Category Management

Goal Lead:

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

Goal Statement
  o Leverage common contracts to maximize cost-efficiency and standardization. By September 30, 2021, meet or exceed Federal targets for managed spending (identifying and proactively managing key vendors and contracts) as determined by the President’s Management Agenda.

Challenge
  o The United States Department of State (State) is working to use taxpayer dollars more efficiently and effectively in their operations and procurements. To do so, it is focusing on the utilization of 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, 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) 2020 include the following:
    o Achieving total spend under management (SUM) of $2.5 billion of total spend; and
    o Increasing use of BIC solutions to $1.286 billion.
Leadership & Implementation Team

- State Category Management is led by the Under Secretary for Management, the Department’s Chief Operating Officer (COO) and the Senior Accountable Official (SAO) for Category Management.
- Cathy Read, the Senior Procurement Executive and Managing Director of the Office of the Procurement Executive, is the Chair of the Department’s Category Management (CM) Executive Council.
- Management and direction of ongoing CM initiatives is driven by Jason Passaro, the Category Management Director.

The SAO is responsible for overseeing CM strategies to increase managed spend.
Goal Structure and Strategies

One of the overall goals of Category Management is to increase “Spend Under Management” (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.

To accomplish the SUM and BIC goals, State plans to be actively engaged at the “Selection of Instrument” stage. State will consider using Government-wide vehicles via Category Management, especially BIC, for all major contract opportunities. 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, State plans 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;
- Measure and track results; and
- Evaluate and adapt to improve SUM.
Key Indicators and Milestones – FYs 2018 and 2019

- State achieved its targets for Spend Under Management (SUM) and Best In Class (BIC) spend in FY 2018 and FY 2019.

- State plans to achieve its SUM and BIC targets for FY 2020.
  - The BIC target for FY 2020 is $1.286B
  - The SUM target for FY 2020 is $2.500B

Source: D2D, as of Apr 14, 2020
The State Category Management Program Office is increasing the support that is available to Contracting Officers (COs) for using appropriately managed contract vehicles. Activities include:

- Proactively managing the stream of expiring Tier 0* contracts across the Department to provide COs with basic information about existing managed contract vehicles that may be used in place of a Tier 0 solution.
- Scheduling training for the specific BIC and Tier 2 contracts identified as possible vehicles for large and expiring Tier 0 contracts.
- Publishing quarterly a “Common-Use Catalog” for increased visibility into contract solutions that are managed spend (Tier 1 or higher) and available for utilization by the department.

Category Management education for Contracting Officers is being expanded in FY 2020. The CM Team developed and presented an “Overview” presentation for our acquisition professionals on category management; presented in both May and July 2019. A follow-up presentation on BIC & SUM Contracting was developed and delivered in August. A third, on Vendor Management, is developed with planned delivery in FY 2020 and a fourth session on Demand Management is under development.

*See Slide 4 for information about "Tiers".
Summary of Progress – FY 2020 Q3

Best In Class (BIC) - $593M

Spend Under Management (SUM) - $1493M

- The Q3 data suggests that the BIC and SUM targets for the total year will be met.
- The Department is engaging in several efforts to fortify these results by working directly with Contracting Officers early in the contracting process, training and then verifying that contract owners are aware of BIC and other government-wide acquisition contracting vehicles that are applicable to each particular contract requirement.

Source: D2D, as of Jul 13, 2020
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. To address the attainment of this APG, the following key milestones and associated due dates will be used for development, implementation, monitoring, and reporting.

<table>
<thead>
<tr>
<th>Key Milestone</th>
<th>Milestone Due Date</th>
<th>Milestone Status</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>Submit FY 2020 CM Plan to OMB.</td>
<td>Q1 FY 2020</td>
<td>Complete</td>
<td>Submitted to OMB on November 7, 2019</td>
</tr>
<tr>
<td>Conduct semiannual Category Management Council Meeting with representatives</td>
<td>Q2 FY 2020</td>
<td>Complete</td>
<td>Category Management Council Update submitted March 12, 2020</td>
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<tr>
<td>from across the State to review spend analysis, opportunity assessment,</td>
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<tr>
<td>BIC/SUM Goals, and progress on Department-specific initiatives.</td>
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<tr>
<td>Assess Business Forecast for State future acquisitions over $50M to identify</td>
<td>Q2 FY 2020</td>
<td>Complete</td>
<td>Relevant future acquisitions were added to the list of contracts that are being monitored</td>
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<td>key opportunities to improve SUM/BIC usage.</td>
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<td>for potential BIC / Tier 2 applicability</td>
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<tr>
<td>Develop Department-wide vendor management approach and strategies.</td>
<td>Q3 FY 2020</td>
<td>Complete</td>
<td>Submitted to OMB for posting on OMB website</td>
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<tr>
<td>Review and assessment of CM training efforts.</td>
<td>Q3 FY 2020</td>
<td>Complete</td>
<td>CM Training efforts have been assessed and reviewed and the Department sees the need to continue</td>
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<td>future sessions to build CM awareness. We will focus on vendor management strategies.</td>
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<td>Review Department-wide vendor management approach and strategies; revise as necessary to continue progress in vendor relationship improvement.</td>
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Data Accuracy and Reliability

- State reports 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 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’s success is predicated upon contributions by all sub-organizations, Bureaus, and other entities in 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
  - Use of Data for Decision Making
  - Category Management
- Implementation of the Program Management Improvement Accountability Act

**Stakeholder / Congressional Consultations**

To the greatest extent possible, State CM teams will continue to work and coordinate with stakeholders, OMB and Congress, to ensure the CM program and BIC solutions are applied to meet the mission requirements of the organization.