



## 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



### Highlights of Government-wide Successes:

- To date, \$181B (~60%) in common spend has been obligated with \$77B under management and \$14B going to Best In Class (BIC) solutions. Based on these trends, it is expected the PMA goals will be met in FY18.
- New fact sheets now are available for more than 30 BIC solutions, highlighting their unique value for agencies -- benefits like small-business participation, available offerings, cost avoidance and other administrative savings, customer experiences, and other special/unique provisions. Find them [here](#).
- The IT Category announced that the Enterprise Infrastructure Services (EIS) contracts, which provides telecommunications offerings will provide an average cost avoidance rate of 21% when compared to prices offered for similar products and services under the previous Networx contract.
- The Next Generation Package Delivery Solution is delivering results by helping agencies manage demand. As an example, an agency might have sent a 20-pound package with Next Day - First Thing in the Morning delivery at a cost of \$92. However, shipping the same package overnight with a mid-day delivery costs \$18, saving \$78 per package.
- The Red River Army Depot in Texarkana used existing government-wide solutions for recent procurements instead of open-market or awarding new contracts for 7,000 50-lb containers of aluminum oxide abrasive and 1,700 leveling jacks needed for refurbishing Humvees. The result was on-time delivery and supply chain continuity for our troops.



### 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 to reduce cyber risk by having great control over infrastructure and access points.



**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**



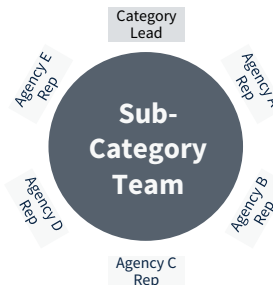
**Category Managers**

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



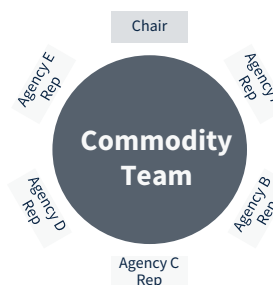
**Category Team**

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



**Sub-Category Team**

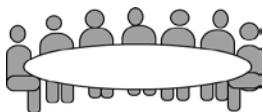
Responsible for the development and execution of category-specific sub-strategies (e.g., IT software within the IT category).



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.



**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



**Kevin Kachinski**  
DOD

**Transportation &  
Logistics Services**

**Travel**

**Timothy Burke**  
GSA



**Indu Garg**  
OPM

**Human Capital**

**Medical**

**Thomas McCaffrey  
(DoD)  
& Richard Stone,  
M.D. (VA)**





## Category Management Government-wide Categories

**Total FY17 Spend - \$499.8B | FY17 *common* spend\* - \$307.2B**

**Facilities &  
Construction≈\$81.7B  
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≈\$58.3B  
Led by GSA**

- IT Software
- IT Hardware
- IT Consulting
- IT Security
- IT Outsourcing
- Telecomms

**Medical ≈\$42.9B  
Co-Led by DoD and VA**

- Drugs & Pharmaceutical Products
- Healthcare Services
- Medical Equipment, Accessories, & Supplies

**Transportation & Logistics  
≈\$27.8 B  
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  
≈\$1.2B  
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  
≈\$4.4B  
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 \$307B on common goods and services. Every year, the government spends about \$500B procuring goods and services generally. (The spending not counted as common is defense-centric.)*





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. FY18 data will be available in January 2019 due to lag in reporting for DoD.

**Additional Definitions:**

*Cost avoidance* - includes strategic sourcing savings from FY2010-2015 and specific initiatives with validated savings through FY2017.

*Best In Class Addressable Spend* - When baseline was established there were 18 BICs with \$58 billion in addressable spend.

*Training* - Individuals trained counted by Federal Acquisition Institute receiving a rating of 4.2 or higher.







### Use the Agency Acquisition Spend Analysis Tool to Find Savings Opportunities



New and Improved!

Quickly Find Best Value Solutions on the Acquisition Gateway

ACQUISITION GATEWAY

Tools Resources

#### SOLUTIONS FINDER

Hide Welcome Message

Keyword Search

#### My Agency

Dept of Defense

- ☐ Air Force (180)
- ☐ Army (178)
- ☐ DHA (177)
- ☐ Navy (180)
- ☐ Other DoD Organization (177)

Federal Agencies

- ☐ DoC (172)
- ☐ DoE (171)
- ☐ DHS (203)
- ☐ DoI (171)

Found 255 results of 255 Reset Share



#### BMO: Building Maintenance and Operations FSS (Best In Class)

Managed By: GSA FSS Best In Class (BIC) IDIQ

Building Maintenance and Operations (BMO) strategic sourcing solution is a comprehensive and flexible solution covering all high-demand BMO services. It is an open market, multiple-award, indefinite delivery, indefinite quantity (MA-IDIQ), ...

View Details

Fee: 2% contract access fee

Availability: All DoD and Civilian Agencies

Compare

Solution Website

BEST in Class



#### CHESS: Computer Hardware Enterprise Software & Solutions (Best In Class)

Managed By: Army

Best In Class (BIC) Green Check

IDIQ

Computer Hardware Enterprise Software and Solutions (CHESS) is the Army's designated Primary Source for

Fee: None

Availability: All DoD and Civilian Agencies (Note: Availability may be dependant on the terms and conditions of the specific agreement, please confirm ahead

Compare

Prices Paid

Solution Website

Contract

<https://hallways.cap.gsa.gov>



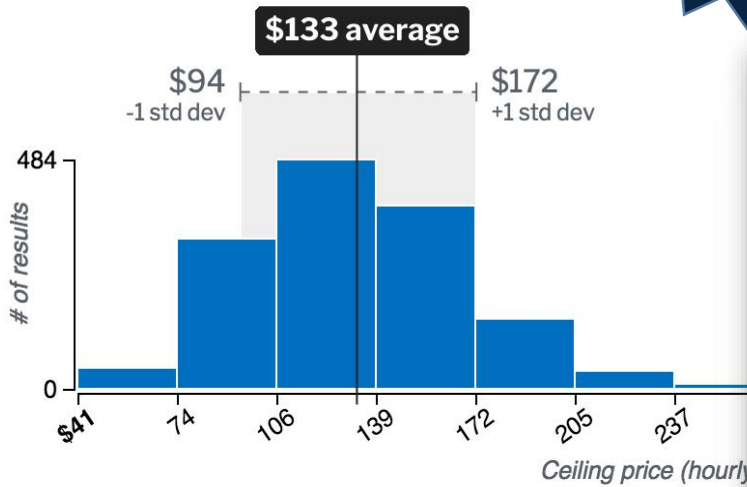


### Use the Labor Hour Tool to Compare Offers on Service Contracts

#### Hourly rate data



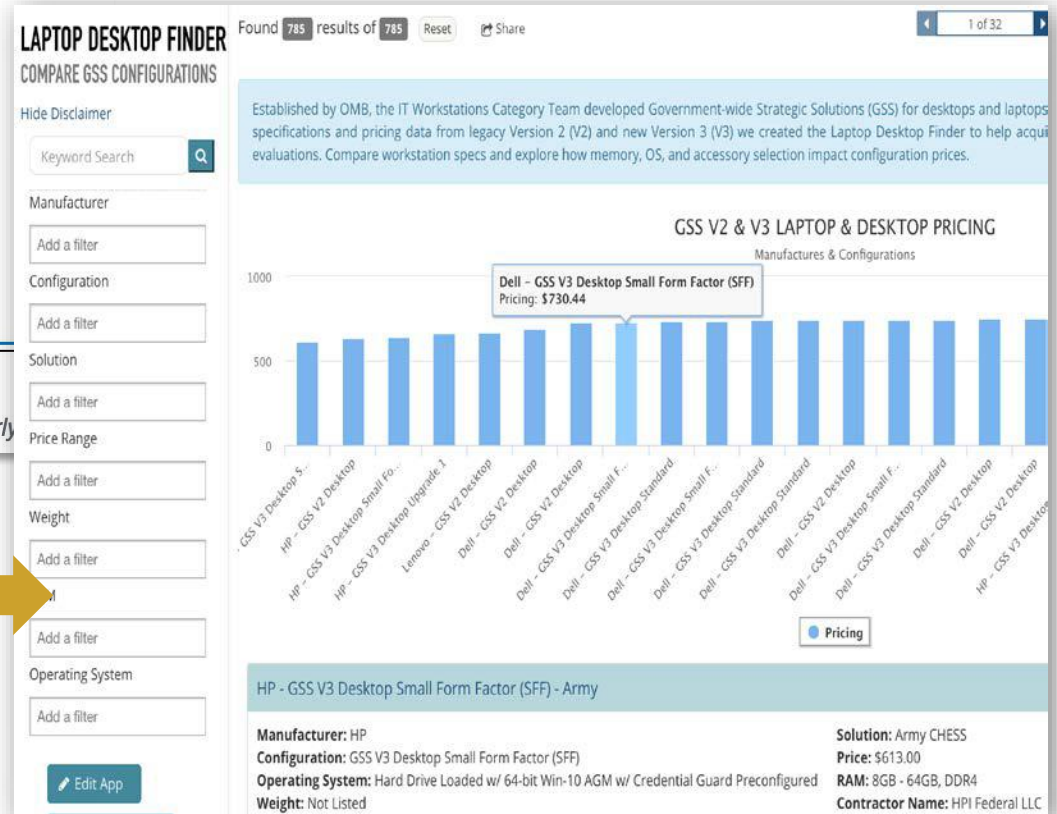
**Best Price  
- Same  
Quality**



**Make IT Purchases Easier by Quickly  
Comparing Model Features and Prices**



### Laptop & Desktop Price Analysis Tool





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

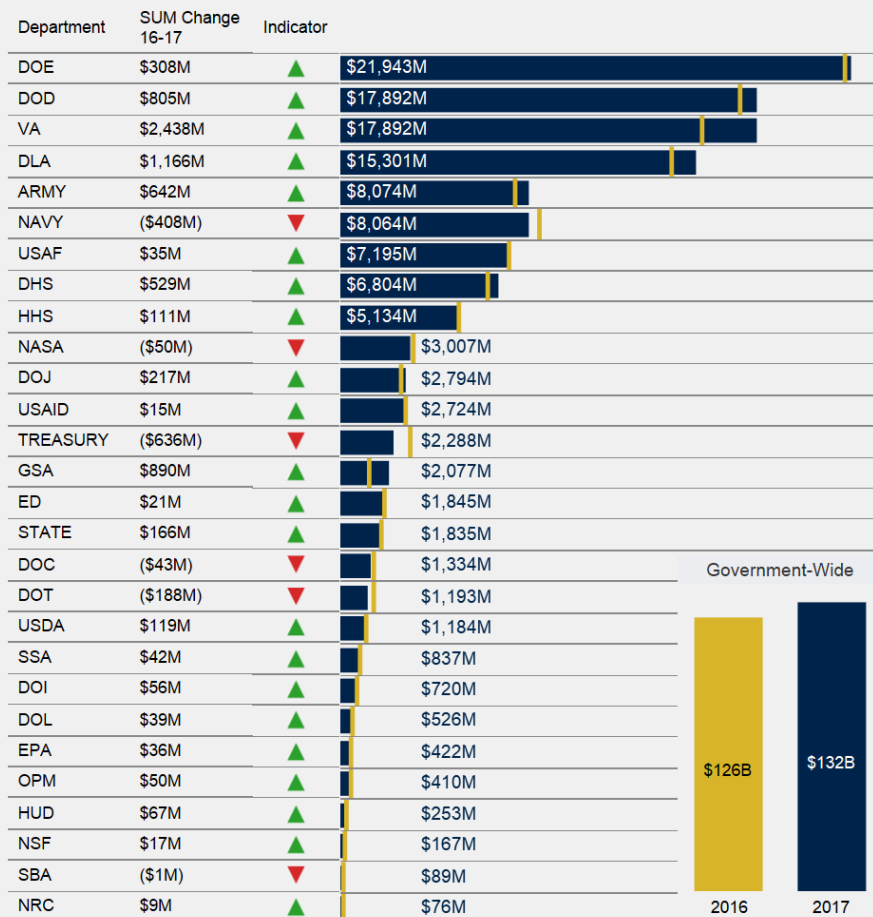
Note: Text labels show FY17 values

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

■ FY16 ■ FY17

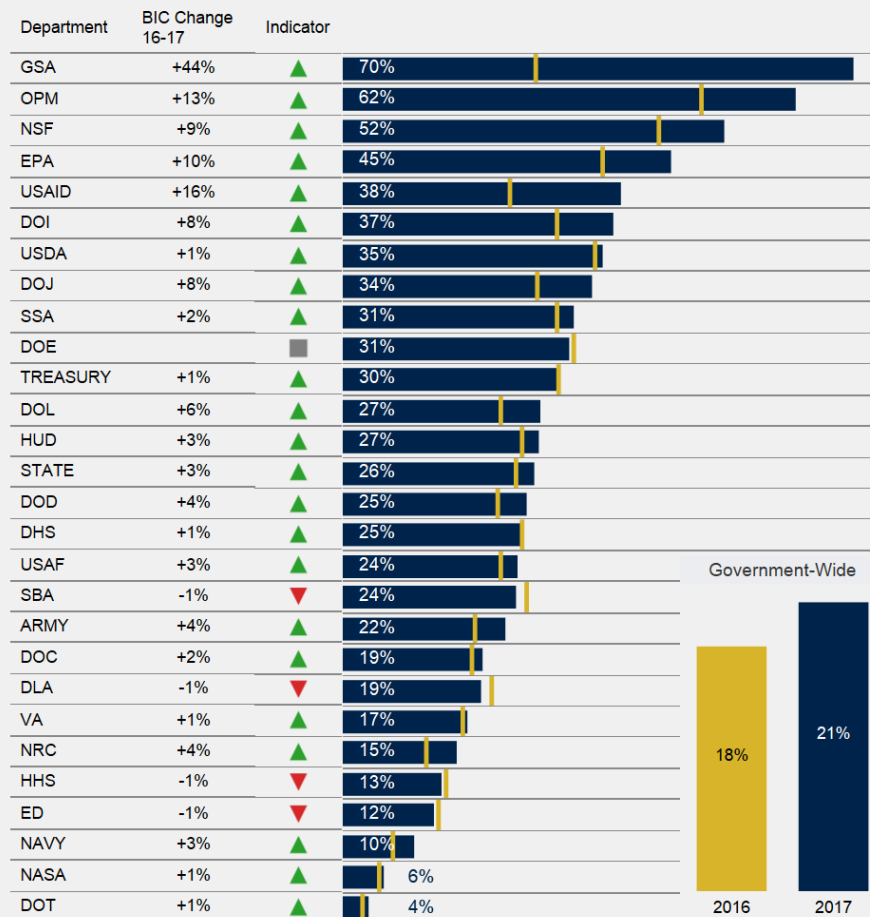
### Spend Under Management (SUM)

Obligation (in millions) 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.



### Best In Class (BIC)

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.



Data Updated 8/8/2018 5:52:08 PM; Data Through 7/29/2018





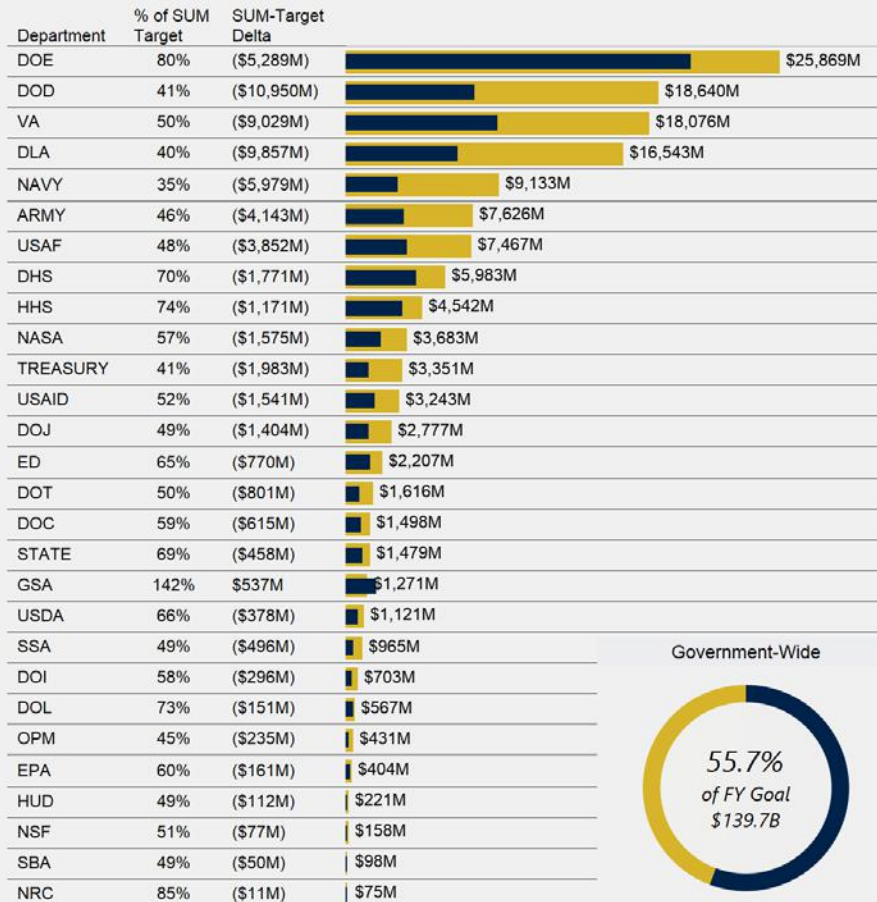
# Key Indicators – Spend Under Management and Best in Class – FY18 Agency Status (as of July 2018)

Data included in this view indicates current YTD progress (dark bars) toward OMB targets (light bars).  
Text labels show Target values. Charts sorted by Target value descending.

FY18 OMB Target FY18 Actual

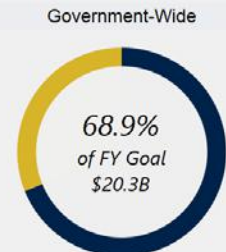
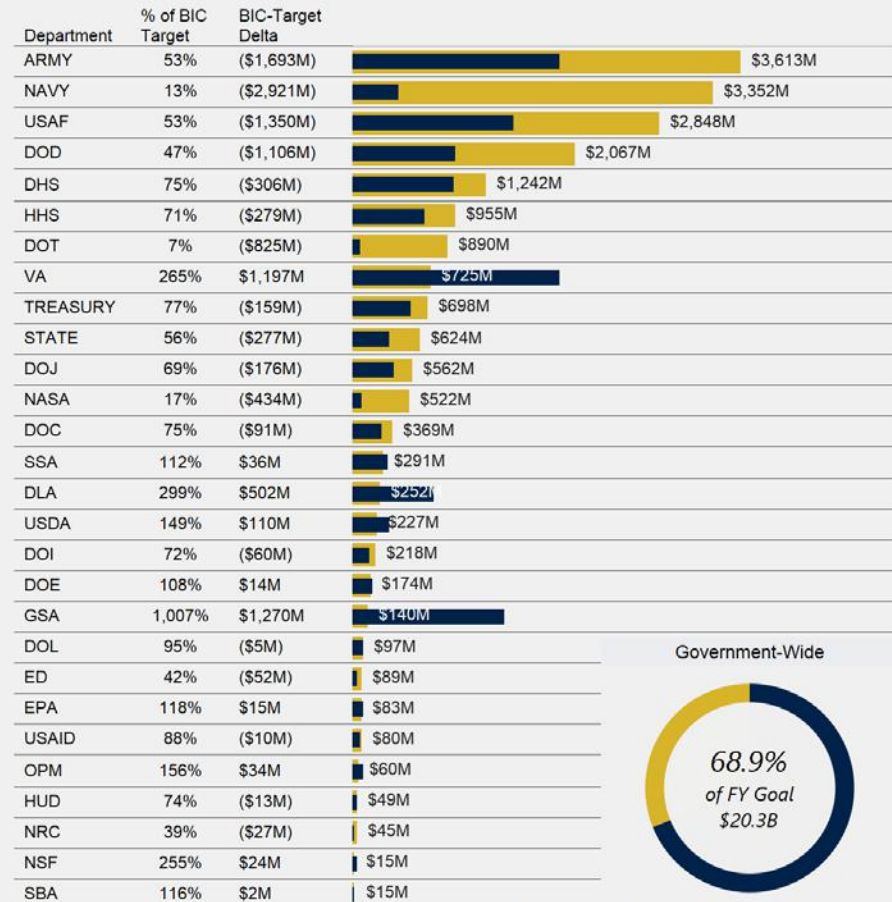
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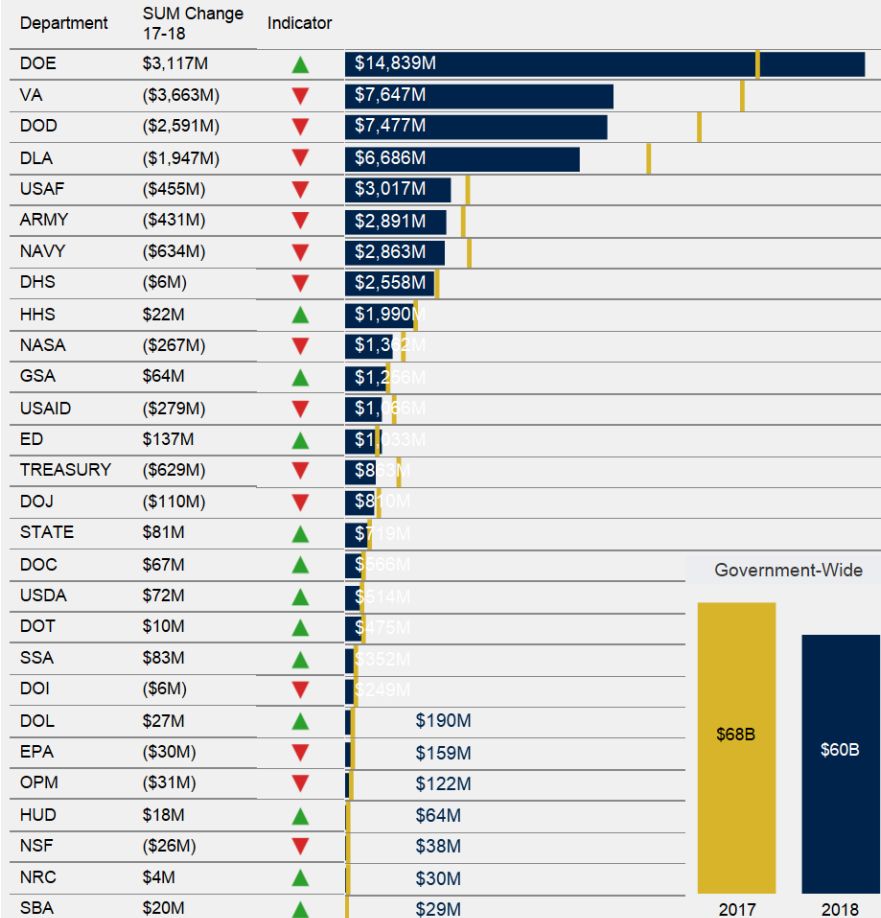
# Key Indicators – Spend Under Management & Best In Class – Comparison of FY17 to FY18 (as of July 2018)

Data included in this view has a reporting lag of 3 calendar months in order to help account for delayed department data. Text labels show FY18 values.

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

## Spend Under Management (SUM) - 3 Months Lag

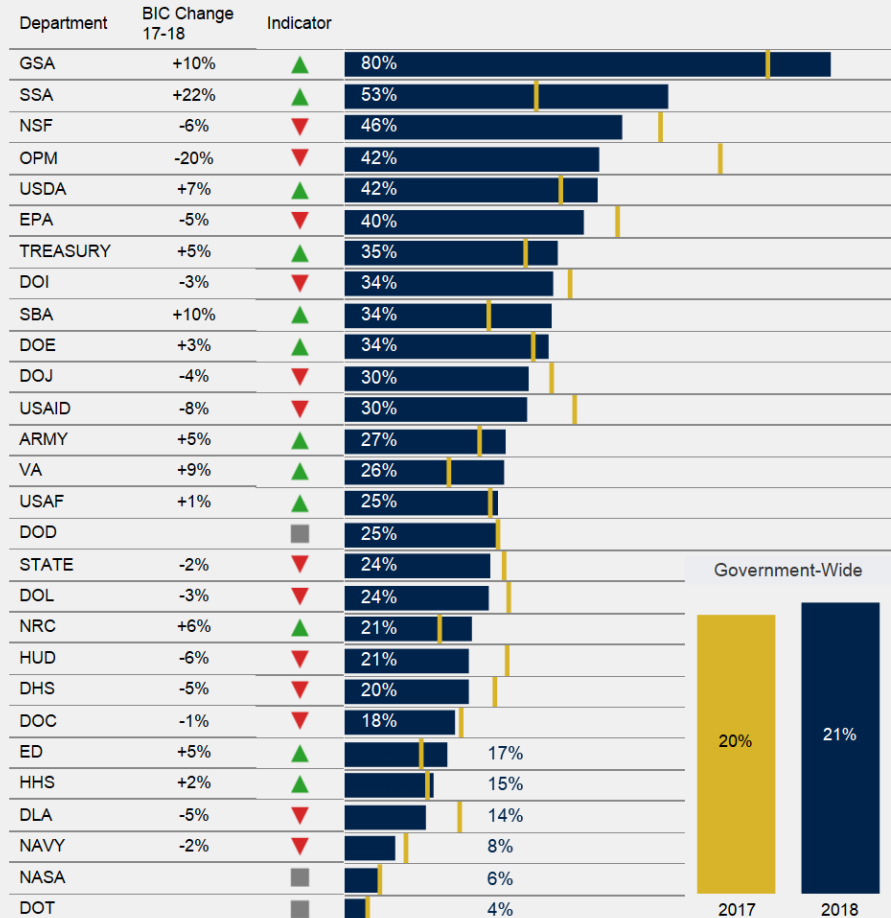
Obligation (in millions) on contracts that meet defined criteria for management maturity and data sharing. SUM is defined by a tiered maturity model, which includes three tiers that address five attributes: leadership, strategy, data, tools, and metrics.



■ FY17 minus 3mos ■ FY18 minus 3mos

## Best In Class (BIC) - 3 Months Lag

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Data Updated 8/8/2018 5:52:08 PM; Data Through 7/29/2018





## 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 4 <sup>th</sup> , 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 and bi-weekly office hours to help agencies answer data questions	Q4FY18	On-going	Released new Executive Performance dashboard on 5/1.	GW CM PMO	N/A
Issue OMB Memoranda 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	At Risk	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	N/A





## 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	Delayed – At Risk	Enterprise Software Category Team (ESCT) is working with at risk agencies.	Agencies	In May 2018, 9 of the 24 CFO Act agencies have reported that they met this milestone. ESCT is continuing to work with agencies to meet this goal.
Endorse a government-wide solution for mobile services that meets the criteria for Best in Class designation.	Q3FY18	Complete	None	Mobile Services Category Team	N/A
Release laptop/desktop standard configuration (v4)	Q3FY18	Complete	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	In May 2018, 7 of the 24 CFO Act agencies have reported that they met this milestone. ESCT is continuing to work with agencies to meet this goal.
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 procurement 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
<b>Facilities and Construction</b>					
<ul style="list-style-type: none"><li>Recruit new small businesses (SB) on existing facilities maintenance contracts.</li></ul>	Q2FY19	On Track	Hosted industry event with 50 SBs; solicitation closed for on-ramp SB to BIC solution.	GSA	N/A
<ul style="list-style-type: none"><li>Improve Facilities, Maintenance, and Management Schedule (03FAC)</li></ul>	Q4FY19	On Track	Collected industry feedback on enhancements to energy services solution.	GSA and Category Team	N/A
<b>Professional Services</b>					
<ul style="list-style-type: none"><li>Supplier Relationship Management - Establish and formalize industry Information Exchange Forum.</li></ul>	Q3FY18	Complete	Identified participants and held four forums	Category Team	N/A
<ul style="list-style-type: none"><li>Develop a group of facilitators to maximize value of large services acquisitions by supporting the in full cycle of procurement activities, including planning, research, proposal, selection, etc.</li></ul>	Q4FY18	On Track	Designated facilitators and trained on tools/best practices	Category Team	N/A
<b>Medical</b>					
<ul style="list-style-type: none"><li>Explore feasibility of establishing a BIC solution for specialty medical services</li></ul>	Q4FY19	On Track	None	Category Team	Requires vetting and consensus with VA and DoD
<ul style="list-style-type: none"><li>Expand use of Electronic Catalogue to acquire medical supplies</li></ul>	Q4FY18	Complete	None	Category Team	Implemented at VA and interested HHS facilities
<ul style="list-style-type: none"><li>Evaluate Pharmaceutical Prime Vendor program as BIC</li></ul>	Q3FY19	On Track	None	Category Team	Engaging interest at HHS' Centers for Disease Control





### 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.