



Category Management *Leveraging Common Contracts and Best Practices to Drive Savings and Efficiencies*

Goal Leaders

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December 2018





Summary of Progress in the Last Quarter

Highlights of Government-wide Successes:

- To date, \$301B in common spend has been obligated with \$136B under management (97% of \$140B goal) and \$29B going to Best In Class (BIC) solutions (exceeding the goal by \$9B) generating \$9.3B in cost avoidance in FY18.*
- The Security and Protection Category Team co-led a Supplier Research Panel (SRP) with GSA on the government-wide security contract (GSA Schedule 84) to identify opportunities for improvement and establish stronger supplier relationships.
- The IT Category announced two new Best In Class solutions set aside exclusively for small businesses - 8(a) STARS II with 787 small businesses and CIO-SP3 Small Business with 115 small business contract holders. Both contracts allow agencies to buy customized IT solutions, such as programming services, integration services, and infrastructure support.
- The Department of Defense's Counter Threat Messaging Support Program (CTMSP) and the Iraqi Air Force recently partnered to build a quality multi-media campaign with global reach using the Best-in-Class OASIS solution across five different commands in Europe, Africa and the Middle East.
- A new tool for all 10 categories – Agency Profile Reports - was deployed to enable agencies to quickly find opportunities to reduce contract counts, bring spend under management, and identify top suppliers.
- [The BIC Research Tool](#) launched to help agencies identify and compare available BIC solutions.

*FY18 Data will be finalized in January due to DoD 90 day data lag.





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.





Governance



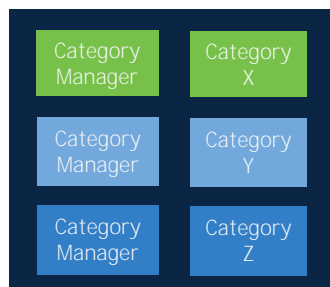
Lesley Field, OMB, Deputy Administrator of Office of Federal Procurement Policy (OFPP) – Category Management CAP Goal Co-Lead.



Lisa Hershman, Acting Chief Management Officer, Department of Defense – Category Management CAP Goal Co-Lead



Category Management Leadership Council



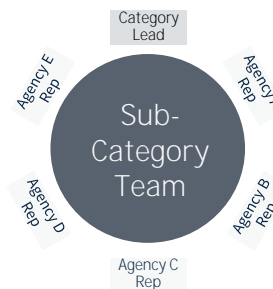
Category Managers

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**



**Adam Yearwood
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 costs avoidance using strategic sourcing solutions from FY2010-2015 and Best In Class solution with validated cost avoidance methods from FY16-Present.

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.





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

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

ACQUISITION GATEWAY

Found 255 results of 255

SOLUTIONS FINDER

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

Managed By: GSA

Best In Class (BIC)

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)...

Fee: 2% contract access fee

Availability: All DoD and Civilian Agencies

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

Managed By: Army

Best In Class (BIC)

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 dependent on the terms and conditions of the specific agreement, please confirm ahead)

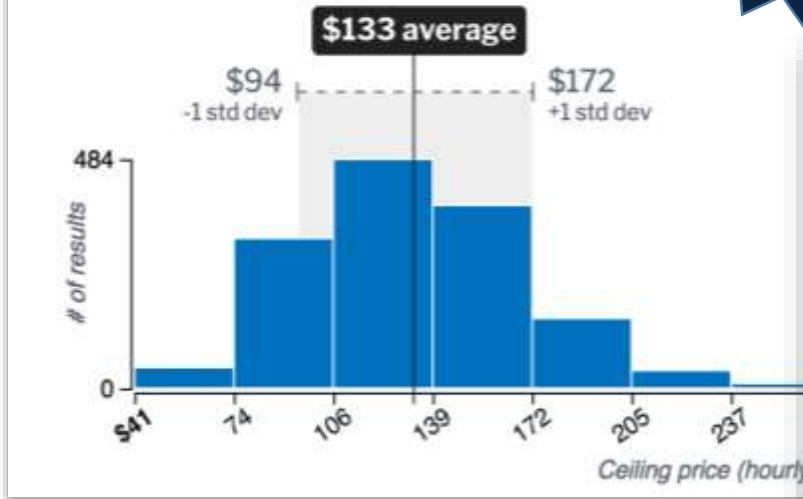




Tools that help Agencies Buy Smarter

Use the Labor Hour Tool to Compare Offers on Service Contracts

Hourly rate data



Laptop & Desktop Price Analysis Tool

Make IT Purchases Easier by Quickly Comparing Model Features and Prices



LAPTOP DESKTOP FINDER
 COMPARE GSS CONFIGURATIONS

Found 785 results of 785

Established by OMB, the IT Workstations Category Team developed Government-wide Strategic Solutions (GSS) for desktops and laptops specifications and pricing data from legacy Version 2 (V2) and new Version 3 (V3) we created the Laptop Desktop Finder to help acquire evaluations. Compare workstation specs and explore how memory, OS, and accessory selection impact configuration prices.

GSS V2 & V3 LAPTOP & DESKTOP PRICING
 Manufacturers & Configurations

Dell - GSS V3 Desktop Small Form Factor (SFF) Pricing: \$730.44

HP - GSS V3 Desktop Small Form Factor (SFF) - Army

Manufacturer: HP
 Configuration: GSS V3 Desktop Small Form Factor (SFF)
 Operating System: Hard Drive Loaded w/ 64-bit Win-10 AGM w/ Credential Guard Preconfigured
 Weight: Not Listed

Solution: Army CHES5
 Price: \$613.00
 RAM: 8GB - 64GB, DDR4
 Contractor Name: HP Federal LLC





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

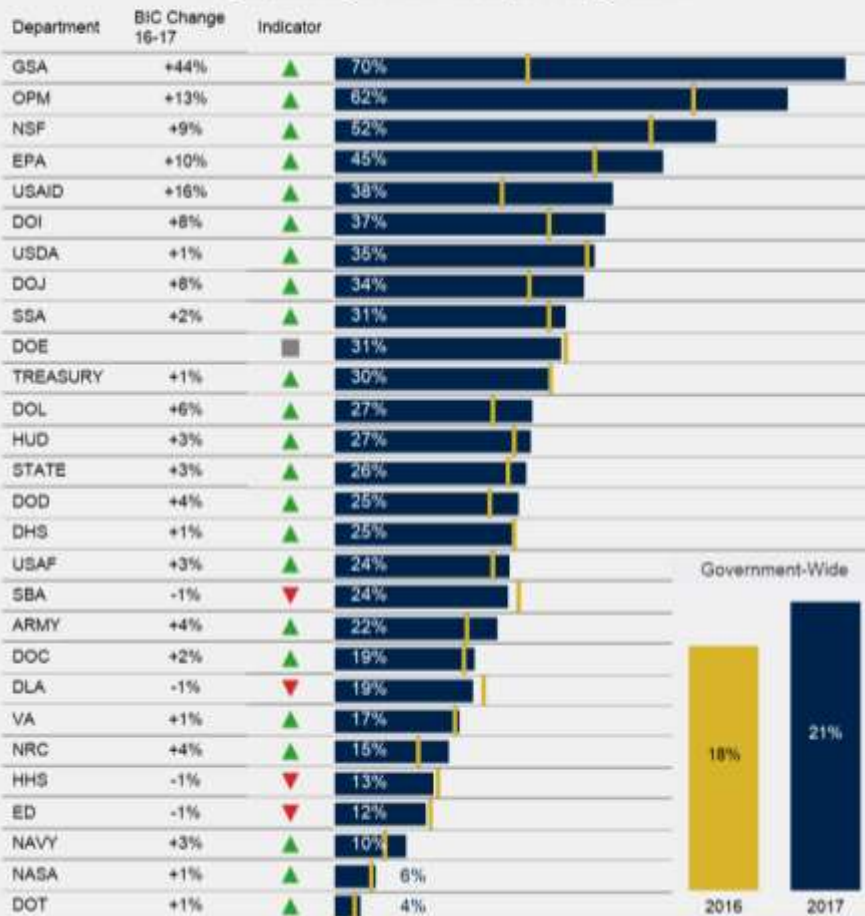
Spend Under Management (SUM)

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 & Best In Class – Comparison of FY17 to FY18 (as of November 2018)

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

Spend Under Management (SUM) - 3 Months Lag

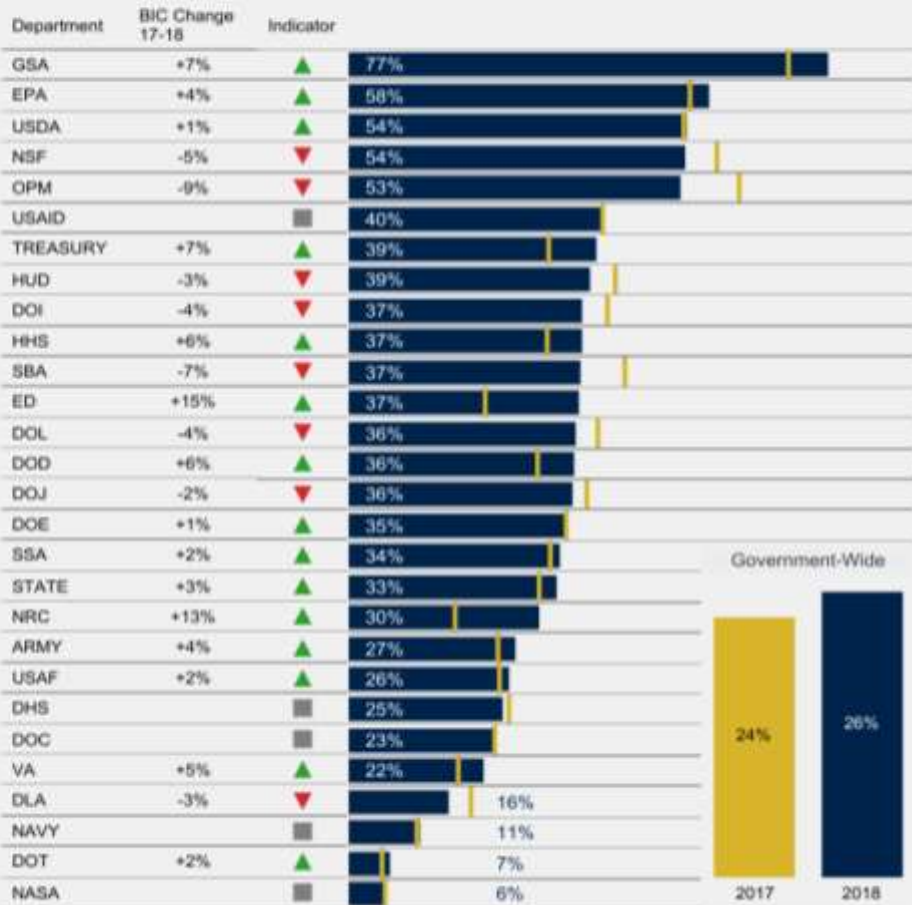
Obligation (in millions) on contracts that meet defined criteria for management maturity and data sharing. SUM is defined by a tiered maturity model, which includes three tiers that address five attributes: leadership, strategy, data, tools, and metrics.



■ FY17 minus 3mos ■ FY18 minus 3mos

Best In Class (BIC) - 3 Months Lag

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Data Updated 12/3/2018 5:00:39 PM; Data Through 9/30/2018





Key Indicators – Spend Under Management and Best in Class – FY18 Agency Status Compared to Target (as of November 2018)

■ FY18 OMB Target ■ FY18 Actual

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.

Department	% of SUM Target	SUM-Target Delta	Delta
DOE	90%	(\$2,472M)	\$25,869M
DOD	64%	(\$6,797M)	\$18,640M
VA	99%	(\$99M)	\$18,076M
DLA	105%	\$821M	\$16,543M
NAVY	70%	(\$2,699M)	\$9,133M
ARMY	144%	\$3,326M	\$3,326M
USAF	94%	(\$460M)	\$7,467M
DHS	118%	\$1,063M	\$3,983M
HHS	130%	\$1,383M	\$1,542M
NASA	78%	(\$821M)	\$3,683M
TREASURY	78%	(\$754M)	\$3,351M
USAID	109%	\$293M	\$3,243M
DOJ	99%	(\$35M)	\$2,777M
ED	89%	(\$237M)	\$2,207M
DOT	74%	(\$424M)	\$1,616M
DOC	88%	(\$182M)	\$1,498M
STATE	176%	\$1,127M	\$1,479M
GSA	182%	\$1,044M	\$1,271M
USDA	119%	\$208M	\$1,121M
SSA	98%	(\$19M)	\$965M
DOI	101%	\$9M	\$703M
DOL	105%	\$26M	\$567M
OPM	241%	\$608M	\$431M
EPA	95%	(\$19M)	\$404M
HUD	59%	(\$91M)	\$221M
NSF	268%	\$265M	\$158M
SBA	110%	\$10M	\$98M
NRC	162%	\$46M	\$75M



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Department	% of BIC Target	BIC-Target Delta	Delta
ARMY	113%	\$461M	\$332
NAVY	39%	(\$2,046M)	\$3,352M
USAF	105%	\$142M	\$142M
DOD	149%	\$1,013M	\$2,067M
DHS	146%	\$568M	\$1.24
HHS	287%	\$1,787M	\$955M
DOT	17%	(\$738M)	\$890M
VA	395%	\$2,136M	\$725M
TREASURY	138%	\$267M	\$3
STATE	168%	\$426M	\$62
DOJ	150%	\$278M	\$5
NASA	25%	(\$391M)	\$522M
DOC	146%	\$170M	\$5
SSA	128%	\$82M	\$291M
DLA	656%	\$1,402M	\$252M
USDA	320%	\$499M	\$227
DOI	131%	\$68M	\$218M
DOE	183%	\$145M	\$145M
GSA	1,232%	\$1,586M	\$140M
DOL	209%	\$106M	\$97M
ED	179%	\$70M	\$89M
EPA	264%	\$136M	\$136M
USAID	191%	\$73M	\$80M
OPM	316%	\$131M	\$131M
HUD	224%	\$60M	\$49M
NRC	99%	(\$1M)	\$45M
NSF	472%	\$57M	\$15M
SBA	300%	\$30M	\$15M



Data Updated 12/3/2018 5:00:39 PM; Data Through 9/30/2018





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
Refine dashboards to easily capture current spend under management; conduct quarterly training sessions and bi-weekly office hours to help agencies answer data questions	Monthly	On-going	Released new Executive Performance dashboard on 9/24.	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.	Originally Q4FY18	Delayed	Engaged with agencies on final draft.	OMB	Clearance and vetting process results in delays. New release date Q2FY18
Assess 4 additional solutions for potential BIC designation	Q4FY18	Complete	Designated 4 BIC solutions	Category Managers	N/A
Refresh category management guidance/governance document, approved by Category Management Leadership Council (CMLC)	Originally Q4FY18	At Risk – Release linked to OMB Memo	Engagement with agencies on current drafts.	GW CM PMO / OMB	N/A
Update FY18-20 Category Strategic Plans with FY18 final data and revised FY19 strategies and targets, where appropriate. Update FY19 targets for key performance indicators, where needed.	Q2FY19	On Track	None – new	CMs and OMB	Significant changes will require CMLC approval
Engage with agencies on FY19 plans and alternative analyses.	Beginning Q2 FY19	On Track	None – new	OMB	Scheduling meetings could cause delays





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	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	In August 2018, 21 of the 24 CFO Act agencies have reported that they met this milestone. ESCT is continuing to work with agencies to meet this goal.
Release of the Request for Proposal (RFP) engine that allows agencies to generate fair opportunity solicitations for mobile device and services in a simplified and standardized manner.	Q2FY19	Complete	N/A
Release dashboard for price analysis (hardware)	Q2FY18 (January)	On Track	N/A
Agencies have a Software Centralization plan developed and implemented	Q4FY18	At risk	In August 2018, 17 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	Delayed	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
Facilities and Construction					
<ul style="list-style-type: none"> Recruit new small businesses (SB) on existing facilities maintenance contracts. 	Q2FY19	On Track	On-ramped several SB's to BMO Zone 1. 12 8(a), 14 SDA, 6 WO, 1 VO, 1 SDVOSB, 4HZ	GSA	N/A
<ul style="list-style-type: none"> Improve Facilities, Maintenance, and Management Schedule (03FAC) 	Q4FY19	On Track	Held Industry training forum with USACE on 11/15.	GSA and Category Team	N/A
Professional Services					
<ul style="list-style-type: none"> On-ramp additional 485 contractors to OASIS Best in Class Solution for both small business and unrestricted pools (1,3,4). Add 8(a) sub-pools to OASIS BIC with additional 80 contractors. 	Q4FY19	Phased on-ramp. On track.	Pool 1 SB Pool Solicitation closed	Category Team	Protests may delay timely awards
<ul style="list-style-type: none"> Work closely with vendors on government-wide contracts to drive increased adoption by sharing agency spend analysis data, conducting intense education sessions and developing marketing materials. 	Q419	On Track	Training, interviews, briefings underway	Category Team	N/A
Medical					
<ul style="list-style-type: none"> Evaluate feasibility of Pharmaceutical Prime Vendor program as BIC 	Q3FY19	Complete	None	Category Team	Program will not undergo BIC evaluation at this time.
Security and protection					
<ul style="list-style-type: none"> Establish working dog category team to identify opportunities for more effective/efficient multi-agency sourcing strategies and ways to close gaps between current practices and best practices. 	Q4FY19	On Track	Category Team established and lead by DoD	Category Team	Requires engagement by law enforcement agencies.





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.

