Agency Priority Goal Action Plan

Category Management

Goal Leaders:

Deb Broderick, Deputy Director, Bureau for Management, Office of Acquisition and Assistance (M/OAA), U.S. Agency for International Development (USAID)

Cathy Read, Procurement Executive, Bureau of Administration, Office of Procurement Executive (A/OPE), Department of State
Overview

**Goal Statement**
- Increase consolidation of spending on common goods and services (not related to assistance) to maximize cost-efficiency and standardization. By September 30, 2019, meet or exceed Federal targets for Best In Class (BIC) contract awards.

**Challenge**
- USAID and Department of State (State) are working to use taxpayer dollars more efficiently and effectively in their operations and procurements. To do so, they are considering U.S. Government-wide contracts for goods and services to save money, avoid wasteful and redundant contracting actions, and free-up acquisition staff to accelerate the use of innovative procurements for high-priority mission work.

**Opportunity**
- By applying principles from Category-Management (CM) and the associated BIC solutions, USAID and State can purchase goods and services more like a single enterprise. Application of BIC solutions enables the Federal Government to eliminate redundancies by avoiding multiple contracts, increase efficiency by streamlining administration costs, and deliver more value and savings from the U.S. Government’s acquisition programs.
- The specific targets for Fiscal Year (FY) 2018 include the following:
  1. Increasing total spend under management (SUM) by 20 percent from FY 2016 baseline levels; and
  2. Increasing use of BIC solutions to 35 percent of addressable spend.
One of the overall goals of Category Management is to increase SUM. There are three tiers of solutions that fall under the broad umbrella of SUM: Tier 1, Tier 2, and BIC.

- The Office of Management and Budget (OMB) has designated BIC contracts as “preferred,” as they are Government-wide, and can provide the best savings and availability. These contracts have been pre-vetted and are mature and market-proven:
  - Tier 2 contracts are well-managed and have cross-agency collaboration occurring; and
  - Tier 1 contracts are also well-managed, and Agency-wide strategies exist.

The tier is determined by rating the following attributes:

- Leadership;
- Strategy;
- Data;
- Tools; and
- Metrics.

To accomplish the SUM and BIC goals, USAID and State plan to be actively engaged at the “Selection of Instrument” stage. They will also consider contract opportunities offered via Category-Management, especially BIC. If we opt for another contract method, we must justify and document our decision, and provide a plan to manage the contract we select.

Also, USAID and State plan to manage and attain these goals through a multi-phased process that focuses systematically to address the key attributes:

- Increase awareness;
- Provide education and training;
- Manage advocacy;
- Stakeholder-engagement;
- Apply and develop SUM principles;
- Measure and track results; and
- Evaluate and adapt to improve SUM.
USAID continued to make progress into Q4 FY 2019 to close out the FY.

- At the end of FY 2019 Q4, USAID’s Best-In-Class (BIC) spend increased to **$147.8 million** from $98.2 million in Q3. BIC spend in FY 2019 grew by over 10 percent compared to FY 2018.

- USAID also recognized growth in its Q4 Spend Under Management (SUM) to $4.3 billion from its Q3 spend of $2 billion. USAID SUM spend at end of FY 2018 was $3.5 billion – an increase of 18.6 percent.

USAID was able to exceed its SUM target for FY 2019 Q4. However, it was not able to meet its BIC target for FY 2019 Q4. USAID has devised a strategy and approach to address the short-fall and make progress toward its BIC goals in FY 2020.

*Denotes as of October 9th data from Data to Decisions (D2D) (Office of Management and Budget/General Service Administration) as of October 9, 2019. See slide #11 bullet point #6 regarding “data latency”*
USAID met its FY 2018-2019 APG Goal of meeting or exceeding Federal targets for BIC contract awards. In the APG cycle, USAID exceeded seven out of eight quarterly targets. The Agency missed the target for FY 2019 Q4 because of an increase in the addressable spend category over the course of this reporting period. This increase, coupled with the unique nature of qualified BIC solutions to meet overseas needs and commitments, increased the challenges for USAID during this period.

USAID surpassed its FY 2019 SUM target goals for all four quarters. For FY 2018, USAID met its SUM targets in Q1, Q2 and Q4 and met its SUM end-of-year target. In FY 2018, the SUM target for Q3 was six percent short of meeting the target.

USAID was able to meet its APG goal by continuing to emphasize the importance of Category-Management (CM) as a tool set to reduce both contract costs and time-to-award.

USAID continued to incorporate CM presentations, tailored to Missions, when its Evaluation Division travels to each Mission.

USAID is currently addressing the Agency-wide actions required to support Memorandum 19-13 Category Management: Making Smarter Use of Common Contract Solutions and Practices, published by the Office of Management and Budget (OMB). The Agency implemented a number of efforts to comply with the memo and issued a USAID Procurement Executive Bulletin (PEB) to codify the approach and implementation.

The Agency implemented an “Industry Liaison External Communication Plan” to address vendor-management and, coordination with external stakeholder’s coordination.
USAID continues to monitor and manage its CM effort, and to increase awareness, training, planning, and execution of CM. USAID has made progress to ensure it increases the use of CM when it provides an optimal solution in support of USAID’s mission, goals, and priorities.

<table>
<thead>
<tr>
<th>Key Milestone</th>
<th>Milestone Due Date</th>
<th>Milestone Status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMM.1 Conduct webinar on CM for procurement personnel.</td>
<td>Q1 FY 2018</td>
<td>Completed</td>
<td>Increased awareness of CM and how it can be implemented, what resources are available, and the benefits of leveraging a CM solution. Webinar reached 100 percent of Acquisition and Assistance (A&amp;A) staff and significant portion of the Bureau for Management’s Office of the Chief Information Officer (M/CIO) professional staff.</td>
</tr>
<tr>
<td>CMM.2 Assess Business Forecast for USAID future acquisitions over $50 million and $100 million to identify key opportunities to address SUM.</td>
<td>Q2 FY 2018</td>
<td>Completed</td>
<td>USAID periodically reviewed the forecast for transactions that Operating Units should consider for CM.</td>
</tr>
<tr>
<td>CMM.3 Complete access and training for USAID staff for CM and its application.</td>
<td>Q3 FY 2018</td>
<td>Completed</td>
<td>USAID continued to engage and leverage the General Services Administration (GSA) for formal CM training for USAID.</td>
</tr>
<tr>
<td>CMM.4 Attainment of status against baseline and target goals for both BIC and total SUM for FY 2018. Coordinate with OMB related to the attainment for targets and goals.</td>
<td>Q4 FY 2018</td>
<td>Completed</td>
<td>USAID coordinated with OMB to address the applicability of CM to USAID’s challenging operational environments.</td>
</tr>
<tr>
<td>CMM.5 Work with OMB to establish new, or changes to, goals and targets for FY 2019.</td>
<td>Q1 FY 2019</td>
<td>Completed</td>
<td>Established percentage and value targets.</td>
</tr>
<tr>
<td>CMM.6 Increase CM outreach efforts to include four major engagement opportunities (e.g., Acquisition and Assistance (A&amp;A) “brown bags,” lessons-learned events, etc.)</td>
<td>Q2 FY 2019</td>
<td>Completed</td>
<td>CM was a major component of the USAID Conference of Agreement and Contracting Officers. Included outreach to other major organizations within USAID (at Mission and Bureau levels).</td>
</tr>
<tr>
<td>CMM.7 Identify and engage with each major acquisition organization within USAID to increase awareness of CM for FY 2020 planning.</td>
<td>Q3 FY 2019</td>
<td>Completed</td>
<td>Initiated engagement with activities to include the offices of both USAID’s CIO and Chief Financial Officer (CFO).</td>
</tr>
<tr>
<td>CMM.8 End-of-year measures collected; assess status against FY 2019 baseline and targets.</td>
<td>Q4 FY 2019</td>
<td>In-progress</td>
<td>Started the assessment of data and is developing an approach to meet FY 2020 targets.</td>
</tr>
</tbody>
</table>
The Department of State exceeded its FY18 BIC and SUM goals and met or exceeded its FY 2019 BIC and SUM goals.

Progress for Q4 FY 2019: BIC spend through Q4 is at $1.2B and SUM is at $2.9B. FY 2019 actuals reported as of 4 November 2019 are 99.7% and 169.8% of target achieved for BIC and SUM respectively. FPDS data is not final until it is certified. About 32.4% of the spend is receiving SUM credit for FY 2019.

<table>
<thead>
<tr>
<th>FY19 Q1</th>
<th>FY19 Q2</th>
<th>FY19 Q3</th>
<th>FY19 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>OMB BIC Target Change</td>
<td>$1.169 Billion (FY 19 Q4 Target)</td>
<td>$1.166 Billion (FY 19 Q4 Results)</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY19 Q1</th>
<th>FY19 Q2</th>
<th>FY19 Q3</th>
<th>FY19 Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Spend Under Management (Percent)</td>
<td>$1.690 Billion (FY 19 Q4 Target)</td>
<td>$2.870 Billion (FY 19 Q4 Results)</td>
<td>170%</td>
</tr>
</tbody>
</table>

Source: D2D Dashboards – FPDS Spend and SUM Analysis Dashboard; FPDS via USASpending.gov, Nov 4, 2019

BIC numerator - amount of dollars going to BIC vehicles; denominator is FY19 BIC target of $1.169B
Q1 and Q2 percentage figures to target percentage reflect updated BIC target numbers.

SUM numerator - amount of dollars receiving SUM credit; denominator is FY19 SUM target of $1.664B
Several factors supported State in its FY 2019 Category Management efforts:

- Continued involvement in the initiative by the Category Management Council (an internal State body comprised of senior officials across the Department). Opportunities to pursue CM are suggested by the Council and have resulted in acquisition strategies relying on Best In Class solutions.

- Application of a robust and rigorous procurement methodology in the purchasing of enterprise-level “software as a service” (SaaS) platforms – one recent effort resulted in 5-year negotiated savings of 33 percent. Another negotiation with a major software provider resulted in 3-year negotiated savings of 24 percent when finalized.

- Consolidated professional services contracts by establishing multiple BPAs for professional services.

- Category Management (CM) education to Contracting Officers was critical to success for FY 2019. The CM Team developed and presented an “Overview” presentation for our acquisition professionals on category management. A follow-up presentation on BIC & SUM Contracting was developed and delivered. A third, on supplier relationship management, is developed and being scheduled.

- The Department published a “Common-Use Catalog” for increased visibility into contract solutions that are managed spend (Tier 1 or higher).
The State Department has made a great deal of progress achieving reduced numbers of contracts, substantial use of Tier 1 contracts, and the application of BIC contract vehicles for multiple types of spending.

In general, support of overseas operations leaves many BIC solutions off the table. However, the Department uses BIC solutions where applicable for domestic programs. In particular, IT activities rely heavily on BIC solutions.

There are a number of factors that created challenges for State achieving the BIC target:

- A substantial portion of State spend in any given fiscal year is dedicated to new construction of overseas embassies, for which no BIC solution exists.
- Another large portion of State spend is for life support services in Afghanistan and Iraq, which appears as “BIC eligible” spend but does not meet the definition of common spend.
- Provision of services overseas requires compliance with local labor laws and BIC vendors may not be positioned (licensed, staffed, resourced) to perform overseas services.
State is proactive in its monitoring and managing of the CM effort. It has taken steps to increase awareness, training, planning and execution in the area of CM. State will strengthen its acquisition processes to the extent possible to increase support for CM when and where it provides the most optimal solution in support of State’s mission, goals, and priorities.

To address the attainment of this APG, the following key milestones and associated due dates were identified for development, implementation, monitoring, and reporting.

<table>
<thead>
<tr>
<th>Key Milestone</th>
<th>Milestone Due Date</th>
<th>Milestone Status</th>
<th>Owner</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conduct Annual Spend Analysis and Opportunity Assessment, including FY 2017 figures.</td>
<td>Q2 FY 2018</td>
<td>Completed</td>
<td>The Office of the Procurement Executive, Office of Acquisition Management (A/OPE/AQM)</td>
<td>Spend analysis completed and reported to Category Mgmt Council.</td>
</tr>
<tr>
<td>Conduct semiannual Category Management Council Meeting with representatives from across the State to review spend analysis, opportunity assessment, BIC/SUM Goals, and progress on Department-specific initiatives.</td>
<td>Q2 FY 2018</td>
<td>Completed</td>
<td>A/OPE/AQM</td>
<td>Category Mgmt Council Meeting held and future opportunities identified.</td>
</tr>
<tr>
<td>Assess Business Forecast for State future acquisitions over $50m and $100m to identify key opportunities to improve SUM/BIC usage.</td>
<td>Q3 FY 2018</td>
<td>Completed</td>
<td>A/OPE/AQM</td>
<td>State future acquisitions assessed.</td>
</tr>
<tr>
<td>Assess status against baseline and target goals for both BIC and total SUM for FY 2018. Coordinate with OMB related to target and goal attainment.</td>
<td>Q4 FY 2018</td>
<td>Completed</td>
<td>A/OPE/AQM</td>
<td>Monitored monthly.</td>
</tr>
<tr>
<td>Work with OMB to establish new goals or changes for goals and targets for FY 2019.</td>
<td>Q1 FY 2019</td>
<td>Completed</td>
<td>A/OPE/AQM</td>
<td>OMB has established FY 19 BIC and SUM goals for State.</td>
</tr>
</tbody>
</table>
## Key Milestones – State (Continued)

<table>
<thead>
<tr>
<th>Key Milestone</th>
<th>Milestone Due Date</th>
<th>Milestone Status</th>
<th>Owner</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Increase CM outreach efforts to include four major engagement opportunities (e.g., Acquisition Management (AQM) “brown bags,” lessons-learned events, etc.) | Q2 FY 2019         | Completed        | A/OPE/AQM        | • Program office’s FY 20 IT Business Case Training included a category mgmt. panel discussion.  
• Provided two training sessions to all acquisition managers at State on the Acquisition Gateway and Best In Class contracts.  
• Conducted small business outreach to discuss BIC and SUM planning and response to OMB memo on category management. |
| Identify and engage with each major acquisition organization within State to increase CM awareness for FY 2020 planning. | Q3 FY 2019         | Completed        | A/OPE/AQM        | New Category Management Overview Training class was piloted in May, 2019.                                                                                                                                  |
| 1. Develop additional CM Training sessions.  
2. End-of-year measures collected; assess status against FY 2019 baseline and targets. | Q4 FY 2019         | Completed        | A/OPE/AQM        | New CM Training session on BIC & SUM Contracting was piloted in August, 2019. This training highlighted BIC solutions during Q4 spending.                                                                     |
Key Indicators

Key indicators will align to the two main metrics assessed related to CM:

1. Outreach and training; (via USAID, State, General Services Administration [GSA] and OMB) across USAID and State, and CM-specific training to support awareness, application, and implementation (on-going, though started in May 2017).

2. State and USAID will collect and report SUM on a monthly basis to monitor progress towards meeting the target goals. Analyses will include assessments of dollars obligated and total contracts awarded to arrive at percent of contract dollars managed.

3. State and USAID will collect and report BIC on a monthly basis. Analyses will include assessments of dollars obligated and total contracts awarded to arrive at percent of contract dollars of total addressable spend.

4. Each of the indicators (SUM and BIC) can be tracked monthly via MAX.gov.

5. Indicators will provide a summary of how both USAID and State are doing compared to the baseline and targets.

6. It is important to note that data reported via MAX.gov have an element of latency (by about a month) from when they are entered into the Federal Procurement Data System – Next Generation (FPDS-NG) and when the data are reflected in MAX.gov. State and USAID will address any data verification and data-quality issues at a minimum quarterly, and ideally, monthly.

7. State will conduct final FY 2018 and FY 2019 BIC and SUM reviews after the annual certification of FPDS data.
Data Accuracy and Reliability

- State and USAID report data specific to this APG to OMB via the Federal Procurement Data System – Next Generation (FPDS-NG), and OMB updates and reports on these data monthly.
- As FPDS-NG is the authoritative source of all Federal data, on Category-Management, the accuracy risks related to data are highly mitigated and appropriately managed.
- The analysis of data will include a review of what USAID and State systems report into FPDS-NG. Periodic assessment and data “cross-walks” will ensure the accuracy and valid recording of the data to ensure accurate and timely reporting.
- Data managers will make recommendations for adjustments based on the findings of these reviews.
Additional Information

**Contributing Programs**

Organizations:

- State and USAID’s success is predicated upon contributions by all sub-organizations, Bureaus, and other entities to assessing business needs and aligning planned activities with BIC.

Regulations and Policies:

- OMB Memorandum 19-13 “Category Management: Making Smarter Use of Common Contract Solutions and Practices” is the guidance that identifies actions Departments or Agencies should take to increase the capabilities and impact of Category Management (CM).
- OMB Memorandum 17-22 “Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce” is the guidance specific to describing and highlighting the need for CM.
- OMB Memorandum “Category Management Policy 15-1: Improving the Acquisition and Management of Common Information Technology: Laptops and Desktops” also emphasized CM.

Other Federal Activities:

- President’s Management Agenda

**Stakeholder / Congressional Consultations**

To the greatest extent possible, USAID and State CM teams will continue to work and coordinate with stakeholders and Congress, to ensure the CM program and BIC solutions apply to meet the mission requirements of both organizations.