Agency Priority Goal Action Plan

Category Management

Goal Leaders:

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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.
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.

- 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 continues to make progress into Q2 FY 2019.

At the end of FY 2019 Q2, USAID’s Best-In-Class (BIC) spend is $58.4 million, an increase of $45 million compared to the end of Q1 ($13.4 million), and total Spend Under Management (SUM) is $1.2 billion, an increase of $400 million for Q2. These spend values equate to a BIC percentage of addressable spend of 35.6 percent and a SUM of 71.32 percent.
USAID’s Summary of Progress for FY 2019 Q2 includes the following:

- USAID has continued to emphasize the importance of Category-Management (CM) as a tool set to reduce both contract costs and time-to-award.

- USAID has continued to dedicate time and effort 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.

- Additionally, this quarter USAID incorporated a CM presentation tailored to each of USAID’s Missions when its Evaluation Division travels to each Mission.

- USAID has taken steps to assess the impact of Memorandum 19-13 issued by The Office of Management and Budget (OMB) related to CM and how best to implement the designated “Agency Actions” for USAID, specifically related to the following:
  1. Establishing annual goals to reduce unaligned spending and increase the use of BICs for common goods and services, consistent with statutory socio-economic responsibilities;
  2. Further develop effective industry engagement and vendor-management strategies;
  3. Implement demand-management strategies;
  4. Share prices paid and related data to enhance CM outcomes; and
  5. Continue to train and develop the workforce in the principles and practices of CM.
The Department of State is positioned to meet FY 2019 BIC and SUM spend goals. The BIC goal was reset by OMB when the fiscal year was nearly 50 percent complete, requiring an increase in agency efforts.

Progress for Q2 FY 2019: BIC spend through Q2 year to date is at $250M and SUM is at $615M. FY 2019 goals currently stand at 21 percent and 36 percent for BIC and SUM respectively. The Department of State’s annual contract spend to date within Q2 FY 2019 is $2.7B. About 22.8 percent of the spend is receiving SUM credit for FY 2019.

On March 4, 2019, OMB issued new BIC targets for all Chief Financial Officer (CFO) agencies based on FY 2018 BIC actuals. The Department of State’s previous BIC target for FY 2019 was $0.659B. The new target is now $1.169B, an increase of 77.4 percent.

Source: D2D Dashboards – FPDS Spend and SUM Analysis Dashboard; FPDS via USASpending.gov, APR 3, 2019
Several factors support State in meeting its FY 2019 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 percent. Another current (FY19 Q1-2) negotiation with a major software provider resulted in 3-year negotiated savings of 24 percent when finalized in mid-March.
- Collecting 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 and benefits of CM to its contracting and Information Technology (IT) workforces. The CM Team is developing a presentation for our acquisition professionals on category management.
- We have also piloted a “Tier 1 Contracts Catalog” which will provide visibility into our tier 1 solutions for domestic and overseas posts.
USAID is proactive in monitoring and managing its CM effort. It has taken steps to increase awareness, training, planning, and execution of CM. 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.

To attain this Agency Priority Goal (APG), USAID has identified the following key milestones and associated due dates 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>
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</thead>
<tbody>
<tr>
<td>CMM.1 Conduct webinar on CM for procurement personnel.</td>
<td>Q1 FY 2018</td>
<td>Completed</td>
<td>M/OAA</td>
<td>Increased awareness of CM and how it can be implemented, what resources are available, and the benefits of leveraging a CM solution. The webinar reached 100 percent of A&amp;A staff and a significant portion of the Bureau for Management’s Office of the Chief Information Officer professional staff.</td>
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<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>M/OAA</td>
<td>USAID periodically reviewed the forecast for transactions that Operating Units should consider for CM.</td>
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<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>M/OAA</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>M/OAA</td>
<td>USAID coordinated with OMB to address the applicability of CM to USAID’s challenging operational environments.</td>
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<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>M/OAA</td>
<td>Established percentage and value targets.</td>
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<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>In-Progress</td>
<td>M/OAA</td>
<td>CM was a component of the USAID Conference of Agreement and Contracting Officers and plans to engage at other events sponsored by the Office of Acquisition and Assistance (OAA) within USAID’s Bureau for Management (M).</td>
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<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>Open</td>
<td>M/OAA</td>
<td>Still in planning phase.</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>Open</td>
<td>M/OAA</td>
<td>Still in planning phase.</td>
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</tbody>
</table>
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.

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

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<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>
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<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 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>
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<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>
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<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>
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<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 FY19 BIC and SUM goals for State</td>
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<tr>
<td>Increase CM outreach efforts to include four major engagements opportunities</td>
<td>Q2 FY 2019</td>
<td>Completed</td>
<td>A/OPE/AQM</td>
<td>eGov Program office’s FY 20 IT Business Case Training included a category mgmt. panel discussion</td>
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<td>(e.g., Acquisition Management (AQM) “brown bags,” lessons-learned events, etc.)</td>
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<td>Provided two training sessions to all acquisition managers at State on the Acquisition Gateway and Best In Class contracts.</td>
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<td>Conducted small business outreach to discuss BIC and SUM planning and response to OMB memo on category management.</td>
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<tr>
<td>Identify and engage with each major acquisition organization within State</td>
<td>Q3 FY 2019</td>
<td>Open</td>
<td>A/OPE/AQM</td>
<td>New Category Management Overview Training class to be piloted in May, 2019</td>
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<td>to increase CM awareness for FY 2020 planning</td>
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<td>End-of-year measures collected; assess status against FY 2019 baseline and</td>
<td>Q4 FY 2019</td>
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Key Indicators

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

- 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).

- 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.

- 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.

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

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

- 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.

- 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.
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.