVY	18%	-$7,522M	$9,133M
ARMY	23%	-$5,879M	$7,626M
USAF	24%	-$5,679M	$7,467M
DHS	41%	-$3,551M	$5,983M
HHS	39%	-$2,751M	$4,542M
NASA	36%	-$2,352M	$3,683M
TREASURY	24%	-$2,531M	$3,351M
AID	33%	-$2,184M	$3,243M
DOJ	27%	-$2,017M	$2,777M
ED	46%	-$1,188M	$2,207M
DOT	29%	-$1,143M	$1,616M
DOC	37%	-$949M	$1,498M
STATE	44%	-$823M	$1,479M
GSA	48%	-$662M	$1,271M
USDA	42%	-$646M	$1,121M
SSA	35%	-$623M	$965M
DOI	34%	-$467M	$703M
DOL	33%	-$380M	$567M
OPM	26%	-$320M	$431M
EPA	39%	-$248M	$404M
HUD	26%	-$162M	$221M
NSF	24%	-$120M	$158M
SBA	29%	-$69M	$98M
NRC	38%	-$46M	$75M

Government-Wide



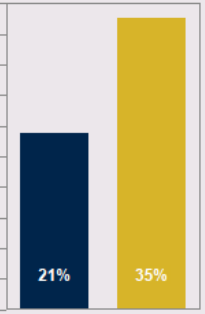
Best In Class (BIC)

Definition: Best in Class is a designation by the Office of Management and Budget (OMB) for a preferred government-wide solution that: Allows acquisition experts to take advantage of pre-vetted, government-wide contract solutions; Supports a government-wide migration to solutions that are mature and market-proven; Assists in the optimization of spend, within the government-wide category management framework; and increases the transactional data available for agency level and government-wide analysis of buying behavior. BIC is calculated as a percentage of total spend addressable to BIC solutions (BIC spend divided by total addressable BIC spend).

Agency	Difference from Target	
SSA	27%	62%
NSF	9%	44%
EPA	2%	37%
VA	2%	37%
USDA	2%	37%
DOI	2%	37%
TREASURY	-1%	34%
DOE	-3%	32%
SBA	-3%	32%
OPM	-3%	32%
HUD	-4%	31%
DOL	-5%	30%
NRC	-5%	30%
GSA	-7%	28%
ARMY	-8%	27%
STATE	-11%	24%
DOJ	-12%	23%
DOD	-12%	23%
USAF	-13%	22%
AID	-15%	20%
DOC	-16%	19%
DHS	-19%	16%
ED	-22%	13%
DLA	-23%	12%
HHS	-24%	11%
NAVY	-25%	10%
NASA	-29%	6%
DOT	-32%	3%

FY18 Target: 35%

Government-Wide



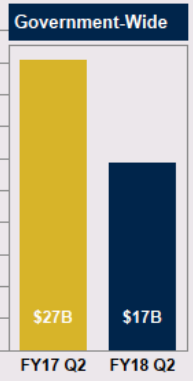
Key Indicators – Spend Under Management & Best In Class – Comparison of FY17 Q2 to FY18 Q2

▲ Increase from Previous Year's Q2 ▼ Decrease from Previous Year's Q2 ■ No Change from Previous Year's Q2 FY18 Q2 FY17 Q2

Spend Under Management (SUM)

Definition: Spend (in millions of dollars) on contracts that meet defined criteria for management maturity and data sharing. SUM is defined by a tiered maturity model, which includes three tiers that address five attributes: leadership, strategy, data, tools, and metrics.

Agency	Change	Indicator	
DOE	$2,293M	▲	$4,900M
VA	-$3,040M	▼	$1,604M
DOD	-$1,503M	▼	$1,314M
DHS	-$341M	▼	$1,116M
DLA	-$2,728M	▼	$939M
HHS	$45M	▲	$926M
NASA	-$96M	▼	$778M
ARMY	-$1,169M	▼	$751M
AID	-$175M	▼	$640M
NAVY	-$1,299M	▼	$621M
ED	$291M	▲	$579M
TREASURY	-$90M	▼	$429M
STATE	$9M	▲	$421M
USAF	-$1,268M	▼	$403M
DOC	$42M	▲	$334M
DOJ	-$66M	▼	$289M
GSA	-$399M	▼	$267M
DOT	-$52M	▼	$254M
USDA	$23M	▲	$229M
DOI	$1M	▲	$144M
SSA	$60M	▲	$128M
DOL	$19M	▲	$112M
EPA	-$21M	▼	$92M
OPM	-$12M	▼	$49M
NSF	-$13M	▼	$29M
NRC	-$1M	▼	$13M
SBA	$4M	▲	$12M
HUD	-$19M	▼	$11M

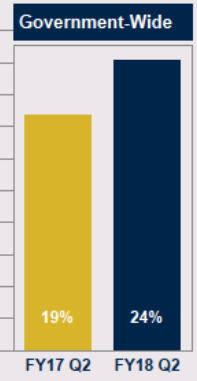


Best In Class (BIC)

Definition: Best in Class is a designation by the Office of Management and Budget (OMB) for a preferred government-wide solution that: Allows acquisition experts to take advantage of pre-vetted, government-wide contract solutions; Supports a government-wide migration to solutions that are mature and market-proven; Assists in the optimization of spend, within the government-wide category management framework; and increases the transactional data available for agency level and government-wide analysis of buying behavior. BIC is calculated as a percentage of total spend addressable to BIC solutions (BIC spend divided by total addressable BIC spend).

Agency	Change	Indicator	
NSF	11%	▲	65%
SSA	24%	▲	60%
DOI	-3%	▼	47%
ARMY	25%	▲	46%
EPA	-3%	▼	42%
NRC	28%	▲	41%
VA	17%	▲	36%
USDA	-7%	▼	35%
TREASURY	4%	▲	31%
DOD	9%	▲	31%
DOE	6%	▲	30%
STATE	4%	▲	29%
OPM	-24%	▼	28%
DOL	2%	▲	26%
USAF	2%	▲	25%
GSA	-55%	▼	23%
DOJ	-1%	▼	20%
AID	2%	▲	20%
DOC	7%	▲	19%
DHS	-9%	▼	18%
NAVY	10%	▲	16%
SBA	-17%	▼	14%
DLA	-2%	▼	12%
HHS	3%	▲	11%
ED	5%	▲	8%
HUD	-15%	▼	5%
NASA	-1%	▼	5%
DOT	-2%	▼	2%

FY18 Target: 35%



Key Milestones – Government-wide

Government-wide milestones focus on the development of additional tools and resources to help agencies buy smarter. In addition, Category Managers develop strategies specific to their category, such as standardizing laptop and desktop buys, adding new small businesses to Best In Class contracts, and developing best practices based on market research and industry intelligence.

Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
Review progress to date meeting FY18 targets with agency Senior Accountable Officials.	Beginning Feb 2018	On-going	Completed meetings with 7 biggest buying agencies.	OMB	N/A
CMLC approves strategic plans for FYs18-20.	April 2018	Complete	On April 4th, CMLC approved FY18-20 plans for all 10 categories.	CMs and CMLC	N/A
Refine dashboards to easily capture current spend under management; conduct quarterly training sessions	Q3FY18	On Track	Released new Executive Performance dashboard on 5/1.	Category Managers	Identification of opportunity spend is an ongoing process
Issue guidance to agencies on increasing use of BIC solutions in FY18 through the use of "opt out" plans.	Q4FY18	At Risk	Engaged with agencies on final draft.	OMB	Clearance and vetting process presents risk; likely delayed
Assess 4 additional solutions for potential BIC designation	Q4FY18	On Track	Designated 2 solutions – on track.	Category Managers	Receipt of prices paid, savings and performance data on all solutions, as required.
Refresh category management guidance/governance document, approved by Category Management Leadership Council	Q4FY18	On Track	Engagement with agencies on current drafts.	GW CM PMO / OMB	Pulling existing resources, if research is required, this could take more time

Key Milestones – Information Technology Category

OMB issued three category management memos in FY 2016 for the acquisition and management of common cloud-based information technology products and services: Laptops/Desktops, Mobile Device and Services, and Software. Each memo is being executed by interagency category teams.

The report to the President on Federal IT Modernization (December 2017) identifies several key action items that can be executed using category management strategies such as strategic sourcing, standardization, and consolidation.

Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
Agencies establish a comprehensive software inventory representing 80% of software license spending	Q2FY18	At risk	ESCT is working with at risk agencies.	Agencies	Some agencies do not have the discovery tools required in place to complete a baseline inventory.
Endorse a government-wide solution for mobile services that meets the criteria for Best in Class designation.	Q3FY18	On Track	None	MSCT	Contract solutions for mobile services have been identified, however, the completion of the BIC designation review process will not done until Q4FY18.
Release laptop/desktop standard configuration (v4)	Q3FY18	On Track	None	IT Category Manager	N/A
Agencies have a Software Centralization plan developed and implemented	Q4FY18	At risk	ESCT is working with at risk agencies.	Agencies	Agencies may not have the resources to actively mange its software licenses. In these cases, OMB and IT CM will work with the agencies to develop a path forward.
Improve and align IT procurement data to the Technology Business Management (TBM), which standardizes IT costs, technologies, and resources to informs data driven decision making around smart IT investment.	Q4FY18	On Track	None	IT Category Manager	The focus this FY will be on redefining the PSC codes to better align to the TBM taxonomy. There will be no changes to the existing code structure.

Key Milestones – Highlights: Facilities, Professional Services, and Medical Categories

Key Milestones	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
Facilities and Construction					
• Recruit new small businesses on existing facilities maintenance contracts.	Q3FY18	On Track	Sent recruitment letters to 50 small businesses.	GSA	N/A
• Improve Facilities, Maintenance, and Management Schedule (03FAC)	Q4FY19	On Track	Collected industry feedback on enhancements to energy services solution.	GSA and Category Team	N/A
Professional Services					
• Complete reassessment of OASIS BIC solution	Q4FY18	Complete	None	Category Team	N/A
• Implement supplier relationship program	On-going	On Track	16 of 25 interviews conducted.	Category Team	N/A
Medical					
• Explore feasibility of establishing a BIC solution for specialty medical services	Q4FY19	On Track	None	Category Team	Requires vetting and consensus with VA and DoD
• Expand use of Electronic Catalogue to acquire medical supplies	Q4FY18	On Track	None	Category Team	Requires agency acceptance, adoption and implementation
• Assess Pharmaceutical Prime Vendor program as BIC	Q3FY19	On Track	None	Category Team	Requires vetting and consensus with VA and DoD; and to fully meet requirements

Contributing Programs

Federal 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 Veterans 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.

Regulation:

- Federal Acquisition Regulations, Part 8.

Policies:

- OMB Category Management Memorandums 16-02, 16-12, 16-20, 17-22, 17-26, 17-29.

Stakeholders (other than Executive Branch Agencies):

- Oversight and Small Business Groups - Community, Government Accountability Office, Senate Committee on Oversight and Government Reform, and the House and Senate Small Business Committee. Small business advocates are concerned that while dollars going to small business under this initiative may be increasing – due to much more concerted efforts to provide opportunities and better supplier engagement – the number of small businesses receiving awards may decrease. Implementation of any of these options will require us to monitor this dynamic to ensure we will meet our goals.

- Industry Associations - Contractor association groups, such as the American Council for Technology and Industry Advisory Council, Professional Services Council, IT Alliance for Public Sector. These organizations cite contract duplication as a significant burden and cost driver for Federal contractors, especially small businesses, who must devote significant resources to competing and (if they win) then managing multiple Federal contracts across different procurement offices for the same products and services. However, while category management can reduce contract duplication, compliance burden, and promote adoption of greater use of commercial practices, industry is concerned that they will have reduced opportunity and that category management will disrupt their relationships with agencies.