Agency Priority Goal Action Plan

Category Management

Goal Leaders:

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Overview

Goal Statement

- o 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

- o 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

- o 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.

- o 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.

Goal Structure and Strategies

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.

o 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:

  o Tier 2 contracts are well-managed and have cross-agency collaboration occurring; and
  o Tier 1 contracts are also well-managed, and Agency-wide strategies exist.

The tier is determined by rating the following attributes:

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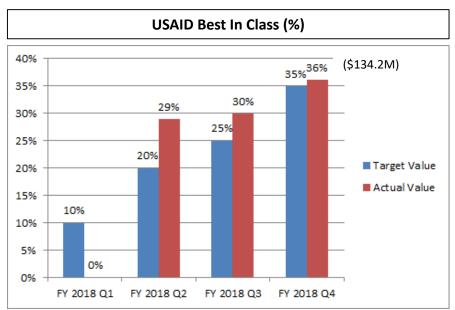 o Tools; and
  o Metrics.

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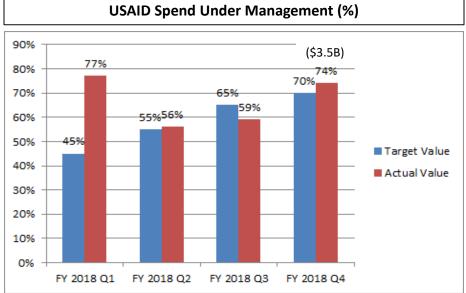
Also, USAID and State plan to manage and attain these goals through a multi-phased process that focuses systematically to address the key attributes:

  o Increase awareness;
  o Provide education and training;
  o Manage advocacy;
  o Stakeholder-engagement;
  o Apply and develop SUM principles;
  o Measure and track results; and
  o Evaluate and adapt to improve SUM.

Summary of Progress FY 2018 Q4 - USAID

- USAID exceeded it's FY18 BIC and SUM spend goals

- At the end of FY 2018: USAID's best-in-class (BIC) spend through the end of Q4 is $134.2 million, and total SUM is $3.5 billion. FY 2018 actuals stand at 36 percent and 74 percent for BIC and SUM, respectively, which surpassed the targets of 35 percent and 70 percent.

- USAID successfully coordinated with the Office of Management and Budget (OMB) to re-categorize awards made at the level of Missions and Regional Bureaus from Tier 0 (unmanaged) to Tier 1 (managed or included in the total of spend under management [SUM]).
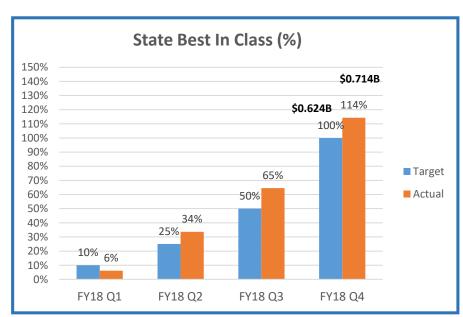

USAID's targets for FY 2019 will be available in FY 2019 Q2.

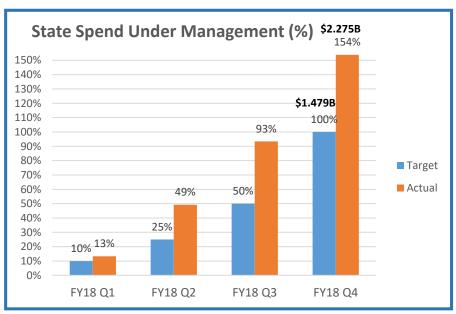# Summary of Progress FY18 Q4 - USAID (Continued)

Several factors contributed toward USAID's ability to surpass our FY 2018 CM goals:

o USAID continued our efforts throughout this quarter to increase awareness among staff and demonstrate the viability of leveraging CM solutions. The Agency achieved this through demonstrations, discussions, and engagement by senior executives with contracting staff.

o The Agency included CM in briefings by our Evaluations and Policy Division at USAID Missions and operating units to increase engagement across the Agency and USAID encouraged the use of CM solutions by using USAID's Business Forecast to identify potential CM opportunities and reaching out to Contracting Officers (COs). In FY 2018, USAID obligated $394.6 million to small businesses under BIC and SUM.

o Additionally this quarter, USAID continued to emphasize the importance, capability, and benefits of CM to our contracting and information-technology (IT) workforces through education and training. This includes training led by USAID and the General Services Administration (GSA). USAID has also engaged the Office of Small and Disadvantaged Business Utilization and small-business implementing partners to participate in BIC and other similar contracts.

o A challenge for USAID is balancing the implementation of CM objectives and goals with those of the APG on "Effective Partnering and Procurement Reform" (EPPR). EPPR is designed to expand the number of and diversify USAID's partners, including local organizations overseas, while CM is designed to increase efficiency through awarding large contracts to pre-selected partners.

Summary of Progress FY18 Q4 - State

o The Department of State exceeded its FY 2018 BIC and SUM spend goals.

o Progress for Q4 FY 2018: BIC spend through Q4 year to date is at $714M and SUM is at $2,275M. End of FY status for FY 2018 goals currently stands at 114% and 154% for BIC and SUM respectively.

o The Department of State's annual contract spend was $8.967B. About 25% of the spend is receiving SUM credit for FY 2018.

State Best In Class (%) — Target vs Actual

	FY18 Q1	FY18 Q2	FY18 Q3	FY18 Q4
Target	10%	25%	50%	100%
Actual	6%	34%	65% ($0.624B)	114% ($0.714B)

State Spend Under Management (%) — Target vs Actual

	FY18 Q1	FY18 Q2	FY18 Q3	FY18 Q4
Target	10%	25%	50%	100%
Actual	13%	49%	93% ($1.479B)	154% ($2.275B)

BIC numerator - amount of dollars going to BIC vehicles; denominator is FY18 BIC target of $0.624B

SUM numerator - amount of dollars receiving SUM credit; denominator is FY18 SUM target of $1.479B

State's targets for FY 2019 will be available in FY 2019 Q2.

Summary of Progress FY18 Q4 - State (Continued)

- Several factors supported State in meeting its FY 2018 Category Management goals:
    - Continued involvement in the initiative by the Category Management Council (an internal State body comprised of senior officials across the Department). Opportunities to pursue that are suggested by the Council have resulted in acquisition strategies relying on Best In Class solutions.
    - Applying 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%.
    - While achieving our Spend Under Management (SUM) and Best in Class (BIC) goals, State spent over $2B on small business contracts.
    - Collected lessons learned to apply toward improved execution of future license agreement procurements.

- State continues to accomplish CM initiatives by educating, training, and emphasizing the importance, capability and benefits of CM to its contracting and IT workforces. Earlier this quarter, the Department hosted experts from GSA who provided an overview of the Acquisition Gateway and Best In Class contracts to all of our Contracting Officers and Specialists.

Key Milestones - USAID

o   USAID is proactive in monitoring and managing its CM effort. It has taken steps to increase CM awareness, training, planning, and execution. USAID will strengthen its acquisition processes to the extent possible to increase the use of CM when it provides an optimal solution in support of USAID's mission, goals, and priorities.

o   To attain this APG, USAID has identified the following key milestones and associated due dates for development, implementation, monitoring, and reporting.

o   USAID is engaged in discussions with OMB to determine the appropriate denominator for measuring the Agency's CM goal, given its unique international business model. The Agency seeks to avoid conflict between the APGs for CM and Effective Partnering and Procurement Reform.

Milestone Summary				
Key Milestone	**Milestone Due Date**	**Milestone Status**	**Owner**	**Comments**
CMM.1 Conduct webinar on CM for procurement personnel	Q1 FY 2018	Completed	M/OAA	Increased awareness of CM and how it can be implemented, what resources are available, and the benefits of leveraging a CM solution.
CMM.2 Assess Business Forecast for USAID future acquisitions over $50 million and $100 million to identify key opportunities to address SUM	Q2 FY 2018	Completed	M/OAA	USAID periodically reviewed the forecast for transactions that Operating Units should consider for CM
CMM.3 Complete access and training for USAID staff for CM and its application	Q3 FY 2018	Completed	M/OAA	USAID continued to engage and leverage GSA for formal CM training for USAID
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	Q4 FY 2018	Completed	M/OAA	USAID coordinated with OMB to address the applicability of CM to USAID's challenging operational environments. OMB allowed USAID to recognize awards made at the level of Missions and Regional Bureaus to be re-categorized from Tier 0 (unmanaged) to Tier 1 (managed or included in the SUM total)
CMM.5 Work with OMB to establish new, or changes to, goals and targets for FY 2019	Q1 FY 2019	Open	M/OAA	
CMM.6 Increase CM outreach efforts to include four major engagement opportunities (e.g. A&A "brown bags," lessons learned events, etc.)	Q2 FY 2019	Open	M/OAA	
CMM.7 Identify and engage with each major acquisition organization within USAID to increase CM awareness for FY 2020 planning	Q3 FY 2019	Open	M/OAA	
CMM.8 End-of-year measures collected; assess status against FY 2019 baseline and targets	Q4 FY 2019	Open	M/OAA	

Key Milestones - State

- o 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 CM when and where it provides the most optimal solution in support of State's mission, goals, and priorities.
- o To address the attainment of this APG, the following key milestones and associated due dates have been identified for development, implementation, monitoring, and reporting.

Key Milestone	Milestone Due Date	Milestone Status	Owner	Comments
Conduct Annual Spend Analysis and Opportunity Assessment, including FY 2017 figures	Q2 FY 2018	Completed	A/LM/AQM	Spend analysis completed and reported to Category Mgmt Council
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 specific initiatives	Q2 FY 2018	Completed	A/LM/AQM	Category Mgmt Council Meeting held and future opportunities identified
Assess Business Forecast for State future acquisitions over $50m and $100m to identify key opportunities to improve SUM/BIC usage	Q3 FY 2018	Completed	A/LM/AQM	State future acquisitions assessed
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.	Q4 FY 2018	Completed	A/LM/AQM	Monitored monthly
Work with OMB to establish new goals or changes for goals and targets for FY 2019	Q1 FY 2019	Completed	A/LM/AQM	OMB has established FY19 BIC and SUM goals for State

Key Milestones – State (Continued)

Milestone Summary				
Key Milestone	**Milestone Due Date**	**Milestone Status**	**Owner**	**Comments**
Increase CM outreach efforts to include four major engagements opportunities (e.g., AQM "brown bags," lessons-learned events, etc.)	Q2 FY 2019	In Progress	A/LM/AQM	1) eGov Program office's FY20 IT Business Case Training included a category mgmt. panel discussion 2) Provided training session to all acquisition managers at DOS on the Acquisition Gateway and Best In Class contracts. More detailed session to be given to all Contracting Officers early next quarter. 3) Conducted two training sessions for all Contracting Officers on Acq Gateway and BIC.
Identify and engage with each major acquisition organization within State to increase CM awareness for FY 2020 planning	Q3 FY 2019	Open	A/LM/AQM	
End-of-year measures collected; assess status against FY 2019 baseline and targets	Q4 FY 2019	Open	A/LM/AQM	

Key Indicators

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

o 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).

o 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.

o 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.

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

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

o 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.

o State will conduct final FY 2018 and FY 2019 BIC and SUM reviews after the annual certification of FPDS data.

Accuracy and Reliability, Data

o 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.

o 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.

o 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.

o Data managers will make recommendations for adjustments based on the findings of these reviews.

Additional Information

Contributing Programs

Organizations:

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

Regulations and Policies:

- o OMB Memo 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 Category-Management.

- o OMB Memo "Category Management Policy 15-1: Improving the Acquisition and Management of Common Information Technology: Laptops and Desktops also emphasized Category-Management.

Other Federal Activities:

- o 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 Category Management program and BIC solutions apply to meet the mission requirements of State and USAID.