



## **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



### 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 pharmaceuticals 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.



**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**



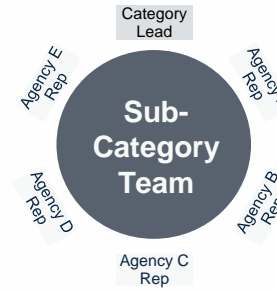
**Category Managers**

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



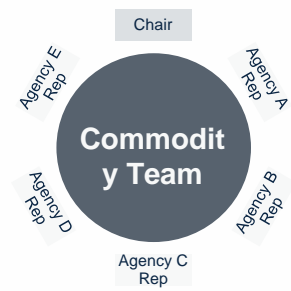
**Category Team**

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



**Sub-Category Team**

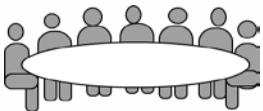
Responsible for the development and execution of category-specific sub-strategies (e.g., IT software within the IT category).



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



**Bruce Blank**  
DOD

**Transportation &  
Logistics  
Services**

**Travel**

**Timothy Burke**  
GSA



**Indu Garg**  
OPM

**Human Capital**

**Medical**

**Poonam Alaigh,  
M.D. & David Smith,  
M.D.  
DOD & VA**





## 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





**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 all firefighters in the U.S. Air Force.
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.







## 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:**

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

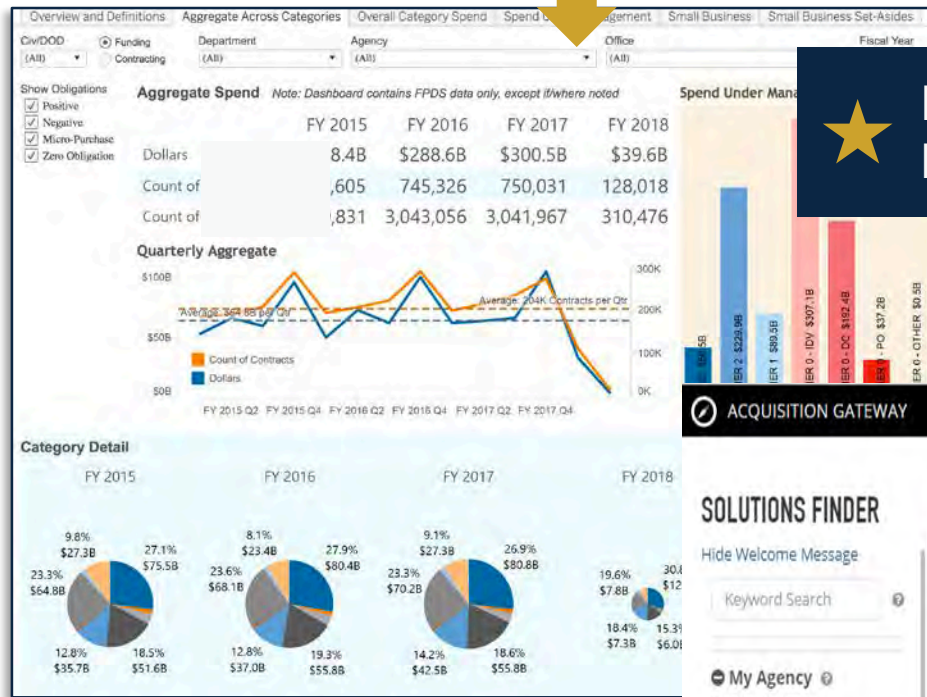
*Best In Class Addressable Spend* - \$85 billion and 33 solutions as of March 2018.

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





### 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**



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

Managed By: Army

Best In Class (BIC)

Green Check

IDIQ

Computer Hardware Enterprise Software and Solutions (CHES) 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





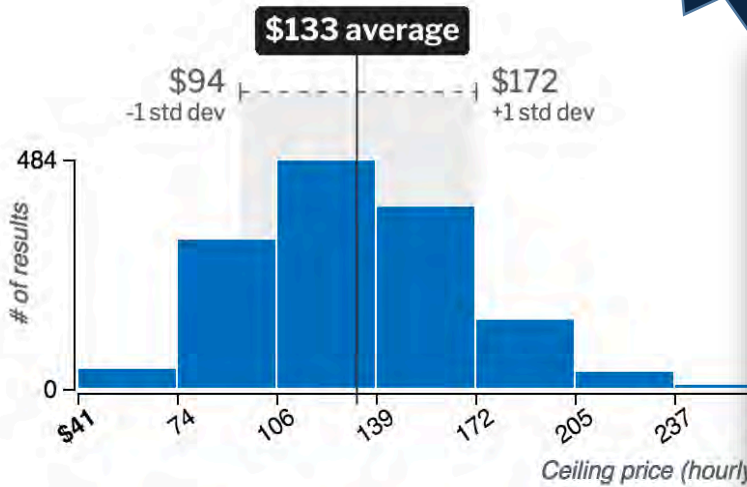


### Use the Labor Hour Tool to Compare Offers on Service Contracts

Hourly rate data



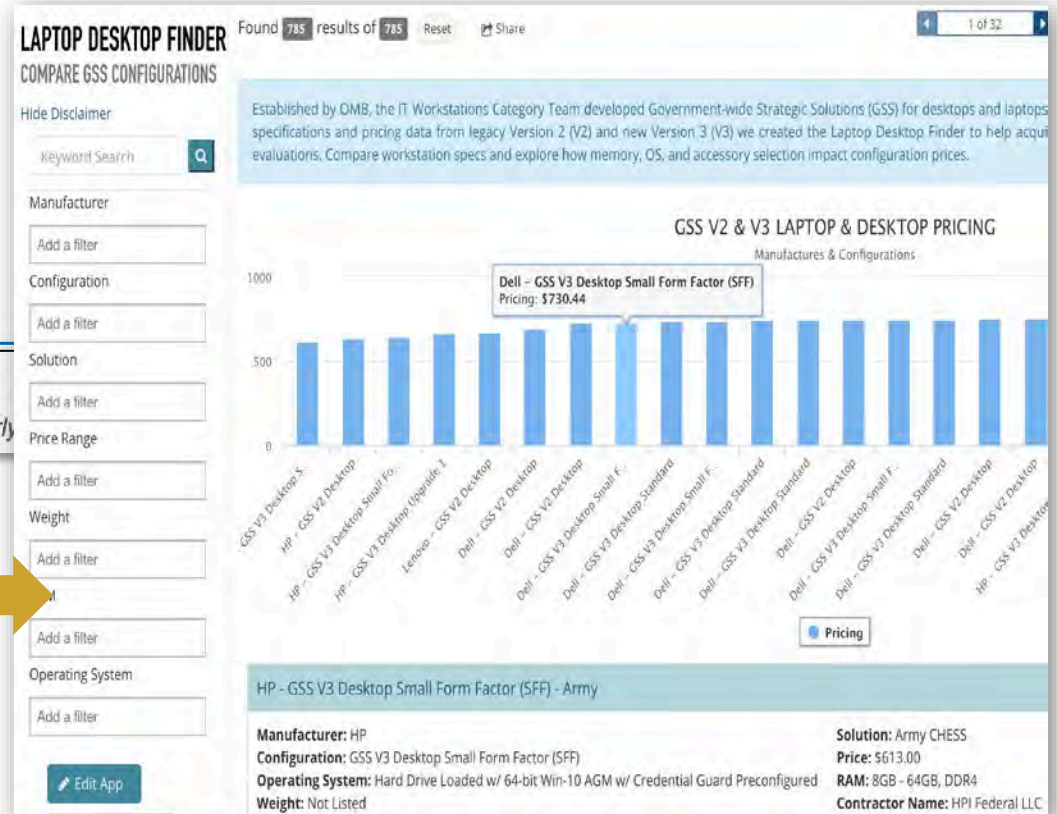
**Best Price  
– Same  
Quality**



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



### Laptop & Desktop Price Analysis Tool

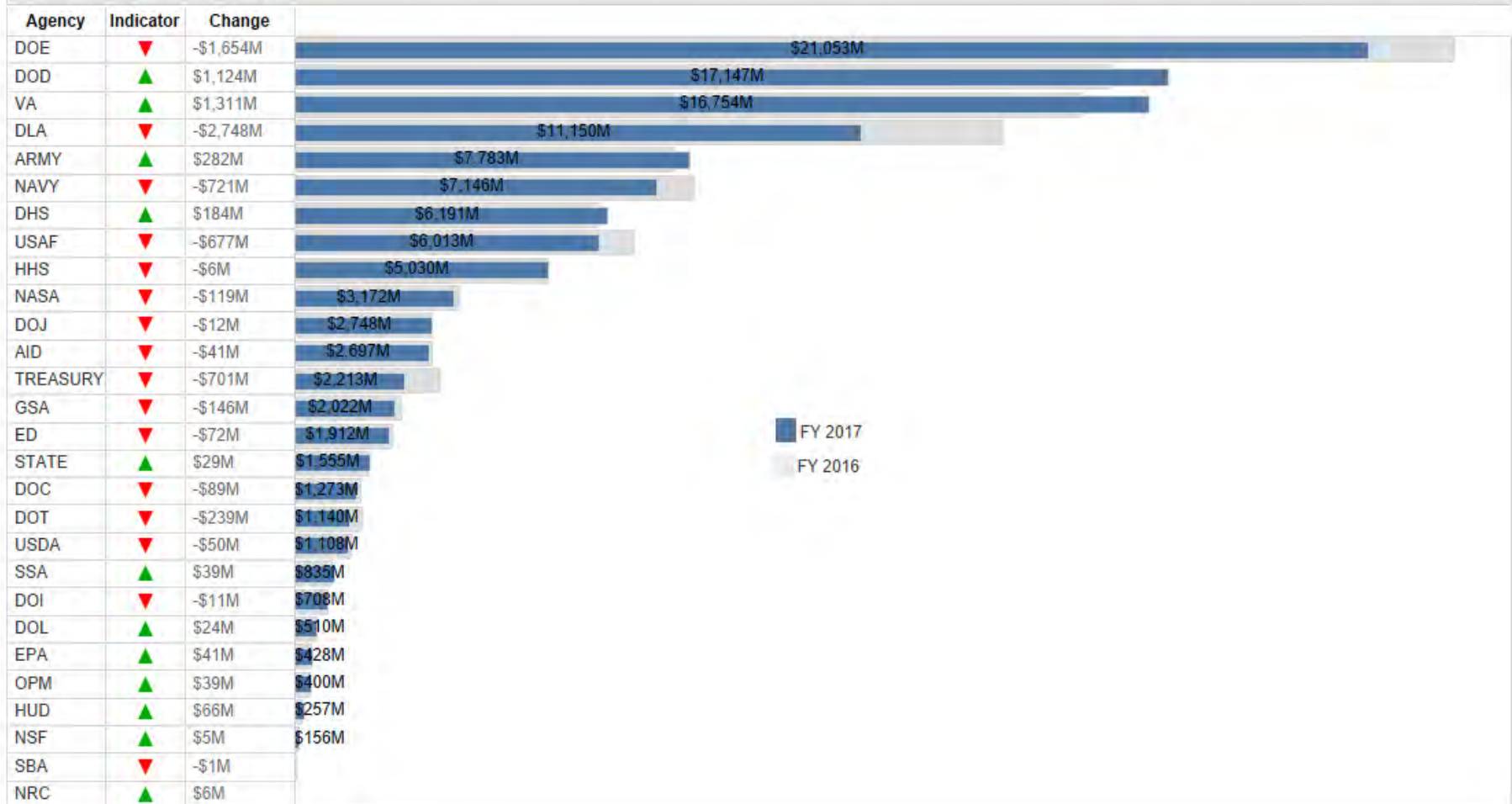




## Key Indicators – Spend Under Management - Agency Status

### 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.

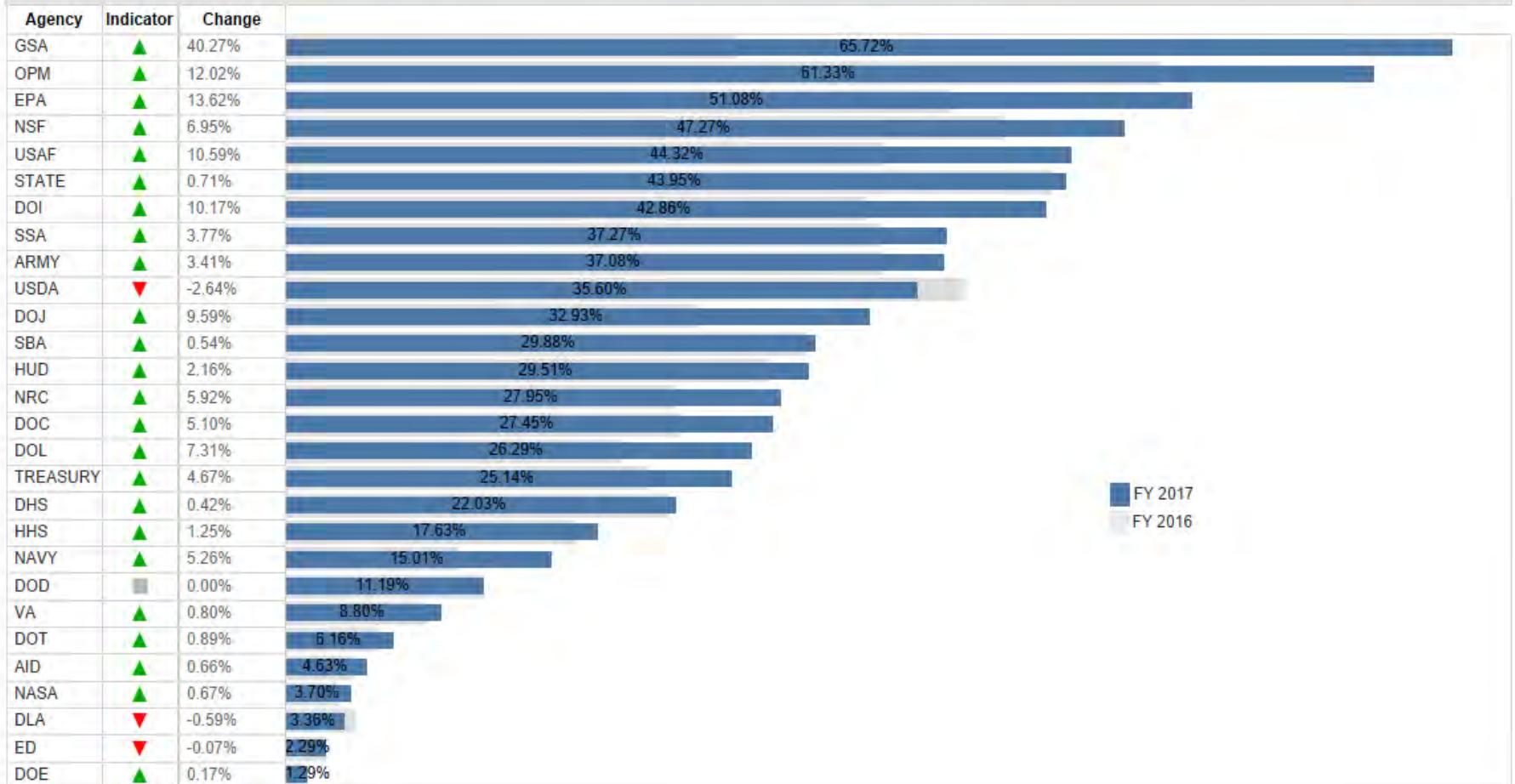




## Key Indicators – Best In Class – Agency Status

### Best In Class (BIC)

**Definition:** Best in Class is a designation by the Office of Management and Budget (OMB) for a preferred governmentwide solution that: Allows acquisition experts to take advantage of pre-vetted, governmentwide contract solutions; Supports a governmentwide migration to solutions that are mature and market-proven; Assists in the optimization of spend, within the governmentwide category management framework; and increases the transactional data available for agency level and governmentwide 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).





## 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		OMB	
CMLC approves strategic plans for FYs18-20	April 2018	On Track		CMs and CMLC	
Refine dashboards to easily capture current spend under management; conduct quarterly training sessions	Q3FY18	On Track		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	On Track		OMB	Clearance and vetting process presents risk
Assess 4 additional solutions for potential BIC designation	Q4FY18	On Track		Category Managers	Pending receipt of prices paid, savings and performance data on all solutions, as required by the process, this could be delayed or not achieved
Refresh category management guidance/governance document, approved by Category Management Leadership Council	Q4FY18	On Track		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
Release laptop/desktop standard configuration (v4)	Q3FY18	On Track		IT Category Manager	
Agencies establish a comprehensive software inventory representing 80% of software license spending	Q2FY18	On Track		Agencies	Some agencies do not have the discovery tools required in place to complete a baseline inventory. In these cases, OMB and IT CM will work with the agencies to develop a path forward.
Agencies have a Software Centralization plan developed and implemented	Q4FY18	On Track		Agencies	Agencies may not have the resources to actively manage its software licenses. In these cases, OMB and IT CM will work with the agencies to develop a path forward.
Endorse a government-wide solution for mobile services that meets the criteria for Best in Class designation.	Q3FY18	On Track		MSCT	
Update PSC codes to reflect alignment to Technology Business Management (TBM) taxonomy	Q4FY18	On Track		IT Category Manager	





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

Key Milestones I	Milestone Due Date	Milestone Status	Change from last quarter	Owner	Anticipated Barriers or other Issues Related to Milestone Completion
<b>Facilities and Construction</b>					
• Recruit new small businesses on existing facilities maintenance contracts.	Q3FY18	On Track		GSA	
• Improve Facilities, Maintenance, and Management Schedule (03FAC)	Q4FY19	On Track		GSA and Category Team	
<b>Professional Services</b>					
• Complete reassessment of OASIS BIC solution	Q4FY18	On Track		Category Team	
• Implement supplier relationship program	On-going	On Track		Category Team	
<b>Medical</b>					
• Explore feasibility of establishing a BIC solution for specialty medical services	Q4FY19	On Track		Category Team	
• Expand use of Electronic Catalogue to acquire medical supplies	Q4FY18	On Track		Category Team	
• Assess Pharmaceutical Prime Vendor program as BIC	Q3FY19	On Track		Category Team	





### 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.

### Regulations:

- Federal Acquisition Regulations, Part 8.

### Policies:

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